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If you have sold or transferred all your shares in **Orient Victory Smart Urban Services Holding Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



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 AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
溢博資本有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A notice convening an extraordinary general meeting of the Company to be held at conference room of 1201B, 12/F., Tower 1 Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 18 January 2024 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use at the extraordinary general meeting is enclosed with this circular. Whether or not you plan to attend the EGM or any adjournment thereof, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Such form of proxy is also published on The Stock Exchange of Hong Kong Limited’s HKExnews website at www.hkexnews.hk and the Company’s website at www.orientvictory.com.hk. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy will be deemed to have been revoked.

29 December 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions 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
“Announcement”	the announcement of the Company dated 4 December 2023 in relation to the Continuing Connected Transactions
“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/or 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*))

DEFINITIONS

“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 and/or the Event Planning Framework Agreement, where appropriate
“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
“Latest Practicable Date”	27 December 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“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 circular
“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 circular
“PRC”	the People’s Republic of China, which, for the purposes of this circular, 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) predelivery 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

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Shi Baodong

(Chairman and Chief Executive Officer)

Mr. Zhao Huining

Mr. Mo Yueming

Non-executive Director:

Ms. Chang Meiqi

Independent Non-executive Directors:

Mr. Dong Xiaojie

Mr. He Qi

Mr. Swei Feng-jih

Registered office:

P.O. Box 31119

Grand Pavilion

Hibiscus Way

802 West Bay Road

Grand Cayman, KY1-1205

Cayman Islands

Principal place of business

in Hong Kong:

1201B, 12/F

Tower 1 Admiralty Centre

18 Harcourt Road

Admiralty, Hong Kong

29 December 2023

To the Shareholders and for information of the holders of perpetual convertible securities

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE 2024 FRAMEWORK AGREEMENT AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement dated 4 December 2023 in relation to the 2024 Framework Agreement.

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 Service and the Environmental Sanitation Engineering Services for a term commencing on 1 January 2024 and ending on 31 December 2026.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, further information on the 2024 Framework Agreement and the transactions contemplated thereunder, i.e. the Continuing Connected Transactions and other information as required under the Listing Rules. This circular also contains (i) letter from the Board; (ii) letter of recommendation from the Independent Board Committee; (iii) letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM.

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 1 January 2024 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;

LETTER FROM THE BOARD

- (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.

LETTER FROM THE BOARD

(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.

LETTER FROM THE BOARD

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, i.e. Shijiazhuang Municipal Development and Reform Commission* (石家莊市發展改革委員會) and Shijiazhuang Municipal Housing and Urban-Rural Development Bureau* (石家莊市住房和城鄉建設局) (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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

HISTORICAL TRANSACTION AMOUNTS

The annual caps under the 2021 Framework Agreement for the years ended/ending 31 December 2022 and 2023 are as follows:

	Annual caps for the years ended 31 December 2022^(Notes 1 & 2) (RMB million)	Annual caps for the year ending 31 December 2023^(Notes 1 & 2) (RMB million)
Event Planning Services	33.7 (equivalent to approximately HK\$40.4 million)	25.1 (equivalent to approximately HK\$30.1 million)
Property Management Services	16.5 (equivalent to approximately HK\$19.8 million)	23.8 (equivalent to approximately HK\$28.6 million)
Commercial Properties and Merchants Management Services	36.0 (equivalent to approximately HK\$43.2 million)	36.0 (equivalent to approximately HK\$43.2 million)
Total	86.2 (equivalent to approximately HK\$103.4 million)	84.9 (equivalent to approximately HK\$101.9 million)

Notes:

1. The annual caps for the Property Management Services Commercial Properties and Merchants Management Services under the 2021 Framework Agreement for the years ended/ending 31 December 2022 and 2023 were approved by the Independent Shareholders on 16 March 2022.
2. The conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.20 which was then applied pursuant to circular of the Company in relation to the 2021 Framework Agreement dated 28 February 2022.

Despite that there were no annual caps approved by the Independent Shareholders for the transactions in respect of the Event Planning Services, Property Management Services and Commercial Properties and Merchants Management Services for the year ended 31 December 2021 at the extraordinary general meeting of the Company for approving the 2021 Framework Agreement and the transactions contemplated therein held on 16 March 2022, the Company has complied with the requirements under Chapter 14A of the Listing Rules given that (i) the aggregate amount incurred for the Event Planning Services for the year ended 31 December 2021 had not exceeded the original annual cap for the year ended 31 December 2021 (i.e. RMB26.05 million) approved by the Independent Shareholders in the extraordinary general meeting of the Company held on 31 January 2020; (ii) the aggregate amount incurred for the Property Management Services (for those Property Management Agreements which has been renewed or newly entered into) for the year ended 31 December 2021 had not exceeded the threshold level which requires independent shareholders' approval under Chapter 14A of the Listing Rules; and (iii) the aggregate amount incurred for the Commercial Properties and Merchants Management Services for the year ended 31 December 2021 had not exceeded the threshold level which requires independent shareholders' approval under Chapter 14A of the Listing Rules. For details, please refer to the Company's circular dated 28 February 2022.

LETTER FROM THE BOARD

The following sets forth the historical transaction amounts for the Event Planning Services, 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 for
	31 December		the year ending
	2021 ^(Notes 1, 2 & 5)	2022 ^(Notes 1 & 3)	2023 ^(Notes 1 & 4)
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Event Planning Services	21.7 (equivalent to approximately HK\$26.0 million)	18.7 (equivalent to approximately HK\$21.6 million)	Nil
Property Management Services	2.9 (equivalent to approximately HK\$3.5 million) <i>(Notes 5 & 6)</i>	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	27.6 (equivalent to approximately HK\$32.9 million)	63.3 (equivalent to approximately HK\$70.3 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 (“**2021 Annual Report**”).
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.
5. For the avoidance of doubt, the Property Management Services contemplated under the Property Management Agreements were entered into between Dongsheng Property and its subsidiaries and the OVPD Group before OVPD became a connected person of the Company. The transactions contemplated under the Property Management Agreements subsequently became a continuing connected transaction in May 2021 after the completion of the acquisition of Dongsheng Property (the “**Acquisition**”) and the aggregate amount for those Property Management Agreements which has been renewed or newly entered into subsequent to the Acquisition for the year ended 31 December 2021 amounted to approximately RMB2.9 million.

