Onewo Inc.
萬物雲空間科技服務股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2602)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2022, revenue for the year amounted to RMB30,105.8 million, representing a year-to-year increase of 27.0%, of which RMB16,583.2 million was generated from the community space living consumption services, representing a year-to-year increase of 26.0%; RMB11,144.2 million was generated from the commercial and urban space integrated services, representing a year-to-year increase of 28.2%; RMB2,378.4 million was generated from the AIoT and BPaaS solution services, representing a year-to-year increase of 28.5%.

For the year ended December 31, 2022, gross profit amounted to RMB4,230.8 million, representing a year-to-year increase of 5.2%. The gross profit margin was 14.1%, while the adjusted gross profit margin was 15.9%.

For the year ended December 31, 2022, the profit for the year was RMB1,586.1 million, representing a decrease of 7.5%; EBITDA was RMB2,840.6 million, representing a year-to-year increase of 7.6%.

For the year ended December 31, 2022, net cash flows from operating activities for the year amounted to RMB2,756.3 million, and the surplus cash coverage[Note 1] was 1.7 times.

For the year ended December 31, 2022, the total number of Onewo Town increased from 459 in 2021 to 584, with the transformation of 38 Onewo Towns completed and the Onewo Town model has been preliminarily verified.

For the year ended December 31, 2022, the recurring business[Note 2] recognised revenue of RMB23,349.1 million for the year, with a year-to-year increase of 35.1%; adjusted gross profit was RMB3,229.3 million, representing a year-to-year increase of 36.0%.

For the year ended December 31, 2022, earnings per share attributable to shareholders for the year amounted to RMB1.40. The Board recommends a final dividend totalling 10% of the EBITDA, with RMB0.241 per share (including tax), which will be declared to Shareholders for the year ended December 31, 2022.

Note [1]: Surplus cash coverage means the ratio of net cash flow from operating activities to profit during the year

Note [2]: Recurring business means the Group's residential property services in the community space living consumption services, property and facility management business in the commercial and urban space integrated services, and BPaaS solution service in AIoT and BPaaS solution services

The board of directors (the "**Directors**") (the "**Board**") of Onewo Inc. (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended December 31, 2022 ("**Reporting Period**").

FINANCIAL INFORMATION

The following financial information is a summary of the Group's consolidated financial statements for the year ended December 31, 2022:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
REVENUE	*4*	**30,105,803**	23,704,539
Cost of sales		**(25,875,053)**	(19,684,527)
Gross profit		**4,230,750**	4,020,012
Other income and gains, net	*5*	**570,614**	394,368
Selling and distribution expenses		**(450,316)**	(257,152)
Administrative expenses		**(2,153,461)**	(1,791,847)
Impairment losses on financial assets, net		**(156,037)**	(68,669)
Finance costs		**(11,228)**	(10,207)
Share of profits and losses of joint ventures and associates		**(9,549)**	33,504
PROFIT BEFORE TAX	*6*	**2,020,773**	2,320,009
Income tax expense	*7*	**(434,678)**	(605,718)
PROFIT FOR THE YEAR		**1,586,095**	1,714,291
Attributable to:			
Owners of the parent		**1,510,490**	1,667,642
Non-controlling interests		**75,605**	46,649
		1,586,095	1,714,291
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT, IN RMB			
Basic and diluted	*9*	**1.40**	1.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 *RMB'000*	2021 *RMB'000*
PROFIT FOR THE YEAR	**1,586,095**	1,714,291
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**11,759**	–
Reclassification adjustments for gains included in the consolidated statement of profit or loss	**(11,759)**	–
Income tax effect	**–**	–
	–	–
Exchange differences:		
Exchange differences on translation of foreign operations	**355**	(1,246)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**355**	(1,246)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(586,631)**	479,023
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(586,631)**	479,023
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(586,276)**	477,777
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**999,819**	2,192,068
Attributable to:		
Owners of the parent	**924,214**	2,145,419
Non-controlling interests	**75,605**	46,649
	999,819	2,192,068

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**666,151**	500,639
Investment properties		**579,912**	657,110
Right-of-use assets		**231,058**	253,086
Intangible assets	*10*	**8,506,987**	8,244,089
Investments in joint ventures and associates		**1,739,177**	1,813,232
Equity investments designated at fair value through other comprehensive income		**910,830**	1,497,461
Financial assets at fair value through profit or loss		**976**	976
Deferred tax assets		**97,139**	56,807
Prepayments, deposits and other receivables		**2,388,804**	1,992,483
Total non-current assets		**15,121,034**	15,015,883
CURRENT ASSETS			
Inventories		**69,950**	261,296
Trade and retention receivables	*11*	**6,277,903**	4,514,273
Prepayments, deposits and other receivables		**1,697,854**	1,697,630
Financial assets at fair value through profit or loss		**–**	3,664
Restricted bank deposits		**376,188**	305,250
Time deposits with original maturity of over three months		**21,830**	495,713
Cash and cash equivalents		**13,345,063**	6,430,557
Total current assets		**21,788,788**	13,708,383
CURRENT LIABILITIES			
Trade and notes payables	*12*	**5,319,717**	3,243,250
Financial liabilities at fair value through profit or loss		**191,792**	191,792
Contract liabilities		**4,514,977**	4,167,711
Other payables and accruals	*13*	**6,839,543**	7,821,982
Interest-bearing bank borrowings		**–**	11,500
Lease liabilities		**109,438**	100,938
Tax payable		**738,077**	744,715
Total current liabilities		**17,713,544**	16,281,888
NET CURRENT ASSETS/(LIABILITIES)		**4,075,244**	(2,573,505)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,196,278**	12,442,378
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**–**	4,087
Other payables and accruals	*13*	**963,769**	815,539
Provision		**117,283**	72,874
Lease liabilities		**124,106**	149,609
Deferred tax liabilities		**990,138**	1,087,691
Total non-current liabilities		**2,195,296**	2,129,800
Net assets		**17,000,982**	10,312,578
EQUITY			
Equity attributable to owners of the parent			
Share capital	*14*	**1,178,469**	1,050,420
Other reserves		**15,281,240**	8,843,025
		16,459,709	9,893,445
Non-controlling interests		**541,273**	419,133
Total equity		**17,000,982**	10,312,578

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Onewo Inc. (the "Company") was incorporated in the People's Republic of China ("PRC") on 20 February 2001 as a limited liability company. On 20 March 2018, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC.

During the year, the Group was involved in the following principal activities:

- Community space living consumption services
- Commercial and urban space integrated services
- AIoT and BPaaS solution services

In the opinion of the directors, the ultimate holding company of the Company is China Vanke Co., Ltd (the "China Vanke"), a public company established in the PRC and its shares are listed on Shenzhen Stock Exchange and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the International Accounting Standards Board, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial liability at fair value through profit or loss, derivative financial instruments and equity investments designated at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

3. OPERATING SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product lines.

During the reporting period, the Group was principally engaged in the provision of community space living consumption services, commercial and urban space integrated services and AIoT and BPaaS solution services in the PRC. Management reviews the operating results of the business as a single operating segment to make decisions about resources to be allocated. Therefore, the executive directors regard that there is only one segment which is used to make strategic decisions.

The principal operating entities of the Group are domiciled in the PRC and majority of revenue was derived in the PRC during the reporting period.

As at 31 December 2022, except for the equity investments designated at fair value through other comprehensive income, majority of the non-current assets of the Group were located in the PRC.

4. REVENUE

An analysis of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Types of services		
Community space living consumption services	**16,583,191**	13,161,025
Commercial and urban space integrated services	**11,144,209**	8,693,128
AIoT and BPaaS solution services	**2,378,403**	1,850,386
Total revenue from contracts with customers	**30,105,803**	23,704,539
Timing of revenue recognition		
Services transferred at a point in time	**1,307,878**	1,457,963
Services transferred over time	**28,797,925**	22,246,576
Total revenue from contracts with customers	**30,105,803**	23,704,539

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	**4,167,711**	3,546,374

5. OTHER INCOME AND GAINS, NET

	2022	2021
	RMB'000	*RMB'000*
Interest income	**46,068**	85,189
Government grants	**179,000**	172,090
Fair value gains on financial assets at fair value through profit or loss	**9,589**	50,389
Gain on disposal of items of investment properties	**22,357**	80,852
Gain on disposal of joint ventures and associates	**31,856**	–
Gain on remeasurement of the previously held interest in an associate	**215,563**	–
Foreign exchange differences, net	**53,125**	(497)
Gain on cash flow hedge (transfer from equity)	**11,759**	–
Others	**1,297**	6,345
	570,614	394,368

6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	2022	2021
	RMB'000	*RMB'000*
Cost of services provided	**24,818,740**	18,713,553
Cost of inventories sold	**1,056,313**	970,974
Depreciation and amortisation	**854,702**	395,304
Research and development costs	**412,459**	373,686
Lease payments not included in the measurement of lease liabilities	**65,663**	49,780
Auditors' remuneration	**3,491**	2,125
Employee benefit expense (excluding directors' and chief executive's remuneration)	**10,905,558**	8,450,962
Impairment losses on financial assets, net:		
Impairment losses on trade and retention receivables, net	**91,001**	6,847
Impairment losses on financial assets included in prepayments, deposits and other receivables, net	**65,036**	61,822
	156,037	68,669
(Gain)/loss on disposal of items of property, plant and equipment	**(145)**	1,589
Loss/(gain) on disposal of subsidiaries	**899**	(26)

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The provision for Mainland China current income tax was based on a statutory rate of 25% (2021: 25%) of the taxable profits during the year as determined in accordance with the PRC Income Tax Law and the respective regulations.

