SpringREIT

**Spring Real Estate Investment Trust**

春泉產業信託

(a Hong Kong collective investment scheme authorized 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**

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024 AND CLOSURE OF REGISTER OF UNITHOLDERS

## ABOUT SPRING REIT

Spring Real Estate Investment Trust ("**Spring REIT**") is a real estate investment trust constituted by a trust deed entered into on 14 November 2013 as amended and supplemented by the first supplemental deed dated 22 May 2015, the First Amending and Restating Deed dated 28 May 2021 and the Second Amending and Restating Deed dated 20 September 2024 (collectively, the "**Trust Deed**") between Spring Asset Management Limited and DB Trustees (Hong Kong) Limited, as trustee of Spring REIT (the "**Trustee**"). Units of Spring REIT (the "**Units**") were first listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 5 December 2013.

Spring REIT offers investors direct exposure to two premium office buildings strategically located in Beijing Central Business District ("**Beijing CBD**") through its ownership in China Central Place Office Tower 1 and 2 (and the relevant portion of the car park) (the "**CCP Property**") and to a landmark shopping mall Huamao Place in Huizhou, located in Greater Bay Area, which comprises seven-storey shopping mall and 750 carpark spaces (the "**Huamao Place**"). Being the first Hong Kong REIT to make an acquisition in the United Kingdom, Spring REIT's core property portfolio is complimented by a portfolio of 83 separate commercial properties in the United Kingdom ("**UK Portfolio**")[1] which are leased out on a triple-net basis.

## ABOUT THE MANAGER

Spring REIT is managed by Spring Asset Management Limited (as manager of Spring REIT, the "**Manager**"), a company incorporated in Hong Kong for the sole purpose of managing Spring REIT. As at 31 December 2024, the Manager is 80.4% owned by Mercuria Holdings Co., Ltd. ("**Mercuria Holdings**"), which is an investment holding company listed on the Tokyo Stock Exchange (Stock Code: 7347) with notable shareholders such as Development Bank of Japan, Itochu Corporation and Sumitomo Mitsui Trust Bank, Limited.

## DISTRIBUTION

The board of directors (the "**Board**") of the Manager, for and on behalf of Spring REIT, has resolved to declare a final distribution for the period from 1 July 2024 to 31 December 2024 (the "**Reporting Period**", "**2H 2024**" or "**2024 Final Distribution Period**") of HK7.6 cents per Unit ("**2024 Final Distribution**") to unitholders of Spring REIT (the "**Unitholders**") whose names appear on the register of Unitholders on 15 April 2025 (the "**Record Date**"). Together with the interim distribution of HK9.0 cents per Unit, total distributions for the year ended 31 December 2024 ("**FY2024**", "**Reporting Year**") amounts to a total of HK16.6 cents per Unit (FY2023: HK19.0 cents per Unit), representing a payout ratio of 100% (FY2023: 97.5%).

Based on the closing price of HK$1.87 per Unit as at 31 December 2024, the Reporting Year Distribution per Unit ("**DPU**") represents a distribution yield of 8.9%. For details of the distribution, please refer to the section headed "Consolidated Statement of Distributions" in the financial information.

1. On 18 February 2025, Spring REIT (through its wholly-owned subsidiary) entered into a sale and purchase agreement with an independent third party buyer for the sale of the UK portfolio. The transaction has been approved by independent unitholders on the extraordinary general meeting held on 10 March 2025 and is expected to be completed on 28 March 2025.

The presentation currency of Spring REIT is Renminbi ("**RMB**") and all distributions will be paid in Hong Kong Dollars ("**HK$**"). The exchange rate adopted for the 2024 Final Distribution is HK$1 = RMB0.9156, which represents the average of month-end central parity rates in the 2024 Final Distribution Period (as announced by the People's Bank of China).

The Manager confirms that the 2024 Final Distribution is composed only of consolidated profit after tax, before transactions with Unitholders attributable to Unitholders and non-cash adjustments for the 2024 Final Distribution Period.

In accordance with the Trust Deed, the Manager's current policy is to distribute to Unitholders at least 90% of Total Distributable Income ("**TDI**") in each financial year. The Manager also has the discretion to direct that Spring REIT makes distributions over and above the minimum 90% of TDI for any financial year if and to the extent that Spring REIT, in the opinion of the Manager, has funds surplus to its business requirements.

The Record Date for the 2024 Final Distribution will be 15 April 2025. The register of Unitholders will be closed for the purpose of determining the identity of Unitholders from 14 April 2025 to 15 April 2025, both days inclusive, during which period no transfer of Units will be registered. The 2024 Final Distribution is expected to be payable on 30 April 2025 to Unitholders whose names appear on the register of Unitholders on the Record Date.

In order to qualify for the 2024 Final Distribution, all completed transfer forms in respect of transfer of Units (accompanied by the relevant Unit certificates) must be lodged for registration with Tricor Investor Services Limited, Spring REIT's unit registrar in Hong Kong, whose address is 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 11 April 2025.

## CHAIRMAN STATEMENT

Dear Unitholders,

On behalf of the Board of the Manager, I am pleased to present the financial results of Spring REIT for the financial year ended 31 December 2024.

The macroeconomic landscape confronting Spring REIT in 2024 mirrored the challenges of the previous year. China's economic rebound post-pandemic is still a work in progress, while the persistent high-interest rate environment exerted pressure on borrowing costs and affected investment decisions. Ongoing debt issues within the Chinese real estate sector have eroded confidence in property as an asset class, dampening general business confidence across various sectors. Beijing's office rental market was not immune, and its performance remained lacklustre throughout the Reporting Year due to relatively high vacancy rates and downward pressure on rental prices.

In the face of these complex market conditions, Spring REIT demonstrated resilience by delivering a DPU of HK16.6 cents for the Reporting Year. Despite a 12.6% year-on-year decline in DPU, primarily attributable to pressures in the Beijing office market, Spring REIT remained robust. Its resilience in a context of economic uncertainty was the result of exceptional efforts on the part of the management team of the CCP Property to maintain occupancy levels, along with a strong performance at Huamao Place, its shopping mall asset located in Huizhou in the Greater Bay Area ("**GBA**"). Spring REIT's financial strength was also underpinned by a proactive capital management strategy that has enabled it to ride fluctuations in interest rates and currency exchange rates successfully, and keep borrowing costs steady.

## PERFORMANCE REVIEW

China's economic trajectory in 2024 saw initial optimism giving way to more subdued expectations as the year progressed. While the first half saw growth driven by consumer spending, momentum began to wane from the second quarter onward. Continued challenges in the property market suppressed household confidence, contributing to a deceleration in growth rates. As the year unfolded, businesses adopted an increasingly cautious stance, awaiting government policy easing and stimulus measures to reinvigorate the economy.

This cautious approach continued to impact the Beijing office market, where office rentals experienced ongoing consolidation. Domestic demand remained subdued, with few new domestic tenants entering the market and many existing tenants looking to cut costs or downsize. In this environment, most landlords focused on retaining their existing tenants through rent reductions and other tenant-friendly initiatives, leading to competition between landlords for a relatively small tenant pool. On the positive side, the year brought no new office supply to the Beijing market, and new supply in the Central Business District is not expected until 2026.

Given the muted office market in Beijing, it is pleasing to report that, due to exceptional efforts by its management team, the CCP Property demonstrated its resilience. Average occupancy rate was maintained at 86.1% for the year and 88.5% at the end the year, although negative rental reversions were the norm for renewals, as part of the strategy adopted to prioritise occupancy over rental returns. The management team also devoted significant time and effort to renewal negotiations, sometimes beginning rental renewal talks up to one year in advance to allow opportunity for reaching an agreement. Generous landlord provisions, and the granting of rent-free periods, became a crucial point of our strategy to retain existing tenants.

Alongside these efforts, the CCP Property management team continued its regular programme of renovation and upgrading of the public areas of the property, such as the lifts, in order to maintain the CCP Property's longstanding reputation for premium quality. These have been accompanied by continuous enhancement in Corporate Social Responsibility ("**CSR**") and Environmental, Social and Governance ("**ESG**") initiatives, which are vital in terms of demonstrating a commitment to good corporate citizenship and developing a sense of community among the property's tenants. In 2024, the CCP Property sourced 100% of its electricity from renewable sources, the result of active engagement in Beijing's green electricity trading system, in a move designed to reinforce its commitment to good environmental and sustainability practices.

In April, the CCP Property management team organised a celebration of Earth Day for the building's tenants and the public, which included environmental protection awareness activities that involved collecting and recycling a wide range of different materials. Another CSR activity that proved popular took place in October, when a CCP Cup Badminton Match was organised for all tenants.

Turning to the retail scene in Mainland China, the country saw a decline in new retail supply in the face of the slower than expected recovery in consumption and subdued consumer spending, with a number of shopping malls closing down. A tendency for more affordable shopping has dominated consumption mindset which has resulted in less large-scale luxury spending and greater interest in more moderately priced goods. The catering sector in particular experienced a notable slowdown. Fashion reclaimed its dominant position in the retail landscape, while entertainment, experience-based offerings, and lifestyle services continued to be key focal points for leasing. An interesting development was the emergence of anime culture as a new source of demand in shopping malls. Despite the continuous change in consumption pattern, the overall average occupancy rate in retail spaces in China showed a steady trend. Ground floor rents in prime shopping centres remained stable throughout 2024. These trends paint a picture of a retail market still in the process of recovery, with landlords and retailers adapting their strategies to align with evolving consumer preferences and economic conditions.

Within this environment, Spring REIT's Huamao Place in Huizhou delivered an encouraging 2024 performance. Its full-year performance for 2024 exceeded that of 2023 despite the muted economy. The performance helped mitigate a lower contribution from the Beijing office asset, although Huamao Place operates on a smaller scale and contributes around 32% of Spring REIT's overall revenue as against the 62% contributed by the CCP Property. Acquired in 2022, the year 2024 represents the second full year of contributions by Huamao Place.

Much of the year's success can be attributed to the remarkable efforts of the Huamao Place management team, who have assiduously studied retail trends and developed a range of strategic initiatives to keep the mall at the forefront of Huizhou consumers' minds. The team has worked hard to position the mall as a high-end lifestyle mall and distinguished destination: quite simply, the best place to be seen in the city. In doing this, they have constantly been optimising the mall's spatial layout, creating a fresh and constantly changing appeal; also moving spaces around, regularly culling poorly performing tenants, and fostering a sense of change and growth.

Much effort has been channelled into developing and extending the Huamao Place loyalty programme, which offers a raft of special privileges and is designed to foster a sense of exclusivity and privilege. By the end of 2024, the number of VIP members of the mall's loyalty programme stood at around 945,000 – almost one sixth of the city's entire population of around 6 million people.

During the Reporting Year, Huamao Place has particularly leveraged its large and unique landscaped outdoor area to attract visitors. Featuring one of the biggest LED screens in Huizhou, the space is frequently used for special events and has established a reputation as a popular 'carnival area' for city residents. The mall has also gained a reputation for the number and creativity of its special visitor events. In 2024, these themed events and activities included 'dress-up' days for traditional costumes and cartoon characters, a pet-themed event, e-sports competitions, a coffee festival, dancing performances, anime and cosplay shows, and musical concerts. The result has been a venue widely associated with fun and excitement as well as shopping; Huamao Place is increasingly a place to see and be seen. To further connect with shoppers, the use of social media, especially via social media apps such as Douyin and WeChat are proving hugely popular with customers.

Alongside this, management have been working hard to further enhance the green credentials of the shopping mall, which features rooftop solar panels that are helping to reduce carbon emissions and deliver clear, pollution-free energy to the mall. During the Reporting Year, the mall was awarded LEED Gold Certification, making it the first shopping mall in Huizhou to hold such credentials.

Elsewhere, Spring REIT's UK Portfolio of 83 separate commercial properties, under long-term tenancy, continued to provide a steady and predictable cash flow for Spring REIT.

On capital management, Spring REIT put in place an interest hedging programme before the rate hike cycle began in September 2021. This proactive risk management strategy has proved effective in navigating the turbulent financial landscape of 2024, particularly in addressing the dual challenges of a heightened interest rate and currency fluctuations.

During the Reporting Year, Spring REIT achieved near-complete interest rate exposure protection through a combination of interest rate hedges and exposure to the stable PRC loan prime rate, with 97% of its borrowings covered. The favourable declining trend in the PRC loan prime rate particularly benefited Spring REIT's RMB-denominated borrowings. Additionally, currency risk management was strengthened through a strategic increase of cross-currency swaps from HKD to RMB.

This strategic approach to currency alignment, which includes matching Spring REIT's existing GBP and RMB borrowings with their underlying assets, has significantly improved the currency risk profile. The alignment of the currency exposure of borrowings with their underlying assets rose from 57% as of 31 December 2023 to 83% by the end of 2024. The success of Spring REIT's comprehensive risk management approach is further evidenced by its weighted average cash interest rate (after interest margin and credit adjustment spread) of approximately 3.6% per annum for the Reporting Year, well below current borrowing rates in Hong Kong and the UK markets.

As at 31 December 2024, Spring REIT's gearing ratio (i.e. the ratio of total borrowings to gross asset value) stood at around 38.0%[1], compared to around 39.5% a year ago, with the decrease mainly attributable to reclassification of the UK Portfolio and the corresponding bank loans in the consolidated statement of financial position. It is believed that the current gearing level provides a strong buffer against market volatility, and allows room for growth should strategic opportunities arise.

Meanwhile, Spring REIT has been actively buying back units as they become available. By repurchasing units and reducing the total number of outstanding units, both the DPU and Net Asset Value ("**NAV**") per Unit are being increased. During the Reporting Year, Spring REIT bought back 2.57 million units at an average price of HK$2.05 per Unit, representing approximately 0.18% of the total issued Units at the end of 2024.

On 9 August 2024, the Securities and Futures Commission (the "**SFC**") granted Spring REIT a whitewash waiver which was approved by independent unitholders. This waives the Manager's obligation to make a mandatory general offer when the aggregate unitholding of the Manager Concert Group exceeds 30%, as a result of the Manager's receipt of Manager's fees partially in Units. This arrangement enables Spring REIT to continue its practice of paying the Manager's fee partly in Units, preserving cash to maintain steady distributions to Unitholders.

