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## **Spring Real Estate Investment Trust**

春泉產業信託

*(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))*  
**(Stock code: 01426)**

**Managed by**  
**Spring Asset Management Limited**

### **ANNOUNCEMENT RENEWAL OF CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS**

The Board wishes to announce that on 31 December 2024:

(a) In relation to the Beijing CCP Properties:

- (i) in anticipation of the expiration of the Existing Beijing Carpark Master Lease on 31 December 2024, Beijing Hua-re (on behalf of RCA01) (as lessor) and the Carpark Operator (as lessee) entered into the New Beijing Carpark Master Lease for a term of 12 months commencing from 1 January 2025; and
- (ii) in anticipation of the expiration of the Existing Beijing Digital CCP System Service Contract on 31 December 2024, the Beijing Building Manager (as a delegate of RCA01) and the Digital CCP Service Provider entered into a supplemental agreement to renew the Existing Beijing Digital CCP System Service Contract for a further term of three (3) years commencing from 1 January 2025; and

(b) In relation to the Huizhou Property:

- (i) in anticipation of the expiry of the Existing Huizhou Property Management Agreement on 31 December 2024, the Huizhou Property Project Company and the Huizhou Property Manager entered into a supplemental agreement to renew the Existing Huizhou Property Management Agreement for a further term of three (3) years commencing from 1 January 2025; and

- (ii) in anticipation of the expiry of the Existing Huizhou PM Office Lease on 31 December 2024, the Huizhou Property Project Company (as lessor) and the Huizhou Property Manager (as lessee) entered into the New Huizhou PM Office Lease for a term of three (3) years commencing from 1 January 2025; and
- (iii) in anticipation of the expiry of the Existing Huizhou Direct Operation Leasing Framework Agreement on 31 December 2024, the Huizhou Property Project Company and the Direct Operation Lessee (who is also the Huizhou Property Manager) entered into the New Huizhou Direct Operation Leasing Framework Agreement for a term of three (3) years commencing from 1 January 2025.

Since each of the Guohua Subsidiary, the Digital CCP Service Provider, the Huizhou Property Manager (who is also the Direct Operation Lessee) is a subsidiary and, therefore, an associate of Huamao Property (being a substantial unitholder of Spring REIT), each of the Guohua Subsidiary, the Digital CCP Service Provider and the Huizhou Property Manager (who is also the Direct Operation Lessee) is a connected person of Spring REIT pursuant to 8.1(f) of the REIT Code. Accordingly: (i) the New Beijing Carpark Master Lease (which is entered into in connection with the Beijing Carpark Management and Benefit Sharing Agreement); (ii) the Renewed Beijing Digital CCP System Service Contract; (iii) the Renewed Huizhou Property Management Agreement and the New Huizhou PM Office Lease; and (iv) the New Huizhou Direct Operation Leasing Framework Agreement constitute continuing connected party transactions of Spring REIT under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules (as modified pursuant to 2.26 of the REIT Code).

As one or more of the applicable percentage ratios in respect of the annual cap amounts of each of the abovementioned continuing connected party transactions is no less than 0.1% but all of the applicable percentage ratios are less than 5%, such transactions are subject to the announcement, reporting and annual review requirements but are exempted from the circular and unitholders' approval requirements under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules (as modified pursuant to 2.26 of the REIT Code).

This announcement is made pursuant to 10.5A of the REIT Code.

## A. BEIJING CCP PROPERTIES

### (i) *New Beijing Carpark Master Lease*

As disclosed in the announcement of Spring REIT dated 15 December 2023, Beijing Hua-re (on behalf of RCA01), as owner of 608 carpark spaces at China Central Place) and Guohua Subsidiary (as owner of the other 347 carpark spaces at China Central Place) have appointed the Carpark Operator to provide management services in respect of their carparks pursuant to the Beijing Carpark Management and Benefit Sharing Agreement. The Beijing Carpark Management and Benefit Sharing Agreement, which will expire on 31 December 2025, contains the basis for determining the amount of the net income generated from the carparks and each owner's entitlement thereto.

In connection with the arrangement under the Beijing Carpark Management and Benefit Sharing Agreement, Beijing Hua-re (on behalf of RCA01) (as lessor) has leased to the Carpark Operator (as lessee) the 608 carpark spaces owned by RCA01 for a term of 12 months commencing from 1 January 2024.

In anticipation of the expiration of the Existing Beijing Carpark Master Lease on 31 December 2024, on 31 December 2024, Beijing Hua-re (on behalf of RCA01) (as lessor) and the Carpark Operator (as lessee) entered into the New Beijing Carpark Master Lease for a term of 12 months commencing from 1 January 2025.

#### **Key terms of the New Beijing Carpark Master Lease**

Save for its term, all the key terms of the Existing Beijing Carpark Master Lease remain unchanged in the New Beijing Carpark Master Lease, which are as follows:

Date	31 December 2024
Parties	(1) Beijing Hua-re (on behalf of RCA01) as lessor (2) Beijing Huamao Property Consulting Co., Ltd. First Branch* (北京華貿物業顧問有限公司第一分公司) (being the Carpark Operator) as lessee
Term	12 months from 1 January 2025

Annual rent amount

RMB4,500,000 (inclusive of value added tax), which was arrived at after arm's length negotiation between the parties with reference to the prevailing market rents applicable to the carpark spaces and the historical net income to which RCA01 received (inclusive of value added tax) pursuant to the arrangement under the Beijing Carpark Management and Benefit Sharing Agreement.

The annual rent amount of RMB4,500,000 (inclusive of value added tax) shall be payable every six months by the lessee to the lessor as follows:

- (a) an amount of RMB2,250,000 payable before 30 June 2025; and
- (b) an amount of RMB2,250,000 payable before 31 December 2025.

In accordance with the Beijing Carpark Management and Benefit Sharing Agreement, the final annual rent amount receivable by RCA01 under the New Beijing Carpark Master Lease is subject to an annual payment adjustment. The final annual rent receivable will be agreed between RCA01 and the Carpark Operator after the end of the relevant year with reference to the amount of the net income generated from the carpark and RCA01's cumulative entitlement thereto pursuant to the Beijing Carpark Management and Benefit Sharing Agreement.

