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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)

**CONNECTED TRANSACTION
DISPOSAL OF 65% INTEREST IN FOUR SEAS**

THE DISPOSAL

On 22 August 2022, the Vendor and the Purchaser entered into the Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the 65% interest in Four Seas at a nominal value of HK\$1.

Upon Completion, Four Seas will cease to be a subsidiary of the Company and its financial statements will no longer be consolidated to the financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Four Seas (a non-wholly-owned subsidiary of the Company as at the date of this announcement) is owned as to 35% by the Purchaser and thus, the Purchaser is a connected person of the Company at the subsidiary level. Accordingly, the transaction contemplated under the Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% and all of such ratios are below 25%. As (i) the Board has approved the transaction contemplated under the Agreement; and (ii) the Directors (including all the independent non-executive Directors) have confirmed that the Agreement is on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

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THE AGREEMENT

Set out below the principal terms of the Agreement:

Date

22 August 2022 (after trading hours)

Parties

Vendor : The Vendor (a wholly-owned subsidiary of the Company)

Purchaser : The Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Purchaser owned 35% interest in Four Seas and is a connected person of the Company at the subsidiary level.

Consideration

The consideration of the Disposal is at a nominal value of HK\$1, which was determined after arm's length negotiation between the Vendor and the Purchaser with reference to (i) the unaudited net deficit value of Four Seas attributable to the Vendor as at 30 June 2022 of approximately HK\$5.3 million; and (ii) the market value of the 65% interest in Four Seas as at 30 June 2022 of nil, which is based on the valuation report under asset-based approach prepared by an independent valuer.

Conditions Precedent

Completion of the Disposal is conditional upon:

- (a) all necessary approvals, permits, consents and authorisations in respect of the transaction contemplated under the Agreement having been obtained; and
- (b) all representations, warranties and undertakings shall remain true, accurate and not misleading in all material aspects up to the date of Completion.

Completion

Completion shall take place within fifteen Business Days (or such other later date as agreed between the Vendor and the Purchaser) upon the Conditions Precedent being satisfied/fulfilled.

Upon Completion, Four Seas will cease to be a subsidiary of the Company and its financial statements will no longer be consolidated to the financial statements of the Group.

INFORMATION OF THE GROUP AND THE VENDOR

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.

The Vendor is an investment holding company and a wholly-owned subsidiary of the Company as at the date of this announcement.

INFORMATION OF THE PURCHASER

The Purchaser is an investment holding company ultimately wholly-owned by Mr. Ng Hung Sang, who is the chairman of South China Holdings Company Limited (listed on the Stock Exchange with stock code 413) and South China Financial Holdings Limited (listed on the Stock Exchange with stock code 619).

INFORMATION OF FOUR SEAS

Four Seas is a company incorporated under the laws of Hong Kong with limited liability and is a non-wholly-owned subsidiary of the Company principally engaged in sale of air tickets and other travel-related services for corporate clients. As at the date of this announcement, the issued share capital of Four Seas is owned as to 65% by the Vendor and 35% by the Purchaser.

Based on the unaudited financial information of Four Seas as at 30 June 2022 prepared in accordance with Hong Kong Financial Reporting Standards, the net deficit value of Four Seas attributable to the Vendor and the total assets value of Four Seas amounted to approximately HK\$5.3 million and approximately HK\$15.8 million, respectively.

The table below sets forth the unaudited loss before and after taxation of Four Seas for the two financial years ended 31 December 2021 prepared in accordance with Hong Kong Financial Reporting Standards:

	For the financial year ended 31 December 2021 (approximately) (HK\$)	For the financial year ended 31 December 2020 (approximately) (HK\$)
Loss before taxation	3,032,000	5,641,000
Loss after taxation	3,032,000	5,641,000

Subject to audit, it is expected that the Group will realise a net gain of not less than approximately HK\$5.0 million upon Completion, which is calculated with reference to the difference between the consideration and (i) the unaudited net deficit value of Four Seas attributable to the Vendor as at 30 June 2022 of approximately HK\$5.3 million; and (ii) the related transaction costs, taxes and expenses of the Disposal.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Competition in the travel-related businesses is fierce in recent years. Although the Group adopted various measures aiming at improving the financial performance of Four Seas in recent years, it was still loss-making since the financial year ended 31 December 2015. In addition, the outbreak of the novel coronavirus disease (2019) (COVID-19) pandemic (the “**Pandemic**”) since the early 2020 and the anti-pandemic measures imposed by governments of various countries (including outbound travel restrictions) led to a significant drop in revenue of Four Seas for the two financial years ended 31 December 2021, and the business development of Four Seas is becoming more challenging.

The Board is of the view that by completing the Disposal, the Group is able to (i) reallocate more resources on its profit-making businesses such as the property management and leasing services businesses; (ii) avoid potential future operating losses of Four Seas caused by the uncertainty of the Pandemic; and (iii) recognise a net gain on disposal of Four Seas of not less than approximately HK\$5.0 million in the current year.

Taking into account the above and the terms of the Agreement, the Directors (including all the independent non-executive Directors) are of the view that the terms of the Agreement and the transaction contemplated thereunder are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors had any material interest in the Agreement and the transaction contemplated thereunder, and therefore none of them was required to abstain from voting for the relevant board resolutions to approve the Agreement and the transaction contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Four Seas (a non-wholly-owned subsidiary of the Company as at the date of this announcement) is owned as to 35% by the Purchaser and thus, the Purchaser is a connected person of the Company at the subsidiary level. Accordingly, the transaction contemplated under the Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% and all of such ratios are below 25%. As (i) the Board has approved the transaction contemplated under the Agreement; and (ii) the Directors (including all the independent non-executive Directors) have confirmed that the Agreement is on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the share transfer agreement dated 22 August 2022 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday and a public holiday) on which banks are generally open for business in Hong Kong
“Company”	Orient Victory Smart Urban Services Holding Limited (東勝智慧城市服務控股有限公司) (formerly known as Orient Victory Travel Group Company Limited (東勝旅遊集團有限公司)), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange

“Completion”	completion of the Disposal contemplated under the Agreement
“Conditions Precedent”	the conditions precedent to Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the 65% interest in Four Seas to the Purchaser by the Vendor
“Four Seas”	Four Seas Tours Limited (四海旅行社有限公司), a company incorporated in Hong Kong with limited liability which is owned as to 65% and 35% by the Vendor and the Purchaser respectively as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the main board of the Stock Exchange
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Four Seas Travel (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a connected person of the Company at the subsidiary level
“Share(s)”	ordinary share(s) of HK\$0.005 each in the share capital of the Company
“Shareholders”	holders of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”

Sleek City Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement

“%”

per cent

By order of the Board

Orient Victory Smart Urban Services Holding Limited

Shi Baodong

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 22 August 2022

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.