In summary, in the face of a highly competitive Beijing office market environment and pressures affecting the country's retail scene, Spring REIT has been able to maximise the value and potential returns of its key assets through concerted strategic management efforts. These efforts have helped maintain steady occupancy rates at the CCP Property in Beijing, and driven enthusiasm and large-scale visitor uptake at its shopping mall in Huizhou. Alongside these achievements, refinements to its capital management strategies have further enhanced Spring REIT's financial position and provided it with an important buffer against future volatility.

[1] If bank borrowing, included in liabilities classified as held for sale (which was referring to the UK Portfolio) were included, the Group's gearing ratio was 41.4% as at 31 December 2024.

## OUTLOOK

In 2025, Spring REIT will endeavour to navigate a complex environment that will be impacted by both global geopolitics and changes in the domestic economy. The Chinese economy is expected to undergo continued positive structural adjustments, including ongoing deleveraging in both the public and private sectors, while its property market is undergoing significant structural shifts. Modest improvements in consumer spending and industrial output have been observed, but the commercial real estate sector continues to face headwinds, with cautious sentiment and weak demand weighing on leasing activity.

The Beijing office market is likely to remain subdued, with high vacancy rates and pressure on Grade A office rents continuing as dominant themes. Competition among landlords is expected to remain fierce as tenants prioritise cost-saving measures or seek higher-quality premises at reduced rates. Rent concessions and flexible leasing terms will likely dominate the market throughout 2025. Spring REIT's CCP Property aims to remain resilient by prioritising occupancy over rental growth, a strategy that helped mitigate the impact of broader market weakness in 2024. However, continued vigilance will be required in 2025 as the market awaits signs of a confirmed recovery. With 18.5% of the property's leases expiring in 2025, Spring REIT will maintain a service-driven strategy focused on providing maximum flexibility to tenants and fully accommodating their business needs.

While the Beijing office market is closely tied to the state of both global and Chinese economies, the performance of Huamao Place in Huizhou is more specifically correlated with domestic consumption trends in the GBA. The GBA has been designated as an area of strategic importance for China's future development. Its population, including that of Huizhou City, is expected to become more affluent due to ongoing urbanisation, economic growth, consumption upgrades, and continued government support. As Huizhou's premier shopping mall, Huamao Place is well-positioned to benefit from the long-term growth of this thriving region.

Having positioned itself as Huizhou's leading shopping mall, Huamao Place has consistently delivered a robust performance, maintaining high occupancy rates and achieving stable rental income in 2024. The mall's tenant mix—including high-tech retailers, dining options, and cosmetics—aligns well with evolving consumer preferences in the GBA. Plans are underway to optimise several underperforming spaces within the property, including repurposing the area previously occupied by a cinema as part of efforts to promote Huamao Place as a premier venue for festive events and celebrations. Renovation work has already begun, and contributions from the newly optimised areas are expected towards the end of 2025. Although short-term rental losses associated with the renovation may impact financial performance in 2025, these changes are anticipated to enhance the long-term appeal of the property. Approximately 36.5% of leases at Huamao Place are set to expire in 2025. With a robust tenant profile already established, Spring REIT is well-positioned to continue benefiting from the mall's status as Huizhou's leading high-end shopping destination.

From a capital management perspective, Spring REIT's earlier decision to lock in interest rates for nearly all its loan exposures proved effective in mitigating interest rate risk during 2024. As of 31 December 2024, approximately 97% of Spring REIT's borrowings were either covered by its interest rate hedging programme or tied to a relatively stable PRC loan prime rate. Additionally, Spring REIT has adopted a proactive approach to currency risk management by closely monitoring RMB movements against the USD and HKD while capitalising on declining RMB borrowing costs. The Manager has entered into HKD-RMB cross-currency swaps ("**CCS**"), aligning approximately 83% of Spring REIT's total borrowings with the currencies of its underlying assets, thereby further mitigating foreign exchange exposure.

Spring REIT's balance sheet remains robust, with a gearing ratio of approximately 38.0%[1] presented in the consolidated statement of financial position, providing a buffer against macroeconomic fluctuations while allowing room for potential future growth opportunities. Although elevated interest rates continue to impact borrowing costs, they have also contributed positively by moderating global inflation trends. Spring REIT will continue to optimise its financial strategies, leveraging lower borrowing costs where advantageous while maintaining a prudent approach to support growth initiatives. The Manager will closely monitor market conditions and adjust its strategies accordingly.

1 If bank borrowing, included in liabilities classified as held for sale (which was referring to the UK Portfolio) were included, the Group's gearing ratio was 41.4% as at 31 December 2024.

On 18 February 2025, Spring REIT reached an agreement to divest its UK Portfolio, comprising 83 commercial properties, to an independent third-party buyer. The transaction received 99.99% support at the extraordinary general meeting held on 10 March 2025. Set to be completed on 28 March 2025, it carries an implied property value of GBP73.5 million, slightly above the end-December 2024 appraisal. Spring REIT has undertaken this strategic move with the aim of refocusing on its core market in the PRC, enhancing its financial flexibility, and streamlining its operations. The divestment is expected to reduce the gearing ratio of Spring REIT while having a marginal impact on its DPU and NAV per Unit. Given the timing of the disposal and the current volatile economic environment, our primary focus remains on maintaining a strong balance sheet. The use of the proceeds of the disposal will be subject to prudent financial management, and we want to reassure our stakeholders that we will utilise every penny judiciously. The financial resilience of Spring REIT in the face of economic uncertainties continues to be our top priority.

The macro outlook for 2025 remains uncertain, but fresh stimulus measures are expected from the government to address economic challenges which are likely to boost the domestic business sector and shore up demand for premium office space in the capital city. Meanwhile, Spring REIT's efforts to reinforce its Huizhou Huamao Place as the city's premier shopping and leisure destinations are ongoing, and the mall's success to date bodes well for the coming year. Having shown its resilience in the face of a difficult year, Spring REIT is preparing to work to the best of its ability in 2025 to deliver stable distributions for unitholders in the year ahead.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BEIJING OFFICE MARKET AND PROPERTY PERFORMANCE

### Beijing Office Market Overview

Throughout the Reporting Year, the Beijing office market continued to face headwinds. New demand for space remained limited, and many existing tenants opted to reduce expenses or scale back their operations. Domestic tenants continued to dominate the market, while multinationals remained inactive. Competition among landlords was intense, with aggressive rent reductions and concessions offered to attract the dwindling leasing demand.

The total Grade A office stock in Beijing at the end of 2024 amounted to approximately 11.5 million sqm. According to Jones Lang LaSalle ("**JLL**"), as at 31 December 2024, the overall vacancy rate had edged up marginally by 0.8% to 12.6%. Rental rates declined by about 16.1% YoY to RMB251 per sqm.

The Beijing CBD, where our CCP Property is located, is home to tenants from a wide range of industries, including many from the finance and insurance, professional services, and manufacturing industries. It holds the largest amount of Grade-A office stock in Beijing, amounting to 2.8 million sqm as at the end of 2024, and accounting for 24.3% of the city's total Grade-A office space. Grade A occupancy in the CBD marginally decreased to 87.9% at the end of 2024. Meanwhile, the average rent at the end of 2024 softened to RMB276 per sqm, representing a decline of 17.2% YoY. The occupancy rate for the high-end premium Grade A segment in the CBD, which includes our CCP Property, stood at 87.7% at the end of the year, with an average rent of RMB316 per sqm.

Despite the challenging environment, the Beijing property market remained relatively well supported compared to other Chinese cities. A lack of new office completions has provided resilience in the broader market. New office space that came onto the market over the last few years has also largely been taken up, alleviating pressures on both rent and occupancy; at the time of writing, no new office supply is expected in the CBD until 2026. We therefore remain cautiously optimistic about the prospects for the office market in Beijing's CBD.

***Beijing Office Market Occupancy and Rental Rates in 2024***

| | | **Occupancy Rate[1]** | **YoY change** | **Average Rental Rate[2] (RMB/sqm/ month)** | **YoY change** |
|---|---|---|---|---|---|
| CBD | Grade A | **87.9%** | -2.6 ppts | **276** | -17.2% |
| | Premium Grade A | **87.7%** | -3.8 ppts | **316** | -13.8% |

1 Data is as at 31 December 2024.

2 YoY changes in average rental rate are on a chain-linked basis, to facilitate like-for-like comparison.

Source: JLL Research

## CCP Property Financial Review

### *CCP Property Financial Highlights*

| (in RMB million) | FY2024 | FY2023 | Change |
|---|---|---|---|
| Revenues | | | |
| – Rental income | **424.42** | 461.06 | (7.9%) |
| – Car park income | **4.43** | 3.56 | 24.4% |
| – Other income (note i) | **4.52** | 5.57 | (18.9%) |
| | **433.37** | 470.19 | (7.8%) |
| Property Operating Expenses | | | |
| – Property management fee | **(9.08)** | (10.36) | (12.4%) |
| – Property taxes (note ii) | **(51.57)** | (57.61) | (10.5%) |
| – Withholding tax (note iii) | **(41.75)** | (48.19) | (13.4%) |
| – Other taxes (note iv) | **(0.61)** | (0.44) | 38.6% |
| – Leasing commission | **(9.74)** | (3.92) | 148.5% |
| – Other expenses | **(2.50)** | (0.84) | 197.6% |
| | **(115.25)** | (121.36) | (5.0%) |
| Net Property Income | **318.12** | 348.83 | (8.8%) |

Notes:

i Other income mainly represents compensation paid by tenants for early termination of lease.

ii Property taxes represent real estate tax and land use tax.

iii Withholding tax in the People's Republic of China is calculated based on rental revenues at a rate of 10%.

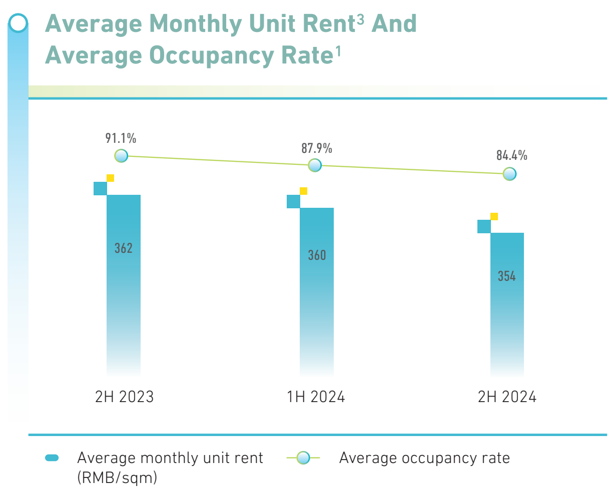
iv Other taxes mainly represent stamp duty.

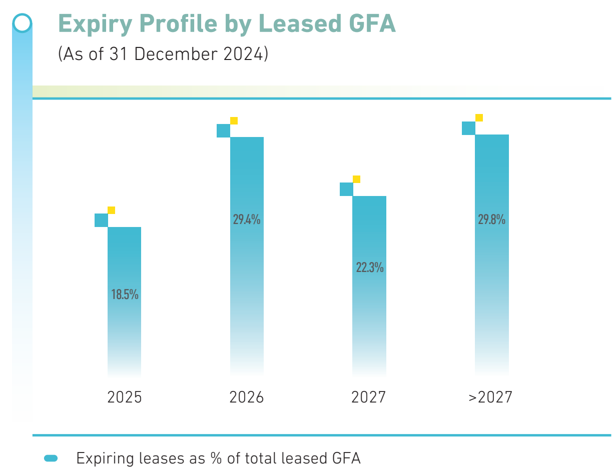
During the Reporting Year, the CCP Property reported a 7.8% decrease in revenue YoY. Rental income generated from the office space decreased by 7.9% YoY, reflecting declines in occupancy and rental levels since December 2023 in the challenging Beijing office market. When the effects of a 5.0% YoY decrease in property operating expenses are taken in account, net property income amounted to RMB318.12 million, representing a decrease of 8.8% YoY.

Property operating expenses are mainly comprised of tax expenses, namely property taxes, withholding tax and other taxes. During the Reporting Year, the total tax expenses and the property management fee, accounted for 81.5% and 7.9% of the total property operating expenses respectively. Higher leasing commissions were incurred during the Reporting Year primarily due to additional spending to sustain the occupancy of the property.

## CCP Property Operation Review

In 2H 2024, the CCP Property registered an average occupancy rate[1] of 84.4%, leading to a full-year average occupancy rate of 86.1%. Gratifyingly, the occupancy rate as at 31 December 2024 recovered to 88.5%. The retention rate[2] for 2024 stood at 68% (FY2023: 75%). For FY2024, of the newly leased area, 27.0% (FY2023: 26.0%) was attributable to new lettings, with the remainder being renewals. Average monthly unit rent[3] (net of Value-Added Tax ("**VAT**")) decreased to RMB354 per sqm in 2H 2024 (1H 2024: RMB360 per sqm) as a result of mild negative rental reversion[4] under the current challenging environment. The amount of outstanding arrears as at 31 December 2024, as at the time of writing, stood at RMB1.3 million.




1. Occupancy rate is an average of the month-end figures throughout the specified period.

2. Retention rate represents the proportion of the total area under all the expired leases taken up by the same tenants entering into new leases during the relevant period.

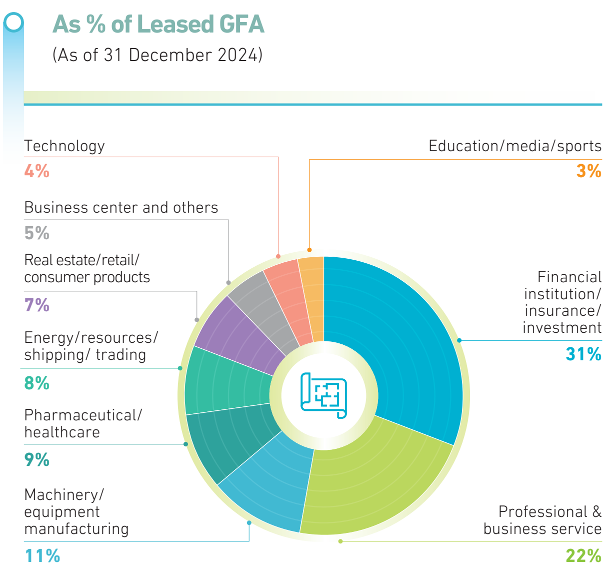
3. Average monthly unit rent represents the contractual rent (excluding management fee), and no longer includes the effects of rent-free periods. This change aligns with market practice, and provides a measure that is more directly comparable across properties. It is presented net of VAT. For comparison purposes, the average monthly passing rent taking into account the effects of rent-free periods, was RMB334 per sqm for 2H 2024, RMB346 per sqm for 1H 2024, and RMB350 per sqm for 2H 2023.