Under the Law of the PRC on Enterprise Income Tax ("EIT") and Implementation Regulation of the Enterprise Income Tax Law, the tax rate of the PRC subsidiaries are (i) 25% (2021: 25%), or (ii) 15% (2021: 15%) if qualified as high and new technology enterprises or registered in the western region, Shenzhen Qianhai region and Guangdong Hengqin region of the PRC.

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% (2021: 16.5%) on any estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group has no assessable profits derived from or earned in Hong Kong during the year.

The major components of income tax expenses are as follows:

	2022	2021
	RMB'000	*RMB'000*
Current – PRC	**572,563**	616,529
Deferred tax	**(137,885)**	(10,811)
Total tax charge for the year	**434,678**	605,718

8. DIVIDENDS

In 2021, the Company declared a dividend in the amount of RMB3,537,000,000 to the shareholders, which had been fully settled during the year.

At a meeting held by the board on 27 March 2023, the board of directors recommended a final dividend of RMB0.241 per ordinary share (including tax) totalling RMB284,063,000 for the year ended 31 December 2022.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

The calculation of basic earnings per share is based on:

	2022	2021
Earnings		
Profit attributable to the ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000)	**1,510,490**	1,667,642
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,082,207,650**	1,013,261,151
Basic and diluted earnings per share (RMB)	**1.40**	1.65

10. INTANGIBLE ASSETS

	Customer relationship *RMB'000*	**Goodwill** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
31 December 2022				
At 1 January 2022:				
Cost	**5,139,992**	**3,700,222**	**12,097**	**8,852,311**
Accumulated amortisation	**(603,765)**	**–**	**(4,457)**	**(608,222)**
Net carrying amount	**4,536,227**	**3,700,222**	**7,640**	**8,244,089**
At 1 January 2022, net of accumulated amortisation	**4,536,227**	**3,700,222**	**7,640**	**8,244,089**
Additions	**831,919**	**–**	**310**	**832,229**
Amortisation provided during the year	**(567,458)**	**–**	**(1,873)**	**(569,331)**
At 31 December 2022, net of accumulated amortisation	**4,800,688**	**3,700,222**	**6,077**	**8,506,987**
At 31 December 2022:				
Cost	**5,971,911**	**3,700,222**	**12,107**	**9,684,240**
Accumulated amortisation	**(1,171,223)**	**–**	**(6,030)**	**(1,177,253)**
Net carrying amount	**4,800,688**	**3,700,222**	**6,077**	**8,506,987**
31 December 2021				
At 1 January 2021:				
Cost	913,544	80,208	–	993,752
Accumulated amortisation	(410,744)	–	–	(410,744)
Net carrying amount	502,800	80,208	–	583,008
At 1 January 2021, net of accumulated amortisation	502,800	80,208	–	583,008
Additions	70,198	–	200	70,398
Acquisition of subsidiaries	4,156,250	3,620,014	7,860	7,784,124
Amortisation provided during the year	(193,021)	–	(420)	(193,441)
At 31 December 2021, net of accumulated amortisation	4,536,227	3,700,222	7,640	8,244,089
At 31 December 2021:				
Cost	5,139,992	3,700,222	12,097	8,852,311
Accumulated amortisation	(603,765)	–	(4,457)	(608,222)
Net carrying amount	4,536,227	3,700,222	7,640	8,244,089

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units ("CGUs") for impairment testing:

- CWVS Holding Limited CGU
- Fujian Bon Property Group Co., Ltd. (the "Bon Property") CGU
- Shanghai Yango Intelligent Life Service Group Co., Ltd. (the "Yango Intelligent") CGU

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	2022	2021
	RMB'000	*RMB'000*
CWVS Holding Limited	**80,208**	80,208
Bon Property	**1,205,097**	1,205,097
Yango Intelligent	**2,414,917**	2,414,917
	3,700,222	3,700,222

The recoverable amounts of the CGUs are determined based on value-in-use of the CGUs to which the goodwill is allocated. These calculations use pre-tax cash flow projections based on financial budgets of the CGUs approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rates below. The growth rates do not exceed the long-term average growth rate for the related industry in which the CGUs operate. The pre-tax discount rates below reflect specific risks relating to the relevant industry and the CGUs themselves and macro-environment of the relevant region.

The key assumptions used in the estimation of value-in-use were as follows:

	2022	2021
Annual growth rates of revenue	**10%~24%**	3%~24%
Long-term growth rate	**2%**	2%
Pre-tax discount rates	**16%~17%**	16%~17%

The Group assessed the impairment of goodwill at the end of the reporting period and the recoverable amounts of each CGUs had exceeded each of their carrying amounts, and hence the goodwill was not regarded as impaired.

11. TRADE AND RETENTION RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade and notes receivables		
– Related parties	**2,124,407**	2,046,328
– Third parties	**4,330,843**	2,574,670
Retention receivables	**48,517**	28,138
	6,503,767	4,649,136
Less: Allowance for impairment of trade and retention receivables	**(225,864)**	(134,863)
	6,277,903	4,514,273

Retention receivables are related to revenue earned from the provision of construction of smart property management services for which the right to the receipt of consideration for work performed remains conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the service contracts. The retention receivables are transferred to the trade receivables when the right becomes unconditional, typically at the expiry date of the defect liability period.

Trade and notes receivables mainly arise from commercial and urban space integrated services.

The Group's trading terms with its customers are mainly on credit. The credit term is normally decided on a case-by-case basis upon the acceptance of the products or the completion of service. The credit period is generally one month, extending up to three months for major customers. In view of the aforementioned and the fact that the Group's trade and retention receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and retention receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**5,724,428**	4,237,601
1 to 2 years	**502,923**	236,394
2 to 3 years	**40,661**	25,083
Over 3 years	**9,891**	15,195
	6,277,903	4,514,273

12. TRADE AND NOTES PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade and notes payables		
– Related parties	**905,243**	184,894
– Third parties	**4,414,474**	3,058,356
	5,319,717	3,243,250

An ageing analysis of the trade and notes payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**5,085,753**	2,915,974
1 to 2 years	**173,480**	277,640
2 to 3 years	**31,191**	21,774
Over 3 years	**29,293**	27,862
	5,319,717	3,243,250

The trade and notes payables are non-interest-bearing and are normally settled on the terms of 30 to 180 days.

The fair values of trade and notes payables as at the end of the reporting period approximated to their corresponding carrying amounts due to their relatively short maturity terms.

13. OTHER PAYABLES AND ACCRUALS

	2022 *RMB'000*	2021 *RMB'000*
Current:		
Other payables		
Amounts due to related parties	**505,230**	519,792
Cash collected on behalf of property owners	**2,373,984**	1,988,151
Deposits payable	**1,026,029**	920,859
Dividends	**105,536**	1,280,017
Accruals and other payables	**1,043,809**	1,010,511
	5,054,588	5,719,330
Payroll payables	**1,555,974**	1,664,794
Long-term payables within one year	**16,948**	60,405
Other taxes payables	**212,033**	377,453
	6,839,543	7,821,982
Non-current:		
Amounts held on behalf of property owners	**955,811**	795,463
Long term payables	**7,958**	20,076
	963,769	815,539

Other payables and accruals with third parties and related parties are unsecured and non-interest-bearing. The fair values of other payables at the end of the reporting period approximated to their corresponding carrying amounts.

14. SHARE CAPITAL

	2022	2021
	RMB'000	*RMB'000*
Issued and fully paid:		
Ordinary shares of RMB1 each	**1,178,469**	1,050,420

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**
		RMB'000
At 1 January 2021	1,000,000,000	1,000,000
Share issued	50,420,000	50,420
At 31 December 2021 and 1 January 2022	1,050,420,000	1,050,420
Share issued (a):		
Initial public offering	116,714,000	116,714
Over-allotment	11,334,700	11,335
At 31 December 2022	**1,178,468,700**	**1,178,469**

(a) On 29 September 2022, the Company issued 116,714,000 new shares with a par value RMB$1.0 at HK$49.35 per share upon its listing on the Stock Exchange. On 26 October 2022, 11,334,700 additional shares with a par value RMB$1.0 at HK$49.35 per share were over allotted and issued.

Where Time Meets Space

2022 was set to be a challenging year. Despite years of regulation, developers were found heavily indebted one after another, and new home sales plummeted. The expected smooth transition from an incremental market to a stock market has become an unexpectedly steep curve. The intensity of such shocks is historically rare. Developers, who were traditionally the generous clients of property management service provider, suddenly became short of money, as evidenced by a sharp decline in the figures on financial statements in pre-delivery support services business and sales center business caused by the contracted commencement of sales (especially in the second half of the year), an increase in arrears of property fees and a rise in other related receivables resulting from newly delivered unsold vacant houses. Agency sale of developers' parking space assets, which was formerly considered a lucrative business, has leveled off. Previously, all of these businesses were notable sources of gross profits displayed in the financial statements of the property management service providers.