If such final annual rent amount receivable by RCA01 is higher than the fixed rent amount, RCA01 shall receive a payment adjustment from the Carpark Operator, and if such final annual rent amount receivable by RCA01 is lower than the fixed rent amount, RCA01 shall make a payment adjustment to the Carpark Operator.

For the purpose of the annual rent payable for the year ending 31 December 2024 under the Existing Beijing Carpark Master Lease, the parties agree that any payment adjustment (as determined in accordance with the same principle as set out above) shall be made by the end of January 2025.

Renewal	The contract may be renewed by mutual agreement.
Termination	If the Carpark Operator fails to pay any rent, utility bills or any other amount payable under the contract for more than 30 days, Beijing Hua-re (on behalf of RCA01) may terminate the contract.

### Historical amounts under the Existing Beijing Carpark Master Lease

The historical amounts under the Existing Beijing Carpark Master Lease in each of the years ended 31 December 2022 and 31 December 2023 and the nine months ended 30 September 2024 were as follows:

	For the year ended		For the nine
	31 December	31 December	months ended
	2022	2023	30 September
	(RMB)	(RMB)	2024
			(RMB)
Fixed rent (inclusive of value added tax) for the respective year/period	4,500,000	4,500,000	3,375,000 <sup>(Note 1)</sup>
Adjustment rent for the respective year (payable after the end of the year)/period	(617,940)	333,285	(252,894) <sup>(Note 2)</sup>

*Note 1: Represents the pro-rated annual fixed rent of RMB4,500,000 for the nine months ended 30 September 2024.*

*Note 2: Represents the implied adjustment rent for the nine months ended 30 September 2024, being the difference between the net income to which RCA01 is entitled for the nine months ended 30 September 2024 and the pro-rated annual fixed rent for the nine months ended 30 September 2024.*

## **Annual cap for the New Beijing Carpark Master Lease**

The annual cap applicable to the New Beijing Carpark Master Lease for the year ending 31 December 2025 is RMB4,833,285, and has been determined based on: (i) the agreed fixed rent under the New Beijing Carpark Master Lease for the year ending 31 December 2025 (i.e. RMB4,500,000); and (ii) the highest annual payment adjustment amount (being RMB333,285) RCA01 received in the last three years.

## **Reasons for and benefits of entering into the New Beijing Carpark Master Lease**

As stated in the announcement of Spring REIT dated 15 December 2023, the Manager believes that there are economies of scale for both owners of the carparks underneath the office towers of China Central Place (being RCA01 and Guohua Subsidiary) to appoint a single carpark manager to provide the necessary management services for the carpark spaces, and that it is beneficial to establish a clear and fair basis for allocating the net income generated by the carpark spaces between the owners. Given the Existing Beijing Carpark Master Lease is an integral part of the abovementioned arrangement, the Manager considers the entry into of the New Beijing Carpark Master Lease to be necessary for and beneficial to maintaining such arrangement. The views of the Board, independent property valuer and Trustee are noted in section D below.

### ***(ii) Renewed Beijing Digital CCP System Service Contract***

Pursuant to the Existing Beijing Digital CCP System Service Contract, Beijing Building Manager (as a delegate of RCA01) has appointed the Digital CCP Service Provider to provide a cloud-enabled property technology platform (being the Digital CCP System) and certain services that will be delivered via the Digital CCP System to the Beijing CCP Properties and their tenants. The Beijing Digital CCP System Service Contract has a term of three years commencing from 1 January 2022.

In anticipation of the expiration of the Existing Beijing Digital CCP System Service Contract on 31 December 2024, on 31 December 2024, the Beijing Building Manager (as a delegate of RCA01) and the Digital CCP Service Provider entered into a supplemental agreement to renew the Existing Beijing Digital CCP System Service Contract for another term of three (3) years commencing from 1 January 2025.

## Key terms of the Renewed Beijing Digital CCP System Service Contract

Save for its term, scope of services and the payment of service fee, all the key terms of the Existing Beijing Digital CCP System Service Contract remain unchanged in the Renewed Beijing Digital CCP System Service Contract, which are as follows:

Date	31 December 2024
Parties	<p>(1) Beijing Huamao Property Consulting Co., Ltd.* (北京華貿物業顧問有限公司) as building manager of the Beijing CCP Properties (for and on behalf and as the delegate of RCA01)</p> <p>(2) Beijing Huamao Commercial Management Co., Ltd.* (北京華貿商業管理有限公司) as service provider</p>
Term	Three (3) years from 1 January 2025
Services	<p>The Digital CCP Service Provider shall provide the following services for the Beijing CCP Properties, their tenants and RCA01 (being the landlord) via the Digital CCP System:</p> <p>(1) Commercial management system services, which include parking lot management, canteen payment management, smart marketing and advertising, office building services, marketing management, membership management, business data analysis and reporting services. The abovementioned services are mainly provided via a mobile application, which also enables services such as in-person access through security gates, guest invitations and approvals, reporting to apply for property repairs, one-click call to contact property management officers, and submission of complaints and suggestions in relation to service quality;</p>

- (2) Building management system services, which include security management, access control, work order management, facility management, space management, and backend management system, etc; and
- (3) Training services, which include organising training activities on the administration and use of the property digital system.

Service fee

RMB100,000 per year (i.e. RMB300,000 for the renewal term), which includes all costs including system operation and maintenance costs and taxes. The annual services fee shall be payable by 31 January of the relevant year.

The amount of the service fee was arrived at after arm's length negotiation between the parties with reference to: (1) the scope and level of the property digital system services provided; and (2) the gross floor area of the Beijing CCP Properties.

The service fee payable will be paid out of the building management fees the Beijing Building Manager receives from the tenants of the Beijing CCP Properties rather than by Spring REIT directly.

Termination

If the Beijing CCP Service Provider fails to provide the agreed services and fails to rectify the breach, the Beijing Building Manager shall be entitled to terminate the contract.

If due to any reason attributable to the Beijing Building Manager (which is not resolved within a certain time period as requested by the Beijing CCP Service Provider) it becomes impossible for the Beijing CCP Service Provider to perform its obligations under the contract, the Beijing CCP Service Provider shall be entitled to terminate the contract.