LETTER FROM THE BOARD

6. Upon completion of the Acquisition, Dongsheng Property has become a wholly-owned subsidiary of the Company and the consolidated financial results of the Dongsheng Property have been consolidated into the Group's financial results. Accordingly, the historical amounts for the transactions in respect of the Property Management Services for the year ended 31 December 2021 amounted to approximately RMB10.7 million (equivalent to approximately HK\$12.1 million), which were restated (i) according to the audited amounts as disclosed in note 34 to the consolidated financial statements of the Company as included in the 2021 Annual Report, and (ii) having considered the transactions between Dongsheng Property and OVPD for the year ended 31 December 2021, i.e. before and after completion of the Acquisition (where the transaction has become a connected transaction of the Company upon the completion of the Acquisition).

Based on the aforementioned information, the utilisation rates of the annual caps for the years ended/ending 31 December 2022 and 2023 for (i) the Event Planning Services were 55.5% and nil, (ii) the Property Management Services were approximately 52.1% and 42.4% (on *pro rata* basis), and (iii) the Commercial Properties and Merchants Management Services were 100% and 100% (on *pro rata* basis), respectively.

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	4.2	4.2
	(equivalent to approximately HK\$7.6 million)	(equivalent to approximately HK\$4.5 million)	(equivalent to approximately HK\$4.5 million)
Commercial Properties and Merchants Management Services	36.0	36.0	36.0
	(equivalent to approximately HK\$38.9 million)	(equivalent to approximately HK\$38.9 million)	(equivalent to approximately HK\$38.9 million)
Environmental Sanitation Engineering Services	10.6	13.3	14.1
	(equivalent to approximately HK\$11.5 million)	(equivalent to approximately HK\$14.4 million)	(equivalent to approximately HK\$15.2 million)
Total	53.6	53.5	54.3
	(equivalent to approximately HK\$58.0 million)	(equivalent to approximately HK\$57.8 million)	(equivalent to approximately HK\$58.6 million)

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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 Latest Practicable Date.

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.

LETTER FROM THE BOARD

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 diversity its business and explore more income streams. From the fourth quarter of 2021, the Group has 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 Sanitation 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 Sanitation 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 that the business opportunity provided under the 2024 Framework Agreement will improve the Group's financial performance.

In view of the benefits discussed above, the Board is not aware of any disadvantages to the Company of entering into the 2024 Framework Agreement.

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.

LETTER FROM THE BOARD

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) in order to ensure that the terms of the specific agreements for the Property Management Services and the Environmental Sanitation Engineering Services are fair and reasonable and on normal commercial terms or better than those available from independent third parties, 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), and a minimum of three (3) projects will be researched on, prior to entering into any specific agreement;
- 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;

LETTER FROM THE BOARD

- 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

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

Set out on pages EGM-1 to EGM-2 of this circular is a notice convening the EGM to be held at conference room of 1201B, 12/F., Tower 1 Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 18 January 2024 at 11:00 a.m. at which ordinary resolution(s) will be proposed to approve the 2024 Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. Voting on the proposed resolution at the EGM will be taken by poll.

Any shareholder with a material interest in the 2024 Framework Agreement, and associates of which will abstain from voting on the resolution approving the 2024 Framework Agreement, the transaction contemplated thereunder and the Proposed Annual Caps at the EGM. As at the Latest Practicable Date, OVRE is wholly-owned by Mr. Shi, the chairman, the chief executive officer and an executive Director of the Company. 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), and therefore has a material interest in the 2024 Framework Agreement. Accordingly OVRE and Mr. Shi will abstain from voting in respect of the resolution approving the 2024 Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps at the EGM.

LETTER FROM THE BOARD

In addition, the Board confirms that to the best of their knowledge, belief and information having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis. To the best knowledge, information and belief of the Directors, no Shareholder (other than OVRE and Mr. Shi) is required to abstain from voting on the ordinary resolution approving the 2024 Framework Agreement, the transactions contemplated thereunder and the Proposed Annual Caps at the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders' rights of attending and voting at the EGM, the register of members of the Company will be closed from Monday, 15 January 2024 to Thursday, 18 January 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the EGM, all share transfers accompanied by the relevant share certificates must be lodged with Company's share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Friday, 12 January 2024.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the 2024 Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps are in the best interests of the Group and the Shareholders as a whole. Accordingly, the Board would recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM.

Should there be any inconsistencies between the English text and the Chinese text of this circular, the English text of this circular will prevail over the Chinese text.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

29 December 2023

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS UNDER THE 2024 FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 29 December 2023 (the “**Circular**”) of which this letter forms part of it. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the 2024 Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise us in this respect.

We wish to draw your attention to the “Letter from the Independent Financial Adviser” as set out from pages 22 to 43 of the Circular. We have considered the terms and conditions of the transactions contemplated under the 2024 Framework Agreement, the advice of the Independent Financial Adviser and the other factors contained in the “Letter from the Board” as set out from pages 5 to 20 of the Circular.

In our opinion, so far as the Independent Shareholders are concerned, the terms of the transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Besides, given that the Company had been undertaking the property management, commercial properties and merchants management, and environmental sanitation engineering work prior to the entering into of the 2024 Framework Agreement and such service fees were recognised as revenue of the Group, the transactions contemplated under the 2024 Framework Agreement are conducted in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed to approve the 2024 Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps.

Yours faithfully
For and on behalf of
Independent Board Committee

Dong Xiaojie

He Qi

Suei Feng-jih

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2024 Framework Agreement, which has been prepared for the purpose of inclusion in this circular.



29 December 2023

To the Independent Board Committee and the Independent Shareholders

Orient Victory Smart Urban Services Holding Limited
1201B, 12/F
Tower 1 Admiralty Centre
18 Harcourt Road
Admiralty, Hong Kong

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE 2024 FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2024 Framework Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company dated 29 December 2023 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

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 1 January 2024 and ending on 31 December 2026.