Enterprises of the times must be able to withstand the test of time. If it were not for the gloomy market in the real estate sector, the property management service industry might still remain in its comfort zone with the traditional income structure. Thus, we have to face the fact that only by doing a good job in basic services can we win customer reputation. In this way, we can continue to thrive on the long and challenging path. The businesses of Onewo also need to face the problems brought by developers to property management service providers. However, from the financial report, it is encouraging to find that our principal businesses relating to residential and commercial office properties have both maintained solid growth in revenue, with a steady increase in the adjusted gross profit on a comparable basis and outstanding operating net cash flow performance.

In light of the challenges faced by developers today, our Company has proceeded to reduce our dependence on connected transactions with the parent company and has diversified our customer base to hedge against the risks of relying on a single source of business since 2019. Through our brand "Cushman & Wakefield Vanke Service", we have become a strategic property management service provider for leading enterprises in industries including the Internet, finance and high-end manufacturing. In 2022, the revenue generated from property and facilities management services provided to third parties amounted to RMB6.40 billion, representing 84.8% of the total revenue. Additionally, we engaged 16 new clients from the global top 500 enterprises and China's top 500 enterprises, as well as 8 unicorn clients, including top corporate clients in various fields such as new energy, semiconductor, and aerospace.

"City-as-a-property (物業城市)" is an industry strategy proposed by our Company in 2018 to help Chinese property management service providers to shift towards city governance. In the pilot phase, we selected nearly 70% of the contracts to be operated through minority shareholding and our tech business was launched. The remaining, or approximately 30% of the contracts, was entered into through direct engagement or direct control according to the status of clients. Based on the results of our practice in 2022, we found that the gross profit of the latter model was lowering, while the business model based on minority shareholding management was further validated, particularly in its ability to facilitate the implementation of smart city products.

Indeed, from the perspective of the spatial IoT strategy of "Onewo", the growth of the smart community and smart city business is more important. In terms of data, AIoT solutions generated a revenue of RMB1.38 billion, representing a year-to-year increase of 13.9%, and contributed a gross profit of RMB420 million, representing a year-to-year increase of 41.2%, with the gross profit margin rising to 30.7%. Additionally, BPaaS solutions achieved a revenue of RMB993 million, representing a year-to-year increase of 56.7%, and contributed a gross profit of RMB327 million, representing a year-to-year increase of 29.5%, with the gross profit margin reaching 32.9%. Onewo has successfully achieved a breakthrough by forming a synergistic development strategy in cooperation with leading science and technology enterprises.

2022 was doomed to be a more challenging year than expected. The sight of hindrance of people and goods, deserted streets and empty cities due to lockdown is still fresh in our minds. The reality we must face is the significantly increased cost of ensuring customer service quality and adequate supply of human resources, with the costs of community service for guaranteeing safety exceeding RMB100 million. Our home decoration business, which we had planned to conduct with great enthusiasm, did not meet our expectations due to the inability to deliver. In December, during the time when the owners usually pay their bills, the service fee collection was significantly impacted as most employees were put on furlough. Despite the unprecedented pressure, all segments of Onewo withstood the test. "Vanke Service" once again earned high praise from the owners across the country for guaranteeing community safety during emergencies. "Cushman & Wakefield Vanke Service" was also recognized by clients for staying with them through thick and thin, and "City Up" was regarded by the governments as a solid brand ready to serve and able to win. To some extent, these costs have been converted to the intangible assets that cannot be credited to the financial statements yet.

Our acquisition of Yango Intelligent and Bon Property in 2021, as well as the consolidation of the results of Shouwan Yuye Property in 2022, contributed to the goodwill and intangible assets that are included in the financial statements. Following our prudent financial policy, we adhere to the proper amortization of intangible assets, which impacts the figures on the income statement. Meanwhile, we also made full use of our post-investment integration capabilities, as proven by our investment in Cushman & Wakefield Vanke Service, to smoothly integrate the functional departments and residential property management segments of Yango Intelligent and Bon Property into our Company. We fully leveraged the strengths of the original team in areas such as the Fujian market, affordable residential property, medical facility management service to ensure that goodwill truly creates value.

The current pandemic and the sluggish state of the real estate market should be seen as crises in which lie opportunities. In such a context, it is essential to remain resolute in our commitment to the strategic goals.

With its traditional businesses integrating with the spatial IoT business, Onewo is creating an industrial interconnection ecology called "Onewo Town +". Within a geographical space of a three-kilometer radius, we break through the walls of traditional residential properties and enhance service efficiency through systematic changes made by intelligent IoT hardware to the service process and the change of enabling personnel dispatched from intra-community to cross-community, and this is "Onewo Town + property management service". In terms of data, the number of Onewo Towns increased from 459 to 584 in 2022. During the same period, we successively completed efficiency improvement and renovation for 38 Onewo Towns, which involved 329 projects, created a revenue of RMB820 million. With the efficiency investment and renovation cost of approximately RMB160 million, we achieved cost saving of over RMB30 million in 2022, which ultimately increased the gross profit margin of basic residential property management service by 4% throughout the year, and we also replicated the Bantian Onewo Town model and made good use of the investors' money. In addition, within this same geographical space, intelligent coordination of maintenance staff constitutes "Onewo Town + Home Renovation and Furnishing". For the 31 Onewo Towns in the home renovation and furnishing pilot areas, a contract value of RMB210 million was achieved, representing a year-to-year increase of 118.8%, while we maintained a high satisfaction rate of over 90%. The ecological business of Onewo Town is also gradually expanding. In the 38 Onewo Towns, the revenue from commercial property and facility management business increased by RMB160 million year-to-year. Along with such expansion, the industry interconnection ecology featuring "Onewo Town + Community Commerce", "Onewo Town + Elevator" and "Onewo Town + 'X'" is taking shape. In 2023, we plan to pilot, explore and iterate in over 100 Onewo Towns.

People may have different answers to what industrial interconnection is as their angles vary. I asked AI what industrial interconnection is and picked a few key words from its answer to share with you: Integration with traditional industries, intelligent IoT, intelligent coordination, cloud platform, and improvement in supply chain efficiency. These are the goals we either have accomplished or are currently striving for. While Internet companies are searching for offline opportunities, traditional industries are seeking ways to expand their online presence.

Where time meets space, there is industrial interconnection. In this case, shareholders' trust is indispensable. Therefore, both you and Onewo are meant to be parts of the plan.

Onewo Inc.
Zhu Baoquan

Shenzhen, the PRC, March 27, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the consolidated financial information of the Group, including the related notes, set out on pages 2 to 15 of this annual results announcement.

INDUSTRY REFLECTION

- ***Independence Reflection – Reliance on Developers Exacerbates Industry Volatility***

  The third-party independence was a hot topic when property management service providers entered the capital market. However, in recent years, capital seems to prefer the business relationship between property management service providers and the parent company of developers. Indeed, the parent company's easily obtainable incremental projects and the developer's value-added services with high gross margins enhance the financial statements of property management service providers. According to CREIS, as of the first half of 2022, for more than one-third of property management service providers listed on the Hong Kong Stock Exchange that have announced the source of area under management, over 50% of their scale is sourced from related parties. Property management service providers still mainly depend on the incremental project support from related parties to increase their scale. According to the National Bureau of Statistics, the sales of commodity housing in China decreased by 26.7% in 2022 as compared to the same period of last year, and the decline in sales of major customers imposed a greater pressure on the growth, profitability, accounts receivable and cash flow of property management service providers. This will reignite thinking about property management service providers getting rid of the dependence on the developer industry and the third-party independence needed to promote customer diversification.

- ***M&A Reflection-Large-Scale M&A Accumulates Operating Pressure***

  According to CREIS, in 2021, the median P/E ratio of listed property management service providers was as high as 46.7 times. Historical acquisitions through financing have become a hot topic in the industry. The price of the acquired target has also risen, which is reflected as the high goodwill and intangible assets in the financial statements. The sudden consolidation of the industry has brought a great challenge to the management and operational capabilities of property management service providers. In 2022, along with the continued downturn in developers, the valuation center of the property industry has shifted downward simultaneously, and the growth model of the industry has been challenged and questioned. Besides, the difficulties encountered by the developers resulted in operating volatility and bad debts of the merged property management service providers, bringing challenges to the goodwill on the account.

- ***Reflection on Value-Added Services – There is no Free Lunch in the World***

  The value-added service of property management service providers is often based on the idea formed by local cases. When faced with large-scale growth, it will encounter problems such as talent shortage and property project restrictions. In the environment of more related party transactions, high gross profit and high P/E ratio, some cases perform well in growth. But when related party business declines and the industry suffers downturn, the new business will be, more or less, hit by slowdown in growth, decline in gross profit and lack of competitiveness. According to the statistics conducted by CRIC on the data of first half of 2022, the proportion of diversified business operating income of property management service providers decreased by approximately 4.9 percent year-to-year, and the non-owner value-added service income of some property management service providers decreased by more than 50% year-to-year. Community value-added services based on related party transactions and regional advantages of residential property are both worthy of reflection.