## Renewal

The Beijing Building Manager has a right to extend the term of the contract by no more than three years per each extension, up to 20 years in total (including the current term and the previous term), and the service fees (inclusive of system operation and maintenance costs) for the renewal term shall not exceed RMB100,000 per year.

## **Historical amount under the Existing Beijing Digital CCP System Service Contract**

The historical amount under the Existing Beijing Digital CCP System Service Contract was RMB3,673,454, which represents the one-off service fees (including procurement costs, transportation costs, installation fees, labour costs, maintenance service fees and taxes) that were paid within 30 days after the launch of the system in 2022.

## **Annual caps for the Renewed Beijing Digital CCP System Service Contract**

The annual cap applicable to the Renewed Beijing Digital CCP System Service Contract for each of the three years ending 31 December 2025, 31 December 2026 and 31 December 2027 is RMB100,000, being the amount of the Digital CCP Service Provider's service fees for such year.

## **Reasons for and benefits of renewing the Existing Beijing Digital CCP System Service Contract**

As stated in the announcement of Spring REIT dated 21 December 2021, the Digital CCP System procured under the Existing Beijing Digital CCP System Service Contract allows tenants of the Beijing CCP Properties to conveniently, among other things, report repairs, enter the building, approve visitors, and file complaints via digital means. Additionally, the Digital CCP System enables the Beijing Building Manager to carry out day-to-day management duties, such as handling complaints, promoting events, and maintaining records, more efficiently through the cloud-enabled platform. The Manager believes that continuing to subscribe to the digital services delivered via the Digital CCP System is beneficial for maintaining high operational efficiency in the management of the Beijing CCP Properties and ensuring that the tenants continue to enjoy quality services and experiences.

The views of the Board, independent property valuer and Trustee are noted in section D below.

## **B. HUIZHOU PROPERTY**

### ***(i) Renewed Huizhou Property Management Agreement and New Huizhou PM Office Lease***

Consequential to Spring REIT's acquisition of 68% interest in the Huizhou Property, the Huizhou Property Project Company and the Huizhou Property Manager entered into the Existing Huizhou Property Management Agreement pursuant to which the Huizhou Property Project Company has appointed the Huizhou Property Manager to provide property management services in respect of the Huizhou Property for a term commencing from the completion date of the abovementioned acquisition (being 28 September 2022) and expiring on 31 December 2024.

To facilitate the management of the Huizhou Property, the abovementioned parties also entered into the Existing Huizhou PM Office Lease pursuant to which the Huizhou Property Project Company has leased to the Huizhou Property Manager an office space attributing to approximately 0.4% of the gross floor area of the Huizhou Property at a fixed rent of RMB114,300 per annum for a term commencing from the completion date of the abovementioned acquisition (being 28 September 2022) and expiring on 31 December 2024.

In anticipation of the expiry of the Existing Huizhou Property Management Agreement and the Existing Huizhou PM Office Lease on 31 December 2024, on 31 December 2024:

- (a) the Huizhou Property Project Company and the Huizhou Property Manager entered into a supplemental agreement to renew the Existing Huizhou Property Management Agreement for another term of three (3) years commencing from 1 January 2025; and
- (b) the Huizhou Property Project Company (as lessor) and the Huizhou Property Manager (as lessee) entered into the New Huizhou PM Office Lease for a term of three (3) years commencing from 1 January 2025.

## **Key terms of the Renewed Huizhou Property Management Agreement and the New Huizhou PM Office Lease**

Save for its term, renewal term and the fees payable, all the key terms of the Existing Huizhou Property Management Agreement remain unchanged in the Renewed Huizhou Property Management Agreement, which are as follows:

Date	31 December 2024
Parties	(1) Huizhou Runxin Shopping Mall Development Co., Ltd.* (惠州市潤鑫商城發展有限公司) as owner  (2) Huizhou Huamao Operations Management Co., Ltd.* (惠州華貿商業管理有限公司) as property manager
Term	three (3) years from 1 January 2025
Property management services	The Huizhou Property Manager shall provide property management services in respect of the Huizhou Property, including, among other things, leasing management services, management services in respect of the joint operations agreements, property management advisory services, marketing advisory services, financial management services and operational management services.
Fees and expenses	The Huizhou Property Manager will be entitled to receive from the Huizhou Property Project Company:  (1) a fee equivalent to 4% of the annual revenue of the Huizhou Property Project Company (which refers to the revenue generated by the Huizhou Property, which shall be settled on a monthly basis and subject to an annual adjustment based on the annual audit of the Huizhou Property Project Company), and the corresponding value-added tax;

- (2) a fee equivalent to the Huizhou Property Manager's human resource costs (which includes salaries, bonuses, benefits and social insurance premiums, the budget of which shall be approved by the Huizhou Property Project Company in advance and settled in advance on a monthly basis and subject to an annual adjustment based on the annual audit of the Huizhou Property Project Company), and the corresponding value-added tax; and
- (3) a fee of RMB3,600,000 for granting the Huizhou Property Project Company the right to use certain trademark licence in respect of the Huizhou Property for designated purposes during the operations and promotion of the Huizhou Property, payable semi-annually by every 30 June and 31 December.

The Huizhou Property Manager is required to bear all expenses it incurs for carrying out the services and performing its obligations under the Renewed Huizhou Property Management Agreement or for its operation, save and except for the following expenses and costs, which shall be borne by the Huizhou Property Project Company:

- (1) operation and management expenses in relation to the Huizhou Property, including taxes in connection with the revenues from the Huizhou Property, utilities of unoccupied parts of the Huizhou Property, insurance premiums, promotion and advertising expenses and fees and administrative costs in connection with third party advisers for the Huizhou Property; and

(2) all other costs in relation to the Huizhou Property (including expenses of third party advisers required for the operation of the Huizhou Property Project Company and administrative expenses of the Huizhou Property Project Company) to the extent approved in writing by the Huizhou Property Project Company in advance. For the avoidance of doubt, all such other costs not approved in writing by the Huizhou Property Project Company in advance shall be borne by the Huizhou Property Manager pursuant to the Renewed Huizhou Property Management Agreement.

