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东胜智慧城市服务

ORIENT VICTORY SMART URBAN SERVICES

ORIENT VICTORY SMART URBAN SERVICES HOLDING LIMITED

東勝智慧城市服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE 2024 FRAMEWORK AGREEMENT**

THE 2024 FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 1 December 2021 and the circular of the Company dated 28 February 2022 in relation to, among others, the continuing connected transactions pursuant to the 2021 Framework Agreement.

The 2021 Framework Agreement will expire on 31 December 2023. As such, on 4 December 2023 (after trading hours), the Company entered into the 2024 Framework Agreement with OVPD. Pursuant to the 2024 Framework Agreement, OVPD agrees to appoint the Group for the provision of the Property Management Services, the Commercial Properties and Merchants Management Services and the Environmental Sanitation Engineering Services for a term commencing on the date of the 2024 Framework Agreement and ending on 31 December 2026.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, OVPD is wholly-owned by Mr. Shi, the chairman of the Board, the chief executive officer of the Company and an executive Director. As OVPD is wholly-owned by Mr. Shi, OVPD is an associate of Mr. Shi and therefore a connected person of the Company. Therefore, the Continuing Connected Transactions will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than the profits ratio) in respect of the maximum amount of the Proposed Annual Caps are more than 5% and exceed HK\$10 million, the Continuing Connected Transactions are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been established by the Company to consider the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps), and to advise the Independent Shareholders as to whether the terms of the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) are on normal commercial terms or better, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps).

THE EGM

The Company will convene the EGM for the purpose of seeking approval from the Independent Shareholders on the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps).

Mr. Shi and OVRE (an associate of Mr. Shi) are required to abstain from voting on the resolution regarding the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) to be proposed at the EGM.

A circular containing, among other things, (i) a letter from the Board; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) further details on the Continuing Connected Transactions (including the Proposed Annual Caps); and (v) a notice to convene the EGM will be despatched to the Shareholders on or before 27 December 2023.

THE 2024 FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 1 December 2021 and the circular of the Company dated 28 February 2022 in relation to, among others, the continuing connected transactions pursuant to the 2021 Framework Agreement.

The 2021 Framework Agreement will expire on 31 December 2023. As such, on 4 December 2023 (after trading hours), the Company entered into the 2024 Framework Agreement with OVPD to govern and manage the transactions in respect of the Property Management Services, the Commercial Properties and Merchants Management Services and the Environmental Sanitation Engineering Services. The principal terms of the 2024 Framework Agreement are summarised below.

Date

4 December 2023 (after trading hours)

Parties

- (i) The Company; and
- (ii) OVPD.

Term

Commencing on the date of the 2024 Framework Agreement and ending on 31 December 2026.

Subject Matters

(i) Property Management Services

In relation to the Property Management Services, the Group shall be responsible for the following matters, including but not limited to:

- (a) providing property management services, including maintenance, concierge, cleaning, safety, administration and management services for the sales offices, display units, leisure areas and other related areas;

- (b) providing property management services, including assistance on keeping public order and safety, maintenance and management of common areas, operation, maintenance and management of the facilities and equipment, cleaning, gardening, repair, owners' home maintenance service and arranging for decoration and renovation services for commercial and residential units and car parking spaces; and
- (c) providing pre-delivery services, including inspection and cleaning services and consultancy services for residential units prior to delivery of the residential units, and property management office preparation services.

(ii) *Commercial Properties and Merchants Management Services*

Under the 2024 Framework Agreement, in relation to the Commercial Properties and Merchants Management Services, the Group shall be responsible for the following matters, including but not limited to:

- (a) providing guidance and assistance to merchants;
- (b) advertising and promoting vacancies;
- (c) preparing yearly operation proposal;
- (d) envisaging work plan and preparing budget plan;
- (e) preparing management reports regularly;
- (f) organising property management team;
- (g) carrying out property management services as a whole, including maintenance, concierge, cleaning, safety, administration and management services for the facilities, car parking spaces, etc.;
- (h) supervising repair and maintenance works of the facilities; and
- (i) providing assistance to the OVPD Group for the recovery of rent, management fees, etc. from merchants and tenants.