- ***Fragility and Resilience of the Property Management Service Industry***

  According to the data from CRIC, the average P/E ratio of the property industry was over 30 times in 2021, and as of the end of 2022, the industry level average P/E ratio was down to 7 times, with approximately 17.6 times for state-owned property management service providers and less than 7 times for private companies. The single source of business with related parties makes the development of related property management service providers lack resilience. In fact, even enterprises under the background of central or state-owned enterprises also face this problem. The service industry should inherently have a strong rigid demand attribute. Therefore, enterprises should return to the origin of business and abandon the concept of high gross margin, focus more on the establishment of customer relationships and organizational resilience, grow steadily in the uncertain market environment, and seize opportunities in the recovering market environment.

  In 2022, a year full of variables and challenges, the industry should be more deeply aware that brand accumulation is not equal to scale development. There's no such thing as a free lunch. Property management service provider should build independent development strategies and talent pools to form a diversified customer base. By persevering with a yearning-for-life service spirit, we have won the reputation of customer satisfaction. By responding promptly to unexpected events, we have gained a customer-first reputation. We need to continue to pay attention to cash flow instead of just pursuing wealth on paper. It is the intangible assets accumulated in this process that make the enterprise withstand the pressure under the external shocks.

STRATEGIES REVIEW

1. Onewo Town Strategy

Since 2020, the Company has continued the exploration and implementation of Onewo Town[Note 3] strategies, and summarized the DFMS model for Onewo Town.

When promoting the implementation of Onewo Town, data runs through the entire process, including using objective data to select development locations, i.e. the Company chose to increase density of property projects in the 3,402 sub-districts in 100 most economic-valuable cities in China, which requires the Company to have the ability to expand the existing market in order to obtain more marketing opportunities in target areas; it also includes investing in facility to realize changes in business processes in an intelligent IoT and data-driven manner, enabling a more efficient supply chain, creating a Localized Service Network in the Onewo Town space, and iterating and upgrading traditional industries, including but not limited to residential property services and home renovation.

– *Successful site selection and construction of Onewo Town*

At the beginning of 2022, the Company had 459 Onewo Towns with higher density. By deeply cultivating operations and focusing on service improvement, based on the brand influence of Vanke Service, the Company has further strengthened customer awareness in terms of transparent property, smart community, and supported asset preservation and appreciation, which helped expansion of market. In addition, the Company conducted an inventory of project information within the value sub-districts, formulated a project expansion and implementation plan, which helped achieve market goals. At the end of 2022, the total number of Onewo Town has increased to 584, providing a foundation for the implementation of subsequent strategies.

– *Smooth transformation of process*

In 2022, the Company completed the modification of residential service processes in 38 Onewo Towns. By intelligent modification, upgrading the equipment and facilities of the project in Onewo Town, intelligent IoT can be achieved. On this basis, the supply chain was integrated to create a workorder-driven process change within Onewo Town.

During the year, there were 14 Onewo Towns, with a total of 118 projects completed modification on August 31; and 24 Onewo Towns, with a total of 211 projects completed modification on September 30. After completing the modification of 38 Onewo Towns, it brought an equivalent of more than RMB30 million of efficiency improvement to basic residential properties in 2022. If this result was applied throughout the year, it was expected to increase the gross profit margin of basic residential properties by more than 4%. Therefore, the feasibility of the modification and efficiency improvement of the process of Onewo Town was further demonstrated, which has constructed a moat for the Company.

Note [3]: A strategically selected sub-district in which (i) we have multiple properties under management; and (ii) our employees could commute between managed properties within 20 to 30 minutes

– *The growth rate of home renovation and furnishing services was affected by objective factors*

During the Reporting Period, the Company promoted the decoration business pilot scheme in 31 Onewo Towns, leveraged customer demands based on standardized partial decoration business as key products, maintained a quality work team with sufficient order volume and took customer satisfaction as the core goal to drive the transformation of traditional home decoration model. Although the normal commencement of the decoration business (such as household entry, construction, and delivery) was affected by objective factors, the Company achieved RMB210 million contract value in 31 Onewo Town pilot areas, representing a year-to-year growth of 118.8% with satisfaction rate exceeding 90%. The transformation model of promoting the decoration business using the Onewo Town model has yet to be further verified.

2. *Continuous and Rapid Growth of Space IoT Business*

In terms of space IoT, the Company insists on investing and expanding the market through various channels. During the Reporting Period, the Company invested RMB410 million in research & development, accounting for 1.4% of its total revenue. On the one hand, it helped optimize its business efficiency, and on the other hand, it expanded channels to achieve the rapid growth in the market. During the Reporting Period, the technological revenue reached RMB2.38 billion, accounting for 7.9% of the total revenue, with a year-to-year growth of 28.5%, creating a gross profit of RMB751 million, accounting for 17.8% of the total gross profit, with a year-to-year growth of 35.9%.

– *R&D investment leads to improvement of its own operational efficiency*

During the Reporting Period, the Company has set up a digital operation center in Wuhan, which has achieved remote operation of all residential projects. During the Reporting Period, the Company successfully developed and installed the first self-service kiosk at the front desk of property in China, Pineapple No. 1, in 1,354 projects, which can achieve 7*24 uninterrupted service for basic property functions. At the same time, Lingshi servers have been laid in five Onewo Town pilot areas to achieve the combination of AI and work order scheduling in order to further improve process efficiency.

– *Strong external expansion capability of AIoT solutions*

During the Reporting Period, although part of the performance of AIoT solutions was affected by developers, the Company actively expanded various service modes, established new partnerships with high-quality customers such as leading infrastructure enterprises, large household appliance enterprises, and technology enterprises, and exported hardware products such as the Black Cat series of access control products, Ruilian series of IoT products, and Lingshi Edge servers, achieving in a revenue of RMB1.38 billion for AIoT solutions, as well as an increase in the gross profit margin.

– *Enhance competitiveness and achieve rapid growth with BPaaS solution*

During the Reporting Period, the Company has continued to optimize its BPaaS products, acquired 24 major corporate customers, and rendered BPaaS services to 38 city-as-a-property projects. By virtue of the mode of "software + operation", the Company promoted the transform of space services from the supply side, creating unique competitiveness of technological service, and providing government and corporate customers with mature process solutions. During the Reporting Period, BPaaS solutions realized revenue of RMB993 million, representing a year-to-year increase of 56.7%.

3. *Diversified Customers*

During the Reporting Period, the Company's client matrix became more diversified. Leveraging its insights into customer needs, the Company continuously expanded its service capabilities and boundaries in corporate services. In 2022, the Cushman & Wakefield Vanke Service brand of the Company added 24 top 500 companies and unicorn company clients in the fields like new energy and high-end manufacturing, achieving breakthroughs in the acquisition of clients from cutting-edge industries, and further consolidating its own diversification level and risk resistance capability to better serve more customers. The revenue from property and facility management services for the year amounted to RMB7.54 billion, representing a year-to-year increase of 42.7%, of which 83.9% came from the number of third-party projects, and the revenue contribution accounted for 84.8%. The saturated income from new contracts amounted to RMB4.15 billion, representing a year-to-year increase of 43.0%, of which 87.7% came from the saturated income from third parties.

At the same time, the Company continues to improve its ability to tailor services for different industries, so as to serve customers in more aspects, such as providing precision specialty device maintenance services for tens of factories in the high-end manufacturing industry, and high-end hospitality services and other ecology services for customers from the enterprise headquarters. The amount contracted for customized services was RMB260 million during the Reporting Period, representing a year-to-year increase of over 100%.

4. *Historical Acquisition Integration*

Growth through historical acquisitions has been one of the major modes of industry development in the last few years. The Company has been prudent in historical acquisitions, taking post-investment integration and achieving strategic objectives as the preconditions for the implementation of historical acquisitions. At present, the Company has set up a systematic post-investment management system to create value for the steady operation of the Company continuously.

Since 2019, after the Company completed the merger and integration of Cushman & Wakefield's property and facility management services business in the Greater China region and established the commercial office premises service brand "Cushman & Wakefield Vanke Service", the compound growth rate of property and facilities management service revenue has reached 43.2%, maintaining a rapid growth.

In 2021, the Company acquired Bon Property and Yango Intelligent, and then began the work of integration. In 2022, the functional integration of the two companies has achieved an efficiency increase of more than RMB30 million and achieved an effective improvement in management efficiency. The entire integration process achieved "zero loss" of core backbone talents. All the residential property projects subordinate to Yango Intelligent have been integrated with Vanke Service projects in the management system within the year. In addition to completing the smooth transition of brand integration, the Company actively explores the integration of advantages of acquired companies to achieve the effect of "1+1>2". For example, the Company appoints the former general manager of Bon Property as the person in charge of the Fuzhou municipal representative office of Onewo, and establishes a market partner mechanism to fully absorb and give play to the marketing ability advantages of the original team of Bon Property in Fujian Province. The Company learns and optimizes the management and operation ability of Bon Property in the low-to-medium fee market, explores to provide services for low-cost properties in high-level cities, and enables more users to experience the beauty of property management services. At the same time, it integrates the medical management property sector of Bon Property and Yango Intelligent to promote the overall efficiency improvement of the sector with professional operation.