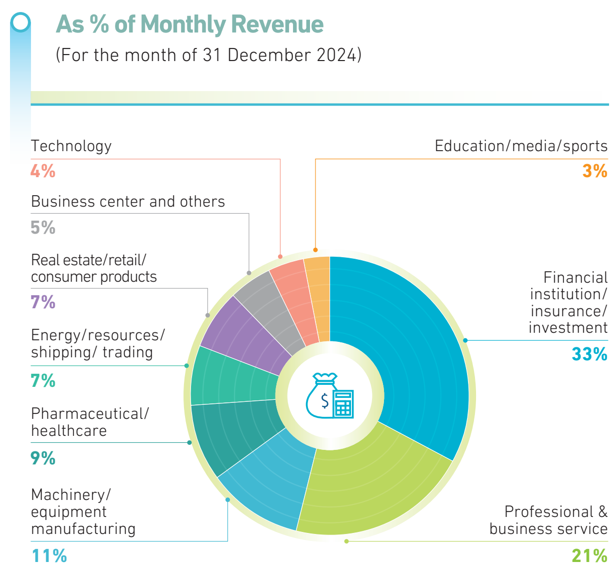
4. Rental reversion calculated based on average monthly passing rent was -7.8% during the Reporting Year.

As at 31 December 2024, the weighted average lease expiry (in terms of GFA) was 798 days for the CCP Property. Leases expiring in the years ending 31 December 2025 and 31 December 2026 accounted for 18.5% and 29.4% of the total leased GFA respectively.

As at 31 December 2024, the CCP Property had a total of 185 tenancies and 56% of the GFA was occupied by foreign companies. The top five tenants in terms of GFA accounted for 20.0% of the total rental income for December, and occupied 22.8% of the total leased GFA as at 31 December 2024. Details of these tenants are set out below.

| **Tenant** | **Portion of total leased GFA** |
|---|---|
| Epson | 6.3% |
| Zhong De Securities | 4.5% |
| Global Law Office | 4.4% |
| The Executive Centre | 4.3% |
| Conde Nast | 3.3% |
| Total | 22.8% |



## HUIZHOU RETAIL MARKET AND PROPERTY PERFORMANCE

### Huizhou City Overview

One of the 9+2 cities in the GBA in Guangdong Province, Huizhou covers an area of some 11,000 square kilometres and is rich in natural resources, energy resources, and tourism highlights. With a residential population of 6.2 million, the city serves as an essential gateway and connector between eastern and northern Guangdong Province. Huizhou is also one of the closest mainland cities to Hong Kong, adding to its strategic significance in the region. Due to its superior geographical location and rich resources, Huizhou has attracted many high-quality business enterprises. It has also enjoyed industrial spill-over transfers from the nearby cities of Shenzhen and Dongguan, which have boosted the city's population and helped drive its economic development.

### Huizhou Retail Market Overview

Huizhou's shopping mall industry has experienced robust growth, driven by high economic growth potential, ongoing urbanisation, consumption upgrading, an expanding infrastructure network, and continued government support. The research consultancy firm China Insights Consultancy projects that the total gross merchandise value ("**GMV**") of the shopping mall industry in Huizhou will grow at a CAGR of 5.2% from 2024 to 2029, outpacing growth in other cities in the GBA. As at 31 December 2024, Huizhou had 35 shopping malls covering a total retail GFA of approximately 2.5 million sqm, and managed by approximately 29 operators. Huizhou's shopping mall industry is not highly concentrated, with the top five shopping mall management service providers accounting for 36.8% of the market in retail GFA.

## Huamao Place Financial Review

### Huamao Place Financial Highlights

| (in RMB million) | FY2024 | FY2023 | Change |
|---|---|---|---|
| Revenues | | | |
| – Total rental income (note i) | **220.30** | 214.45 | 2.7% |
| – Other income (note ii) | **6.12** | 5.39 | 13.5% |
| | **226.42** | 219.84 | 3.0% |
| Property Operating Expenses | **(71.28)** | (67.28) | 5.9% |
| Net Property Income | **155.14** | 152.56 | 1.7% |

Notes:

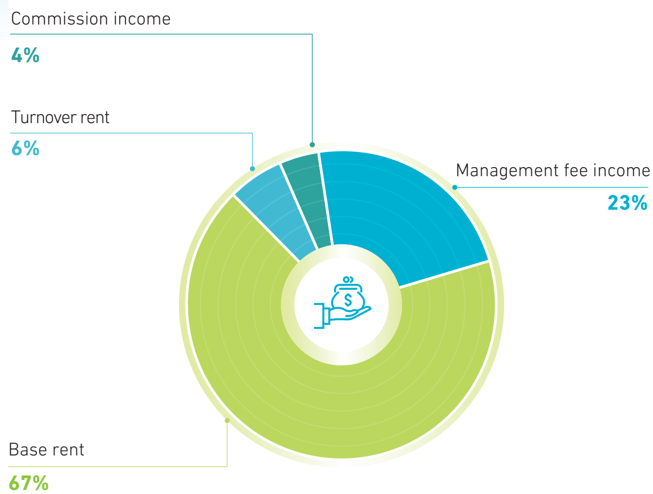
i Total rental income mainly represents base rental income, turnover rent, commission income and service fee income.

ii Other income mainly represents advertising income and penalty income.

During the Reporting Period, Huamao Place reported revenue of RMB226.42 million, representing a 3.0% increase YoY. The mall's revenue mainly comprised of base rent, management fee income, turnover rent and commission income. Base rent is the fixed rent provided for in lease agreements, while management fee income represents additional income from tenants for services provided by the local property management team, such as promotions and events. Turnover rent is collected from certain tenants in the form of a percentage of their sales receipts. Commission income represents a share in the sales receipts for products sold on consignment.

## Rental Income Mix

(For the Reporting Year)




Property operating expenses are mainly comprised of property management fees, advertising and promotion expenses as well as tax expenses, namely property taxes and other taxes. During the Reporting Year, tax expenses in aggregate accounted for 32.2% of the total property operating expenses. The property management fee accounted for 40.5% of the total property operating expenses. The 5.9% YoY growth in property operating expenses was mainly attributable to provision for rent receivables of RMB4.58 million, resulting from the restructure of the cinema lease.

## Huamao Place Operation Review

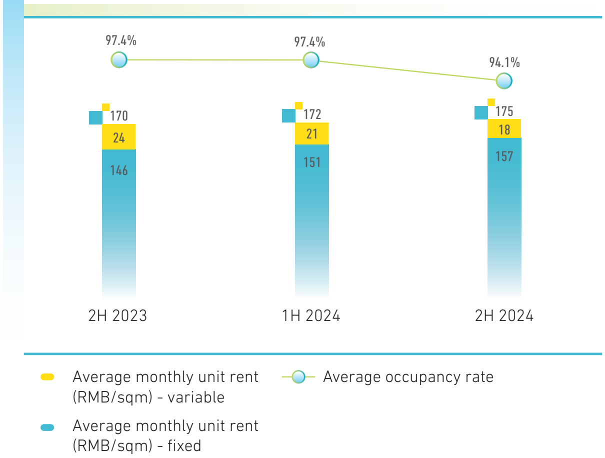

During the Reporting Year, we continued to enhance Huamao Place's positioning as a unique high-end lifestyle mall, further strengthening its reputation as a premier shopping and leisure destination. To differentiate the mall from competitors and reinforce its exclusivity, we introduced a variety of renowned brands, some of which have chosen Huamao Place as the location for their first city store or flagship outlet. Notably, leading brands such as Xiaomi Auto and lululemon debuted in our mall, reinforcing its appeal to trend-conscious consumers. At the same time, we actively optimised the trade mix to ensure a consistently dynamic and engaging shopping experience that caters to changing consumer preferences.

To maintain a fresh and ever-evolving atmosphere, we continued to refine the mall's space configuration, as well as strategically phasing out underperforming tenants and curating new offerings. Food and beverage outlets, comprising a mix of well-established local and international brands, have continued to serve as key anchors in sustaining high foot traffic. This year we introduced a range of lifestyle and anime culture tenants to further diversify our retail mix. Huamao Place is also known for its creative and engaging visitor events. For instance, to complement our newly introduced anime culture tenants and attract more visitors, we hosted multiple anime-themed events, including the official Huizhou city tournament for the renowned e-sports game "Honor of Kings". These events generated a lot of buzz and helped increase footfall significantly.

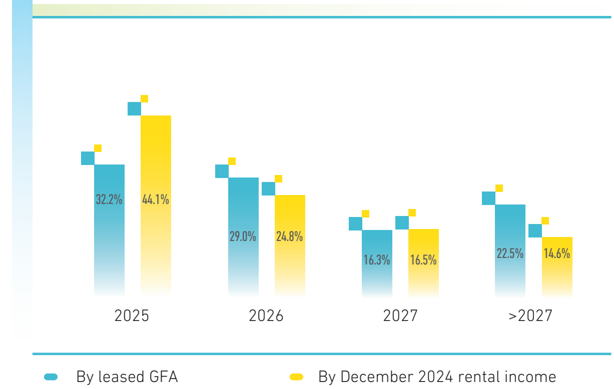
In 2H 2024, average occupancy rate[1] dropped marginally to 94.1%, from 97.4% in 1H 2024, due to the restructure of the cinema lease, leading to a full-year average occupancy rate of 95.7%. The mall's average monthly unit rent[2] increased from RMB172 per sqm in 1H 2024 to RMB175 per sqm for 2H 2024.

As at 31 December 2024, leases expiring in the years ending 31 December 2025 and 31 December 2026 accounted for 36.5% and 25.6% of the total leased GFA respectively, and accounted for 44.1% and 24.8% respectively of the December rental income.

**Average Monthly Unit Rent[2] and Average Occupancy Rate[1]**




**Expiry Profile**
(As of 31 December 2024)




1. Occupancy rate is an average of the month-end figures throughout the specific period.

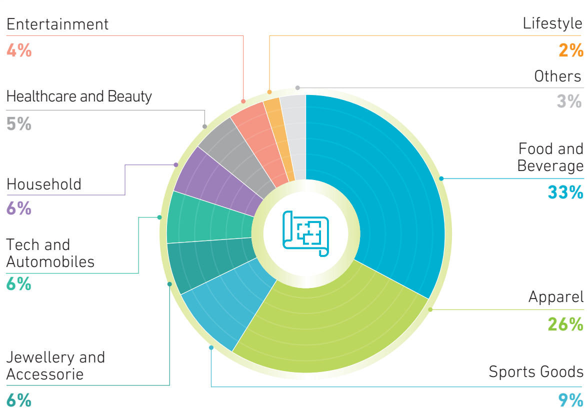
2. Average monthly unit rent is presented net of VAT and is comprised of base rental income, turnover rental income, consignment sales income and service fee income.

Huamao Place had a total of 530 tenancies as at 31 December 2024. Details of the trade sectors of the top 5 tenants in terms of GFA and December 2024 rental income are set out in the table below.

| **Tenant's trade sector** | **by GFA** | **by Rental Income** |
|---|---:|---:|
| Food and Beverage | 4.6% | 0.7% |
| Tech and Automobiles | 2.0% | 1.1% |
| Household | 1.9% | 0.4% |
| Household | 1.6% | 0.6% |
| Food and Beverage | 1.6% | 0.8% |
| Total | 11.7% | 3.6% |

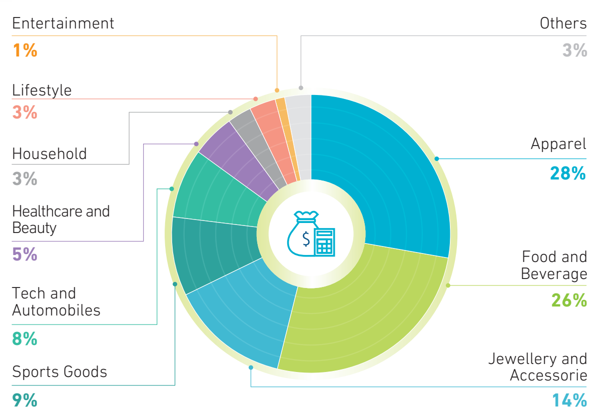
**Tenancy Mix by Leased GFA**

(As of 31 December 2024)




**Tenancy Mix by Monthly Rental Income**

(For the month of December 2024)



## UK PORTFOLIO PROPERTY PERFORMANCE

Spring REIT's UK Portfolio comprises 83 separate commercial properties, following the expiration of the ground lease and the commercial lease of the property located in Islington. Each of the UK Portfolio's 83 properties is under a long-term lease with the tenant Kwik-Fit (GB) Limited ("**Kwik Fit**"), a leading car servicing operator in the United Kingdom, with all leases expiring in March 2032. Currently, the UK Portfolio has an occupancy rate of 100%, with an annual contract rental income of approximately GBP4.64 million. Spring REIT enjoys substantial pass through of rental income as the leases are "full repairing and insuring" in nature, under which the tenant pays all real estate taxes, building insurance, and maintenance (the triple "nets") on the properties in addition to any normal fees that are specified under the agreement (e.g. rent, utilities, etc.).

On 18 February 2025, Spring REIT (through its wholly-owned subsidiary) entered into a sale and purchase agreement with an independent third party buyer for the sale of the UK Portfolio. The implied selling price of the portfolio was GBP73.5 million, representing a premium on the appraised value of the portfolio as at 31 December 2024. Spring REIT has made this strategic decision in order to realign its focus on the core Chinese market, improve its financial flexibility, and optimise its operational efficiency. The transaction received 99.99% support at the extraordinary general meeting held on 10 March 2025, and is expected to be completed on 28 March 2025. The use of the proceeds will be aligned with Spring REIT's capital management strategy and subject to prudent financial management.