(iii) Environmental Sanitation Engineering Services

Under the 2024 Framework Agreement, in relation to the Environmental Sanitation Engineering Services, the Group shall be responsible for the following matters, including but not limited to:

- (i) garden construction projects, including, among others, the construction of gates (including fire gates), landscape corridors, water features, outdoor furniture, fitness equipment, trash cans, lighting fixtures, children's facilities, landscape walls, garden paths, garden electric wells, rain wells, drainage ditches and other structures and finishes, as well as highly coordinated paving and installation and the secondary adjustment of greening surfaces of all valve wells, rainwater and sewage inspection wells, heat, gas, fire protection, strong and weak electric wells, etc. of the garden, and the supply and installation of surface decorative manhole covers, including the levelling of manhole covers;
- (ii) garden landscaping projects, including, among others, the planting soil backfill, soil improvement for meeting planting soil requirements and acquisition of shrubs, trees and seeding transplantation, etc.; and
- (iii) water and electricity projects, including, among others, the purchase and installation of various types of garden lighting, garden pipelines, wire and cable construction and equipment, purchase and installation of distribution boxes, and the construction of garden water supply, drainage pipes, etc.

In respect of the Property Management Services, the Commercial Properties and Merchants Management Services and the Environmental Sanitation Engineering Services, the Group shall enter into specific agreement in respect of each individual transaction contemplated under the 2024 Framework Agreement, which shall be performed separately under the relevant specific agreement in accordance with the principal terms under the 2024 Framework Agreement. The specific agreement shall set forth the details of the specific services, price and basis of determination for the services, method of payment, and the specific duration of the relevant services.

Furthermore, owing to the changes in sales and marketing strategy of OVPD since the beginning of 2023, it is expected that OVPD will not engage the Group for the Event Planning Services for the three years ending 31 December 2026. Accordingly, the 2024 Framework Agreement shall not cover transactions in respect of the Event Planning Services.

Service Fees

Property Management Services

The fees payable by the OVPD Group in respect of the Property Management Services are mainly divided into three categories, namely (i) management services for sales offices, display units, leisure areas and other related areas; (ii) management services for commercial and residential units and car parking spaces; and (iii) pre-delivery property management and related services.

(i) Management services for sales offices, display units, leisure areas and other related areas

The OVPD Group shall pay to the Group for each relevant project a monthly management fee equivalent to a sum determined based on an arm's length basis by reference to (i) the labour costs and other necessary expenses incurred or expected to be incurred in providing the relevant services plus a gross profit margin of not less than 15%; and (ii) the market price of services of comparable nature and scale.

(ii) Management services for commercial and residential units and car parking spaces

The OVPD Group shall pay to the Group a monthly management fee equivalent to a sum calculated based on the total gross floor area of the commercial and residential units and the number of car parking spaces (which are unsold or not available for sale) at a unit price determined by reference to (i) the nature and geographical locations of the real estate projects; (ii) labour costs and other necessary expenses incurred or expected to be incurred in providing the relevant services; (iii) the market price of services of comparable nature and scale; and (iv) the indicative prices set by local government authorities (for residential units only).

(iii) Pre-delivery property management and related services

The OVPD Group shall pay to the Group a management fee of RMB11 per square metre as the unit price, which is equivalent to a sum calculated based on the total gross floor area of residential units to be delivered at a unit price determined by reference to (i) the labour costs and other necessary expenses incurred or expected to be incurred in providing the relevant services; and (ii) the market price of services of comparable nature and scale. Such relevant fee shall be paid in three months prior to delivery of the residential units.