BUSINESS REVIEW

The Group is divided into three business segments: (i) community space living consumption services; (ii) commercial and urban space integrated services; and (iii) AIoT and BPaaS solution services.

The following table sets out the details of revenue by business segment and service type as at the dates indicated:

	For the year ended December 31				
	2022		2021		Growth rate
	RMB'000	*%*	*RMB'000*	*%*	*%*
Community space living consumption services					
– Residential property services	**14,810,695**	**49.2**	11,362,630	47.9	30.3
– Home-related asset services	**1,351,341**	**4.5**	1,255,539	5.3	7.6
– Other community value-added services	**421,155**	**1.4**	542,856	2.3	(22.4)
Subtotal	**16,583,191**	**55.1**	13,161,025	55.5	26.0
Commercial and urban space integrated services					
– Property and facility management services	**7,544,896**	**25.1**	5,288,069	22.4	42.7
– Value-added services for developers	**2,935,057**	**9.7**	3,065,277	12.9	(4.2)
– Urban space integrated services	**664,256**	**2.2**	339,782	1.4	95.5
Subtotal	**11,144,209**	**37.0**	8,693,128	36.7	28.2
AIoT and BPaaS solution services					
– AIoT solutions	**1,384,920**	**4.6**	1,216,352	5.1	13.9
– BPaaS solutions	**993,483**	**3.3**	634,034	2.7	56.7
Subtotal	**2,378,403**	**7.9**	1,850,386	7.8	28.5
Total	**30,105,803**	**100.0**	23,704,539	100.0	27.0

The following table sets out the details of gross profit by business segment and service type as at the dates indicated:

	For the year ended December 31			
	2022		2021	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	***%***	*RMB'000*	*%*
Community space living consumption services				
– Residential property services	**1,458,881**	**9.9**	1,265,378	11.1
– Home-related asset services	**372,390**	**27.6**	380,736	30.3
– Other community value-added services	**268,007**	**63.6**	438,384	80.8
Subtotal	**2,099,278**	**12.7**	2,084,498	15.8
Commercial and urban space integrated services				
– Property and facility management services	**917,156**	**12.2**	725,527	13.7
– Value-added services for developers	**408,572**	**13.9**	597,792	19.5
– Urban space integrated services	**54,424**	**8.2**	59,196	17.4
Subtotal	**1,380,152**	**12.4**	1,382,515	15.9
AIoT and BPaaS solution services				
– AIoT solutions	**424,706**	**30.7**	300,718	24.7
– BPaaS solutions	**326,614**	**32.9**	252,281	39.8
Subtotal	**751,320**	**31.6**	552,999	29.9
Total	**4,230,750**	**14.1**	4,020,012	17.0

During the Reporting Period, the Group has been affected to some extent in the business related to developers, but has achieved quality growth in the recurring business and technology business, and the implementation of the Onewo Town strategy has achieved remarkable results effectiveness.

Scale Growth and Stable Operation of Recurring Business

The Group's residential property services in community space, property and facility management business in commercial space, and BPaaS solution business in the technology sector, among others, are recurring businesses, which have always won recognition of customers with high service quality, with a relatively high renewal rate. During the Reporting Period, the Company's "recurring" service revenue achieved significant growth, reaching RMB23,349.1 million, representing a year-to-year increase of 35.1%, accounting for 77.6% of the total revenue, resulting in a gross profit of RMB2,702.7 million. Adjusted gross profit was RMB3,229.3 million, representing a year-to-year increase of 36.0%, indicating that profitability has improved.

– ***Residential property services***

During the Reporting Period, the Group's revenue from residential property services was RMB14,810.7 million, representing an increase of 30.3% as compared to the same period of last year, accounting for 49.2% of total revenue. During the Reporting Period, such business brought gross profit of RMB1,458.9 million, representing an increase of 15.3% as compared to the same period of last year. As such business has won the recognition of customers by its stable, reliable, and high-quality service, it has supported the Group to achieve a long-term leading collection rate, and the balance of property fees received in advance was RMB3,976.7 million, achieving an advance receipts and receivable ratio (the ratio of receipts in advance to accounts receivable) of 4.1 times. As of December 31, 2022, the saturated income of residential property service projects under management was RMB22,799.7 million, representing a year-to-year increase of 27.7%; the number of residential projects under management was 3,446, representing a year-to-year increase of 623. The growth of results is mainly due to the Company's outstanding market expansion ability, especially its deep cultivation ability in the existing market.

The following table sets out the details of the number of the residential projects under management and contracts and saturated income as at the dates indicated:

	For the year ended December 31	
	2022	2021
Saturated income from contracts (RMB million)	**28,659**	23,881
Number of contracted projects	**4,358**	3,885
Saturated income from projects under management (RMB million)	**22,800**	17,853
Number of projects under management	**3,446**	2,823

The following table sets forth the number of the residential properties under management and contracts, saturated income from projects under management by property developer as at the dates indicated, as well as breakdown of income from property management services during the periods indicated:

	For the year ended December 31					
	2022			2021		
	Saturated income from projects under management (RMB million)	**Number of projects**	**Income (RMB million)**	Saturated income from projects under management (RMB million)	Number of projects	Income (RMB million)
China Vanke Group and its joint ventures or associates	**11,550**	**1,410**	**8,050**	9,618	1,218	6,932
Third parties	**11,250**	**2,036**	**6,761**	8,235	1,605	4,431
Total	**22,800**	**3,446**	**14,811**	17,853	2,823	11,363

– ***Property and facility management services***

During the Reporting Period, the Group's revenue from property and facility management services was RMB7,544.9 million, representing an increase of 42.7% as compared to the same period of last year, accounting for 25.1% of the total revenue. During the Reporting Period, the business generated a gross profit of RMB917.2 million, increased by 26.4% as compared to the same period of last year. For the year ended December 31, 2022, the saturated income of property and facility management service projects under management was RMB11,057.8 million, representing a year-to-year increase of 35.5%; the number of property and facility management projects under management was 1,829, representing an increase of 264 as compared to last year, among which 747 were commercial property management service projects (PM), representing an increase of 92 as compared to last year, and the saturated income was RMB5,648.5 million, representing a year-to-year increase of 27.6%; the number of comprehensive facility management services projects (FM) was 1,082, representing an increase of 172 as compared to last year, and the saturated income was RMB5,409.3 million, representing a year-to-year increase of 45.0%. The growth in performance was mainly due to the Company's deep cultivation in customer diversification, as well as its strong competitive advantages in high-net-worth projects such as super high-rise and super-large intricate complexes. Although the overall environment and economic cycle have affected the payment arrangements of a small portion of customers, the Group's turnover days of accounts receivable for property and facility management service was 55 days during the Reporting Period by its enhanced account management.

The following table sets forth the details of the number of the commercial office projects under management and contracts and saturated income as at the dates indicated:

	For the year ended December 31	
	2022	2021
Saturated income from contracts (RMB million)	**13,439**	9,647
Number of contracted projects	**2,133**	1,664
Saturated income from projects under management (RMB million)	**11,058**	8,158
Number of projects under management	**1,829**	1,565

The following table sets forth the number of the commercial office properties under management and contracts, saturated income from properties under management by property developers as at the dates indicated, as well as breakdown of income from property management services during the periods indicated:

	For the year ended December 31					
	2022			2021		
	Saturated income from projects under management (RMB million)	**Number of projects**	**Income (RMB million)**	Saturated income from projects under management (RMB million)	Number of projects	Income (RMB million)
China Vanke Group and its joint ventures or associates	**1,912**	**295**	**1,144**	1,475	249	891
Third parties	**9,146**	**1,534**	**6,401**	6,683	1,316	4,397
Total	**11,058**	**1,829**	**7,545**	8,158	1,565	5,288

– ***BPaaS solutions***

During the Reporting Period, the Group's revenue from BPaaS solutions was RMB993.5 million, representing an increase of 56.7% as compared to the same period of last year, accounting for 3.3% of the total revenue. During the Reporting Period, the gross profit of the business was RMB326.6 million. The rapid growth of the business performance is due to the Company's vigorous promotion of enterprise BPaaS services, adding more than ten Fortune Global 500, Fortune China 500 and unicorn clients; on the other hand, space BPaaS service have been implemented in 38 city-as-a-property projects.

– ***AIoT solutions***

The technology business of the Group performed outstandingly. In addition to the BPaaS solution for recurring business, the AIoT solution has also accumulated capabilities and achieved an increase in gross profit margin. During the Reporting Period, the Group's revenue from AIoT solutions was RMB1,384.9 million, representing an increase of 13.9% as compared to the same period of last year, accounting for 4.6% of the total revenue. During the Reporting Period, the business generated a gross profit of RMB424.7 million, achieving a gross margin of 30.7%, representing a year-to-year increase in gross margin by 6.0 percent. The growth of the performance and profitability of the business mainly benefited from the Company's market development through various channels, the success in packaging and sales of more products and solutions, and the vigorous expansion of corporate and government customers with strong payment capabilities.