As at the Latest Practicable Date, 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

The Independent Board Committee has been formed to consider and 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. We, Rainbow Capital, has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group, Mr. Shi, OVRE, or OVPD Group that could reasonably be regarded as relevant to our independence. There was no engagement or connection between the Group, Mr. Shi, OVRE, or OVPD Group and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group, Mr. Shi, OVRE, or OVPD Group. Accordingly, we are independent from the Company pursuant to the requirements under Rule 13.84 and therefore are qualified to give independent advice in respect of the 2024 Framework Agreements and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, OVPD Group or their respective substantial shareholders, subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the 2024 Framework Agreement (including the Proposed Annual Caps), we have taken into account the principal factors and reasons set out below:

1. Information of the parties

(i) Information of the Group

The Group is 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.

Financial performance

Set out below is a summary of the consolidated financial information of the Group for (i) the two years ended 31 December 2022 (“FY2021” and “FY2022”, respectively) as extracted from the annual report of the Company FY2022 (the “2022 Annual Report”); and (ii) the six months ended 30 June 2022 and 2023 (“6M2022” and “6M2023”, respectively) as extracted from the interim report of the Company for 6M2023 (the “2023 Interim Report”):

	FY2022 HK\$'000 (audited)	FY2021 HK\$'000 (audited)	6M2023 HK\$'000 (unaudited)	6M2022 HK\$'000 (unaudited)
Revenue	226,967	128,352	169,698	100,899
– Property management businesses	157,469	72,035	84,855	75,837
– Environment hygiene businesses	40,800	2,171	80,068	11,708
– Integrated development businesses	28,698	53,579	4,775	13,354
– Diversified tourism products and services businesses	–	567	–	–
Cost of sales and services	(158,489)	(92,121)	(122,459)	(72,735)
Gross profit	68,478	36,231	47,239	28,164
Other income	4,552	3,171	2,398	2,619
Selling, general and administrative expenses	(35,741)	(57,861)	(34,262)	(21,292)
Impairment of intangible assets	–	(4,213)	–	–
Share of results of an associate	(2,578)	41	(71)	(102)
Fair value changes on investment properties	(6,840)	3,144	(4,568)	(4,770)
Finance costs	(2,891)	(1,721)	(1,439)	(1,588)
Profit/(Loss) before tax	24,980	(18,222)	18,495	3,031
Profit/(Loss) for the year/period from continuing operations attributable to Shareholders	23,661	(14,626)	18,159	2,320

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2022 vs FY2021

The Group's revenue increased by approximately 76.8% from approximately HK\$128.4 million for FY2021 to approximately HK\$227.0 million for FY2022. Such increase was mainly driven by (a) the recognition of full year performance of the property management businesses for FY2022, while only approximately 7.5 months of relevant revenue was recognised for FY2021 since the Group completed the acquisition of Dongsheng Property on 18 May 2021; and (b) the number of environmental hygiene service projects secured by the Group increased from one for FY2021 to four for FY2022, which was partially offset by the decrease in revenue from integrated development businesses by approximately 46.4% primarily attributable to (a) the decrease in number of visitors of the tourist attraction and cultural spot amid the stricter prevention and control measures for the COVID-19 pandemic put in place by the local government in the second half of 2022; and (b) fewer marketing, event planning and consulting services for real estate projects undertaken by the Group during FY2022.

The Group's gross profit increased by approximately 89.0% from approximately HK\$36.2 million for FY2021 to approximately HK\$68.5 million for FY2022. Such increase was primarily attributable to the increase in revenue from property management businesses during FY2022, which had a higher gross profit margin as compared to other businesses.

The Group turnaround from loss attributable to the Shareholders of approximately HK\$14.6 million for FY2021 to profit attributable to Shareholders of approximately HK\$23.7 million for FY2022. The turnaround was primarily attributable to (a) the increase in gross profit as mentioned above; and (b) the decrease in selling, general and administrative expenses from approximately HK\$57.9 million for FY2021 to approximately HK\$35.7 million for FY2022.

6M2023 vs 6M2022

The Group's revenue increased by approximately 68.2% from approximately HK\$100.9 million for 6M2022 to approximately HK\$169.7 million for 6M2023, mainly driven by the increase in revenue from environmental hygiene businesses from approximately HK\$11.7 million for 6M2022 to approximately HK\$80.1 million for 6M2023 by approximately 583.9%. Such increase is attributable to the Group's continued effort to expand the environmental hygiene businesses and the full operations of new projects secured in 2022 during the period. As at 30 June 2023, the Group secured five environmental hygiene service projects at an aggregate annual contract sum of approximately HK\$134.8 million.

The Group's gross profit increased by approximately 67.7% from approximately HK\$28.2 million for 6M2022 to approximately HK\$47.2 million for 6M2023. Such increase was primarily attributable to the increase in revenue from environmental hygiene businesses.

The Group's profit attributable to Shareholders increased by approximately 682.7% from approximately HK\$2.3 million for 6M2022 to approximately HK\$18.2 million for 6M2023 mainly due to the increase in gross profit, which was partially offset by the increase in selling, general and administrative expenses from approximately HK\$21.3 million for 6M2022 to approximately HK\$34.3 million for 6M2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial position

Set out below is a summary of the consolidated statements of financial position of the Group as at 31 December 2021 and 2022 and 30 June 2023 as extracted from the 2022 Annual Report and the 2023 Interim Report:

	As at 31 December		As at
	2022	2021	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)
Non-current assets	320,702	274,154	297,396
Goodwill	–	–	–
Property, plant and equipment	155,629	105,704	140,067
Investment properties	82,437	100,599	74,542
Right-of-use assets	27,046	32,151	26,603
Intangible assets	109	159	93
Investments in an associate	27,779	32,916	26,515
Prepayments, deposits and other receivables	25,614	–	25,745
Deferred tax assets	2,088	2,625	3,831
Current assets	491,118	618,265	510,198
Inventories	15,535	16,385	15,060
Trade receivables	65,656	30,607	128,110
Amounts due from an associate	141,901	153,943	132,622
Prepayments, deposits and other receivables	61,854	160,688	47,755
Restricted bank deposits	315	1,423	–
Cash and cash equivalents	205,857	255,219	186,651
Total assets	811,820	892,419	807,594
Current liabilities	145,007	169,020	142,208
Trade payables	45,545	31,178	35,302
Contract liabilities	25,297	29,688	22,006
Other payables	60,194	96,730	71,779
Tax payables	5,337	1,390	5,907
Lease liabilities	7,704	9,024	5,535
Obligation under finance lease	–	–	1,679
Provisions	930	1,010	–

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December		As at
	2022	2021	30 June
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)
Non-current liabilities	60,530	77,405	56,283
Lease liabilities	47,134	62,450	43,625
Obligation under finance lease	–	–	1,823
Deferred tax liabilities	12,734	13,226	10,835
Provisions	662	1,729	–
Total liabilities	205,537	246,425	198,491
Net assets	606,283	645,994	609,103
Equity attributable to Shareholders	589,156	623,374	584,058
Current ratio (Note)	3.4	3.7	3.6

Note: Being current assets divided by current liabilities.

