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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)

CONNECTED TRANSACTION THE EQUITY TRANSFER AGREEMENT

The Board announces that on November 29, 2024, Shanghai Vanke Investment (as the Vendor) and Onewo Business Enterprise Space Technology (as the Purchaser) entered into the Equity Transfer Agreement. Pursuant to the Equity Transfer Agreement, the Vendor agreed to sell to the Purchaser, and the Purchaser agreed to purchase from the Vendor the 45% equity interest in Shanghai Xiangda which is free from all encumbrances. Upon the completion of the Equity Transfer, Shanghai Xiangda will not become a subsidiary of the Company, and its financial results will not be consolidated into the financial statements of the Group.

1. THE EQUITY TRANSFER AGREEMENT

A summary of the principal terms of the Equity Transfer Agreement is set out below:

Date

November 29, 2024

Parties

- (1) Shanghai Vanke Investment, as the Vendor; and
- (2) Onewo Business Enterprise Space Technology, as the Purchaser.

The subject matter

Pursuant to the Equity Transfer Agreement, the Vendor agreed to sell to the Purchaser, and the Purchaser agreed to purchase from the Vendor the 45% equity interest in Shanghai Xiangda which is free from all encumbrances.

Consideration and payment terms

Pursuant to the Equity Transfer Agreement, the initial consideration was RMB712.0440 million (the “**Initial Consideration**”), representing the value of 45% of the equity interest of Shanghai Xiangda.

The Initial Consideration was determined based on (1) the appraised value of approximately RMB1,337 million (the “**Asset Price**”) of the investment properties (i.e. the Target Project) of Shanghai Xiangda as of October 31, 2024 (the “**Valuation Benchmark Date**”) as set out in the valuation report issued by an independent third party valuer; and (2) plus approximately RMB1,264.64 million of the current assets as set out in the statement of net assets of Shanghai Xiangda as of October 31, 2024, less approximately RMB1,019.28 million of the liabilities, and the Initial Consideration was determined by multiplying the initial purchase price of approximately RMB1,582.32 million corresponding to the 100% equity interest in Shanghai Xiangda after arm’s length negotiation between the parties and taking into account the rounding adjustments by 45% equity interest involved in this Equity Transfer.

The final purchase price of the Equity Transfer (the “**Final Purchase Price of the Equity**”) will be determined in accordance with the PRC Accounting Standards for Business Enterprises and its current assets and liabilities as set out in the audited statement of net assets (the “**Final Post-closing Statement**”) prepared for Shanghai Xiangda as of the Closing Date (as defined below). The calculation formula of the Final Purchase Price of the Equity is as follows: (Asset Price + current assets of Shanghai Xiangda set out in the Final Post-closing Statement – liabilities of Shanghai Xiangda set out in the Final Post-closing Statement) x proportion of the Equity Transfer (45%).

Within 5 business days after the signing of the Equity Transfer Agreement, the Purchaser shall cooperate with the Vendor to open a fund supervision account in the name of the Vendor at the bank designated by the Vendor (the “**Vendor Supervision Account**”), and co-manage such account and Shanghai Xiangda’s current account in ICBC (together with the Vendor Supervision Account, the “**Supervision Accounts**”). All activities related to the Supervision Accounts shall only be carried out upon unanimous approvals from the Vendor and the Purchaser. The relevant consideration for the Equity Transfer shall be paid by the Purchaser to the Vendor in RMB in the following manners:

- (1) Initial installment: Within ten business days after the conditions precedent for the payment of the initial installment under the Equity Transfer Agreement have been satisfied and verified by the Purchaser, the Purchaser shall pay to the Vendor Supervision Account an amount equivalent to RMB213.6132 million; and
- (2) Second installment: Within 5 business days after the Purchaser and the Vendor submit the relevant application files for industrial and commercial change registration to the Administration for Market Regulation in accordance with the terms of the Equity Transfer Agreement, and obtain a receipt or written document with the same nature that was issued by the Administration for Market Regulation, stipulating its formal acceptance of such industrial and commercial change registration, the Purchaser shall pay to the Vendor Supervision Account an amount equivalent to RMB458.7751 million.

In addition, according to the operation of Shanghai Xiangda, the Purchaser and the Vendor shall reserve a total of RMB35.1557 million of deposit for transactions related to the consideration of the Equity Transfer, which shall be paid by the Purchaser to the Vendor in RMB in accordance with the terms of the Equity Transfer Agreement with reference to factors such as the schedule of payable fees and the schedule of dispute resolution. The deposit is mainly reserved for the internal business operation of Shanghai Xiangda, including payment of its payable fees, dispute resolution fees, etc.