Commercial Properties and Merchants Management Services

The OVPD Group shall pay to the Group a fixed monthly management fee of RMB3,000,000 (equivalent to approximately HK\$3,240,000), subject to review on a yearly basis, which is determined by reference to (i) the scale and geographical locations of four commercial properties (all located in Shijiazhuang, Hebei Province, the PRC with a total gross floor area of 106,504 square metres); (ii) labour costs and other necessary expenses incurred or expected to be incurred in providing the relevant services; and (iii) the market price of services of comparable nature and scale.

Environmental Sanitation Engineering Services

The fees to be charged for the provision of the Environmental Sanitation Engineering Services will be determined after arm's length negotiations and taking into consideration; (i) the anticipated costs for the total number of relevant projects (including labour and material costs required) and the average service fees for each project; (ii) the size and location, with reference to the total gross floor areas, of the projects; and (iii) the nature of the services to be provided and the market price of services of comparable nature and scale.

Conditions Precedent

The 2024 Framework Agreement is conditional upon:

- (i) the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) having been approved by the respective board of directors of the Company and OVPD;
- (ii) all guarantees, representations and warranties given by the Company and OVPD under the 2024 Framework Agreement remaining true and correct in all material respects;
- (iii) the Independent Shareholders having approved the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) by way of poll at the EGM to be convened in compliance with the Listing Rules; and
- (iv) (if necessary) all authorities' authorisations, approvals, consents, waivers and permits which are necessary or relevant to give effect to the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) having been granted, received or obtained and not revoked.

Save for condition precedent (ii) which can be waived by the Company or OVPD (as the case maybe), none of the conditions precedent can be waived by the Company or OVPD.

Others

Pursuant to the 2024 Framework Agreement, the services to be provided by the Group to the OVPD Group under the 2024 Framework Agreement shall be conducted on normal commercial terms or better and in the ordinary and usual course of business of the Group, in particular:

- (i) the terms of the Continuing Connected Transactions must be fair and reasonable and in the interest of the Shareholders as a whole;
- (ii) the terms of the Continuing Connected Transactions shall be no less favourable to the Group than terms available from independent third parties;
- (iii) the Continuing Connected Transactions shall be conducted after arm's length negotiations; and
- (iv) the Continuing Connected Transactions shall not exceed the Proposed Annual Caps without re-complying with the requirements of the Listing Rules with regard to continuing connected transactions.

HISTORICAL TRANSACTION AMOUNTS

The following sets forth the historical transaction amounts for the Property Management Services and the Commercial Properties and Merchants Management Services under the Property Management Agreements (if applicable) and the 2021 Framework Agreement:

	Historical amount for the years ended		Historical amount
	31 December		for the year ending
	2021 ^(Notes 1 & 2)	2022 ^(Notes 1 & 3)	2023 ^(Notes 1 & 4)
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Property Management Services	10.7 (equivalent to approximately HK\$12.1 million)	8.6 (equivalent to approximately HK\$9.4 million)	8.4 (equivalent to approximately HK\$9.1 million)
Commercial Properties and Merchants Management Services	3.0 (equivalent to approximately HK\$3.4 million)	36.0 (equivalent to approximately HK\$39.3 million)	30.0 (equivalent to approximately HK\$32.4 million)
Total	13.7 (equivalent to approximately HK\$15.5 million)	44.6 (equivalent to approximately HK\$48.7 million)	38.4 (equivalent to approximately HK\$41.5 million)

Notes:

1. The previous annual caps under the 2021 Framework Agreement have not been exceeded at any point in time.
2. The conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.13 which was then applied pursuant to note 34 to the consolidated financial statements of the Company as included in its annual report for the year ended 31 December 2021.
3. The conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.09 which was then applied by pursuant to note 34 to the consolidated financial statements of the Company as included in its annual report for the year ended 31 December 2022.
4. Historical transaction amounts for the 10 months ended 31 October 2023.