As at 30 June 2023, total assets of the Group were approximately HK\$807.6 million, mainly consisted of (a) property, plant and equipment of approximately HK\$140.1 million; (b) investment properties of approximately HK\$74.5 million; (c) trade receivables of approximately HK\$128.1 million; (d) amounts due from an associate of approximately HK\$132.6 million; and (e) cash and cash equivalents of approximately HK\$186.7 million.

As at 30 June 2023, the total liabilities of the Group were approximately HK\$198.5 million, mainly consisting of (a) trade payables of approximately HK\$35.3 million, (b) other payables of approximately HK\$71.8 million, and (c) lease liabilities of approximately HK\$49.2 million.

As at 30 June 2023, the Group recorded equity attributable to Shareholders of approximately HK\$584.1 million, with a current ratio of approximately 3.6 times.

(ii) Information of OVPD

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 Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Reasons for and benefits of entering into the 2024 Framework Agreement

As stated in the Letter from the Board, the Company has commenced to engage in the property management and leasing services businesses upon the completion of the acquisition of Dongsheng Property on 18 May 2021. Since the property management and leasing services businesses (including the Property Management Services, the Commercial Properties and Merchants Management Services) 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.

To diversity its business and explore more income stream, the Group developed into the environmental hygiene businesses from the fourth quarter of 2021. 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. In addition, 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.

Taking into account that (i) as stated in the announcement of the Company dated 8 February 2021, Dongsheng Property and its subsidiaries has been providing property management services to the OVPD Group since 2013; (ii) the property management and leasing services businesses for residential and commercial properties and the environmental hygiene businesses are the Group's principal businesses, which accounted for approximately 97.2% of the Group's total revenue for 6M2023; and (iii) the financial performance of the Group turnaround from loss to profit for FY2022 primarily attributable to the gross profit generated from the property management businesses, we concur with the Directors that the entering into of the 2024 Framework Agreement is in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole.

3. Principal terms of the 2024 Framework Agreement

Details of the terms of the 2024 Framework Agreement are set out in the Letter from the Board. Set out below are the principal terms of the 2024 Framework Agreement:

Date	:	4 December 2023 (after trading hours)
Parties	:	(i) The Company; and (ii) OVPD.
Term	:	Commencing on 1 January 2024 and ending on 31 December 2026.

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Subject Matter : (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 the delivery of 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 regular management reports;
- (f) organising property management team;

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- (g) carrying out property management services including maintenance, concierge, cleaning, safety, administration and management for the facilities, car parking spaces, etc. within the commercial properties;
 - (h) supervising repair and maintenance works of the facilities within the commercial properties; 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 the following:

- (a) 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;
- (b) 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
- (c) water and electricity projects, including 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.

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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.

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:

- (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 (a) 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 (b) 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 (a) the nature of the real estate projects and geographical locations; (b) labour costs and other necessary expenses incurred or expected to be incurred in providing the relevant services; (c) the market price of services of comparable nature and scale; and (d) the indicative prices set by local government authorities (for residential units only).

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(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 (a) the labour costs and other necessary expenses incurred or expected to be incurred in providing the relevant services; and (b) the market price of services of comparable nature and scale. Such 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 total gross floor area 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); (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.

In assessing whether the terms of the 2024 Framework Agreement are fair and reasonable, we have randomly selected and reviewed (i) ten sample property management agreements entered into between the Group and OVPD Group which were effective in 2022 and 2023; (ii) five sample property management agreements entered into between the Group and independent third parties in 2022 and 2023; and (iii) three commercial properties and merchants management agreements entered into between the Group and OVPD Group in 2022 and 2023. As advised by the management of the Group, the Group didn't enter into other commercial properties and merchants management agreements with OVPD Group or independent third parties in 2022 and 2023. The review period of 2022 and 2023 represents the term of the 2021 Framework Agreement, which we consider to be fair and representative.

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Property Management Services

Based on our review of the sample property management agreements, we noted that (i) the service fee charged to OVPD Group for sales offices, display units, leisure areas and other related areas was charged based on the labour costs and other necessary expenses incurred or expected to be incurred in providing the relevant services plus a gross profit margin of 15%, which is no less favourable than the service fee charged by the Group to independent third parties which ranged from gross loss margin of approximately 11% to gross profit margin of approximately 5%; (ii) the service fee charged to OVPD Group for unsold commercial units, residential units and car parking spaces was the same as the service fee charged by the Group to other residents or businesses in the community; and (iii) the service fee charged to OVPD Group for pre-delivery property management and related services was RMB11 per sq.m., which is within the range of the market prices for the comparable services independently searched by us which ranged from RMB1 per sq.m. to RMB14.5 per sq.m. The payment term for OVPD Group and independent third parties are generally same for the same type of service.

Commercial Properties and Merchants Management Services

Based on our review of the commercial properties and merchants management agreements, the annual management service fee charged to OVPD Group is RMB36 million and the gross floor area under management is approximately 106,504 sq.m., representing a management service fee of approximately RMB0.94 per sq.m. per day. The management service fee shall be settled monthly.