Renewal

The term of the Renewed Huizhou Property Management Agreement can be extended for an additional term as agreed by the parties.

Termination

The agreement may be terminated if: (i) the parties agree there is a force majeure event that prevents the performance of the agreement; (ii) either party notifies the other party on the non-renewal of the agreement with three months' written notice before the expiry of the agreement; or (iii) either party breaches its obligation under the contract and fails to rectify the breach within a certain time period, and the non-breaching party shall be entitled to terminate the agreement.

The Huizhou Property Project Company may unilaterally terminate the agreement if, among other things, (i) the Huizhou Property Manager is insolvent or dissolved or ceases operations; (ii) there is change of the actual controller of the Huizhou Property Manager; (iii) the Huizhou Property Manager no longer possess the relevant permit or licence to perform the obligations under the agreement; (iv) the Huizhou Property Manager changes or damages the main structure of the premises without permission; or (v) the Huizhou Property Project Company suffers a loss of more than RMB5 million due to the fault of Huizhou Property Manager.

## Key terms of the New Huizhou PM Office Lease

Save for its term, all the key terms of the Existing Huizhou PM Office Lease remain unchanged in the New Huizhou PM Office Lease, which are as follows:

Date	31 December 2024
Parties	(1) Huizhou Runxin Shopping Mall Development Co., Ltd.* (惠州市潤鑫商城發展有限公司) (being the Huizhou Property Project Company) as lessor  (2) Huizhou Huamao Operations Management Co., Ltd.* (惠州華貿商業管理有限公司) (being the Huizhou Property Manager) as lessee
Term	three (3) years from 1 January 2025
Annual rent amount	RMB114,300 (inclusive of tax), which will be payable by the lessee annually in advance by 31 January.
Renewal	The lessee has an option to renew the lease by serving three months' prior written notice, in which case the parties must enter into a renewal lease prior to the expiry of this renewed term, with the key terms thereof, such as lease term and rent, agreed and determined by reference to the then prevailing market levels.
Termination	The agreement may be terminated by the parties' agreement.  The lessor may terminate the agreement if the lessee (i) sub-leases the property without permission; (ii) defaults on the rent payment for more than 30 days; (iii) changes or damages the property structure without permission which cannot be recovered; (iv) uses the property for illegal activities; or (v) breaches the agreement and fails to rectify the breach within a reasonable period of the lessor's notice.

The lessee may terminate the agreement if the lessor (i) fails to deliver the property within 30 days of the lessee’s notice; (ii) delivers the property not in the agreed conditions or with defects that endangers the safety of the lessee; or (iii) breaches the agreement and fails to rectify the breach within a reasonable period of the lessee’s notice.

**Historical amounts under the Existing Huizhou Property Management Agreement and Existing Huizhou PM Office Lease**

The historical amounts under the Existing Huizhou Property Management Agreement and Existing Huizhou PM Office Lease for the years ended 31 December 2022 and 2023 and the nine months ended 30 September 2024 were as follows:

	<b>For the year ended 31 December 2022 (RMB)</b>	<b>For the year ended 31 December 2023 (RMB)</b>	<b>For the nine months ended 30 September 2024 (RMB)</b>
Property management fees	6,193,652 <sup>(Note 1)</sup>	23,945,079	20,427,902 <sup>(Note 2)</sup>
Rent (inclusive of tax) for the respective year/period	29,527 <sup>(Note 3)</sup>	114,300	85,725 <sup>(Note 4)</sup>

*Note 1: Represents the property management fee for the period from 28 September 2022 to 31 December 2022.*

*Note 2: Represents the property management fee for the nine months ended 30 September 2024.*

*Note 3: Represents the pro-rated annual rent of RMB114,300 for the period from 28 September 2022 to 31 December 2022.*

*Note 4: Represents the pro-rated annual rent of RMB114,300 for the nine months ended 30 September 2024.*

## **Annual caps for the Renewed Huizhou Property Management Agreement and New Huizhou PM Office Lease**

The annual cap applicable to the transactions under the Renewed Huizhou Property Management Agreement for each of the three years ending 31 December 2025, 31 December 2026 and 31 December 2027 is RMB34,310,000, RMB35,230,000 and RMB36,170,000, and has been determined by:

- (a) annualising the historical amount of the total property management fees for the nine months ended 30 September 2024 under the Existing Huizhou Property Management Agreement (i.e. approximately RMB27,237,000);
- (b) adding RMB2,000,000 to the annualised historical amount calculated in paragraph (a) above, being the additional fee equivalent to approximately 1% of the annual revenue of the Huizhou Property Project Company for the year ended 31 December 2023, reflecting the increased percentage from 3% to 4% of the annual revenue of the Huizhou Property Project Company as part of the fees payable under the Renewed Huizhou Property Management Agreement;
- (c) for the year ending 31 December 2025, applying an increment of 5% to the total amount resulting from paragraphs (a) and (b) above, which the Manager considers to be fair and reasonable having regard to the increase of the total property management fees between the year ended 31 December 2023 and the annualised amount for the year ending 31 December 2024;
- (d) for each of the two years ending 31 December 2026 and 31 December 2027, applying an additional increment of 3% on the resulting value calculated for the previous year based on paragraphs (a), (b) and (c) above and this paragraph (d), to cater for (i) contingencies and market conditions in Huizhou and the PRC such as potential inflation and changes in operating performance of the Huizhou Property; and (ii) possible increase in property management fees arising from increase in human resources and rental income and other costs; and
- (e) for each of the three years ending 31 December 2025, 31 December 2026 and 31 December 2027, adding RMB3,600,000 to the total amount resulting from paragraphs (c) or (d) above (as applicable), being the newly added annual licence fee under the New Huizhou Property Management Agreement.

The annual cap applicable to the transactions under the New Huizhou PM Office Lease for each of the three years ending 31 December 2025, 31 December 2026 and 31 December 2027 is RMB114,300, being the annual rent under the New Huizhou PM Office Lease as agreed and determined in good faith by the Manager.