## SPRING REIT FINANCIAL REVIEW

### Financial Highlights

| (in RMB millions unless otherwise specified) | FY2024 | FY2023 | Change |
|---|---|---|---|
| Revenue | **702.47** | 732.45 | (4.1%) |
| Property operating expenses | **(187.18)** | (189.19) | (1.1%) |
| Net property income | **515.29** | 543.26 | (5.1%) |
| Net property income margin | **73.4%** | 74.2% | -0.8 ppts |
| G&A expenses | **(88.73)** | (89.01) | (0.3%) |
| Cash interest paid | **(195.56)** | (181.19) | 7.9% |
| Current income tax | **(34.09)** | (32.16) | 6.0% |
| Loss after taxation attributable to Unitholders | **(46.63)** | (77.54) | (39.9%) |
| Profit after taxation attributable to non-controlling interests | **26.94** | 23.99 | 12.3% |
| Total distributable income | **221.25** | 252.14 | (12.3%) |
| **Unit Information** | | | |
| DPU (HK cents) | **16.6** | 19.0 | (12.6%) |
| DPU (RMB cents equivalent) | **15.2** | 17.1 | (11.1%) |
| Payout ratio | **100%** | 97.5% | +2.5 ppts |
| Net asset value per Unit (HK$) | **4.36** | 4.70 | (7.2%) |
| Number of Units outstanding | **1,459,041,125** | 1,440,497,110 | 1.3% |

| As at | 31 December 2024 | 31 December 2023 | Change |
|---|---|---|---|
| Property valuation | **11,901.92**[1] | 12,039.34 | (1.1%) |
| Total assets | **12,638.24** | 12,785.53 | (1.2%) |
| Total borrowings | **5,234.72**[2] | 5,054.49 | 3.6% |
| Net asset value attributable to Unitholders | **5,887.41** | 6,130.66 | (4.0%) |
| Gearing ratio | **38.0%**[3] | 39.5% | -1.5 ppts |

1. Includes the property valuation of the UK Portfolio.

2. Includes the interest-bearing borrowings of the UK Portfolio.

3 If bank borrowing, included in liabilities classified as held for sale (which was referring to the UK Portfolio) were included, the Group's gearing ratio was 41.4% as at 31 December 2024.

## Financial Performance

Spring REIT's revenue for the Reporting Year was RMB702.47 million, representing a 4.1% decrease YoY due to the pressures in the Beijing office market. After taking into account property operating expenses of RMB187.18 million, net property income amounted to RMB515.29 million, representing a 5.1% decrease YoY and a net property income margin of 73.4% (FY2023: 74.2%).

General and administrative expenses amounted to RMB88.73 million. Meanwhile, a total finance cost on interest-bearing borrowings of RMB290.74 million (FY2023: 236.99 million) was registered, which consisted of a non-cash foreign exchange loss of RMB87.52 million (FY2023: non-cash foreign exchange loss of 50.60 million) when HKD-denominated bank borrowings were converted to RMB in the financial statements. A higher cash interest expenses of RMB195.56 million was registered in FY2024, mainly attributable to the additional funding drawn down.

Taking into account the decline in the fair value of the investment properties of RMB158.42 million (FY2023: decline in fair value of RMB131.83 million), loss after taxation attributable to Unitholders for the Reporting Year was RMB46.63 million (FY2023: loss after taxation attributable to Unitholders of RMB77.54 million).

Spring REIT's total distributable income for the Reporting Year was RMB221.25 million, representing a decrease of 12.3% YoY. Among other adjustments, the reported amount excludes the foreign exchange loss, and the decrease in the fair value of the investment properties, which are non-cash in nature.

## Financial Position

Spring REIT's principal valuer, Knight Frank Petty Limited ("**Knight Frank**" or the "**Principal Valuer**"), performed a valuation of the Spring REIT portfolio as at 31 December 2024. The CCP Property was appraised at RMB8,400 million as at 31 December 2024, representing a 1.9% decrease in value compared to its valuation as at 31 December 2023. The valuation of the CCP Property was arrived at using the income capitalisation approach, and cross-checked by the direct comparison approach. The capitalisation rate/reversionary yield was 4.5% (30 June 2024: 4.5%; 31 December 2023: 5.0%).

Huamao Place was appraised at RMB2,852 million as at 31 December 2024, representing a 0.3% increase compared to its valuation as at 31 December 2023. The valuation of Huamao Place was arrived at using the income approach, and cross-checked by the direct comparison approach. The capitalisation rate/reversionary yield was 6.0% (30 June 2024: 6.0%; 31 December 2023: 6.0%).

The UK Portfolio was appraised at GBP71.2 million (equivalent to RMB649.92 million) as at 31 December 2024, representing a 1.1% increase in GBP terms and a 2.1% increase in RMB terms compared to its valuation as at 31 December 2023. The valuation of the UK Portfolio was arrived at using the income approach. The reversionary yield ranged from 4.25% to 9.05% (31 December 2023: 4.35% to 9.05%).

As at 31 December 2024, Spring REIT had in place aggregate debt facilities of approximately RMB5,234.72 million, comprising:

1. a combined facility of HK$4,875 million consists of a committed facility of HK$3,705 million and an uncommitted facility of HK$1,170 million (the "**CCP Facilities**"), which bears an interest rate of 1-month HKD HIBOR plus 1.65% per annum and will mature in September 2025. Of the CCP Facilities, HK$4,495 million was outstanding as at the end of the Reporting Year.

2. a facility of GBP51 million (the "**UK Facility**") which bears an interest rate of 2.20% margin per annum plus Sterling Overnight Index Average ("**SONIA**") plus Credit Adjustment Spread ("**CAS**"), with an expiry date in January 2025. Of the UK Facility, GBP47.8 million was outstanding as at the end of the Reporting Year.

3. a facility of RMB900 million which bears an interest rate of 60 basis points above the PRC loan prime rate (for five years or more) and will mature in March 2032, of which RMB667.54 million was outstanding as at the end of the Reporting Year.

In January 2025, the Manager refinanced the UK Facility through a GBP47.8 million facility at an interest rate of 2.20% margin plus SONIA, with a tenor of one year. This facility is expected to be disposed of together with the UK Portfolio on 28 March 2025.

As at 31 December 2024, the Group's gearing ratio according to consolidated statement of financial position, i.e. total borrowings to gross asset value, was 38.0%, compared with 39.5% at 31 December 2023. If bank borrowing, included in liabilities classified as held for sale (which was referring to the UK Portfolio) were included, the Group's gearing ratio was 41.4% as at 31 December 2024.

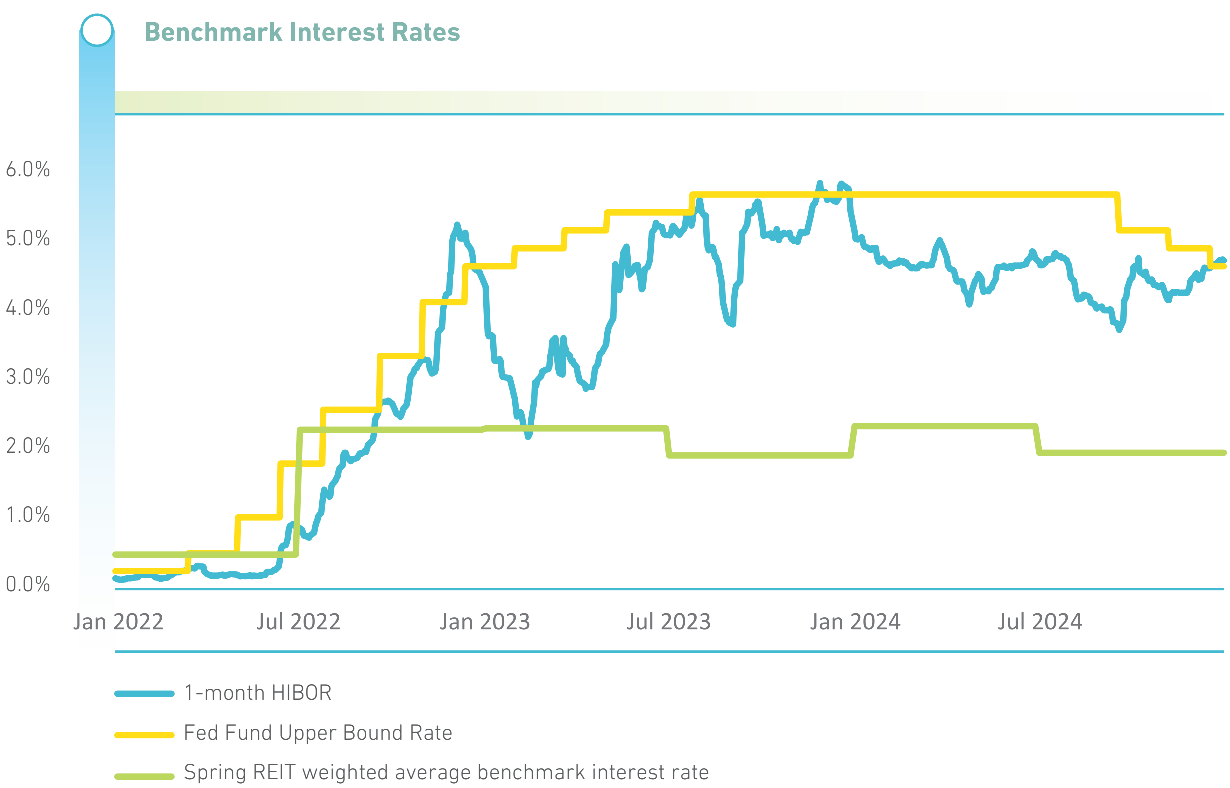
Spring REIT's investment properties, rent receivables, restricted bank balances, and ordinary shares of certain subsidiaries of the Group were pledged to secure the loan facilities where applicable. Throughout the Reporting Year, Spring REIT and other subsidiaries of the Group have in all material respects complied with the terms and provisions of the finance and security documents.

The unrestricted cash of Spring REIT (together with its special purpose vehicles, the "Group") amounted to RMB253.82 million as at 31 December 2024, compared with RMB222.89 million as at 31 December 2023. The Group also had total undrawn bank loan facilities of RMB418 million. With these financial resources, Spring REIT has sufficient liquid assets to satisfy its working capital and operating requirements. The cash is generally placed in short-term deposits, mostly denominated in HKD. The Group's liquidity and financing requirements are reviewed regularly.

## Capital Management

Spring REIT has in place a hedging programme that has involved it entering into float-to-fixed interest rate swap ("**IRS**") and CCS contracts of varied tenures to mitigate its interest rate and exchange rate risks.

As at 31 December 2024, in relation to the CCP Facilities, a notional amount of HK$785 million was covered by float-to-fixed IRS contracts, while HK$3,520 million was effectively covered by HKD-RMB CCS contracts at a fixed RMB interest rate, with a combined weighted average swap rate of 1.5% per annum. In relation to the UK Facility, the notional amount of IRS contract was GBP47.8 million with a swap rate of 3.8% per annum. As a result, the overall weighted average swap rate per annum (before interest margin and any credit adjustment spread) was approximately 1.7%. Meanwhile, the RMB-denominated loan, which is based on the PRC loan prime rate, was relatively stable and maintained a downward trend during the Reporting Year.



As at 31 December 2024, about 97% of Spring REIT's borrowings were either covered by interest rate hedges and CCS, or were under a relatively stable PRC loan prime rate (31 December 2023: 99.5%), significantly reducing the impact of interest rate volatility on Spring REIT. Additionally, by entering into CCS contracts, 78% of the HKD notional amount under the CCP Facilities has been swapped into RMB (31 December 2023: 45%). Together with the UK Facility (denominated in GBP) and the RMB-denominated loan, the currency exposure of 83% of the total borrowings was aligned with the underlying assets as at 31 December 2024 (31 December 2023: 57%).

During the Reporting Year, the weighted average cash interest rate (after interest margin) per annum was approximately 3.6% (FY2023: 3.6%).

### Net Assets Attributable to Unitholders

As at 31 December 2024, net assets attributable to Unitholders stood at RMB5,887.41 million. The net asset value per Unit as at 31 December 2024 was HK$4.36 (31 December 2023: HK$4.70). This represented a 133.2% premium to the closing price of the Units of HK$1.87 as at 31 December 2024, the last trading day in the Reporting Year.

### Capital Commitments

As at 31 December 2024, the Group had no significant capital commitments.

### Employees

Spring REIT is managed by the Manager and did not directly employ any staff during the Reporting Year.

## CORPORATE GOVERNANCE

With the objective of establishing and maintaining high standards of corporate governance, certain policies and procedures have been put in place to promote the operation of Spring REIT in a transparent manner and with built-in checks and balances. The corporate governance policy of Spring REIT have been adopted with due regard to the requirements under Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), with necessary changes, as if those rules were applicable to real estate investment trusts in Hong Kong.

The Manager was established for the sole purpose of managing Spring REIT. The Manager is committed to maintain good corporate governance culture, practices and procedures. The current corporate governance principles emphasize on accountability to all stakeholders, resolution of conflict of interest issues, transparency in reporting, and compliance with relevant procedures and guidelines. The Manager has adopted a compliance manual and certain internal policies, including corporate governance policy (the "**Corporate Governance Policy**"), for use in relation to the management and operation of Spring REIT, which sets out the key processes, systems and measures, and such policies to be applied for compliance with all applicable legislation and regulations. The Board plays a central supportive and supervisory role in the corporate governance duties. It regularly reviews the compliance manual and other policies and procedures on corporate governance and on legal and regulatory compliance, approving changes to governance policies in light of the latest statutory regime and international best practices and reviewing corporate governance disclosures. All Directors act with integrity, lead by example, and promote the desired culture which instils and continually reinforces across the organization values of acting lawfully, ethically and responsibly.

During the Reporting Year, both the Manager and Spring REIT have in material terms complied with the provisions of the compliance manual, the Corporate Governance Policy, the Trust Deed, the Code on Real Estate Investment Trusts (the "**REIT Code**") and applicable provisions of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and the Listing Rules.

## Authorization Structure

Spring REIT is a collective investment scheme constituted as a unit trust and authorized by the Securities and Futures Commission (the "**SFC**") under section 104 of the SFO and regulated by the SFC pursuant to the applicable provisions of the SFO, the REIT Code and the Listing Rules. The Manager has been authorized by the SFC under section 116 of the SFO to conduct the regulated activities of asset management. As at the date of this announcement, Mr. Leung Kwok Hoe, Kevin (Executive Director and Chief Executive Officer of the Manager), Mr. Chung Wai Fai (Executive Director and Chief Financial Officer of the Manager), Mr. Chan Chun Tung and Mr. Wang Junsong are the responsible officers of the Manager (the "**RO**") pursuant to the requirements under section 125 of the SFO and Paragraph 5.4 of the REIT Code. The ROs have completed the Continuous Professional Trainings as required by the SFC for the Reporting Year. Mr. Leung Kwok Hoe, Kevin, Executive Director and Chief Executive Officer of the Manager, was approved by the SFC as an approved person of the Manager pursuant to sections 104(2) and 105(2) of the SFO. Ms. Bai Yanan was ceased as a RO with effect from 28 June 2024. Mr. Chan Chun Tung was appointed as a RO with effect from 10 April 2024 and Mr. Wang Junsong was appointed as a RO with effect from 3 December 2024.