During the Reporting Period, the Group was also affected by external objective factors, causes certain short-term impact on the performance. Among the affected businesses, except for the residence-related asset service business, it is expected that the ratio of the other businesses to the Group's total revenue will continue to decrease.

– ***Value-added services for developers***

During the Reporting Period, the Group's revenue from value-added services for developers was RMB2,935.1 million, representing a decrease of 4.2% as compared to the same period of last year, accounting for 9.7% of the total revenue; gross profit was RMB408.6 million, representing a year-to-year decrease of 31.7%. Due to the low prosperity of the developer industry, the delivery number of real estate projects declined, which led to a sharp decline in the revenue from the sales center business and initial involvement business. The Group's future strategy does not focus on the value-added businesses for developers as the main development direction. At the same time, in order to reduce the uncertainty arising from the impact of the developer's industry cycle on the business, the Group adheres to the customer diversification strategy, providing services to more customers and meet more needs of customers, and ensuring the stable development of the Group's overall business.

– ***Other community value-added services***

During the Reporting Period, the Group's revenue from other community value-added services was RMB421.2 million, representing a decrease of 22.4% as compared to the same period of last year, accounting for 1.4% of the total revenue. The main reason for the impact on results was the significant decline in carpark space sales services related to home sales. Such business is not the main business of the Company. In the future, the ratio of the revenue contributed by such business to the total revenue is expected to become smaller, and will therefore have a lower impact on the Group.

– ***Urban space integrated services***

During the Reporting Period, the Group's revenue from urban space integrated services was RMB664.3 million, representing an increase of 95.5% as compared to the same period of last year, accounting for 2.2% of the total revenue. The urban space integrated services generated a gross profit of RMB54.4 million, representing a decrease of 8.1% as compared to the same period of last year, and gross profit margin decreased by 9.2 percent as compared to last year. The main reason for the impact on profit performance was the fluctuation of demand from customers in various regions. For the year ended December 31, 2022, the Group has implemented 84 urban space integrated services projects in 36 cities across the country. In terms of urban space integrated services, about 30% of the contracts of the Group are undertaken by shareholding or direct engagement, and 70% of the contracts are implemented in the form of minority shareholding management. After nearly three years of performance comparison, in the future, the Group will be more inclined to operate with a minority shareholding management and implement the smart city BPaaS business model.

The following table sets forth the number of urban services projects by region as at December 31, 2022:

Region	**Number of projects**
South China	50
East China	18
North China	9
Central China	3
Southwest China	3
Northwest China	1
Total	84

– ***Home-related asset services***

During the Reporting Period, the Group's revenue generated from home-related asset services was RMB1,351.3 million, representing an increase of 7.6% as compared to the same period of last year, accounting for 4.5% of the total revenue; the gross profit was RMB372.4 million, achieving a stable gross profit margin of 27.6%. As a business related to the Company's Onewo Town strategy, although it has been greatly affected by objective factors such as "inability to enter homes (無法入戶)" in 2022, the Company will still increase its investment in talent pool and platform construction for this business segment, believing that "Onewo Town + Home Renovation and Furnishing" business model will be recognized by customers and positively verified by the market with high customer satisfaction, good value for money and efficient after-sales service.

FUTURE OUTLOOK

- ***Accelerating Expansion of Onewo Towns to Change the Industry Model***

  Onewo Town is an upgrade of the Group in the property management service provider model of China. It is a model for connecting operation of multiple projects by building the self-invested infrastructure, which changes the perspective and dimension of traditional operation of residential properties.

  The Group will continue to deepen its density in 3,402 sub-districts by leveraging its capabilities in transparent properties, quality services and smart communities, and actively develop high-quality projects in the existing market, creating a foundation for the further advancement of the Onewo Town strategy.

  In Onewo Towns, the Group will continue to transform the devices and facilities of the projects in Onewo Towns to realize smart IoT, and carry out work order-driven process changes to greatly improve service efficiency.

  In 2022, the Group has realized the pilot scheme of 38 Onewo Towns, initially verifying the feasibility of the strategy. In 2025, the Group is expected to complete the construction of 300 Onewo Towns, which will bring about qualitative changes in the property management services industry of China.

- ***Deepen the Service Capacity of Enterprises and Build an Ecosystem Moat***

  The Group will focus on the needs of corporate customers other than their main businesses to build the service capacity of market segments, including building property management, work environment management, energy management, etc. In the future, the Group plans to strategically invest in the enterprise services market, including but not limited to administrative service and precision equipment maintenance, etc. Through the creation of an upstream and downstream ecosystem, the Group will consolidate its moat in the field of enterprise services.

- ***Implementing of Scientific and Technological Capabilities to Reshape Space Efficiency***

  The Group is transforming from a traditional labor-intensive enterprise to a technology-based and knowledge-based enterprise. In the future, the Group will continue to invest in research and development to redefine the new track of space technology, complete the packaging and iteration of more business solutions, realize landing on multiple new tracks, and finally realize technology-driven business and change the efficiency of space services.

- ***Strengthen Human Resources and Give Full Play to Organizational Dividend***

  The Group plans to attract talents with market competitive remuneration, corporate culture of "Service (做服務者)", "Positivity (陽光健康)" and "Champion (永爭第一)" and company reputation, and organize regular training by outstanding employees and quality external consultants to strengthen the professional pride, service ability and professionalism of employees. At the same time, the Group will continue to strengthen the employee incentive mechanism, so that the interests of core employees and the Company align. On this basis, the Group will use the proceeds to further bring in scientific and technological talents, algorithmic talents and intelligent Internet talents to build the talent cornerstone of industrial Internet for the Company.

FINANCIAL REVIEW

Revenue

For the year ended December 31, 2022, the Group's total revenue was RMB30,105.8 million, representing an increase of 27.0% as compared to RMB23,704.5 million in 2021. The increase in revenue was mainly due to the increase in area under management of the Group and the increase in business contracts. Including:

- Community space living consumption services

  For the year ended December 31, 2022, the Group's revenue generated from community space living consumption services was RMB16,583.2 million, representing an increase of 26.0% as compared to RMB13,161.0 million in 2021, primarily due to the increase of properties we manage and clients we serve.

- Commercial and urban space integrated services

  For the year ended December 31, 2022, the Group's revenue generated from commercial and urban space integrated services was RMB11,144.2 million, representing an increase of 28.2% as compared to RMB8,693.1 million in 2021, primarily due to the increase in the number of projects we manage and the increasing of diversified customers we attract.

- AIoT and BPaaS solution services

  For the year ended December 31, 2022, the Group's revenue generated from AIoT and BPaaS solution services was RMB2,378.4 million, representing an increase of 28.5% as compared to RMB1,850.4 million in 2021, primarily due to the increasing of revenue from AIoT solution services in smart parks. Besides, we developed new customers from more industries such as commercial services and information technology services, which increase the revenue generated from BPaaS solution services.

Cost of Sales

The Group's cost of sales mainly includes operating costs, depreciation and amortization. Operating cost include (i) subcontracting costs; (ii) staff costs; (iii) common area facility costs; (iv) engineering costs; (v) office and other related costs. Depreciation and amortization are mainly comprised of the amortization of customer relationship resulted from our historical acquisitions.

For the year ended December 31, 2022, the total cost of the Group was RMB25,875.1 million, representing an increase of 31.4% as compared to RMB19,684.5 million in 2021. The increase in costs was mainly comprised of an increase in operating costs resulting from the business expansion of the Group, an increase in amortization of customer relationship resulting from historical acquisitions and an increase in cost resulting from the impact of external objective factors.

Gross Profit and Gross Profit Margin

For the year ended December 31, 2022, the Group's gross profit was RMB4,230.8 million, representing an increase of 5.2% as compared to RMB4,020.0 million in 2021. For the year ended December 31, 2022, the Group's gross profit margin was 14.1%, representing a decrease of 2.9 percent as compared to 17.0% in 2021. For the year ended December 31, 2022, the adjusted gross profit margin[Note 4] was 15.9%, representing a decrease of 1.8 percent as compared to the adjusted gross profit margin in 2021, mainly because the gross profit margin of home-related asset services and value-added services for developers declined as affected by external objective factors and the economic environment.

- Community space living consumption services

  For the year ended December 31, 2022, the adjusted gross profit margin of the Group's community space living consumption services was 14.3%, of which the adjusted gross profit margin of residential property services was 11.6%, same as last year. Due to the impact of external objective factors and economic environment, the gross profit margin of home-related asset services and other community value-added services decreased.

- Commercial and urban space integrated services

  For the year ended December 31, 2022, the adjusted gross profit margin of the Group's commercial and urban space integrated services was 14.9%, of which the adjusted gross profit margin of property and facility management services was 15.5%, representing an increase of 0.3 percent as compared to last year. The adjusted gross profit margin of value-added services for developers was 15.0%, representing a decrease of 6.2 percent as compared to last year. The adjusted gross profit margin of urban space integrated services was 8.6%. Compared to the urban space integrated services provided and the smart city BPaaS implemented by our joint ventures through minority shareholding management, services provided through direct engagement model has a lower gross profit margin.