In accessing the service fee for provision of commercial properties and merchants management services to OVPD Group, we have searched the service fee for commercial properties charged by other property management companies listed on the Stock Exchange for their respective latest financial years, which is an exhaustive list. The details are set out below:

Company name (stock code)	Revenue generated from commercial properties management services	Gross floor area of commercial properties under management	Average service fee per day
	<i>(RMB'000)</i>	<i>(sq.m.)</i>	<i>(RMB per sq.m.)</i>
SCE Intelligent Commercial Management Holdings Limited (606.HK)	395,812	1,701	0.65
China Resources Mixc Lifestyle Services Limited (1209.HK)	126,563	1,766	0.20
Financial Street Property Co., Limited (1502.HK)	836,761	8,931	0.26
Landsea Green Life Service Co., Limited (1965.HK)	66,955	1,491	0.12
Redsun Services Group Limited (1971.HK)	212,137	3,763	0.16

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Company name (stock code)	Revenue generated from commercial properties management services (RMB'000)	Gross floor area of commercial properties under management (sq.m.)	Average service fee per day (RMB per sq.m.)
Suxin Joyful Life Services Co., Ltd. (2152.HK)	184,562	2,113	0.24
Ling Yue Services Group Limited (2165.HK)	86,001	729	0.33
Desun Real Estate Investment Services Group Co., Ltd. (2270.HK)	50,215	1,613	0.09
Lushang Life Services Co., Ltd. (2376.HK)	75,965	2,555	0.08
Poly Property Services Co., Limited (6049.HK)	1,280,321	20,460	0.17
Yuexiu Services Group Limited (6626.HK)	545,100	4,100	0.37
Sino-Ocean Service Holding Limited (6677.HK)	529,100	6,700	0.22
Zhenro Services Group Limited (6958.HK)	104,789	1,700	0.17
Excellence Commercial Property & Facilities Management Group Limited (6989.HK)	2,166,727	24,479	0.25
Jinke Smart Services Group Co., Limited (9666.HK)	81,033	2,673	0.08
		Maximum	0.65
		Minimum	0.08
		Average	0.23
The Company	36,000	106,504	0.94

Source: annual reports for FY2022 of the relevant property management companies

As noted from the above table, the service fee charged by the Group for the provision of commercial properties and merchants management services to OVPD Group was higher than the service fee charged by all other listed property management companies for commercial properties.

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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. Regarding our analysis on the estimated service fee for Environmental Sanitation Engineering Services under the 2024 Framework Agreement, please refer to section headed "5. Assessment of the proposed annual caps – (iii) Environmental Sanitation Engineering Services" for details.

Given the service fee charged by the Group to OVPG Group for each of Property Management Services, Commercial Properties and Merchants Management Services, Environmental Sanitation Engineering Services was no less favourable than the service fee charged by the Group to independent third parties or charged by other independent service providers, we consider the terms of 2024 Framework Agreement to be fair and reasonable.

4. Internal control measures of the Group

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:

- (i) in order to ensure that the terms of the specific agreements for the Property Management Services and the Environmental Sanitation Engineering Services are fair and reasonable and on normal commercial terms or better than those available from independent third parties, 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), and a minimum of three (3) projects will be researched on, prior to entering into any specific agreement;
- (ii) 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;

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- (iii) 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;
- (iv) 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, fair and reasonable 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;
- (v) 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 report, 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
- (vi) 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.

In assessing whether the above internal control measures are put in place and effectively implemented, we have obtained and reviewed the Group's internal control reports for Property Management Services and Commercial Properties and Merchants Management Services for 6M2022, FY2022 and 6M2023. We noted the transaction amount had been monitored and the annual caps were not exceeded.

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In addition, as discussed in the section headed “3. Principal terms of the 2024 Framework Agreement” above, based on our review of the sample agreements and our independent research, the service fee charged by the Group to OVPG Group for each of Property Management Services, Commercial Properties and Merchants Management Services, Environmental Sanitation Engineering Services was no less favourable than the service fee charged by the Group to independent third parties or charged by other independent service providers.

Having considered the above, we are of the view that the internal control measures for monitoring the transactions contemplated under the 2024 Framework Agreement have been effectively implemented, and we concur with the Directors that appropriate and adequate procedures are in place to ensure that the transactions contemplated under the 2024 Framework Agreement will be appropriately monitored and conducted on commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. Assessment of the proposed annual caps

Set out below are the historical annual caps and actual transaction amounts for the transactions contemplated under the 2021 Framework Agreement:

	FY2022	For the ten months ended 31 October 2023
	RMB'000	(“10M2023”) RMB'000
Property Management Services		
Actual transaction amounts	8,569	8,400
Historical annual caps	16,500	23,800
Annualised utilisation rate	51.9%	42.4%
Commercial Properties and Merchants Management Services		
Actual transaction amounts	36,000	30,000
Historical annual caps	36,000	36,000
Annualised utilisation rate	100.0%	100.0%

As shown in the table above, the transaction amount of Property Management Services increased from approximately RMB8.6 million for FY2022 to approximately RMB8.4 million for 10M2023, which would amount to approximately RMB10.1 million when annualised. As advised by the management of the Group, affected by the COVID-19 pandemic in 2022 and the sluggish China real estate market in recent years, the actual sales and delivery progress of OVPD Group’s properties were worse than the estimation when the Group determined the historical annual caps of Property Management Services. As such, OVPD Group’s demand for procurement of Property Management Services decreased, which led to the low utilisation rates for FY2022 and 10M2023.

Regarding the Commercial Properties and Merchants Management Services, the transaction amounts were RMB36 million and RMB30 million for FY2022 and 10M2023, respectively. The annual caps were fully utilised.

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The Proposed Annual Caps for the years ending 31 December 2024, 2025 and 2026 (“FY2024”, “FY2025”, and “FY2026”, respectively) are set out below:

	FY2024	FY2025	FY2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property Management Services	7,000	4,200	4,200
Commercial Properties and Merchants Management Services	36,000	36,000	36,000
Environmental Sanitation Engineering Services	10,600	13,300	14,100

(i) Property Management Services

Based on our discussion with the management of the Group, the Proposed Annual Caps for the Property Management Services were further analysed as follows:

	FY2024	FY2025	FY2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Estimated transaction amounts			
– Sales offices, display units, leisure areas and other related areas	5,238	3,498	3,708
– Commercial and residential units and car parking spaces	767	528	489
– Pre-delivery property management and related services	970	97	–
Proposed Annual Caps for the Property Management Services	7,000	4,200	4,200

Sales offices, display units, leisure areas and other related areas

In determining the estimated transaction amounts of Property Management Services for sales offices, display units, leisure areas and other related areas, the Group took into account: (a) the estimated size of five projects under management for FY2024 and two project under management for FY2025 and FY2026, respectively; and (b) a buffer calculated based on the year-to-year growth of 6%.