PROPOSED ANNUAL CAPS

The following sets forth the Proposed Annual Caps for the Property Management Services, the Commercial Properties and Merchants Management Services and the Environmental Sanitation Engineering Services under the 2024 Framework Agreement:

	For the years ending		
	2024	2025	2026
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Property Management Services	7.0 (equivalent to approximately HK\$7.6 million)	4.2 (equivalent to approximately HK\$4.5 million)	4.2 (equivalent to approximately HK\$4.5 million)
Commercial Properties and Merchants Management Services	36.0 (equivalent to approximately HK\$38.9 million)	36.0 (equivalent to approximately HK\$38.9 million)	36.0 (equivalent to approximately HK\$38.9 million)
Environmental Sanitation Engineering Services	10.6 (equivalent to approximately HK\$11.5 million)	13.3 (equivalent to approximately HK\$14.4 million)	14.1 (equivalent to approximately HK\$15.2 million)
Total	53.6 (equivalent to approximately HK\$58.0 million)	53.5 (equivalent to approximately HK\$57.8 million)	54.3 (equivalent to approximately HK\$58.6 million)

Basis of the Proposed Annual Caps

Property Management Services

The Proposed Annual Caps for the Property Management Services were determined after taking into account, among other things:

- (a) in relation to management services for sales offices, display units, leisure areas and other related areas, (i) the estimated size of five projects under management for the year ending 2024 and two projects under management for the years ending 31 December 2025 and 2026, respectively; and (ii) a buffer calculated based on the year-to-year growth of 6%.
- (b) in relation to management services for commercial and residential units and car parking spaces, (i) pursuant to the relevant specific agreements under the 2021 Framework Agreement, the total gross floor area of 9,383, 9,263 and 9,143 square metres of commercial and residential units and 377, 317 and 257 car parking spaces under management for the years ending 31 December 2024, 2025 and 2026, respectively, and the corresponding agreed management fees; (ii) the estimated size of new commercial and residential units with a total gross floor area of approximately 16,638, 1,564 and nil square metres for the years ending 31 December 2024, 2025 and 2026, respectively, to be managed by the Group according to the development plan of real estate projects provided by the OVPD Group and the estimated management fees for such management services; and (iii) a buffer calculated based on the year-to-year growth of 6%.
- (c) in relation to the pre-delivery property management and related services, (i) pursuant to the relevant specific agreements under the 2021 Framework Agreement, the total gross floor area of approximately 76,564, nil and nil square metres of residential units to be delivered for the years ending 31 December 2024, 2025 and 2026, respectively, and the corresponding agreed management fees; (ii) the estimated size of new residential units with a total gross floor area of approximately 6,627, 7,822 and nil square metres for the years ending 31 December 2024, 2025 and 2026, respectively, to be managed by the Group according to the development plan of real estate provided by the OVPD Group and the estimated management fees for such management services; and (iii) a buffer calculated based on the year-to-year growth of 6%.

Commercial Properties and Merchants Management Services

The Proposed Annual Caps for the Commercial Properties and Merchants Management Services were determined based on, among other things, (i) the geographical locations of the four commercial properties (all located in Shijiazhuang, Hebei Province, the PRC) with an estimated total gross floor area of 106,504 square metres; (ii) the labour costs and other necessary expenses incurred or expected to be incurred in providing the relevant services; and (iii) the prevailing market price of services of comparable nature and scale.

Environmental Sanitation Engineering Services

The Proposed Annual Caps for the Environmental Sanitation Engineering Services were determined based on, among other things, (i) the estimated total gross floor area of 31,325, 27,167 and 27,167 square metres of the projects which are, subject to the Environmental Sanitation Engineering Services for the years ending 31 December 2024, 2025 and 2026, respectively; (ii) the estimated works (taking into account the size and location of the projects, the material quality and specific requirements for the landscaping engineering projects and the corresponding labour costs) to be undertaken by the Group for the Environmental Sanitation Engineering Services; (iii) the prevailing market price of services of comparable nature and scale; and (iv) a buffer calculated based on the year-to-year growth of 6%.