## **Reasons for and benefits of renewing the Existing Huizhou Property Management Agreement and entering into the New Huizhou PM Office Lease**

The Huizhou Property has historically been managed by the key management staff of the Huizhou Property Manager who have extensive experience in providing the relevant services in respect of the Huizhou Property. Since the Huizhou Property was acquired by Spring REIT in 2022, the Manager has engaged the Huizhou Property Manager to continue managing and operating the Huizhou Property under the brand “Huamao”. The Manager has regularly monitored and reviewed the performance of the Huizhou Property Manager, and is satisfied that the Huizhou Property Manager will continue to provide professional services with respect to the Huizhou Property under efficient and effective management during the renewal term. Accordingly, the Manager believes that renewal of the Existing Huizhou Property Management Agreement is necessary and beneficial for the continuous operations of the Huizhou Property, and that the fees agreed thereunder, which were determined after arm’s length negotiation, are fair and reasonable.

To facilitate the efficient management of the Huizhou Property, the Manager believes that it is also necessary and beneficial to continue leasing the premises to Huizhou Property Manager as its office pursuant to the New Huizhou PM Office Lease for it to conduct property management activities.

The views of the Board, independent property valuer and Trustee are noted in section D below.

### ***(ii) New Huizhou Direct Operation Leasing Framework Agreement***

To facilitate the existing direct operation model for the sale of beauty products from internationally recognised beauty brands at the Huizhou Property, the Huizhou Property Project Company has leased and may from time to time lease premises within the Huizhou Property to the Direct Operation Lessee for selling the branded merchandise it acquires from the beauty brands as an authorised retailer under the Direct Operation Agreements. The Direct Operation Leasing Transactions entered or may be entered into from time to time between the Huizhou Property Project Company and the Direct Operation Lessee are governed by the framework terms set out in the Existing Huizhou Direct Operation Leasing Framework Agreement, which commenced from 25 September 2022 and will expire on 31 December 2024.

In anticipation of the expiry of the Existing Huizhou Direct Operation Leasing Framework Agreement, on 31 December 2024, the Huizhou Property Project Company and the Direct Operation Lessee entered into the New Huizhou Direct Operation Leasing Framework Agreement for a term of three (3) years commencing from 1 January 2025.

## **Key terms of the New Huizhou Direct Operation Leasing Framework Agreement**

Save for its term, all the key terms of the Existing Huizhou Direct Operation Leasing Framework Agreement remain unchanged in the New Huizhou Direct Operation Leasing Framework Agreement, which are as follows:

Date	31 December 2024
Parties	(1) Huizhou Runxin Shopping Mall Development Co., Ltd.* (惠州市潤鑫商城發展有限公司) (being the Huizhou Property Project Company) as project company  (2) Huizhou Huamao Operations Management Co., Ltd.* (惠州華貿商業管理有限公司) as property manager
Term	Three (3) years from 1 January 2025
Purpose, consideration and other terms	To set out the framework terms governing the Direct Operation Leasing Transactions  Each Direct Operation Leasing Transaction shall be entered into or otherwise conducted upon negotiation on a case-by-case basis: (a) in writing; (b) on an arm's length basis; (c) on normal commercial terms that are fair and reasonable; (d) at a rent and/or licence fee (as the case may be) that is determined by reference to the then prevailing market rate for the Huizhou Property (which shall be based on the then prevailing market rate for properties in the vicinity of similar location and for similar purposes), with the basis of any management or service fee chargeable in connection with such leases or licences being the same as that of such fees chargeable to other independent third party tenants or licencees of the Huizhou Property; and (e) in compliance with the terms of the New Huizhou Direct Operation Leasing Framework Agreement and all applicable provisions of the REIT Code, the Listing Rules and the Trust Deed.

In assessing whether each Direct Operation Leasing Transaction is entered into at the then prevailing market rate and on normal commercial terms, the Manager shall arrange for an independent valuation to be conducted for each such transaction before the transaction is first entered into.

Renewal

The contract may be renewed by the parties' mutual agreement in writing. Any renewal shall be subject to the relevant requirements under the REIT Code and the Listing Rules.

### **Historical amounts under the Existing Huizhou Direct Operation Leasing Framework Agreement**

The historical amounts under the Existing Huizhou Direct Operation Leasing Framework Agreement for the years ended 31 December 2022 and 2023 and the nine months ended 30 September 2024 were as follows:

	<b>For the year ended 31 December 2022 (RMB)</b>	<b>For the year ended 31 December 2023 (RMB)</b>	<b>For the nine months ended 30 September 2024 (RMB)</b>
Rent for the respective year/period	220,512 <sup>(Note 1)</sup>	1,895,824	2,013,930 <sup>(Note 2)</sup>

*Note 1: Represents the rent for the period from 28 September 2022 to 31 December 2022.*

*Note 2: Represents the rent for the nine months ended 30 September 2024.*

### **Annual caps for the New Huizhou Direct Operation Leasing Framework Agreement**

The annual cap applicable to the transactions under the New Huizhou Direct Operation Leasing Framework Agreement for each of the three years ending 31 December 2025, 31 December 2026 and 31 December 2027 is RMB5,500,000, and has been determined based on the total amount of rent and other property-related charges (including operation and management expenses, promotion fees etc.) receivable by the Huizhou Property Project Company as agreed under the 15 existing Direct Operation Leasing Transactions for each of the three years ending 31 December 2025, 31 December 2026 and 31 December 2027, being RMB3,310,000, multiplied by a fraction of which (i) the

denominator is 15 (representing the number of existing Direct Operation Leasing Transactions), and (ii) the numerator is 25 (representing the total number of Direct Operation Leasing Transactions which the Manager targets to have in place during the three years ending 31 December 2027). The Manager believes, having regard to the increase of the number of the Direct Operation Leasing Transactions from 5 to 15 during the period from 28 September 2022 to the date of this announcement, that the target of 10 addition Direct Operation Leasing Transactions within the next three years is fair and reasonable.