We have discussed the above factors with the management of the Group and reviewed the calculation of the estimated transaction amounts. We understand that the estimated transaction amounts are mainly determined with reference to the Group’s existing projects under management. In this regard, we have obtained and reviewed the list of the existing projects and further obtained five existing property management agreements which are expected to be renewed and the transaction amounts contributed from which are approximately RMB4.1 million, RMB3.1 million and RMB3.1 million for FY2024, FY2025 and FY2026, respectively, representing approximately 78.2%, 89.0% and 84.0% of the estimated transaction amounts for FY2024, FY2025 and FY2026, respectively.

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As for the buffer, according to the press released by International Monetary Fund in November 2023, the Chinese economy is projected to grow at 5.4% in 2023 and 4.6% in 2024, primarily reflecting a post-COVID rebound. Taking into account that the Group's revenue generated from property management services increased by approximately 11.9% for 6M2023, we consider the buffer to be fair and reasonable.

Given (a) the estimated monthly service fee is principally determined based on the existing projects under management; (b) the Group's revenue generated from property management services increased by approximately 11.9% for 6M2023; and (c) the Chinese economy is projected by International Monetary Fund to grow at 5.4% in 2023 and 4.6% in 2024, we consider the estimated transaction amounts of Property Management Services for sales offices, display units, leisure areas and other related areas to be fair and reasonable.

Commercial and residential units and car parking spaces

In determining the estimated transaction amounts of Property Management Services for commercial and residential units and car parking spaces, the Group took into account: (a) 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 FY2024, FY2025 and FY2026, respectively, and the corresponding agreed management fees pursuant to the relevant specific agreements under the 2021 Framework Agreement; (b) 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 FY2024, FY2025 and FY2026, respectively, according to the development plan of real estate projects provided by the OVPD Group and the estimated management fees for such management services; and (c) a buffer calculated based on the year-to-year growth of 6%. We have discussed the above factors with the management of the Group and reviewed the calculation of the estimated transaction amounts.

The transaction amounts contributed by the existing commercial and residential units and car parking spaces under management are approximately RMB484,000, RMB445,000 and RMB410,000 for FY2024, FY2025, and FY2026, respectively. We have obtained and reviewed the list of the existing agreements and further obtained three existing agreements in relation to provision of Property Management Services for commercial and residential units and car parking spaces, of which the transaction amounts are approximately RMB476,000, RMB440,000 and RMB404,000 for FY2024, FY2025, and FY2026, respectively. We noted the amounts under the existing agreements represented almost the entire amount of the estimated monthly service fee for unsold commercial and residential units and car parking spaces.

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The transaction amounts contributed by new residential units are expected to be approximately RMB240,000, RMB23,000 and nil for FY2024, FY2025, and FY2026, respectively. As advised by the management of the Group, the OVPD Group expects to delivery approximately 83,191 sq.m. and 7,822 sq.m. of properties for FY2024 and FY2025, respectively, among of which 16,638 sq.m. and 1,564 sq.m. of properties are expected to be sold in the year after delivery, representing approximately 20% of the total gross floor area of properties to be delivered in the respective year. In this regard, we have obtained and reviewed the agreement in relation to provision of pre-delivery property management and related services by the Group to the OVPD Group. The gross floor area under management of the property is approximately 76,564 sq.m., representing approximately 92.0% of the total gross floor area of properties to be delivered in 2024. In addition, based on our review of the calculation of the estimated transaction amounts, we noted the service fee rate for new residential units is consistent with the service fee rate of the existing agreements.

Given (a) the transaction amounts contributed by the existing commercial and residential units and car parking spaces under management are mainly estimated based on the existing agreements; (b) the transaction amounts contributed by the new residential units are mainly estimated based on the existing pre-delivery project; and (c) a buffer calculated based on the year-to-year growth of 6% is fair and reasonable, we consider the estimated transaction amounts of Property Management Services for commercial and residential units and car parking spaces to be fair and reasonable.

Pre-delivery property management and related services

In determining the estimated transaction amounts for pre-delivery property management and related services, the Group took into account: (a) the total gross floor area of approximately 76,564, nil and nil square metres of residential units to be delivered for FY2024, FY2025 and FY2026, respectively, and the corresponding agreed management fees pursuant to the relevant specific agreements under the 2021 Framework Agreement; (b) the estimated size of new residential units with a total gross floor area of approximately 6,627, 7,822 and nil square metres for FY2024, FY2025 and FY2026, 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 (c) a buffer calculated based on the year-to-year growth of 6%.

As discussed above, we have obtained and reviewed the agreement in relation to provision of pre-delivery property management and related services by the Group to the OVPD Group. The gross floor area under management of the property is approximately 76,564 sq.m., which is line with the estimated size of new residential units under the Group's calculation of estimated transaction amount. Regarding the service fee for provision of pre-delivery property management and related services, we noted the service fee is charged at RMB11 per sq.m., which is in line with the pricing term of the 2021 Framework Agreement and the 2024 Framework Agreement.

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Given (a) the transaction amounts are mainly estimated with reference to the existing agreement; (b) the service fee is in line with the pricing term of the 2024 Framework Agreement, which had remained constant as compared to fee under the 2021 Framework Agreement; and (c) a buffer calculated based on the year-to-year growth of 6% is fair and reasonable, we consider the estimated transaction amounts for pre-delivery property management and related services to be fair and reasonable.

(ii) Commercial Properties and Merchants Management Services

The Proposed Annual Caps for Commercial Properties and Merchants Management Services are RMB36 million. As stated in the section headed “3. Principal terms of the 2024 Framework Agreement”, we have obtained and reviewed three commercial properties and merchants management agreements, and we noted the annual service fee charged to OVPD Group is RMB36 million. In accessing the service fee for the Commercial Properties and Merchants Management Services, we have searched the service fee for commercial properties charged by other property management companies listed on the Stock Exchange for their respective latest financial years. For details, please refer to the section headed "3. Principal terms of the 2024 Framework Agreement – Commercial Properties and Merchants Management Services".