INFORMATION OF THE PARTIES

The Company is an investment holding company and its subsidiaries are principally engaged in the property management and leasing services businesses for residential and commercial properties, the environmental hygiene businesses, the integrated development businesses and the diversified tourism products and services businesses.

OVPD is a company incorporated in the PRC, and is principally engaged in real estate development in the PRC. OVPD is wholly-owned by Mr. Shi, the chairman of the Board, the chief executive officer of the Company and an executive Director. Mr. Shi is also a controlling shareholder of the Company holding, including through OVRE, 8,024,734,025 Shares (representing approximately 62.1% of the entire issued share capital of the Company) as at the date of this announcement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 FRAMEWORK AGREEMENT

As disclosed in the announcements of the Company dated 8 February 2021 and 20 May 2021, the Company has been engaging in the property management and leasing services businesses upon the completion of the acquisition of Dongsheng Property on 18 May 2021. Dongsheng Property is a company established in the PRC with limited liability and has become a wholly-owned subsidiary of the Company since 18 May 2021. Since the property management and leasing services businesses in the 2021 Framework Agreement have provided stable income to the Group, and such businesses have been the principal businesses of the Group, it is believed that the continuation of such services would be beneficial to the Group's development in the future.

Following the unprecedented market change from the novel coronavirus disease (2019) (COVID-19) pandemic, the Group has been looking for various opportunities in the market to diversify its business and explore more income stream. From the fourth quarter of 2021, the Group developed into the environmental hygiene businesses. Against the backdrop of the increasing awareness of environmental protection and governance in the PRC, there have been ample development opportunities for the environmental hygiene industry. In 2022, the PRC government launched a series of influential policies and implementation measures to support the environmental hygiene related industry, such as the Urban and Rural Community Sanitation and Cleaning Service Requirements (城鄉社區環衛清潔服務要求) and Urban Road Cleaning and Quality Evaluation Standards (城市道路清掃保潔與品質評價標準). In such case, the Group has considered the opportunities in the market and continued its effort to expand the environmental hygiene businesses. As at 31 December 2022, the Group secured five environmental hygiene service projects at an aggregate annual contract sum of over RMB125.0 million (equivalent to approximately HK\$135.0 million) across five cities of Hebei Province, the PRC. The Group expects the provision of the Environmental Sanitation Engineering Services would further create synergy with Group's existing businesses and generate greater income. The Environmental Sanitisation Engineering Services (which includes greening engineering services) would therefore, be a valuable opportunity to extend the business footprints of the Group in various areas, and enable the Group to efficiently utilise its resources as a whole.

The Group has formed a team of eleven experienced staff to manage the property management and leasing services businesses for residential and commercial properties (including the Property Management Services, the Commercial Properties and Merchants Management Services). Further, the Group has devoted a team of seven experienced staff to handle the Environmental Sanitisation Engineering Services. In addition, Mr. Shi possesses extensive experience in property development and management in the PRC and is leading and fully supporting the aforementioned businesses of the Group, and the Board considers that the Group is capable of operating the Property Management Services, the Commercial Properties and Merchants Management Services and the Environmental Sanitation Engineering Services on a larger scale. The Board believes the business opportunity provided under the 2024 Framework Agreement will improve the Group's financial performance.