DB Trustees (Hong Kong) Limited is registered as a trust company under section 77 of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong). The Trustee is qualified to act as a trustee for collective investment schemes authorized under the SFO pursuant to the REIT Code.

## New Issue of Units

During the Reporting Year, an aggregate of 21,521,015 new Units were issued to the Manager as payment of part of the Manager's fee. Please refer to the announcements dated 25 March 2024, 30 April 2024, 16 August 2024 and 31 October 2024 for more details.

During the Reporting Year, the Manager (on behalf of Spring REIT) bought back a total of 2,574,000 Units and all the Units bought back were cancelled prior to the financial year end. Please refer to the section headed "Purchase, Sale or Redemption of Units" for details.

The total number of Units in issue as at 31 December 2024 was 1,459,041,125 Units.

### Purchase, Sale or Redemption of Units

During the Reporting Year, the Manager (on behalf of Spring REIT) bought back on-market a total of 2,574,000 Units on the Stock Exchange at an aggregate consideration (excluding expenses) of approximately HK$5.3 million. Further details are set out as follows:

| Month | Number of Units bought back (on-market) | Purchase price per Unit Highest | Purchase price per Unit Lowest | Approximate aggregate consideration (excluding expenses) |
|---|---|---|---|---|
| | | *HK$* | *HK$* | *HK$'000* |
| **2024** | | | | |
| January | 684,000 | 2.2824 | 2.2140 | 1,543 |
| August | 310,000 | 1.9400 | 1.8900 | 595 |
| September | 653,000 | 1.9800 | 1.8800 | 1,266 |
| October | 760,000 | 2.0900 | 1.9500 | 1,542 |
| November | 167,000 | 2.0100 | 1.8900 | 325 |

All the above on-market Unit buy-backs by the Manager during the Reporting Year were carried out pursuant to the general mandate to buy back Units granted by the Unitholders that was in force in the relevant time, and were made in the interests of Spring REIT and the Unitholders as a whole. The buy-backs were effected by the Manager for the enhancement of the net asset value and/or earnings per Unit.

The average cost (excluding expenses) of the Units bought back on-market was approximately HK$2.05 per Unit. All the above Units bought back were cancelled during the Reporting Year.

Save as disclosed above, there was no purchase, sale or redemption of the Units or sale of treasury Units by the Manager on behalf of Spring REIT or any of the special purpose vehicles that are owned and controlled by Spring REIT during the Reporting Year. Please also refer to the section headed "New Issue of Units" in this announcement for details relating to new Units issued by Spring REIT during the Reporting Year.

### Public Float of the Units

Based on information that is publicly available and within the knowledge of the Directors, Spring REIT maintained a public float of not less than 25% of the issued and outstanding Units as of 31 December 2024.

### Review of Annual Results

The consolidated annual results of Spring REIT for the Reporting Year have been reviewed by the Audit Committee and the Disclosures Committee of the Manager in accordance with their respective terms of reference. The consolidated annual results of Spring REIT for the Reporting Year have also been agreed by the external auditor of Spring REIT in accordance with International Standards on Auditing.

### Scope of work of the auditor

The figures set out in this announcement in respect of our Group's results for the year ended 31 December 2024 have been agreed by our Group's auditor, PricewaterhouseCoopers, to the amounts set out in our Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong/International Standards on Auditing, Hong Kong/International Standards on Review Engagements or Hong Kong/International Standards on Assurance Engagements, and consequently, no assurance has been expressed by PricewaterhouseCoopers on this announcement.

### Issuance of the Annual Report

The annual report of Spring REIT for the year ended 31 December 2024 will be published on the websites of the Hong Kong Exchanges and Clearing Limited, at www.hkexnews.hk, and Spring REIT, at www.springreit.com, and will be sent to Unitholders on or before 30 April 2025.

### Annual General Meeting

The 2025 annual general meeting of Spring REIT will be held on or around 3 June 2025, notice of which will be published and given to Unitholders in due course.

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, 24 March 2025

*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 (Chief Financial Officer and executive director); Hideya Ishino (non-executive director); and Simon Murray, Lam Yiu Kin, Liping Qiu and Tong Shumeng (independent non-executive directors).*

## CONSOLIDATED INCOME STATEMENT

*FOR THE YEAR ENDED 31 DECEMBER 2024*

| | | Year ended 31 December | |
|---|---|---|---|
| | | **2024** | 2023 |
| | *Notes* | ***RMB'000*** | *RMB'000* |
| **Revenues** | 5 | **702,469** | 732,448 |
| Property operating expenses | 6 | **(187,183)** | (189,186) |
| **Net property income** | | **515,286** | 543,262 |
| General and administrative expenses | 7 | **(88,725)** | (89,005) |
| Fair value loss of investment properties | 13 | **(158,421)** | (131,833) |
| Fair value loss of right-of-use assets | 14 | **(44)** | (187) |
| Other gains/(losses), net | 8 | **42,466** | (98,736) |
| **Operating profit** | | **310,562** | 223,501 |
| Bank interest income | | **7,403** | 4,932 |
| Finance costs on interest-bearing borrowings | 9 | **(290,735)** | (236,994) |
| **Profit/(loss) before taxation and transactions with Unitholders** | | **27,230** | (8,561) |
| Income tax expense | 10 | **(46,915)** | (44,998) |
| **Loss for the year, before transactions with Unitholders** | | **(19,685)** | (53,559) |
| Distributions paid to Unitholders: | | | |
| – 2022 final distribution | | **—** | (135,192) |
| – 2023 interim distribution | | **—** | (127,710) |
| – 2023 final distribution (note ii) | | **(120,332)** | — |
| – 2024 interim distribution (note ii) | | **(119,885)** | — |
| | | **(259,902)** | (316,461) |

| | | Year ended 31 December | |
|---|---|---|---|
| | | **2024** | 2023 |
| | *Notes* | ***RMB'000*** | *RMB'000* |
| Represented by: | | | |
| Change in net assets attributable to Unitholders, excluding issuance of new units and units bought back for cancellation | | **(276,647)** | (320,910) |
| Amount arising from exchange reserve movements regarding translations of financial statements | | **(10,196)** | (19,536) |
| Non-controlling interests | | **26,941** | 23,985 |
| | | **(259,902)** | (316,461) |
| Loss for the year, before transactions with Unitholders attributable to: | | | |
| – Unitholders (note i) | | **(46,626)** | (77,544) |
| – Non-controlling interests | | **26,941** | 23,985 |
| | | **(19,685)** | (53,559) |

*Notes:*

(i) Loss per unit, based upon loss for the year, before transactions with Unitholders attributable to Unitholders and the weighted average number of units in issue, is set out in note 12.

(ii) 2024 interim distribution and 2023 final distribution of RMB119,885,000 and RMB120,332,000 respectively were paid during the year ended 31 December 2024. Total distribution for the year ended 31 December 2024 is presented in the consolidated statement of distributions.

The notes on pages 46 to 82 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 DECEMBER 2024*

| | Before transactions with Unitholders *RMB'000* | Transactions with Unitholders (note i) *RMB'000* | After transactions with Unitholders (note ii) *RMB'000* | Non-controlling interests *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|
| **For the year ended 31 December 2024** | | | | | |
| Loss for the year | **(46,626)** | **36,430** | **(10,196)** | **26,941** | **16,745** |
| Other comprehensive income: | | | | | |
| *Items that may be reclassified to consolidated income statement* | | | | | |
| Exchange gains on translation of financial statements of subsidiaries | **28,174** | **—** | **28,174** | **—** | **28,174** |
| *Items that may not be reclassified to consolidated income statement* | | | | | |
| Exchange losses on translation of financial statements of Spring REIT | **(17,978)** | **—** | **(17,978)** | **—** | **(17,978)** |
| **Total comprehensive income for the year** | **(36,430)** | **36,430** | **—** | **26,941** | **26,941** |
| **For the year ended 31 December 2023** | | | | | |
| Loss for the year | (77,544) | 58,008 | (19,536) | 23,985 | 4,449 |
| Other comprehensive income: | | | | | |
| *Items that may be reclassified to consolidated income statement* | | | | | |
| Exchange losses on translation of financial statements of subsidiaries | (16,867) | — | (16,867) | — | (16,867) |
| *Items that may not be reclassified to consolidated income statement* | | | | | |
| Exchange gains on translation of financial statements of Spring REIT | 36,403 | — | 36,403 | — | 36,403 |
| **Total comprehensive income for the year** | (58,008) | 58,008 | — | 23,985 | 23,985 |

*Notes:*

(i) Transactions with Unitholders comprise the distributions paid to Unitholders of RMB240,217,000 (2023: RMB262,902,000), change in net assets attributable to Unitholders excluding issuance of new units and unit bought back for cancellation, which is a decrease of RMB276,647,000 (2023: a decrease of RMB320,910,000).

(ii) In accordance with the Trust Deed, Spring REIT is required to distribute not less than 90% of total distributable income to Unitholders for each financial year. Accordingly, the units contain contractual obligations of Spring REIT to pay cash distributions. The Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with International Accounting Standard 32: Financial Instruments: Presentation. Consistent with Unitholders' funds being classified as a financial liability, the distributions to Unitholders and change in net assets attributable to Unitholders, excluding issuance of new units and units bought back for cancellation, are part of finance costs which are recognised in the consolidated income statement. Accordingly, the total comprehensive income attributable to Unitholders after transactions with Unitholders is zero.

The notes on pages 46 to 82 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF DISTRIBUTIONS

*FOR THE YEAR ENDED 31 DECEMBER 2024*

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Loss for the year, before transactions with Unitholders attributable to Unitholders** | **(46,626)** | (77,544) |
| Adjustments: | | |
| – Fair value loss of investment properties attributable to Unitholders | **160,730** | 132,210 |
| – Fair value loss of right-of-use assets | **44** | 187 |
| – Net fair value (gain)/loss of derivative financial instruments | **(22,802)** | 120,615 |
| – Deferred taxation on change in fair values of investment properties attributable to Unitholders | **8,719** | 8,729 |
| – Manager's fee expenses in units in lieu of cash | **37,716** | 38,611 |
| – Interests calculated under effective interest method of bank borrowings | **10,866** | (166) |
| – Other non-cash losses attributable to Unitholders | **2,841** | — |
| – Unrealised foreign exchange losses | **69,760** | 29,497 |
| **Distributable income for the year (note ii)** | **221,248** | 252,139 |
| Total distributions of the year (note iii) | **221,248** | 245,836 |
| Represented by: | | |
| Interim distribution, paid (note iv) | **119,885** | 127,710 |
| Final distribution, to be paid (note v) | **101,363** | 118,126 |
| Total distributions of the year (note iii) | **221,248** | 245,836 |
| Percentage of total distribution over distributable income for the year | **100%** | 97.5% |
| Distributions per unit to Unitholders | | |
| – Interim distribution per unit, paid (note iv) | **HK$9.0 cents** | HK$10.0 cents |
| – Final distribution per unit, to be paid (note v) | **HK$7.6 cents** | HK$9.0 cents |
| **Distribution per unit for the year (note vi)** | **HK$16.6 cents** | HK$19.0 cents |

The notes on pages 46 to 82 are an integral part of these consolidated financial statements.

*Notes:*

(i) All distributions to Unitholders are determined and paid in Hong Kong dollar. For Unitholder's reference, the distributions per unit to Unitholders expressed in RMB term is as follows:

| | **2024** | 2023 |
|---|---|---|
| Distributions per unit to Unitholders | | |
| – Interim distribution per unit | **RMB8.2 cents** | RMB8.9 cents |
| – Final distribution per unit | **RMB7.0 cents** | RMB8.2 cents |
| **Distribution per unit for the year** | **RMB15.2 cents** | RMB17.1 cents |

(ii) Under the terms of the Trust Deed, the distributable income represents the loss for the year before transactions with Unitholders attributable to Unitholders, adjusted to eliminate the effects of certain non-cash transactions which have been recorded in the consolidated income statement for the year.

(iii) In accordance with the terms of the Trust Deed, Spring REIT is required to distribute to Unitholders not less than 90% of its total distributable income for each financial year. The Manager also has the discretion to make distributions over and above the minimum 90% of Spring REIT's total distributable income if and to the extent Spring REIT has funds surplus to meet its business requirements.

(iv) The interim distribution per unit of HK$9.0 cents for the six months ended 30 June 2024 was calculated based on the interim distribution of RMB119,885,000 for the period and 1,454,701,670 units (being 1,455,184,670 units in issue as at 2 October 2024, being the record date of 2024 Interim Distribution, less 483,000 bought back but not yet cancelled units), rounded to the nearest HK$0.1 cents. The interim distribution was paid to Unitholders on 22 October 2024.

(v) The final distribution per unit of HK$7.6 cents for the year ended 31 December 2024 is calculated based on the final distribution to be paid to Unitholders of RMB101,363,000 for the second half of the financial year and 1,459,041,125 units in issue as at 24 March 2025, being the date of declaration of the final distribution, rounded to the nearest HK$0.1 cents.

The final distribution for the year ended 31 December 2024 is expected to be paid to Unitholders on 30 April 2025. Such final distributions per unit, however, may be subject to adjustment upon the issuance of new units and units bought back and cancelled between 24 March 2025 (being the date of the declaration of the final distribution) and 15 April 2025 (the "Record Date"), if any.

The final distribution per unit of HK$9.0 cents for the year ended 31 December 2023 was calculated based on the final distribution paid to the Unitholders of RMB118,126,000 for the second half of the financial year and 1,439,410,110 units in issue as at 17 April 2024, being the record date of 2023 Final Distribution, rounded to the nearest HK$0.1 cents. The final distribution for the year ended 31 December 2023 was paid to Unitholders on 24 April 2024.

(vi) All distributions to Unitholders are determined and paid in Hong Kong dollar.