Taking into account (a) the Group expects to continue provide Commercial Properties and Merchants Management Services to the existing commercial properties under management; (b) the historical annual caps for FY2022 and 10M2023 have been fully utilised in accordance with the historical agreements; and (c) the service fee charged by the Group for the Commercial Properties and Merchants Management Services was not less than the service fee charged by all other listed property management companies for commercial properties, we consider the Proposed Annual Caps for Commercial Properties and Merchants Management Services to be fair and reasonable.

(iii) Environmental Sanitation Engineering Services

The Proposed Annual Caps for the Environmental Sanitation Engineering Services were determined based on, among other things, (a) the estimated total gross floor area of 31,325, 27,167 and 27,167 square metres for FY2024, FY2025 and FY2026, respectively, subject to the Environmental Sanitation Engineering Services; (b) the estimated works (taking into account the size and location of the projects, the landscaping engineering project’s material quality and specific requirements and the corresponding labour costs) to be undertaken by the Group for the Environmental Sanitation Engineering Services; (c) the prevailing market price of services of comparable nature and scale; and (d) a buffer calculated based on the year-to-year growth of 6%. We have discussed the above factors with the management of the Group and reviewed the calculation of the estimated transaction amounts, which is further analysed as follows:

	FY2024	FY2025	FY2026
Gross floor area (<i>sq.m.</i>)	31,325	27,167	27,167
Average service fee (<i>RMB per sq.m.</i>)	317	435	435
Transaction amount (<i>RMB'000</i>)	9,944	11,807	11,807
Buffer (<i>RMB'000</i>)	656	1,493	2,293
Proposed Annual Cap (<i>RMB'000</i>)	10,600	13,300	14,100

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We have obtained the design drawings of two projects (“**Project A**” and “**Project B**”) in construction with gross floor area of approximately 31,325 sq.m. and 27,167 sq.m., for which the Group expects to provide Environmental Sanitation Engineering Services in 2024 and 2025, respectively. The Group expects to provide Environmental Sanitation Engineering Services in 2026 for another project to be constructed, whose design drawing has not been finished but is similar to Project B.

In assessing the service fee for Environmental Sanitation Engineering Services, we have (a) obtained two agreements (“**Project C**”) in relation to provision of Environmental Sanitation Engineering Services by independent third parties to OVPD Group in 2022; and (b) independently searched the selling prices of properties located in each project on anjue.com, a real estate brokerage website commonly used in the PRC. The table below sets out the comparison of the service fee:

	Gross floor area	Average service fee	Average selling price	Ratio of service fee to selling price
	<i>(sq.m.)</i>	<i>(RMB per sq.m.)</i>	<i>(RMB per sq.m.)</i>	
Project A	31,325	317	7,200	4.4%
Project B	27,167	435	9,500	4.6%
Project C	45,476	622	20,000	3.1%

Given (a) the service fee for Environmental Sanitation Engineering Services is determined by the size and location of the projects, the landscaping engineering project’s material quality and specific requirements and the corresponding labour costs. It is normal to charge a higher service fee for properties with a higher selling price; and (b) the ratios of service fee to selling price for Project A and B are higher than that charged by independent third parties for Project C, we consider the estimated service fee for Environmental Sanitation Engineering Services is no less favourable than that offered by independent third parties.

Taking into account (a) the gross floor area expected to be subject to the Environmental Sanitation Engineering Services is mainly based on existing design drawings of Project A and Project B; (b) the service fee for Environmental Sanitation Engineering Services is no less favourable than that offered by independent third parties; and (c) a buffer calculated based on the year-to-year growth of 6% is acceptable, we consider the Proposed Annual Caps for Environmental Sanitation Engineering Services to be fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into the 2024 Framework Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the 2024 Framework Agreements (including the Proposed Annual Caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM to approve the 2024 Framework Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Larry Choi
Managing Director

Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

As at Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including long and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Name of Director	Capacity	Number of Shares/underlying shares of the Company held	Approximate percentage of shareholding in the Company
Mr. Shi	Interest in a controlled corporation	10,085,983,816 ^(Note 1)	78.05%
	Beneficial owner	130,239,145 ^(Note 2)	1.01%
Ms. Chang Meiqi	Beneficial owner	650,000	0.01%
Mr. Dong Xiaojie	Beneficial owner	2,014,285	0.02%

Notes:

- Mr. Shi holds 100% equity interest in OVRE and is deemed to be interested in the 10,085,983,816 shares of the Company held by OVRE under the SFO. The interests include the holding of (i) 7,894,494,880 Shares; (ii) the perpetual convertible securities issued in March 2016 (the "2016 March PCS") convertible into 128,771,155 Shares; and (iii) the perpetual convertible securities issued in October 2016 (the "2016 October PCS") convertible into 2,062,717,781 Shares.
- Mr. Shi beneficially owns 130,239,145 Shares as at the Latest Practicable Date.
- The approximate percentage was calculated based on 12,922,075,516 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company has or is deemed to have any long or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including long and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, to the best knowledge of the Directors, the following entities (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares/underlying shares of the Company held	Approximate percentage of shareholding in the Company <i>(Note 4)</i>
OVRE <i>(Note 1)</i>	Beneficial Interest	10,085,983,816	78.05%
Outstanding Global Holdings Limited (“OGH”) <i>(Note 2)</i>	Person having security interests in shares and perpetual convertible securities of the Company	6,507,039,225	50.36%
Chance Talent Management Limited (“CTM”) <i>(Note 3)</i>	Person having security interests in shares and perpetual convertible securities of the Company	6,630,044,868	51.31%

Notes:

- (1) OVRE is wholly-owned by Mr. Shi. The interests include the holding of (i) 7,894,494,880 Shares; (ii) the 2016 March PCS convertible into 128,771,155 Shares; and (iii) the 2016 October PCS convertible into 2,062,717,781 Shares.
- (2) OGH is wholly-owned by China Huarong International Holdings Limited which is indirectly wholly-owned by China Huarong Asset Management Co., Ltd. (a corporation listed on the Stock Exchange (stock code: 2799)). The 6,507,039,225 shares of the Company, in aggregate, comprise security interests in (i) 6,501,273,713 Shares pledged by OVRE; and (ii) the 2016 October PCS (convertible into 5,765,512 Shares) pledged by OVRE.