In addition, the Purchaser and the Vendor will reserve RMB4.50 million as special funds for auditing in respect of the issuance of the Final Post-closing Statement (the “**Special Reserve for Auditing**”). Within 10 business days after the completion of the auditing after closing by the Purchaser and the Vendor following the Closing Date (as defined below) (the “**Payment Term for Special Reserve for Auditing**”), the Purchaser and the Vendor shall adjust the Special Reserve for Auditing, in whole or in part, based on the difference between the Final Purchase Price of the target equity determined by the Final Post-closing Statement and the Initial Consideration, and make the corresponding payment. The adjustment manners are as follows:

- (1) If the calculation result of the Final Purchase Price of the Equity determined based on the Final Post-closing Statement minus the Initial Consideration is positive (the “**Positive Calculation Result**”), the Purchaser shall pay an amount equal to the Special Reserve for Auditing plus the Positive Calculation Result to the Vendor Supervision Account; or
- (2) If the calculation result of the Final Purchase Price of the Equity determined based on the Final Post-closing Statement minus the Initial Consideration is negative (the “**Negative Calculation Result**”), the Purchaser shall pay an amount equal to the Special Reserve for Auditing minus the Negative Calculation Result to the bank account designated by the Vendor (if such reserve is insufficient for the deduction, the Vendor shall correspondingly supplement the insufficient part for the deduction to the bank account designated by the Purchaser within the Payment Term for Special Reserve for Auditing).

In respect of the purchase price under the Equity Transfer Agreement, the Purchaser has the right to elect to make payment in multiple installments within the agreed payment term. The consideration will be funded by Onowo Business Enterprise Space Technology from its internal financial resources and paid in cash.

Conditions Precedent

Conditions precedent for the initial installment	Including: (1) the Vendor and the Purchaser have obtained the relevant documents and completed the relevant procedures in accordance with the terms of the Equity Transfer Agreement; (2) the Purchaser has cooperated with the Vendor in the successful opening of the Supervision Account and completed the co-management thereof; and (3) Shanghai Xiangda has not received any claim of rights in respect of substantial debts (i.e. amounting to more than RMB1 million) from any third party (including governmental authorities) that were not disclosed by the Vendor (except those which have been properly dealt with by the Vendor).
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Selection of valuation method

The independent third-party valuer adopted the summation method under the cost approach to evaluate the value of shareholders' equity in Shanghai Xiangda as of the Valuation Benchmark Date. In arriving at the appraised value, the valuer has considered three generally accepted valuation methods, namely market approach, cost approach and income approach. Given the characteristics of Shanghai Xiangda, that is, when the value of the valuation entity is mainly determined by the value of the assets and liabilities it holds, it is suitable to adopt the summation method under the cost approach for the appraisal of Shanghai Xiangda.

Under the summation method, each identifiable asset and liability of Shanghai Xiangda is valued using the appropriate valuation methods, and the valuer's opinion on the appraised value of Shanghai Xiangda is derived by adding component assets and deducting component liabilities.

Main assumptions adopted in valuation

In determining the appraised value of Shanghai Xiangda, including the property value of the Target Project, the following key assumptions have been made:

1. The valuation has been made on the assumption that the Vendor sells the property's interests on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property's interests;
2. The appraised value relied to a very considerable extent on the information given by the management and advice given by the valuer was accepted on matters such as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters;
3. Deferred tax liabilities that may be recognized due to the difference between carrying amount and appraised value were not taken into consideration in this valuation;
4. Assuming that there will be no material change in the existing political, legal, technological, fiscal or economic condition, which may adversely affect the business of Shanghai Xiangda;
5. Assuming that there were no off-balance sheet items which may have an effect on valuation result as at the Valuation Benchmark Date.

Valuation results

This appraisal adopted the summation method under the cost approach to conduct appraisal and calculations. As of the Valuation Benchmark Date, the value of shareholders' equity in Shanghai Xiangda was approximately RMB1,582,361,700 and the appreciation of appraised value has taken into account factors such as the long history of Shanghai Xiangda since its establishment in 1996 and the continuous increase in the value of land and assets over the years.

Closing

Unless otherwise agreed in writing by the Purchaser and the Vendor, the closing will take place on the date when Shanghai Xiangda has completed the industrial and commercial change registration related to the Equity Transfer and has been issued a business license reflecting the completion of the Equity Transfer by the Administration for Market Regulation (the “**Closing Date**”). Upon the completion of the closing, the Company will hold 45% equity interest in Shanghai Xiangda through Onewo Business Enterprise Space Technology, a wholly-owned subsidiary of the Company. Shanghai Xiangda will not become a subsidiary of the Company, and its financial results will not be consolidated into the financial statements of the Group.

2. REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

As of the date of this announcement, the Company and China Vanke had trade receivables and other balances with related parties, and after arm's length negotiation between the parties, the parties agreed to use part of the consideration of this transfer to offset the due and receivable amount of RMB590 million in respect of the aforesaid balances with related parties. The transaction would be effected by the purchase of 45% equity interests in Shanghai Xiangda held by Shanghai Vanke Investment by Onewo Business Enterprise Space Technology, thereby achieving the result that the Company indirectly holds 45% interests in all assets (including the Target Project) of Shanghai Xiangda. The Target Project is located in the core area of Lujiazui, Shanghai, with a strong purchasing power of the neighbouring consumer groups and great commercial potential. In addition, it is a commercial complex covering shopping malls and office premises, with shopping malls contributing to the mutually beneficial development model of “Onewo Towns + Community Business” for Onewo.

Shanghai Vanke Investment has confirmed that out of the amount of Equity Transfer for Shanghai Xiangda, RMB590 million will be used to repay the existing debts from China Vanke and its direct and indirect holding entities or its related parties to the Company, and that the amount of Equity Transfer for Shanghai Xiangda should be paid to Shanghai Vanke Investment by Onewo Business Enterprise Space Technology based on the payment schedule agreed upon in the Equity Transfer Agreement, and the equivalent amount will be remitted to the Company on the next working day after receipt by Shanghai Vanke Investment (the “**Arrangement**”). The remaining amount of Initial Consideration after deducting RMB590 million will be reserved by Shanghai Vanke Investment as the deposit for transactions and used to settle the accounts payable by Shanghai Vanke Investment to Shanghai Xiangda, and can be used for the internal operation of Shanghai Xiangda when necessary.

The adoption of the Arrangement is based on the following reasons: (i) the acquisition of the Equity Transfer will generate synergy effects with the Company; (ii) the Company will be able to recover the existing debts owed by China Vanke and/or its related entities; and (iii) as the existing debts involve a large number of different entities, communicating with such entities in respect of the offset of the Arrangement would require significant and disproportionate costs of negotiation and communication. The Arrangement can simplify procedures for debt settlement, which is beneficial for the Company to recover its receivables. In addition, the Purchaser and the Vendor are required to provide confirmation that it should have obtained from its stakeholders for being informed of the transaction under the Equity Transfer.

Based on the foregoing, the Directors (including the independent non-executive Directors) are of the view that the acquisition of 45% equity interests in Shanghai Xiangda will not have any material and adverse impact on the cash flow and liquidity of the Group. While the Equity Transfer Agreement is not entered into in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and the shareholders as a whole. Upon completion of the Equity Transfer, the Board will consider in the future whether it is appropriate and in the interest of the Company to further acquire the remaining equity interests in Shanghai Xiangda. If the Group enters into any agreement for the further acquisition of Shanghai Xiangda, the Company will comply with the relevant requirements of the Listing Rules in due course.

3. LISTING RULES IMPLICATIONS

As of the date of this announcement, China Vanke is entitled to control the voting rights of 660,602,000 Shares, representing approximately 56.67% of the total issued share capital of the Company (excluding 5,810,200 H Shares held by the Company as treasury shares), and thus China Vanke is the Controlling Shareholder of the Company. Shanghai Vanke Investment is a wholly-owned subsidiary of China Vanke. Therefore, China Vanke and Shanghai Vanke Investment are connected persons of the Company under Chapter 14A of the Listing Rules. The transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company.

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the transactions contemplated under the Equity Transfer Agreement and the Previous Transaction with parties who are connected were entered into or completed within a 12-month period, the transactions contemplated under the Contract and the Previous Transaction are required to be aggregated for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated under the Contract.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Equity Transfer Agreement, after aggregating with the Previous Transaction, exceed 0.1% but all are less than 5%, the transaction contemplated under the Equity Transfer Agreement is therefore subject to the reporting and announcement requirements but is exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wang Wenjin, a non-executive Director, Mr. Zhang Xu, a non-executive Director, and Mr. Sun Jia, a non-executive Director of the Company, are serving in China Vanke or its subsidiaries. Therefore, they have abstained from voting in respect of the relevant board resolution. Save as aforesaid, none of the other Directors has any material interest in the transaction contemplated under the Equity Transfer Agreement and is required to abstain from voting on the relevant board resolution.

4. INFORMATION OF THE PARTIES

Information on Shanghai Vanke Investment

Shanghai Vanke Investment is a limited liability company incorporated under the laws of the PRC and is a wholly-owned subsidiary of China Vanke, whose principal businesses are investment management, industrial investment, real estate comprehensive development and operation, and the provision of consultancy services for relevant technologies.