### **Reasons for and benefits of entering into the New Huizhou Direct Operation Leasing Framework Agreement**

The existing operating model in respect of the sale of beauty merchandise helps bring in to the shopping mall at the Huizhou Property internationally recognised beauty brands which may prefer entering to Direct Operation Agreements instead of leases for retail space. For further details and background of such operating model, please refer to the Huizhou Acquisition Circular. The Manager believes that the Existing Huizhou Direct Operation Leasing Framework Agreement facilitates the operation of this model and is therefore beneficial to Spring REIT and its Unitholders. Having regard to the terms of the New Huizhou Direct Operation Leasing Framework Agreement are substantially the same as those of the Existing Huizhou Direct Operation Leasing Framework Agreement which require the Direct Operation Leasing Transactions entered into pursuant thereto to be, among other things, at arm's length and at a rent and/or licence fee that is determined by reference to prevailing market rate, the Manager also considers the New Huizhou Direct Operation Leasing Framework Agreement to be beneficial to and in the interest of Spring REIT and its Unitholders.

The views of the Board, independent property valuer and Trustee are noted in section D below.

## **C. REGULATORY IMPLICATIONS**

Since each of the Guohua Subsidiary, the Digital CCP Service Provider, the Huizhou Property Manager (who is also the Direct Operation Lessee) is a subsidiary and, therefore, an associate of Huamao Property (being a substantial unitholder of Spring REIT), each of the Guohua Subsidiary, the Digital CCP Service Provider and the Huizhou Property Manager (who is also the Direct Operation Lessee) is a connected person of Spring REIT pursuant to 8.1(f) of the REIT Code. Accordingly: (i) the New Beijing Carpark Master Lease (which is entered into in connection with the Beijing Carpark Management and Benefit Sharing Agreement); (ii) the Renewed Beijing Digital CCP System Service Contract; (iii) the Renewed Huizhou Property Management Agreement and the

New Huizhou PM Office Lease; and (iv) the New Huizhou Direct Operation Leasing Framework Agreement constitute continuing connected party transactions of Spring REIT under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules (as modified pursuant to 2.26 of the REIT Code).

As one or more of the applicable percentage ratios in respect of the annual cap amounts of each of the abovementioned continuing connected party transactions is no less than 0.1% but all of the applicable percentage ratios are less than 5%, such transactions are subject to the announcement, reporting and annual review requirements but are exempted from the circular and unitholders' approval requirements under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules (as modified pursuant to 2.26 of the REIT Code).

## **D. OPINIONS**

### **Opinion of the Board**

The Board (including the independent non-executive directors of the Manager) is of the view that each Huamao CCPT: (a) was negotiated at arm's length and in the ordinary and usual course of business of Spring REIT; (b) is consistent with the investment policy of Spring REIT and in compliance with the REIT Code and the Trust Deed; (c) is on normal commercial terms; and (d) is fair and reasonable and in the interests of Spring REIT and the Unitholders as a whole.

None of the directors of the Manager has a material interest in the Huamao CCPTs and/or is required to abstain from voting on the resolution of the Board to approve the Huamao CCPTs.

### **Opinion of the independent property valuer**

Based on the opinion of Knight Frank Petty Limited, the independent property valuer and the principal valuer of Spring REIT, it is of the view that: (a) the rental amount under the New Beijing Carpark Master Lease, including the adjustments to such rent determined under the Beijing Carpark Management and Benefit Sharing Agreement is fair and reasonable and represents the prevailing market rent applicable to the carpark spaces, and the New Beijing Carpark Master Lease is on normal commercial terms; (b) the service fee under the Renewed Beijing Digital CCP System Service Contract is fair and reasonable and on normal commercial terms; (c) the fees payable and the relevant terms under the Renewed Huizhou Property Management Agreement are fair and

reasonable and conducted on normal commercial terms at arm's length and consistent with normal business practice for contracts of similar type; and (d) the rental amount under the New Huizhou PM Office Lease is at current market level, and the New Huizhou PM Office Lease is on normal commercial terms under prevailing market conditions and considered fair and reasonable.

### **Opinion of the Trustee**

Based and in sole reliance on: (i) the information and assurances provided by the Manager; (ii) the opinion and recommendation of the Board in this announcement; and (iii) the opinion of the independent property valuer above, the Trustee, having taken into account its duties set out in the Trust Deed and the REIT Code:

- (a) has no objection to the entering into of each Huamao CCPT;
- (b) is of the view that each Huamao CCPT is consistent with Spring REIT's investment objectives and strategy and in compliance with the REIT Code and the Trust Deed;
- (c) is of the view that each Huamao CCPT is on normal commercial terms, fair and reasonable and in the interests of Spring REIT and the Unitholders as a whole; and
- (d) confirms that Unitholders' approval is not required under the REIT Code or the Trust Deed for the Huamao CCPTs.

The Trustee's view is being furnished for the sole purpose of complying with 8.7D of the REIT Code, and is not to be taken as a recommendation or representation by the Trustee of the merits of the Huamao CCPTs or any transactions contemplated thereunder or of any statements or information made or disclosed in this announcement. The Trustee has not made any assessment of the merits or impact of the Huamao CCPTs or any transactions contemplated thereunder, other than for the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code. Accordingly, the Trustee urges all Unitholders, including those who have any doubts as to the merits or impact of the Huamao CCPTs or any transactions contemplated thereunder, to consider the opinions of the independent property valuer in this announcement and to seek their own additional financial or other professional advice.

## E. OTHER REGULATORY REQUIREMENTS

### Review and Reporting

The transactions under the Huamao CCPTs will be subject to the following review and reporting processes:

*(i) Annual review by the independent non-executive directors of the Manager*

The independent non-executive directors of the Manager shall review the transactions annually and confirm in Spring REIT's annual report for the relevant financial period that each transaction has been entered into:

- (a) in the ordinary and usual course of business of Spring REIT;
- (b) on normal commercial terms or better; and
- (c) in accordance with the relevant agreement on terms that are fair and reasonable and in the interests of Spring REIT and its unitholders as a whole.

*(ii) Annual review by the auditors of Spring REIT*

In respect of each relevant financial period, the Manager shall engage the auditors of Spring REIT to report on the transactions annually. The auditors of Spring REIT must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that any transaction:

- (a) has not been approved by the Board;
- (b) was not, in all material respects, in accordance with the pricing policies of Spring REIT;
- (c) was not entered into, in all material respects, in accordance with its terms of agreement; and
- (d) has exceeded the applicable annual cap.

The Manager shall allow, and procure the lessee to allow, the auditors of Spring REIT sufficient access to its records for the purpose of reporting on the Huamao CCPTs.