The Directors (excluding Mr. Shi, who had abstained from voting on the relevant resolution at the Board meeting and the members of the Independent Board Committee who will form their opinion after considering the advice from the Independent Financial Adviser) consider the terms of the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) are on normal commercial terms or better and in the ordinary and usual course of business of the Group, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

To ensure that the transactions contemplated under the 2024 Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole, the Company has adopted the followings:

- a) prior to entering into any specific agreement, the business department of the Company (or its subsidiaries) shall be responsible for conducting research on the range of management fee and service fee for the similar projects in the vicinity or, where there is no such similar projects, other districts (for the Property Management Services and the Environmental Sanitation Engineering Services), in order to ensure that the terms of the specific agreements are fair and reasonable and on normal commercial terms or better than those available from independent third parties;
- b) after entering into any specific agreement, the senior management of the Company (or its subsidiaries) shall be responsible for monitoring the specific agreements. The property management manager (for the Property Management Services and the Commercial Properties and Merchants Management Services) of the Company (or its subsidiaries), as the case maybe, will review the specific agreement every three months to ensure the transactions have been carried out in compliance with the terms of such agreement and if there is any non-compliance or potential non-compliance, the responsible personnel will report the matter to the senior management of the Company for consideration who will then find ways to resolve the matter. Further, the property management manager (for the Property Management Services and the Commercial Properties and Merchants Management Services) of the Company (or its subsidiaries) or the project manager (for the Environmental Sanitation Engineering Services), as the case may be, will report to the senior management of the Company every six months on the financial performance of individual events;
- c) the finance department of the Group is responsible for monitoring the service fees receivable by the Group to ensure that they are conducted in accordance with the terms of the 2024 Framework Agreement and the Proposed Annual Caps are not exceeded. In addition, the finance department will also conduct overall review on a monthly basis. Where the finance department is aware of any potential non-compliance with the pricing policies or that the Proposed Annual Caps will be exceeded, the finance department will escalate the matter to the senior management of the Company who will then co-ordinate at the Group level to take remedial actions and ensure the basis of the Proposed Annual Caps are followed and are not exceeded;

- d) the senior management or designated personnel of the Company will review the draft specific agreements and will escalate the matter via the senior management to the independent non-executive Directors if the senior management or designated personnel is of the opinion that there is any non-compliance issue. The independent non-executive Directors would further review the draft specific agreements and take appropriate actions to ensure that such transactions are conducted within the 2024 Framework Agreement, on normal commercial terms and in the ordinary and usual course of business of the Group, on fair and reasonable terms and in the interests of the Company and its Shareholders as a whole. Upon approval of the respective specific agreements by the executive Director or director of subsidiaries of the Company after taking into account the steps taken by the independent non-executive Directors (where necessary), the property management manager (for the Property Management Services and the Commercial Properties and Merchants Management Services) or the project manager (for the Environmental Sanitation Engineering Services) of the Company (or its subsidiaries), as the case maybe, will be responsible for monitoring the specific agreements, reviewing and approving any decision required for the operation of the events, which is expected to take around one to two weeks;
- e) the independent non-executive Directors will conduct annual reviews with respect to the transactions contemplated under the 2024 Framework Agreement and the specific agreements and make confirmation in the annual reports of the Company in accordance with the Listing Rules, whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms, and in accordance with under the 2024 Framework Agreement and the specific agreements on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole; and
- f) The external auditors of the Company will conduct annual review on the transactions contemplated under the 2024 Framework Agreement and the specific agreements in accordance with the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, OVPD is wholly-owned by Mr. Shi, the chairman of the Board, the chief executive officer of the Company and an executive Director. As OVPD is wholly-owned by Mr. Shi, OVPD is an associate of Mr. Shi and therefore a connected person of the Company. Therefore, the Continuing Connected Transactions will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than the profits ratio) in respect of the maximum amount of the Proposed Annual Caps are more than 5% and exceed HK\$10 million, the Continuing Connected Transactions are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been established by the Company to consider the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps), and to advise the Independent Shareholders as to whether the terms of the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) are on normal commercial terms or better and in the ordinary and usual course of business of the Group, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps).

THE EGM

The Company will convene the EGM for the purpose of seeking approval from the Independent Shareholders on the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps).

Mr. Shi and OVRE (an associate of Mr. Shi) are required to abstain from voting on the resolution regarding the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) to be proposed at the EGM.