Note [4]: Adjusted gross profit margin represents to the gross margin calculated after excluding the amortization of customer relationship resulting from the historical acquisition

- AIoT and BPaaS solution services

  For the year ended December 31, 2022, the gross profit margin of the Group's AIoT and BPaaS solution services was 31.6%, representing an increase of 1.7 percent as compared to last year, mainly due to the Group's continued efforts to optimize the diversified services of our AIoT and BPaaS solutions. The gross profit margin of AIoT solution services was 30.7%, while the gross profit margin of BPaaS solution services was 32.9%.

Other Income and Gains

The Group's other income and gains increased by 44.7% from RMB394.4 million in the year ending December 31, 2021 to RMB570.6 million in the same period in 2022. The increase was mainly resulted from the gain on remeasurement of the previously held interest in an associate.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 75.1% from RMB257.2 million in 2021 to RMB450.3 million in the same period in 2022. The increase was mainly due to the increase of marketing expenses incurred to maintain revenue growth against the backdrop of unfavorable market conditions, and entrance of new cities and new industries.

Administrative Expenses

The Group's administrative expenses increased by 20.2% from RMB1,791.8 million in 2021 to RMB2,153.5 million in the same period in 2022, mainly due to the increase in staff costs as a result of business expansion as well as the increased investment in research & development expenses, while the percentage of administrative expenses to total revenue decreased by 0.4 percent to 7.2% in 2022 as a result of the integration of historical acquisitions and the improvement in management efficiency.

Income Tax Expenses

The Group's income tax expenses decreased by 28.2% from RMB605.7 million in 2021 to RMB434.7 million in the same period in 2022, mainly because the gain on remeasurement of the previously held interest in an associate is not subject to tax in accordance with PRC tax laws, and some entities are entitled to preferential tax policies, the effective tax rate was close to the statutory rate after excluding the effect of such one-time items.

Profit for the Year

The Group's profit for the year decreased by 7.5% from RMB1,714.3 million in 2021 to RMB1,586.1 million in 2022. The Group's EBITDA increased by 7.6% from RMB2,640.3 million in 2021 to RMB2,840.6 million in 2022.

Non-IFRS Measures

The following tables sets forth a reconciliation of the Group's EBITDA and the statements prepared in accordance with IFRS for the periods indicated:

	2022	2021
	RMB million	*RMB million*
PROFIT BEFORE TAX	**2,021**	2,320
Finance costs	**11**	10
Interest income	**(46)**	(85)
Depreciation and amortization	**855**	395
EBITDA	**2,841**	2,640

To supplement the Group's IFRS consolidated financial statements, the Group also use non-IFRS EBITDA, as an additional financial indicator. The Group believes such non-IFRS financial measure can eliminate the potential financial impact of events that have little relevance to ordinary course of business and cannot accurately and completely reflect operating performance, including the amortization of customer relationships arising from acquisitions. The use of this measure is helpful in comparing the operating performance of each period. The Group believes that the measure provides useful information to investors and others, in order to understand and evaluate the Group's results of business performance. The definition of this non-IFRS measure may differ from similar terms used by other companies.

Intangible Assets

The Group's intangible assets mainly include customer relationships and goodwill acquired in historical acquisitions. The Group's intangible assets increased from RMB8,244.1 million as of December 31, 2021 to RMB8,507.0 million as of December 31, 2022, mainly due to the customer relationship recognized by the historical acquisition of companies during the Period of RMB831.9 million, while the amortization of customer relationships brought by historical acquisitions increased from RMB193.0 million in the year ended December 31, 2021 to RMB567.5 million in 2022 because of the historical acquisitions of Yango Intelligent and Bon Property.

Liquidity and Financial Resource

Cash position

As of December 31, 2022, the Group had cash and cash equivalents of RMB13,345.1 million, which primarily represent the proceeds from the Global Offering and net operating cash flow during the year. As of December 31, 2021, the cash and cash equivalents amounted to RMB6,430.6 million.

The Group has adopted prudent capital management policies and conducted effective financial capital management under centralized management to sustain appropriate and sufficient levels of cash and bank balances.

Loans and net gearing ratio

As of December 31, 2022, the Group had no bank loans or borrowings and therefore had a net cash position. Net gearing ratio is calculated as our total interest-bearing borrowings minus cash and cash equivalents divided by total equity as of the end of the relevant period and multiplied by 100%. Accordingly, net gearing ratio is not applicable to the Group as of December 31, 2022.

Contingent Liabilities

As of December 31, 2022, the Group had no material contingent liabilities.

Pledge of Asset

As of December 31, 2022, the Group had no pledge of assets.

Foreign currency risk

As the Group's business is mainly conducted in the PRC, we mainly adopt RMB as the settlement currency.

As of December 31, 2022, non-RMB assets are cash and cash equivalents, including HKD-denominated assets (worth RMB133.5 million) and USD-denominated assets (worth RMB5.4 million), mainly from the proceeds from the Global Offering. As of December 31, 2022, the Group's exposure to foreign exchange risk was limited and fluctuation of the exchange rate between RMB and foreign currency had no significant impact on the results of operations of Group. The Group will continue to monitor its foreign exchange risk and take prudent measures to mitigate the potential risk of exchange rate fluctuations.

CORPORATE GOVERNANCE AND OTHER INFORMATION

1. Use of Net Proceeds from the Global Offering

The H Shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on September 29, 2022 by way of Global Offering. The net proceeds from the Global Offering (after the full exercise of the Over-allotment Option) amounted to approximately RMB5,617.2 million after deducting the underwriting fees and other related expenses payable by the Company in connection with the exercise of the Over-allotment Option.

The proceeds from the Global Offering will continue to be utilized in accordance with the plans disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated September 19, 2022 (the "**Prospectus**"). The following table sets forth a breakdown of the utilization and proposed utilization of the net proceeds as at December 31, 2022:

Items	Percentage of total amount *(Approximation)*	Net proceeds disclosed in the Prospectus *(RMB million)*	Amount utilized for the year ended December 31, 2022 *(RMB million)*	Balance *(RMB million)*	Expected timetable for the full use of the balance
Financing the development of our replicating the success of our "Onewo Town" model to achieve economies of scale	35%	1,966.0	63.0	1,903.0	By the end of 2027
Investing in the development of AIoT and BPaaS solutions	25%	1,404.3	0.3	1,404.0	By the end of 2027
Incubating the Onewo ecosystem through acquisitions or investments of majority interests in value added service providers and service providers along the upstream and downstream supply chain of our industry	20%	1,123.5	0.0	1,123.5	By the end of 2027
Attracting and nurturing talents	10%	561.7	1.9	559.8	By the end of 2027
Working capital and general corporate purposes	10%	561.7	2.8	558.9	By the end of 2027
Total	100%	5,617.2	68.0	5,549.2	

2. Significant Investments, Material Acquisitions and Capital Asset Plans

As of December 31, 2022, the Group had not made any significant investments, material acquisitions, or disposals of subsidiaries, associates and joint ventures.

In addition, save as the plans disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group has no specific plans to make significant investments or acquire material capital assets. However, the Group will continue to seek new opportunities for business development in accordance with the Company's strategy. For further details, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

3. Employees and Remuneration Policy

Our journey as a company providing property services started in 1990. Over the last three decades, the Group have established a strong service culture as well as a customer-centric and creative service team. The Group have further developed an inheritable corporate culture and operating system centered on the values of "Service", "Champion" and "Positivity", which are crucial for us to keep attracting and retaining talent that meets our business development needs. In addition, the structure of human resources of the Group includes customer service, sales and marketing, research and operations, property and project delivery, as well as functional support personnel, etc., forming a diversified and all-rounded team that lays the foundation for our business development.

As of December 31, 2022, the Group had 97,930 employees (December 31, 2021: 106,945 employees), and the total staff costs during the Reporting Period was approximately RMB10,916.0 million. Remuneration and benefits of the employees of the Group include basic salaries, discretionary bonus, and social security fund and housing provident fund, which were determined based on the nature of work, work performance and market conditions. The Group also offers competitive remuneration and employee stock ownership plan for its employees, especially key employees.

Employee training plan

Onewo built a broad development platform for employees. According to the business needs and employees' personal career planning and development, a training system that is beneficial to employees' development was established to provide diversified career development paths and learning opportunities.

1. "Onewo Dream" Development（"萬紫千紅"好發展）

In 2019, the Group launched the "Thousands into Pulin" ("千軍萬馬進樸鄰") employees development project to encourage front line employees to explore new career paths and transform into Pulin asset managers. In 2020, the Group launched the "Onewo Dream" Development employees development project to further build a multi-path development mechanism with professionalization, diversification and full business scenarios for front line employees, in order to help them move to a larger development stage and gain more labor income.

The Group provides front line employees with rich skills training and diversified business direction choices, and helps front line service staff transition to other positions that are more skilled and more irreplaceable. During the Reporting Period, the Group assisted 3,130 front line employees to successfully transfer to grid coordinators, asset coordinators, mechanical and electrical experts, and digital operation etc. Since the inception of the "Onewo Dream" Development project in 2020, the Group has promoted a total of 5,173 front line employees to successfully transfer to other positions.