Information on China Vanke

China Vanke is a joint stock limited company incorporated in the PRC, the H shares and A shares of which are listed on the Hong Kong Stock Exchange (stock code: 2202) and Shenzhen Stock Exchange (stock code: 000002), respectively, and is the Controlling Shareholder of the Company. The principal businesses of China Vanke are property development, property services, rental housing, commercial development and operation, and logistics and warehousing business. As of the date of this announcement, China Vanke is held as to 27.18% by Shenzhen Metro Group Co., Ltd., which is wholly owned by the Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission.

Information on the Company

The Company, a joint stock company incorporated under the laws of the PRC with limited liability and the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange, is a leading omni-space service provider in the PRC, with a well-established business system across community, commercial and urban spaces. It provides space technology services for a diverse array of properties such as residential communities, workspaces and public premises, and a broad customer base covering property owners, corporate and other institutional clients.

Information on Shanghai Xiangda

Shanghai Xiangda is a limited liability company incorporated under the laws of the PRC, which is principally engaged in real estate development and operation and property management businesses, and is currently held as to 100% by Shanghai Vanke Investment.

According to the consolidated audited financial statements for the year ended December 31, 2023 of Shanghai Xiangda, its net profit before taxation and net loss after taxation for the year ended December 31, 2023 amounted to RMB31,672,363.74 and RMB13,132,022.20, respectively, and its net profit before taxation and net loss after taxation for the year ended December 31, 2022 amounted to RMB352,557.64 and RMB2,546,001.42, respectively. The net loss after taxation recognized at the end of 2022 was mainly due to the impact of the epidemic and the road construction surrounding the projects on operation; the net loss after taxation recognized at the end of 2023 was mainly due to the further settlement of the historical land premium and deed tax, income tax of the projects by Shanghai Xiangda instead of the impact of its business profitability.

5. DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Company”, “our Company” or “the Company”	Onewo Inc. (萬物雲空間科技服務股份有限公司), a limited liability company incorporated in the PRC on February 20, 2001 and converted into a joint stock limited company on March 20, 2018, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2602)
“Group”, “our Group” or “the Group”	our Company and its subsidiaries
“Director(s)”	the director(s) of our Company
“Board” or “Board of Directors”	the board of directors of our Company
“Equity Transfer”	the transfer of 45% equity interest in Shanghai Xiangda which is free from all encumbrances by the Vendor to the Purchaser pursuant to the terms of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated November 29, 2024 entered into among Shanghai Vanke Investment (as the Vendor) and Onewo Business Enterprise Space Technology (as the Purchaser), pursuant to which, the Vendor agreed to sell to the Purchaser and the Purchaser agreed to purchase from the Vendor the 45% equity interest in Shanghai Xiangda which is free from all encumbrances
“shareholder(s)”	holder(s) of our share(s) of our Company
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Vendor” or “Shanghai Vanke Investment”	Shanghai Vanke Investment Company Limited, a limited liability company incorporated in the PRC
“Shanghai Xiangda”	Shanghai Xiangda Real Estate Development Co., Ltd (上海祥大房地產發展有限公司), a limited liability company incorporated in the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended and supplemented from time to time
“China Vanke”	China Vanke Co., Ltd. (萬科企業股份有限公司), a joint stock limited company incorporated in the PRC, the H shares and A shares of which are listed on the Hong Kong Stock Exchange (stock code: 2202) and Shenzhen Stock Exchange (stock code: 000002), respectively, and a Controlling Shareholder of our Company
“PRC”	the People’s Republic of China, for the purposes of this announcement and for geographical reference only
“Onewo Business Enterprise Space Technology” or “Purchaser”	Shenzhen Onewo Business Enterprise Space Technology Co., Ltd., a limited liability company incorporated in the PRC, and a wholly-owned subsidiary of the Company
“Target Project”	the office and commercial properties located at Yangjing Street, Pudong New Area, Shanghai held by Shanghai Xiangda, namely Shanghai Binjiang Vanke Center and Guanghe New Block (including all ancillary facilities, equipment and corresponding state-owned construction land use rights)

“Previous Transaction” Transaction of the transfer of 50% equity interest in Wuhan Xintang Gongxiang Business Management Co., Ltd. (武漢新唐共祥商業管理有限公司) between Zhuhai Maode Chengtuo Commercial Development Co., Ltd. (珠海市懋德誠投商業發展有限公司) and Shenzhen Onewo Business Enterprise Space Technology Co., Ltd. (深圳市萬物商企空間科技有限公司) pursuant to the Equity Transfer Agreement entered into by both parties on November 1, 2024. For details, please refer to the announcement dated November 1, 2024 issued by the Company

“%” per cent

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

Shenzhen, the PRC, November 29, 2024

As at 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.