A circular containing, among other things, (i) a letter from the Board; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) further details on the Continuing Connected Transactions (including the Proposed Annual Caps); and (v) a notice to convene the EGM will be despatched to the Shareholders on or before 27 December 2023.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“2021 Framework Agreement”	the framework agreement dated 1 December 2021 entered into between OVPD and the Company in relation to the Event Planning Services, the Property Management Services and the Commercial Properties and Merchants Management Services
“2024 Framework Agreement”	the framework agreement dated 4 December 2023 entered into between OVPD and the Company in relation to the Property Management Services, the Commercial Properties and Merchants Management Services and the Environmental Sanitisation Engineering Services
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Commercial Properties and Merchants Management Services”	the commercial properties and merchants management services contemplated under the 2021 Framework Agreement and the 2024 Framework Agreement, where appropriate
“Company”	Orient Victory Smart Urban Services Holding Limited (東勝智慧城市服務控股有限公司), a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the 2024 Framework Agreement, i.e. the Property Management Services, the Commercial Properties and Merchants Management Services and the Environmental Sanitisation Engineering Services
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Dongsheng Property”	河北東勝物業服務有限公司 (Hebei Dongsheng Property Management Services Company Limited*) (formerly known as 石家莊市東勝物業服務有限公司 (Shijiazhuang Dongsheng Property Management Services Company Limited*))
“EGM”	the extraordinary general meeting of the Company to be held for the Independent Shareholders to consider and, if thought fit, approve the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps)
“Environmental Sanitation Engineering Services”	the environmental sanitation engineering services contemplated under the 2024 Framework Agreement
“Event Planning Services”	the event planning services contemplated under the 2021 Framework Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the board committee of the Company comprising all independent non-executive Directors, namely Mr. Dong Xiaojie, Mr. He Qi and Mr. Swei Feng-jih, to be established to make recommendation to the Independent Shareholders in respect of the terms of the 2024 Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps)
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser by the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Continuing Connected Transactions (including the Proposed Annual Caps)

“Independent Shareholders”	the Shareholders who are not prohibited under the Listing Rules from voting on a resolution to approve the relevant transaction at a general meeting of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Shi”	Mr. Shi Baodong (石保棟先生), the chairman of the Board, the chief executive officer of the Company and an executive Director, and a controlling shareholder of the Company
“OVPD”	东胜房地产开发集团有限公司 (Orient Victory Property Development Group Co., Ltd.*), a company established in the PRC with limited liability and was wholly-owned by Mr. Shi as at the date of this announcement
“OVPD Group”	OVPD and its subsidiaries
“OVRE”	Orient Victory Real Estate Group Holdings Limited (東勝置業集團控股有限公司), a company incorporated in the British Virgin Islands with limited liability and was wholly-owned by Mr. Shi as at the date of this announcement
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Property Management Agreements”	the property management agreements in relation to (i) the provision of property management services for sales offices, display units, leisure areas and other related areas; (ii) the provision of property management services for commercial and residential units and car parking spaces; and (iii) pre-delivery property management and related services, details of which are set out in the Company’s announcement dated 8 February 2021
“Property Management Services”	the property management services contemplated under the Property Management Agreements, the 2021 Framework Agreement and the 2024 Framework Agreement, where appropriate

“Proposed Annual Cap(s)”	the proposed annual monetary cap(s) for the Continuing Connected Transactions for the period from 1 January 2024 to 31 December 2026
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For illustrative purpose of this announcement and unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.08.

By order of the Board
Orient Victory Smart Urban Services Holding Limited
Shi Baodong
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 4 December 2023

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Shi Baodong, Mr. Zhao Huining and Mr. Mo Yueming, one non-executive Director, being Ms. Chang Meiqi, and three independent non-executive Directors, being Mr. Dong Xiaojie, Mr. He Qi and Mr. Swei Feng-jih.

** for identification purposes only*