2. Kilo Plan (千人計劃)

The Group actively supports front line workers to pursue advanced study, and subsidizes front line employees to achieve "senior high school to junior college transfer (高升專)" and "junior college to bachelor's degree transfer (專升本)" by providing scholarships, helping them improve their academic qualifications. In 2010, the Group launched the "Double Hundred Plan (雙百計劃)", and planned to provide 200 front line employees with the opportunity to improve their academic qualifications through "senior high school to junior college transfer" every year. In 2021, the Group had upgraded the "Double Hundred Plan" to the "Kilo Plan". The Group plans to provide 1,000 front line employees with the opportunity to improve their academic qualifications through "senior high school to junior college transfer" and "junior college to bachelor's degree transfer" every year, and provide each participant with a scholarship of RMB5,000 to RMB7,000.

In 2022, the Group updated the resources of the cooperative universities for "Kilo Plan", and provided employees with 52 schools available for admission, including South China Normal University, Jinan University and Xiamen University of Technology. During the Reporting Period, the "Kilo Plan" helped 559 employees improve their academic qualifications, and it is estimated that RMB3.35 million of scholarship will be invested in the plan.

3. Talent training and development

The Group combined the needs of business development and employee growth to build a diversified employee training system and provide employees with learning opportunities for self-challenge and continuous development. The Group established the talent training system with the cores of "service ability", "leadership" and "growth momentum", launched various forms of training products and programs to meet the development needs of the talent team.

4. Major Events after the Reporting Period

There were no major events affecting the Group after the Reporting Period and up to the date of this announcement.

5. Purchase, Sale and Redemption of the Listed Securities of the Company

During the Reporting Period, the Group and its any subsidiaries did not purchase, sale or redeem any listed securities of the Company.

6. Corporate Governance Code

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance the corporate value as well as the responsibility commitments. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance and to the best knowledge of the Directors, the Company has complied with the applicable code provisions set out in the CG Code after the listing and during the Reporting Period, save as disclosed below.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Zhu Baoquan is the chairman of the Board and the general manager of the Company and the roles of Mr. Zhu Baoquan have not been separated as required under code provision C.2.1 of the CG Code.

In view of the fact that Mr. Zhu Baoquan has been managing and operating the Company as the chairman, an executive Director and the general manager since February 2011, the Board believes that Mr. Zhu Baoquan should continue to assume the responsibilities of the general manager of the Company as this arrangement will improve the efficiency of the Company's decision-making and execution process and provide strong and consistent leadership to the Company. Further, the Company has put in place an appropriate check-and-balance mechanism through the Board and the independent non-executive Directors. In light of the above, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in the circumstances of the Company. The Board will review the current structure from time to time and will make any necessary arrangement as appropriate.

7. Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code for dealing in securities in the Company by the Directors and supervisors of the Company (the "**Supervisors**").

After specific enquiries made to all Directors and Supervisors, Directors and Supervisors have confirmed compliance with the required standards set out in the Model Code since September 29, 2022, the listing date of the Company up to December 31, 2022.

8. Audit Committee

The Board has established the Audit Committee with written terms of reference in compliance with the Listing Rules and the CG Code. The Audit Committee is mainly responsible for reviewing, supervising and coordinating internal and external audit procedures, proposing the appointment or replacement of external auditors, and reviewing the Company's financial information and disclosures as well as the Company's internal control system and other matters authorized by the Board.

The Audit Committee consists of three members, including Ms. Law Elizabeth (羅君美), Mr. Wang Wenjin (王文金) and Mr. Chen Yuyu (陳玉宇). The Audit Committee has reviewed the Company's consolidated financial information for the year ended December 31, 2022 and has discussed with the Company's external auditor, Ernst & Young, confirming that the Group's consolidated financial information has complied with all applicable accounting principles, standards and requirements, and has been adequately disclosed. The Audit Committee has also discussed the matters of audit and financial reporting.

Ernst & Young, the Group's auditor, agreed that the figures in the Group's consolidated statements of profit or loss, consolidated statements of comprehensive income and consolidated statements of financial position for the year ended December 31, 2022 as set out in this announcement and related notes hereto are consistent with the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement conducted in accordance with Hong Kong Standards on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standard on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and therefore no assurance has been expressed by Ernst & Young on this announcement.

9. Annual General Meeting

The Annual General Meeting (the "**AGM**") of the Company will be held on Friday, June 16, 2023. A notice of the AGM will be published and despatched to the Shareholders in due course.

10. Final Dividend

The Board recommends a final dividend totalling 10% of the EBITDA, with RMB0.241 per share (including tax) will be declared to Shareholders for the year ended December 31, 2022 ("**2022 Final Dividend**"), which is subject to the approval by Shareholders at the forthcoming AGM of the Company. 2022 Final Dividend is expected to be paid on or about July 7, 2023 to Shareholders whose names appear on the register of members of the Company on June 26, 2023. In terms of dividend payment, dividends for holders of domestic shares and unlisted foreign shares will be declared and paid in RMB, while dividends for holders of H Shares will be declared in RMB but paid in Hong Kong dollars.

The Company will publish further details relating, among others, the Company's payment of 2022 Final Dividend in due course.

Dividend Taxes

In accordance with the Enterprise Income Tax Law of the People's Republic of China and its implementation rules and the Notice of the State Taxation Administration on Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Shareholders who are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (國家稅務總局《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), as a PRC Domestic Enterprise, the Company will, after withholding 10% of the final dividend as enterprise income tax, distribute the final dividend to non-resident enterprise Shareholders whose names appear on the H Shares register of members (i.e. any Shareholders who hold H Shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or H Shareholders registered in the name of other organizations and groups). After receiving dividends, the non-resident enterprise Shareholders may apply to the relevant tax authorities for enjoying treatment of taxation treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such taxation treaties (arrangement). After the tax authorities have verified that there is no error, it shall refund the tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant taxation treaties (arrangement).

Pursuant to the Notice on the Issues Regarding Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), the Company shall withhold and pay individual income tax for individual holders of H Shares. If the individual holders of H Shares are Hong Kong or Macau residents or residents of other countries or regions that have a tax rate of 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders.

If the individual holders of H Shares are residents of countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If such shareholders claim refund of the amount in excess of the individual income tax payable under the relevant tax treaties, the Company may apply, on behalf of such shareholders and according to the relevant tax treaties, for the treatment under tax treaties, provided that the relevant Shareholders submit the relevant documents and information required by the Administrative Measures on Enjoying Treatment under Tax Treaties by Non-resident Taxpayers (State Administration of Taxation Announcement, 2015, No. 60) (《非居民納稅人享受稅收協議待遇管理辦法》(國家稅務總局公告2015年第60號)) and the provisions of the relevant tax treaties in a timely manner. The Company will assist with the tax refund subject to the approval of the competent tax authorities.

If the individual holders of H Shares are residents of countries or regions that have a tax rate higher than 10% but lower than 20% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the applicable tax rates stated in such tax treaties on behalf of such Shareholders.

If the individual holders of H Shares are residents of countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or have not entered into any tax treaties with the PRC, or otherwise, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such Shareholders.

Shareholders are recommended to consult their tax advisors regarding the ownership and disposal of H Shares in the PRC and in Hong Kong and other tax effects.

11. Closure of Register of Members

For determining the entitlement of the Shareholders to attend and vote at the AGM

The register of members of the Company will be closed from May 15, 2023 to June 16, 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the H Share Registrar of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on May 12, 2023.

For determining the entitlement of the Shareholders to the proposed 2022 Final Dividend

Subject to the approval by Shareholders of the Company at the AGM of the Company, the 2022 Final Dividend will be paid on or about July 7, 2023. For determining the entitlement to the proposed 2022 Final Dividend, the register of members of the Company will be closed from June 22, 2023 to June 26, 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed 2022 Final Dividend, all share transfer documents of the Company accompanied by the relevant share certificates must be lodged with the H Share Registrar of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on June 21, 2023.

12. Publication of Annual Results Announcement and Annual Report on the Websites of the Stock Exchange and the Company

This announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (https://www.onewo.com). The annual report of the Company will be dispatched to the Company's Shareholders and published on the above websites in due course.

This annual results announcement is prepared in both English and Chinese versions. In the event of any discrepancies in interpretation between the English version and Chinese version, the Chinese version shall prevail.

By order of the Board
Onewo Inc.
Zhu Baoquan
Chairman, executive Director and general manager

Shenzhen, the PRC, March 27, 2023

As of the date of this announcement, the board of directors of the Company comprises Mr. Zhu Baoquan as Chairman and executive Director; Mr. He Shuhua as executive Director; Mr. Wang Wenjin, Mr. Zhang Xu, Mr. Sun Jia, Mr. Zhou Qi and Mr. Yao Jinbo as non-executive Directors; Ms. Law Elizabeth, Mr. Chen Yuyu, Mr. Shen Haipeng and Mr. Song Yunfeng as independent non-executive Directors.