The notes on pages 46 to 82 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AS AT 31 DECEMBER 2024*

| | Notes | As at 31 December | |
|---|---|---|---|
| | | **2024** | 2023 |
| | | ***RMB'000*** | *RMB'000* |
| **Assets** | | | |
| Investment properties | 13 | **11,252,000** | 12,039,343 |
| Right-of-use assets | 14 | **—** | 15,468 |
| Derivative financial instruments | 15 | **95,443** | 93,186 |
| Restricted bank balances | 17 | **276,413** | 326,532 |
| Trade and other receivables | 16 | **66,647** | 88,103 |
| Cash and cash equivalents | 17 | **253,820** | 222,893 |
| | | **11,944,323** | 12,785,525 |
| Assets classified as held for sale | 23 | **693,916** | — |
| **Total assets** | | **12,638,239** | 12,785,525 |
| **Liabilities, excluding net assets attributable to Unitholders** | | | |
| Interest-bearing borrowings | 19 | **4,798,359** | 5,054,490 |
| Derivative financial instruments | 15 | **—** | 41,376 |
| Deferred tax liabilities | 20 | **122,972** | 110,150 |
| Lease liabilities | 14 | **—** | 11,163 |
| Rental deposits | 18 | **195,487** | 211,544 |
| Trade and other payables | 18 | **177,294** | 215,122 |
| Income tax payable | | **31,572** | 39,866 |
| | | **5,325,684** | 5,683,711 |
| Liabilities classified as held for sale | 23 | **459,856** | — |
| **Total liabilities, excluding net assets attributable to Unitholders** | | **5,785,540** | 5,683,711 |

| | Notes | As at 31 December 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Non-controlling interests** | | **965,291** | 971,150 |
| **Net assets attributable to Unitholders** | | **5,887,408** | 6,130,664 |
| Units in issue ('000) | 21 | **1,459,041** | 1,440,497 |
| Net asset value per unit attributable to Unitholders | | | |
| In RMB | | **4.04** | 4.26 |
| Equivalent in HK$ | | **4.36** | 4.70 |

For and on behalf of the Board of Directors of
Spring Asset Management Limited, as the Manager

**Leung Kwok Hoe, Kevin**
*Executive Director*

**Chung Wai Fai, Michael**
*Executive Director*

The notes on pages 46 to 82 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

*FOR THE YEAR ENDED 31 DECEMBER 2024*

| | Reserve<br>*RMB'000* | Net assets attributable to Unitholders<br>*RMB'000* | Non-controlling interest<br>*RMB'000* | Total<br>*RMB'000* |
|---|---|---|---|---|
| As at 1 January 2024 | — | 6,130,664 | 971,150 | 7,101,814 |
| Loss for the year and before transactions with Unitholders | — | (46,626) | 26,941 | (19,685) |
| Exchange gains on translation of financial statements | 10,196 | — | — | 10,196 |
| Amount arising from exchange reserve movements (note) | (10,196) | 10,196 | — | — |
| Distributions paid: | | | | |
| – 2023 final distribution | — | (120,332) | — | (120,332) |
| – 2024 interim distribution | — | (119,885) | — | (119,885) |
| Dividend paid to non-controlling interest | — | — | (32,800) | (32,800) |
| Change in net assets attributable to Unitholders for the year ended 31 December 2024, excluding issuance of new units and units bought back for cancellation | — | (276,647) | (5,859) | (282,506) |
| Issuance of units (note 21) | — | 38,219 | — | 38,219 |
| Units bought back for cancellation (note 21) | — | (4,828) | — | (4,828) |
| | — | 33,391 | — | 33,391 |
| **As at 31 December 2024** | — | 5,887,408 | 965,291 | 6,852,699 |

*Note:* The amount represented earnings retained for the year to offset the reserve movements.

The notes on pages 46 to 82 are an integral part of these consolidated financial statements.

| | Reserve | Net assets attributable to Unitholders | Non-controlling interest | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| As at 1 January 2023 | — | 6,558,843 | 947,165 | 7,506,008 |
| Loss for the year and before transactions with Unitholders | — | (77,544) | 23,985 | (53,559) |
| Exchange gains on translation of financial statements | 19,536 | — | — | 19,536 |
| Amount arising from exchange reserve movements (note) | (19,536) | 19,536 | — | — |
| Distributions paid to Unitholders: | | | | |
| – 2022 final distribution | — | (135,192) | — | (135,192) |
| – 2023 interim distribution | — | (127,710) | — | (127,710) |
| Change in net assets attributable to Unitholders for the year ended 31 December 2023, excluding issuance of new units and units bought back for cancellation | — | (320,910) | 23,985 | (296,925) |
| Issuance of units (note 21) | — | 32,786 | — | 32,786 |
| Units bought back for cancellation (note 21) | — | (140,055) | — | (140,055) |
| | — | (107,269) | — | (107,269) |
| **As at 31 December 2023** | — | 6,130,664 | 971,150 | 7,101,814 |

*Note:* The amount represented earnings retained for the year to offset the reserve movements.

The notes on pages 46 to 82 are an integral part of these consolidated financial statements.

## 1 General information

Spring Real Estate Investment Trust ("Spring REIT") is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Spring REIT was established on 25 November 2013 and its units are listed on the main board of The Stock Exchange of Hong Kong Limited (the "HKSE") on 5 December 2013. Spring REIT is governed by a trust deed entered into on 14 November 2013 as amended and supplemented by the first supplemental deed dated 22 May 2015, the first amending and restating deed on 28 May 2021 and the second amending and restating deed on 20 September 2024 entered into between Spring Asset Management Limited (the "Manager") and DB Trustees (Hong Kong) Limited (the "Trustee") (collectively, the "Trust Deed") and the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong (the "REIT Code"). The addresses of the registered offices of the Manager and the Trustee are Room 2602, 26/F, LHT Tower, 31 Queen's Road Central, Hong Kong and 60/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, respectively.

The principal activity of Spring REIT and its subsidiaries (together, the "Group") is to own and invest in income-producing real estate assets.

The consolidated financial statements are presented in Renminbi ("RMB"). The functional currency of Spring REIT is Hong Kong dollars ("HK$"), the distribution of Spring REIT is determined and paid in HK$.

## 2 Summary of material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

### (a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and Interpretations issued by the International Accounting Standards Board ("IASB"), the requirements of the Trust Deed and the relevant disclosure requirements as set out in Appendix C of the REIT Code issued by the Securities and Futures Commission of Hong Kong.

The Group has adopted the liquidity basis in the presentation of the consolidated statement of financial position as it is considered to be more relevant and meaningful to readers based on the timing of their realisation or settlement of assets and liabilities as justified by the market situation.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, right-of-use assets and derivative financial instruments, which are carried at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

**New standards and amendments to existing standards adopted by the Group**

The Group has adopted all of the new standards and amendments to existing standards issued by the IASB that are relevant to the Group's operations and mandatory for annual accounting periods beginning 1 January 2024.

New standards and amendments to existing standards effective in 2024:

| | |
|---|---|
| IAS 1 (Amendments) | Classification of Liabilities as Current or Non-current |
| IAS 1 (Amendments) | Non-current Liabilities with Covenants |
| IFRS 16 (Amendments) | Lease Liability in a Sale and Leaseback |
| IAS 7 and IFRS 7 (Amendments) | Supplier Finance Arrangements |

The adoption of these new standards and amendments to existing standards does not have a material impact on the accounting policies or results and the financial position of the Group and/or the disclosure set out in these consolidated financial statements.

**New standards and amendments to existing standards not yet adopted**

The following new standards and amendments to existing standards are in issue but not yet effective, and have not been early adopted by the Group.

| | | Effective for accounting periods beginning on or after |
|---|---|---|
| IAS 21 and IFRS 1 (Amendments) | Lack of Exchangeability | 1 January 2025 |
| IFRS 9 and IFRS 7 (Amendments) | Classification and Measurement of Financial Instruments | 1 January 2026 |
| Annual Improvements to IFRS Accounting Standards – Volume 11 | Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 | 1 January 2026 |
| IFRS 18 | Presentation and Disclosure in Financial Statements | 1 January 2027 |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |
| IFRS 10 and IAS 28 (Amendments) | Sale or Contribution of Assets between an Investor and its Associate or Joint venture | To be determined |

The Group will apply the above new standards and amendments to existing standards as and when they become effective. The Group has already commenced an assessment of the impact of these new standards and amendments to existing standards, and anticipated that the adoption of new standards and amendments to existing standards will not have a material effect on the Group's operating result or financial position.

**(b) Consolidation**

The consolidated financial statements incorporate the assets and liabilities of Spring REIT and its subsidiaries as at 31 December 2024 and their results for the year then ended.

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the units issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are expensed in the consolidated income statement during the period in which they are incurred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of financial position and statement of changes in equity and net assets attributable to Unitholders respectively.

**(c) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, for rental income in the ordinary course of the Group's activities. Amounts disclosed as revenue are net of returns and amounts collected on behalf of third parties. Revenue is recognised when or as the control of the good or service is transferred to the customer.

**(i) Rental and car park income**

Operating lease rental income from investment properties is recognised in the consolidated income statement on a straight-line basis over the terms of lease agreements. Lease incentives provided, such as rent-free periods, are amortised on a straight-line basis and are recognised as a reduction of rental income over the respective term of the lease.

**(ii) Interest income**

Interest income is recognised on a time proportion basis using the effective interest method.

**(d) Property operating expenses**

Property operating expenses include property related outgoings and other expenses, are recognised on an accrual basis.

**(e) Investment properties**

Investment properties, principally comprising freehold land, leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuer. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement as part of a valuation gain or loss.

**(f) Derivative financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at its fair value at the end of each reporting year. The change in the fair value is recognised in the consolidated income statement.

**(g) Trade and other receivables**

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The amount of the provision is recognised in the consolidated income statement.

In the event that lease incentives, including rent free periods, are given to enter into operating leases, such incentives are recognised as deferred rent receivables. The aggregate benefit of incentives is recognised as a reduction of rental income on a straight-line basis.

**(h) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

**(i) Interest-bearing borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

### (j) Borrowing costs

Borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

### (k) Payables and provisions

#### (i) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### (ii) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation that reflects current market assessments of the time value of money and the risks specific to the obligation.

#### (iii) Rental deposits

Rental deposits arise when the Group enters into lease agreement directly with a tenant.

### (l) Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

**Current income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**Deferred taxation**

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation arising from investment property is determined based on the expected manner as to how the investment properties will be recovered through sale or through use with the corresponding tax rate applied.

**(m) Foreign currency translation**

**(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Spring REIT's functional currency is HK$ and the consolidated financial statements are presented in RMB.

The Group's functional currency is different from the presentation currency and the results and financial position are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within "finance costs". All other foreign exchange gains and losses are presented in the consolidated income statement within other gains or losses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

## (n) Leases

### (i) At initial recognition

The Group acting as lessee recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The right-of-use asset is measured at it's cost which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Group; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate adjusted for the length of lease.

Lease liabilities include the net present value of the following lease payments:

- fixed lease payments, included in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, or the penalty payable on the exercise of a termination option unless the Group is reasonably certain not to exercise the option; and
- any amounts expected to be payable under residual value guarantees.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the investment properties used in the Group's leasing activities. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group is using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

**(ii) Subsequent measurement**

The Group measures the right-of-use assets that meet the definition of investment property using the fair value model applied to its investment property.

The lease liability is measured as follows:

(a) increasing the carrying amount to reflect interest on the lease liability;

(b) reducing the carrying amount to reflect the lease payments made; and

(c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Where the Group is exposed to potential future increases in variable lease payments based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**(o) Unitholders' funds as a financial liability**

In accordance with the Trust Deed, Spring REIT is required to distribute to Unitholders not less than 90% of the Group's total distributable income for each financial year. Accordingly, the units contain a contractual obligation of the trust to pay to its Unitholders cash distributions. The Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with IAS 32: Financial Instruments: Presentation. It is shown on the consolidated statement of financial position as the net assets attributable to Unitholders.

## 3 Financial risk and capital risk management

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management. The management manages and monitors these risk exposures to ensure appropriate measures are implemented on timely and effective manners.

**(a) Market risk**

*(i) Foreign exchange risk*

The subsidiaries of the Group operate in the People Republic of China (the "PRC") and the United Kingdom (the "UK") with functional currency in Renminbi ("RMB") and British Pound Sterling ("GBP") respectively. It is therefore exposed to foreign exchange risk arising from commercial transactions, and from recognised assets and liabilities that are denominated in a currency that is not the functional currency. This is primarily with respect to the US$ and HK$.

As at 31 December 2024, the Group has six (2023: four) cross currency swaps swapping RMB to HK$ with total notional amount of HK$3,520 million (approximately RMB 3,260 million) (2023: total notional amount of HK$1,950 million (approximately RMB 1,767 million)) to hedge the foreign exchange risk from the HK$ denominated bank borrowings until 23 September 2025.

As at 31 December 2024, if US$ had strengthened/weakened by 5% against the RMB with all other variables held constant, loss for the year would have been increased/decreased by RMB48,570,000 (2023: loss for the year would have been increased/decreased by RMB47,232,000) respectively, mainly as a result of foreign exchange differences on translation of monetary assets and liabilities being denominated in US$ that is not the functional currency items in the PRC such as cash and bank balance and other payables.

As at 31 December 2024, if HK$ had strengthened/weakened by 5% against the RMB with all other variables held constant, loss for the year would have been increased/decreased by RMB134,553,000 (2023: loss for the year would have been increased/decreased by RMB132,165,000) respectively, mainly as a result of foreign exchange differences on translation of monetary assets and liabilities being denominated in HK$ that is not the functional currency items in the PRC such as cash and bank balance, other payables and borrowings.

As at 31 December 2024, if GBP had strengthened/weakened by 5% against the US$ with all other variables held constant, loss for the year would have been increased/decreased by RMB8,098,000 (2023: loss for the year would have been increased/decreased by RMB7,638,000) respectively, mainly as a result of foreign exchange differences on translation of monetary assets and liabilities being denominated in US$ that is not the functional currency items in the UK.

*(ii) Interest rate risk*

The Group's interest rate risk mainly arises from its long-term borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk which is partially offset by bank deposits at variable rate. Under the Group's interest rate management policy, the Group generally raises borrowings at floating rates and may use plain vanilla interest rate swaps to manage the risk where the Group forecasts a significant rise in interest rate in the foreseeable future.