*(iii) Notification to the Securities and Futures Commission*

The Manager shall promptly notify the Securities and Futures Commission and publish an announcement if the independent non-executive directors of the Manager and/or the auditors of Spring REIT cannot confirm the matters set out in (a) and/or (b) above.

*(iv) Annual reports*

A brief summary of each transaction containing the information specified in rules 14A.71 and 14A.72 of the Listing Rules shall be included in Spring REIT's annual reports.

**Changes to Annual Cap or Terms**

If the annual caps for the Huamao CCPTs are exceeded or Spring REIT proposes to further renew such contracts or effect a material change to its terms, Spring REIT shall comply with the relevant requirements under the REIT Code and the Listing Rules.

**F. GENERAL**

Spring REIT is a real estate investment trust, the units of which were first listed on The Stock Exchange of Hong Kong Limited on 5 December 2013. Spring REIT's current portfolio includes all office floors of Office Tower 1 and Office Tower 2 of China Central Place (which are located in Beijing, the PRC), a portfolio of 83 commercial properties in the United Kingdom which is leased to Kwik Fit, a leading car servicing provider in the United Kingdom with over 600 centres nationwide, and 68% interest of Huamao Place (which is located in Huizhou, the PRC).

RCA01 is a wholly-owned special purpose vehicle of Spring REIT. Spring REIT owns 68% of the Huizhou Property Project Company, which is the holding company of the Huizhou Property.

Beijing Hua-re is a company incorporated under the laws of the PRC. The principal business activity of Beijing Hua-re is property management and its ultimate beneficial owners are Mercuria Holdings, Ms. Liu Yan and Mr. Liao Zhongyuan. Mercuria Holdings is listed on the Tokyo Stock Exchange, and its principal business activity is business management of group companies and proprietary investment.



Each of the Carpark Operator and Beijing Building Manager is a company incorporated under the laws of the PRC. The principal business activity of the Carpark Operator and Beijing Building Manager is property management and their ultimate beneficial owners (i.e. natural persons who control one-third or more thereof) are Mr. Xiao Juntao and Ms. Cao Zhicheng.

The Digital CCP Service Provider is a company incorporated under the laws of the PRC. The principal business activity of the Digital CCP Service Provider is property management and its ultimate beneficial owners (i.e. natural persons who control one-third or more thereof) are Ms. Chia Seok Eng, Mr. Lin Minghan and Mr. Fang Chao.

The Huizhou Property Manager (who is also the Direct Operation Lessee) is a company incorporated under the laws of the PRC. The principal business activity of the Huizhou Property Manager was property management and its ultimate beneficial owners (i.e. natural persons who control one-third or more thereof) are Ms. Chia Seok Eng, Mr. Lin Minghan and Mr. Fang Chao.

To the best of the knowledge, information and belief of the directors of the Manager, having made all reasonable enquiries, each of the Carpark Operator, Beijing Building Manager and their ultimate beneficial owners (i.e. natural persons who control one-third or more thereof) is a third party independent of Spring REIT and its connected persons, and not a connected person of Spring REIT within 8.1 of the REIT Code.

This announcement is made pursuant to 10.5A of the REIT Code.

## **G. DEFINITIONS**

### **Beijing Carpark Management and Benefit Sharing Agreement**

means the agreement entered into between, on the one hand, Beijing Hua-re (on behalf of RCA01) and Guohua Subsidiary as the respective owners of 608 and 347 carpark spaces at China Central Place, and on the other hand, the Carpark Operator, as renewed pursuant to a supplemental agreement entered into on 15 December 2023, pursuant to which the Carpark Operator was appointed to provide management services for those carpark spaces.

### **Beijing CCP Properties**

means Office Tower 1 and Office Tower 2 and 608 carpark spaces, owned by RCA01 (a wholly-owned special purpose vehicle of Spring REIT), which constitutes part of China Central Place.

<b>Beijing Building Manager</b>	means Beijing Huamao Property Consulting Co. Ltd.* (北京華貿物業顧問有限公司), as the building manager for the Beijing CCP Properties.
<b>Beijing Guohua</b>	means Beijing Guohua Real Estate Co., Ltd.* (北京國華置業有限公司), the owner of the corresponding shopping areas underneath the office towers of China Central Place.
<b>Beijing Hua-re</b>	means Beijing Hua-re Real Estate Consultancy Co. Ltd* (北京華瑞興貿房地產諮詢有限公司).
<b>Board</b>	means the board of directors of the Manager.
<b>Carpark Operator</b>	means Beijing Huamao Property Consulting Co., Ltd. First Branch* (北京華貿物業顧問有限公司第一分公司), as the carpark operator appointed under the Beijing Carpark Management and Benefit Sharing Agreement.
<b>China Central Place</b>	means the mixed-use development known as China Central Place in Beijing.
<b>connected person</b>	has the meaning ascribed to this term in the REIT Code.
<b>Digital CCP Service Provider</b>	means Beijing Huamao Commercial Management Co. Ltd.* (北京華貿商業管理有限公司) as the service provider under the Existing Beijing Digital CCP System Service Contract.
<b>Digital CCP System</b>	means the cloud-enabled property technology platform provided by the Digital CCP Service Provider under the Existing Beijing Digital CCP System Service Contract.
<b>Direct Operation Agreements</b>	means the direct operation agreements (直營合同) relating to the authorised retail sale of merchandise on premises within the Huizhou Property.
<b>Direct Operation Leasing Transactions</b>	means the leasing and licensing transactions conducted or to be conducted between the Huizhou Property Project Company as lessor or licensor and the Direct Operation Lessee or its designated associate as lessee or licensee in connection with any Direct Operation Agreement.