- (3) CTM is a limited liability business company incorporated under the laws of the British Virgin Islands and an indirectly wholly-owned special purpose vehicle of CCB International (Holdings) Limited. CCB International (Holdings) Limited is an investment services flagship which is indirectly wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939). The 6,630,044,868 shares of the Company, in aggregate, comprise security interests in (i) 6,501,273,713 Shares pledged by OVRE; and (ii) the 2016 March PCS (convertible into 128,771,155 Shares) pledged by OVRE.
- (4) The approximate percentage was calculated based on 12,922,075,516 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short positions in the Shares or underlying shares of the Company which would require to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group, which is not determinable by the relevant employing member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, the following Director(s) is/are considered to have interests in the following businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Director(s) of the Company was/were appointed as directors or represent the interests of the Company and/or the Group pursuant to the Listing Rules as set out below:

Name of Director	Name of the entity which were considered to compete or likely to compete with the business of the Group	Description of competing business	Nature of interest
Mr. Shi	Orient Victory Group HK Holdings Limited (“OVHK”) 東勝集團香港控股有限公司 ^(Note 1)	Real estate/Property development	Sole director and sole shareholder
	OVPD ^(Note 1)	Real estate/Property development	Sole shareholder
	Hebei Jianing Commercial Management Co., Limited* (河北嘉寧商業管理有限公司) ^(Note 2)	Commercial property management	Sole shareholder

Name of Director	Name of the entity which were considered to compete or likely to compete with the business of the Group	Description of competing business	Nature of interest
	Hebei Orient Victory Commercial Management Co., Limited* (河北東勝商業管理有限公司) ^(Note 2)	Commercial property management	Sole shareholder

Notes:

1. As (i) Mr. Shi is fully aware of his fiduciary duty to the Group, and will abstain from voting on any matter where there is or may be a conflict of interest; (ii) the Group engages only in travel-related property development projects which are located in the countryside while OVHK and OVPD engage in property development projects other than travel-related property development projects which are located in urban areas; and (iii) the Group have the right of first refusal on any travel-related property development projects, the Group is capable of carrying its business independently of and at arm's length from the businesses of these entities.
2. As (i) Mr. Shi is fully aware of his fiduciary duty to the Group, and will abstain from voting on any matter where there is or may be a conflict of interest; and (ii) the Group have the right of first refusal on any further projects relating to the Property Management Services and Commercial Properties and Merchants Management Services, the Group is capable of carrying its business independently of and at arm's length from the businesses of these entities.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or any of their respective close associates had engaged in or had any interest in any business which causes or may cause any competition with the business of the Group or any conflicts with the interests of the Group.

6. OTHER INTERESTS OF THE DIRECTORS

- (a) As at the date of this circular, none of the Directors had any interest, either direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up); and
- (b) save for the followings, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group:
 - (i) the 2021 Framework Agreement; and
 - (ii) the 2024 Framework Agreement.

7. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given its opinions or advice which are included in this circular:

Name	Qualifications
Rainbow Capital (HK) Limited	a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders

As at the Latest Practicable Date, Rainbow Capital (HK) Limited (i) did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) did not have any direct or indirect interest in any assets which have been, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Rainbow Capital (HK) Limited has given and has not withdrawn its written consent to the issue of this circular, with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, the date to which the latest published audited financial statements of the Group were made up.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

10. MISCELLANEOUS

The company secretary of the Company is Ms. Lee On Wing.

The registered office of the Company is located at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The principal place of business of the Company in Hong Kong is situated at 1201B, 12/F., Tower 1 Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.

The Company's share registrar and transfer office in Hong Kong is Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.orientvictory.com.hk>) for the period of 14 days from the date of this circular up to and including the date of the EGM:

- (a) the 2024 Framework Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out in this circular;
and
- (d) the consent letter of the Independent Financial Adviser referred to in the paragraph headed "Qualifications and Consent of Expert" in this Appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Orient Victory Smart Urban Services Holding Limited (the “**Company**”) will be held at conference room of 1201B, 12/F., Tower 1 Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 18 January 2024 at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution, which will be proposed as ordinary resolution of the Company:

ORDINARY RESOLUTION

To consider and, if thought fit, pass (with or without modification) the following resolution as ordinary resolution:

“**THAT** (i) the framework agreement dated 4 December 2023 (the “**2024 Framework Agreement**”) entered into between the Company and Orient Victory Property Development Group Co., Ltd.* (东胜房地产开发集团有限公司) (“**OVPD**”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; (ii) the proposed annual caps in respect of the transactions contemplated under the 2024 Framework Agreement be and are hereby approved, confirmed and ratified; and (iii) any one director of the Company (other than Mr. Shi) be and is hereby authorised to do all such acts and things and sign all such documents (under seal, if necessary) and to take all such steps as they consider necessary or expedient or desirable in connection with or to give effect to the 2024 Framework Agreement and to implement the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the directors of the Company, in the interests of the Company.”

By order of the Board

Orient Victory Smart Urban Services Holding Limited

SHI Baodong

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 29 December 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies (if holding two or more shares) to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- (2) In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM or any adjournment thereof (as the case may be), should he/she so wishes and in such event, the form of proxy shall be deemed to be revoked.
- (3) To ascertain the member's entitlement to attend and vote at the EGM, the register of members will be closed from Monday, 15 January 2024 to Thursday, 18 January 2024, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for attending and voting at the EGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Friday, 12 January 2024.
- (4) Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the EGM or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (5) In case of joint shareholdings, any one of such joint shareholders may vote at the EGM either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint shareholders be present at the EGM, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purposes seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
- (6) No corporate gifts, refreshments or drinks will be distributed.
- (7) If typhoon signal no. 8 or above, or a "black" rainstorm warning or extreme conditions caused by super typhoons is in effect in Hong Kong any time after 8:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on the website of the Company at www.orientvictory.com.hk and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify members of the Company of the date, time and place of the re-scheduled EGM.

* *For identification purposes only*

As at the date of this notice, 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.