As at 31 December 2024, the Group has three (2023: four) plain vanilla interest rate swaps with total notional amount of HK$2,355 million and GBP47.8 million (approximately RMB2,617 million) (2023: total notional amount of HK$2,355 million and GBP47.8 million (approximately RMB2,566 million)) to hedge the interest rate risk arising from the variable rate bank borrowings. For the HK$ denominated bank borrowings, the Group pays interest at fixed rates from 1.144% to 1.25% per annum (2023: 1.144% to 1.25% per annum) and receives interest at the rate of 1-month HK$ HIBOR (2023: 1-month HK$ HIBOR) until 23 September 2025. For the GBP denominated bank borrowings, the Group paus interest at fixed rate of 3.8% per annum and receives interest rate at the rate of 3-month compounded Sterling Overnight Index Average until 27 January 2025.

As at 31 December 2024, if interest rates had been 50 basis points higher/lower with all other variables held constant, loss for the year would have been RMB1,470,000 higher/lower (2023: loss for the year would have been increase/decrease by RMB1,282,000) lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings after taking into consideration of interest rate swaps.

**(b) Credit risk**

Credit risk arises from the potential failure of the Group's counterparties to meet their obligations under financial contracts. The Group is exposed to credit risk on its deposits with financial institutions, derivative financial instruments as well as trade and other receivables.

For deposits with financial institutions, the Group has limited its credit exposure by restricting their selection of financial institutions to reputable banks with sound credit ratings.

In respect of credit exposures to tenants, credit risk exposure is minimised by undertaking transactions with a large number of counterparties and conducting credit evaluations on prospective tenants before lease agreements are entered into with tenants. Monthly rentals are payable in advance by tenants in accordance with the leases. The Group also has policies in place to ensure that rental security deposits are required from tenants prior to commencement of leases. It also has other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate provision for impairment losses is made for irrecoverable amounts.

**(c) Liquidity risk**

Cash flow forecasting is performed by the Group's finance function ("Group Finance"). Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its borrowing facilities (note 19) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal financial position ratio targets and, if applicable external regulatory or legal requirements.

Liquidity risk management includes maintaining sufficient cash, the availability of funding from operating cash flow and seeking stable financing activities. The Group will continue to monitor market conditions to assess the possibility of arranging longer term refinancing at favorable rates and extending the maturity profile of its debts. Taking into account the liquidity position, covenants and regulatory compliance (including the gearing ratio) of the Group, management expected the Group has adequate resources to meet its liabilities and commitment as and when they fall due and to continue in operational existence for the foreseeable future.

The table below analyses the Group's financial assets into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity dates.

| | Within 1 year *RMB'000* | Between 1 and 2 years *RMB'000* | Between 2 and 5 years *RMB'000* | Over 5 years *RMB'000* |
|---|---|---|---|---|
| **At 31 December 2024** | | | | |
| Restricted bank balances | **236,413** | **—** | **—** | **40,000** |
| Trade and other receivables | **9,259** | **—** | **—** | **—** |
| Cash and cash equivalents | **253,820** | **—** | **—** | **—** |
| Derivative financial instruments | **95,443** | **—** | **—** | **—** |
| **At 31 December 2023** | | | | |
| Restricted bank balances | — | 286,532 | — | 40,000 |
| Trade and other receivables | 43,010 | — | — | — |
| Cash and cash equivalents | 222,893 | — | — | — |
| Derivative financial instruments (net recoverable) | — | 51,810 | — | — |

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows which comprise both interest and principal cash flows.

| | Within 1 year *RMB'000* | Between 1 and 2 years *RMB'000* | Between 2 and 5 years *RMB'000* | Over 5 years *RMB'000* |
|---|---|---|---|---|
| **At 31 December 2024** | | | | |
| Trade and other payables | **121,278** | **—** | **—** | **—** |
| Rental deposits | **58,819** | **48,446** | **82,081** | **6,141** |
| Interest payable on borrowings | **256,942** | **22,480** | **45,661** | **9,942** |
| Interest-bearing borrowings | **4,674,071** | **83,443** | **258,673** | **250,329** |
| Lease liabilities | **1,159** | **1,159** | **3,476** | **52,638** |
| **At 31 December 2023** | | | | |
| Trade and other payables | 129,112 | — | — | — |
| Rental deposits | 71,815 | 48,075 | 81,892 | 9,762 |
| Interest payable on borrowings | 298,784 | 167,083 | 78,200 | 48,090 |
| Interest-bearing borrowings | 67,765 | 4,447,249 | 250,329 | 342,116 |
| Lease liabilities | 1,148 | 1,148 | 3,440 | 54,338 |

### 3.2 Capital risk management

(a) Gearing ratio

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Unitholders.

The Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total borrowings divided by total assets.

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | | **Gearing ratio** | | Gearing ratio |
| **At 31 December** | ***RMB'000*** | ***(%)*** | *RMB'000* | *(%)* |
| Borrowings on statement of financial position | **4,798,359** | **38.0%** | 5,054,490 | 39.5% |
| Borrowings classified as liabilities held for sale | **436,362** | | — | |
| **Total borrowings** | **5,234,721** | **41.4%** | 5,054,490 | 39.5% |
| **Total assets** | **12,638,239** | | 12,785,525 | |

(b) Loan covenants

Under the terms of the major bank loan, which has a carrying amount of RMB4,798,359,000 (2023: RMB5,054,490,000), the Group is required to comply with the following financial covenants.

(i) the Comprehensive Gearing Ratio of the Group at all time is equal to or less than 50%;

(ii) the debt service coverage ratio is not less than 1.25; and

(iii) the currency hedge triggering rate is higher than the exchange rate.

The Group has complied with these covenants throughout the year ended 31 December 2024 and 2023.

There are no indications that the Group would have difficulties complying with the covenants when they will be tested as at the 30 June 2025 interim reporting date.

### 3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents financial instruments that are measured at fair values.

| **At 31 December 2024** | **Level 1** ***RMB'000*** | **Level 2** ***RMB'000*** | **Level 3** ***RMB'000*** | **Total** ***RMB'000*** |
|---|---|---|---|---|
| **Derivative assets** | | | | |
| Derivative financial instruments | **—** | **95,443** | **—** | **95,443** |

| At 31 December 2023 | Level 1 *RMB'000* | Level 2 *RMB'000* | Level 3 *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| **Derivative assets** | | | | |
| Derivative financial instruments | — | 93,186 | — | 93,186 |
| **Derivative liabilities** | | | | |
| Derivative financial instruments | — | 41,376 | — | 41,376 |

There were no transfers between levels 1, 2 and 3 during the year (2023: nil).

Valuation techniques used to derive the fair values of the derivatives are as follows:

As at 31 December 2024, the level 2 derivative financial instruments represented three (2023: four) plain vanilla interest rate swaps and six cross currency swaps (2023: four) which are not traded in an active market. The fair values of these derivative financial instruments are based on prices quoted by financial institutions at the end of the reporting period.

There were no changes in valuation techniques during the year.

The disclosures of the investment properties and right-of-use assets, that are measured at fair value, are set out in notes 13 and 14.

## 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on carrying amounts of assets and liabilities within the next financial year are discussed below.

### (a) Estimates of fair value of investment properties

The fair value of each investment property is individually determined at each reporting date by independent valuer using valuation techniques. Details of the judgement and assumptions have been disclosed in note 13.

### (b) Estimates of fair values of derivative financial instruments

Fair values have been arrived at using valuations provided by the counterparty banks/valuer for each reporting period with reference to market data. Actual results may differ when assumptions and selections of valuation technique changes.

### (c) Taxation

The Group is a foreign enterprise established outside the PRC and the UK. The Group is subject to various taxes in the PRC and the UK. Significant judgement is required in determining the provision for taxation including deferred taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises or writes back liabilities for anticipated tax issues based on estimates of whether additional taxes will be due or reversal to be made. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxation and deferred tax.

## 5 Revenue and segment information

The Group holds investment properties in the PRC and the UK, and is principally engaged in property investment and provision of related services. Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. Given that management reviews the operating results of the Group on an aggregate basis, no segment information is therefore presented.

For the year ended 31 December 2024, revenue of RMB660 million (2023: RMB690 million) is attributable to tenants from the PRC investment properties and RMB42 million (2023: RMB42 million) is attributable to tenants from the UK investment properties. As at 31 December 2024, investment properties of RMB11,252 million (2023: RMB11,403 million) is located in the PRC and RMB650 (2023: RMB636 million) is located in the UK. Right-of-use assets of RMB16 million (2023: RMB15 million) is located in the UK. The investment properties and right-of-use assets located in the UK were transferred to assets classified as held for sale during the year (note 23).

An analysis of revenues of the Group is as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Revenues | | |
| Rental income | **669,996** | 701,862 |
| Car park income | **4,434** | 3,562 |
| Other income (note i) | **28,039** | 27,024 |
| | **702,469** | 732,448 |

*Note:*

(i) Other income mainly represents compensation paid by tenants for early termination of lease and miscellaneous income charged to tenants.

## 6 Property operating expenses

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Property management fee | **38,522** | 34,815 |
| Property taxes (note i) | **69,673** | 80,822 |
| Other taxes (note ii) | **5,479** | 5,272 |
| Enterprise income tax (note iii) | **41,751** | 48,187 |
| Leasing commission | **9,738** | 3,918 |
| Reinstatement costs | **1,635** | — |
| Advertising and promotional expenses | **10,515** | 15,151 |
| Provision for rent receivables | **4,578** | — |
| Others | **5,292** | 1,021 |
| | **187,183** | 189,186 |

*Notes:*

(i) Property taxes represent real estate tax and land use tax in the PRC. Real estate tax applicable to the Group's PRC properties is calculated: (a) for leased area, at 12% of rental income; and (b) for vacant area, at 1.2% of the residual value of the relevant area.

(ii) Other taxes represent urban construction and maintenance tax, education surcharge, consumption tax, vehicle and vessel tax, value-added tax and stamp duty in the PRC.

(iii) Enterprise income tax is calculated based on 10% of the revenues received from rental operation for the Beijing properties and onshore interest income.

## 7 General and administrative expenses

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Manager's fee (note i) | **60,773** | 62,153 |
| Trustee fee | **2,149** | 2,381 |
| Valuation fee | **1,059** | 652 |
| Auditor's remuneration | | |
| - Audit services | **2,105** | 2,228 |
| - Other assurance services | **662** | 657 |
| - Other non-assurance services | **346** | 343 |
| Legal and other professional fees | **15,441** | 15,697 |
| Others | **6,190** | 4,894 |
| | **88,725** | 89,005 |

*Note:*

(i) The breakdown of the Manager's fee was set out in note 11.

## 8 Other gains/(losses), net

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Net fair value gain/(loss) of derivative financial instruments at fair value through profit or loss | **22,802** | (120,615) |
| Foreign exchange gains, net | **17,760** | 21,099 |
| Other gains | **1,904** | 780 |
| | **42,466** | (98,736) |

## 9 Finance costs on interest-bearing borrowings

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Interest expenses on bank borrowings (note i) | **(320,467)** | (288,834) |
| Interest income on derivative financial instruments | **118,165** | 103,329 |
| Interest expenses on lease liabilities | **(912)** | (893) |
| Foreign exchange losses on bank borrowings (note ii) | **(87,521)** | (50,596) |
| | **(290,735)** | (236,994) |

*Notes:*

(i) Interest expenses on bank borrowings comprised contractual loan interest and amortised loan arrangement fee, which were recognised using the effective interest rate method.

(ii) Foreign exchange losses on bank borrowings arise upon translating the bank borrowings denominated in foreign currencies.

## 10 Income tax expense

For the subsidiary with operation in Beijing, the PRC, it is not subject to the corporate income tax but it is subject to enterprise income tax as disclosed in note 6(iii).

For the subsidiary with operation in Huizhou, the PRC, it is subject to corporate income tax at a rate of 25%.

Prior to 31 March 2023, for the subsidiary with operation in the UK, it is subject to corporate income tax at a 19%. From 31 March 2023 onwards, the UK subsidiary is subject to corporation tax at a rate of 25%.

No Hong Kong profits tax has been provided as the Group has no assessable profit in Hong Kong.

The amount of income tax expense charged to the consolidated income statement represents:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| **Current tax** | | |
| Current income tax | **34,093** | 32,161 |
| | **34,093** | 32,161 |
| **Deferred taxation** | **12,822** | 12,837 |
| | **46,915** | 44,998 |

The differences between the Group's expected tax charge, calculated at the domestic rates applicable to the country concerned, and the Group's tax charge for the years were as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Profit/(loss) before income tax and transactions with unitholders | **27,230** | (8,561) |
| Exclude loss from the PRC operation which is not subject to income tax (note 6(iii)) | **34,968** | 47,187 |
| | **62,198** | 38,626 |
| Tax calculated at the Hong Kong profit tax rate at 16.5% (2023: 16.5%) | **10,263** | 6,373 |
| Effect on different taxation rate on overseas operations | **11,022** | 7,373 |
| Income not subject to tax | **(7,299)** | (8,340) |
| Expenses not deductible for tax purposes | **32,929** | 39,592 |
| | **46,915** | 44,998 |

## 11 Manager's fee

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Base fee | **46,826** | 47,306 |
| Variable fee | **13,947** | 14,847 |
| | **60,773** | 62,153 |

Pursuant to the Trust Deed, the Manager is entitled to receive remuneration for its services as the manager of Spring REIT, which is the aggregate of:

(i) Base fee at 0.4% per annum of the value of the Deposited Property ("Base Fee", as defined in the Trust Deed).

(ii) Variable fee at 3.0% per annum of the Net Property Income ("Variable Fee", as defined in the Trust Deed) (before deduction therefrom of the Base Fee and Variable Fee).

Based on the election made by the Manager dated 13 December 2023 and 2 December 2022 in relation to the Manager's elections for the Base Fee to be paid to the Manager in the form of cash as to 20% and in the form of Units as to 80% (2023: same), and Variable Fee to be paid to the Manager in the form of cash entirely (2023: same), arising from any real estate of Spring REIT for the year ended 31 December 2024 and 2023 in accordance with the Trust Deed.