<b>Direct Operation Lessee</b>	means Huizhou Huamao Operations Management Co., Ltd.* (惠州華貿商業管理有限公司), as the lessee under the Direct Operation Leasing Transactions, who is also the Huizhou Property Manager.
<b>Existing Beijing Carpark Master Lease</b>	means the agreement entered into between Beijing Hua-re (on behalf of RCA01) as lessor and the Carpark Operator as lessee, as renewed pursuant to an agreement entered into on 15 December 2023, in respect of the master lease of 608 carpark spaces owned by RCA01 to the Carpark Operator at a fixed rent.
<b>Existing Beijing Digital CCP System Service Contract</b>	means the agreement dated 21 December 2021 between the Beijing Building Manager (as a delegate of RCA 01) and the Digital CCP Service Provider, in respect of the appointment of the Digital CCP Service Provider to provide certain property digital system services to the Beijing CCP Properties and their tenants.
<b>Existing Contracts</b>	means the Existing Beijing Carpark Master Lease, Existing Beijing Digital CCP System Service Contract, Existing Huizhou Direct Operation Leasing Framework Agreement, Existing Huizhou PM Office Lease, and Existing Huizhou Property Management Agreement.
<b>Existing Huizhou Direct Operation Leasing Framework Agreement</b>	means the agreement dated 25 September 2022 entered into between the Huizhou Property Project Company and the Direct Operation Lessee setting out the framework terms governing Direct Operation Leasing Transactions.
<b>Existing Huizhou PM Office Lease</b>	means the agreement dated 28 September 2022 between the Huizhou Property Project Company as lessor and the Huizhou Property Manager as lessee in respect of the lease of the part of the Huizhou Property.

<b>Existing Huizhou Property Management Agreement</b>	means the agreement dated 25 September 2022 between the Huizhou Property Project Company as owner and the Huizhou Property Manager as property manager, in respect of the appointment of the Huizhou Property Manager to provide property management services in respect of the Huizhou Property.
<b>Guohua Subsidiary</b>	means a wholly-owned subsidiary of Beijing Guohua and the owner of 347 carpark spaces underneath China Central Place.
<b>Hong Kong</b>	means the Hong Kong Special Administrative Region of the People’s Republic of China.
<b>Huamao CCPTs</b>	means collectively, the New Beijing Carpark Master Lease, the Renewed Beijing Digital CCP System Service Contract, the New Huizhou Direct Operation Leasing Framework Agreement, the New Huizhou PM Office Lease, and the Renewed Huizhou Property Management Agreement.
<b>Huamao Property</b>	means Huamao Property Holdings Ltd., being a substantial Unitholder and connected person of Spring REIT as at the date of this announcement.
<b>Huizhou Acquisition Circular</b>	means the circular of Spring REIT dated 3 May 2022 in relation to, among other things, the acquisition of the Huizhou Property.
<b>Huizhou Property</b>	means (a) the entire seven-storey shopping mall (including two basement floors) known as “Huamao Place” (華貿天地); and (b) 700 underground and 50 above-ground carpark spaces located at No. 9, First Wenchang Road, Huicheng District, Huizhou, Guangdong Province, the PRC, in which Spring REIT (through its SPVs) has an aggregate 68% interest.
<b>Huizhou Property Project Company</b>	means Huizhou Runxin Shopping Mall Development Co., Ltd.* (惠州市潤鑫商城發展有限公司), a company incorporated in the PRC and the registered legal owner of the Huizhou Property.

<b>Huizhou Property Manager</b>	means Huizhou Huamao Operations Management Co., Ltd.* (惠州華貿商業管理有限公司), as the property manager for the Huizhou Property appointed under the Existing Huizhou Property Management Agreement, who is also the Direct Operation Lessee.
<b>Listing Rules</b>	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (modified as appropriate pursuant to paragraph 2.26 of the REIT Code).
<b>Manager</b>	means Spring Asset Management Limited, in its capacity as the manager of Spring REIT.
<b>New Beijing Carpark Master Lease</b>	means the carpark lease agreement dated 31 December 2024 and entered into between the same parties to the Existing Beijing Carpark Master Lease.
<b>New Huizhou Direct Operation Leasing Framework Agreement</b>	means the leasing framework agreement dated 31 December 2024 and entered into between the same parties to the Existing Huizhou Direct Operation Leasing Framework Agreement.
<b>New Huizhou PM Office Lease</b>	means the lease dated 31 December 2024 and entered into between the same parties to the Existing Huizhou PM Office Lease.
<b>PRC</b>	means the People's Republic of China but excluding, for the purposes of this announcement, Hong Kong, Taiwan and Macau.
<b>REIT Code</b>	means the Code on Real Estate Investment Trusts published by the SFC.
<b>Renewed Beijing Digital CCP System Service Contract</b>	means the Existing Beijing Digital CCP System Service Contract as renewed pursuant to a supplemental agreement dated 31 December 2024 between the same parties to the Existing Beijing Digital CCP System Service Contract.

<b>Renewed Huizhou Property Management Agreement</b>	means the Existing Huizhou Property Management Agreement as renewed pursuant to a supplemental agreement dated 31 December 2024 between the same parties to the Existing Huizhou Property Management Agreement.
<b>RMB</b>	means Renminbi, the official currency of the PRC.
<b>SFC</b>	means the Securities and Futures Commission of Hong Kong.
<b>SFO</b>	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
<b>Spring REIT</b>	means Spring Real Estate Investment Trust, a Hong Kong collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO.
<b>SPVs</b>	means special purpose vehicles, and has the meaning ascribed to this term in the REIT Code.
<b>Trustee</b>	means DB Trustees (Hong Kong) Limited, in its capacity as trustee of Spring REIT.
<b>Trust Deed</b>	means the deed of trust constituting Spring REIT dated 14 November 2013 and entered into between the Trustee and the Manager, as may be amended, supplemented or otherwise modified from time to time.
<b>Unitholders</b>	means any person registered as holding a Unit on the register of Unitholders of Spring REIT.

By order of the Board  
**Spring Asset Management Limited**  
(as manager of Spring Real Estate Investment Trust)  
**Mr. Toshihiro Toyoshima**  
*Chairman of the Manager*

Hong Kong, 31 December 2024

*As at the date of this announcement, the directors of the Manager are Toshihiro Toyoshima (Chairman and non-executive director); Leung Kwok Hoe, Kevin (Chief Executive Officer and executive director) and Chung Wai Fai, Michael (executive director and Chief Financial Officer); Hideya Ishino (non-executive director); and Simon Murray, Lam Yiu Kin, Qiu Liping and Tong Shumeng (independent non-executive directors).*

\* *for identification purposes only*