## 12 Loss per unit

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Loss for the year before transactions with Unitholders attributable to Unitholders | **(46,626)** | (77,544) |
| Weighted average number of units for the year for calculating basic earnings per unit | **1,449,657,500** | 1,463,749,811 |
| Adjustment for dilutive units issuable in respect of the Manager's fee | **—** | — |
| Weighted average number of units for the year for calculating diluted earnings per unit | **1,449,657,500** | 1,463,749,811 |
| Basic loss per unit based upon profit before transactions with Unitholders attributable to Unitholders | **(RMB3.2cents)** | (RMB5.3cents) |
| Diluted loss per unit based upon profit before transactions with Unitholders attributable to Unitholders | **(RMB3.2cents)** | (RMB5.3cents) |

The units issuable in respect of the Manager's fee are considered to have an anti-dilutive effect on the basic loss per unit for the year ended 31 December 2024, thus it is not included in the calculation of diluted loss per unit.

## 13 Investment properties

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| At beginning of the year | **12,039,343** | 12,082,952 |
| Additions | **14,367** | 37,636 |
| Exchange differences recognised in other comprehensive income | **6,628** | 50,588 |
| Changes in fair value recognised in consolidated income statement | **(158,421)** | (131,833) |
| | **11,901,917** | 12,039,343 |
| Transfer to assets classified as held for sale (note 23) | **(649,917)** | — |
| At end of the year | **11,252,000** | 12,039,343 |

*Notes:*

(i) The investment properties of the Group include those located in Beijing, Huizhou and the UK.

In Beijing, the investment properties comprise office towers 1 & 2 and approximately 608 car parking spaces located at No. 79 and 81 Jianguo Road, Beijing, the PRC. The land use rights of the properties have been granted to RCA01 for a 50-year term expiring on 28 October 2053.

In Huizhou, the investment properties comprise seven-storey shopping mall and 700 underground and 50 above-ground car park spaces located at No. 9 First Wencheng Road, Huicheng District, Huizhou, Guangdong Province, the PRC. The land use rights of the properties have been granted to Huizhou Runxin for 40-year term expiring on 1 February 2048.

In the UK, the investment properties comprise 83 (2023: 84) individual properties with diversified locations across the UK. The investment properties are held under either freehold or leasehold interests.

As at 31 December 2024 and 31 December 2023, the Group had no unprovided contractual obligations for future repairs and maintenance of the investment properties.

As at 31 December 2024 and 31 December 2023, the investment properties were pledged to secure the Group's interest-bearing borrowings (note 19).

As at 31 December 2024, the UK investment properties were transferred to assets classified as held for sale.

**Valuation process**

The Group's investment properties were valued by an independent qualified valuer not connected to the Group who holds a recognised relevant professional qualification and has recent experiences in the locations and segments of the investment properties valued.

The Manager reviewed the valuation performed by the independent valuer for financial reporting purpose. Discussions of valuation processes and results are held between the Manager and the independent valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 December 2024 and 2023, the fair values of the investment properties have been determined by Knight Frank Petty Limited. The independent valuer adopted the income capitalisation approach and cross-checked by the direct comparison approach for the valuation where applicable.

**Valuation techniques**

**(i) PRC investment properties**

The income capitalisation approach estimates the value of the property on an open market basis by capitalising the estimated rental income having regard to the current passing rental income from the existing tenancies and potential future reversionary income at the market level. In this valuation method, the total rental income comprises the current passing rental income over the existing remaining lease terms (the "term income") and a potential market rental income upon reversion (the "reversionary income"). The term value involves the capitalisation of the current passing rental income over the existing remaining lease terms. The reversionary value is estimated by capitalising the current market rental income. It is then discounted back to the valuation date. In this method, the independent qualified valuer has considered the term and reversionary yields to capitalise the current passing rental income and the market rental income, respectively.

The direct comparison approach is based on comparing the subject property with other comparable sales evidences of similar properties in the local market.

**(ii) UK investment properties**

The income capitalisation approach estimates the values of the properties on an open market basis by capitalising the estimated rental income having regard to the current passing rental income from the existing tenancies and potential future reversionary income at the market level. In this valuation method, the total rental income comprises the term income and the reversionary income. Both the term income and the reversionary income are capitalised using the same capitalisation rate either on perpetual basis (for freehold properties) or on the basis of the properties' remaining land tenure (for leasehold properties).

**Fair value hierarchy**

| | Fair value measurements using | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Recurring fair value measurements** | | | |
| As at 31 December 2024 | **—** | **—** | **11,252,000** |
| As at 31 December 2023 | — | — | 12,039,343 |

The UK Properties (note 23) applied level 3 for value measurement as at 31 December 2024.

There were no transfers between levels 1, 2 and 3 during the year (2023: nil).

**Key unobservable inputs used to determine fair values**

**(i) Beijing CCP properties**

*(a) Capitalisation rate*

This is estimated based on the market lease over market value on comparable. The higher the capitalisation rates used, the lower the fair values of the investment properties. In the 31 December 2024 valuation, a capitalisation rate of 4.5% (2023: 5.0%) is used in the income capitalisation approach.

*(b) Base rent*

Base rent is the standard rent payable under the lease exclusive of any other charges and reimbursements. This was estimated based on the market lease comparable. The higher the base rent used, the higher the fair values of the investment property. The average gross monthly office unit base rent of RMB370 (2023: RMB399) per square meter exclusive of VAT is used in the valuation.

**(ii) Huizhou Huamao Place**

*(a) Capitalisation rate*

This is estimated based on the market lease over market value on comparable. The higher the capitalization rates used, the lower the fair values of the investment properties. In the 31 December 2024 valuation, a capitalisation rate of 6.0% (2023: 6.0%) is used in the income capitalisation approach.

*(b) Base rent*

Base rent is the standard rent payable under the lease exclusive of any other charges and reimbursements. This was estimated based on the market lease comparable. The higher the base rent used, the higher the fair values of the investment properties. The gross monthly base rent for the retail unit is RMB184 (2023: RMB179) per square meter.

**(iii) UK investment properties**

*(a) Capitalisation rate*

This is estimated based on the market lease over market value on comparable. The higher the capitalisation rate used, the lower the fair values of the investment property. In the 31 December 2024 valuations, the capitalisation rate used in the income capitalisation approach of 83 investment properties range from 4.25% to 9.05% (2023: 4.35% to 9.05%).

*(b) Base rent*

Base rent is the standard rent payable under the lease exclusive of taxes, other relevant charges and reimbursements. This was estimated based on the market lease comparable. The higher the base rent used, the higher the fair values of the investment properties. The gross annual unit base rents of 83 (2024: 84) investment properties range from GBP4.75 to GBP25.75 (2023: GBP4.50 to GBP27.96) per square foot.

## 14 Leases

This note provides information for leases where the Group is a lessee that is not occupied by the Group.

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| **Right-of-use assets** | | |
| At beginning of the year | **15,468** | 14,460 |
| Exchange differences recognised in other comprehensive income | **163** | 1,195 |
| Changes in fair value recognised in consolidated income statement | **(44)** | (187) |
| | **15,587** | 15,468 |
| Transfer to assets classified as held for sale (note 23) | **(15,587)** | — |
| At end of the year | **—** | 15,468 |

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| **Lease liabilities, expected to be settled:** | | |
| Within 1 year | **267** | 344 |
| After 1 year | **10,769** | 10,819 |
| | **11,036** | — |
| Transfer to liabilities classified as held for sale (note 23) | **(11,036)** | — |
| | **—** | 11,163 |

The following table presents right-of-use assets that related to investment properties are measured at fair values.

**Fair value hierarchy**

| | Fair value measurements using | | |
|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** |
| | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** |
| **Recurring fair value measurements** | | | |
| As at 31 December 2024 | **—** | **—** | **—** |
| As at 31 December 2023 | — | — | 15,468 |

Right-of-use assets of the UK (note 23) applied level 3 fair value measurement as at 31 December 2024.

There were no transfers between levels 1, 2 and 3 during the year (2023: nil).

## 15 Derivative financial instruments

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| **Derivative assets** | | |
| Derivative financial instruments | **95,443** | 93,186 |
| **Derivative liabilities** | | |
| Derivative financial instruments | **—** | 41,376 |

The Group has entered into three (2023: four) interest rate swaps and six (2023: four) cross currency swaps as part of its financial risk management but did not account for these as accounting hedges under IFRS 9. Plain vanilla interest rate swap was used to hedge the floating interest payments of the debt instruments. Cross-currency swap was used to hedge both floating interest payment and foreign exchange risk of the debt instruments.

The aggregated notional principal amounts of the interest rate swaps as at 31 December 2024 were HK$2,355 million and GBP 47.8 million (approximately RMB2,617 million) (31 December 2023: HK$2,355 million and GBP47.8 million (approximately total RMB2,566 million)) with HK$2,355 million mature on 23 September 2025 and GBP47.8 million mature on 27 January 2025 (2023: HK$2,355 million mature on 23 September 2025 and GBP47.8 million mature on 27 January 2025).

The Group entered into six cross currency swaps swapping RMB to HK$. The total aggregated notional principal amount as of 31 December 2024 was HK$3,520 million (approximately RMB3,260 million) with maturity on 23 September 2025 (2023: HK$1,950 million (approximately RMB1,767 million) with maturity on 23 September 2025).

The Group recorded net fair value gain on derivative financial instruments for the year ended 31 December 2024 amounting to RMB22,802,000 (2023: loss of RMB120,615,000) (note 8) which were charged to the consolidated income statement.

The maximum exposure to credit risk at the reporting date is the carrying values of the derivative financial instruments.

The carrying amounts of derivatives are expected to be recovered/settled within next twelve months.

## 16 Trade and other receivables

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Rent receivables (note vi) | **6,315** | 10,223 |
| Deferred rent receivables (note iv) | **37,294** | 35,080 |
| Prepayments | **15,484** | 9,026 |
| Other receivables | **4,610** | 8,960 |
| Indemnified tax recoverable (note v) | **2,944** | 24,814 |
| | **66,647** | 88,103 |

*Notes:*

(i) Trade and other receivables are mainly denominated in RMB and GBP, and the carrying amounts of these receivables approximate their fair values.

There are no specific credit terms given to the tenants.

Fixed monthly rentals are payable in advance by tenants in accordance with the leases while the turnover rent and daily gross receipts from tenants, and car parks are received from the car park operators in arrears.

(ii) The Group's exposure from outstanding rent receivables and deferred rent receivables is generally fully covered by the rental deposits from the corresponding tenants (note 18).

(iii) As at 31 December 2024 and 2023, the rent receivables and all future rent receivables in the PRC were pledged to secure the Group's interest-bearing borrowings (note 19).

(iv) Deferred rent receivables represent the accumulated difference between effective rental revenue and actual rental receipts.

(v) The balance represents the tax indemnity from seller in relation to the acquisition of Huizhou properties for any tax liabilities of the project company before the acquisition and the balance was unsecured, interest free, repayable on demand and denominated in RMB.

(vi) The ageing of rent receivables, presented based on the due date, is as follows:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| 0 – 30 days | **3,154** | 4,207 |
| 31 – 90 days | **1,878** | 1,967 |
| Over 90 days | **1,283** | 4,049 |
| | **6,315** | 10,223 |

(vii) The carrying amounts of trade and other receivables are expected to be recovered within the next twelve months.

## 17 Restricted bank balances and cash and cash equivalents

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Restricted bank balances | **276,413** | 326,532 |
| Cash and cash equivalents | **253,820** | 222,893 |
| | **530,233** | 549,425 |

Cash and cash equivalents and restricted bank balances are denominated in the following currencies:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| US$ | **2,932** | 19,290 |
| RMB | **314,153** | 352,093 |
| HK$ | **213,122** | 166,241 |
| GBP | **26** | 11,801 |
| | **530,233** | 549,425 |

Restricted bank balances are related to bank accounts restricted under the bank borrowing facility agreements of the Group's bank interest-bearing borrowings (note 19).

The carrying amounts of cash and cash equivalent and restricted bank balances are expected to be recovered as below:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| **Cash and cash equivalents** | | |
| Within 1 year | **253,820** | 222,893 |
| **Restricted bank balances** | | |
| Within 1 year | **236,413** | — |
| After 1 year | **40,000** | 326,532 |
| | **276,413** | 326,532 |

## 18 Rental deposits and trade and other payables

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| **Rental deposits (note i)** | **195,487** | 211,544 |
| **Trade and other payables:** | | |
| Rental receipts in advance | **53,953** | 59,677 |
| Provision for other taxes (note ii) | **4,449** | 15,003 |
| Accrued expenses and other payables | **118,892** | 140,442 |
| | **177,294** | 215,122 |

(i) The carrying amount is expected to be settled based on the terms of agreement as below:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Within 1 year | **58,819** | 71,815 |
| After 1 year | **136,668** | 139,729 |
| | **195,487** | 211,544 |

(ii) Provision for other taxes represents provision for value added tax, urban construction and maintenance tax, education surcharge and stamp duty.

The carrying amounts of trade and other payables approximate their fair values, mainly denominated in RMB and GBP and are expected to be settled within twelve months.

## 19 Interest-bearing borrowings

The carrying amounts of bank borrowing are expected to be settled as below:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| **Bank borrowings** | | |
| Within 1 year | **4,205,918** | 67,765 |
| After 1 year | **592,441** | 4,986,725 |
| | **4,798,359** | 5,054,490 |
| Bank borrowing included in liabilities classified as held for sale (note 23) (note iii) | **436,362** | — |
| | **5,234,721** | 5,054,490 |

Bank borrowings are denominated in the following currencies:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| HK$ (note i) | **4,130,815** | 3,890,949 |
| RMB (note ii) | **667,544** | 735,309 |
| GBP (note iii) | **—** | 428,232 |
| | **4,798,359** | 5,054,490 |

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting year are as follows:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| 6 months or less | **4,798,359** | 5,054,490 |

The carrying amounts of bank borrowings approximate their fair values, as the borrowings were at floating interest rate.

*Notes:*

(i) The borrowing bears interest of 1.65% per annum above 1-month HK$ HIBOR and repayable in full on 23 September 2025;

(ii) The borrowing bears interest of 60 basis point above the loan prime rate for more than five years as announced by the National Interbank Funding Centre, repayable periodically and will mature in March 2032; and

(iii) The borrowing is repayable in full on 26 January 2025 and bears interest of 2.20% margin plus Sterling Overnight Index Average plus Credit Adjustment Spread. As at 31 December 2024, the UK bank borrowings was transferred to liabilities classified as held for sale.

In January 2025, the Group entered into an amendment and restatement agreement to the existing facility agreement and the Group refinanced the existing borrowing. The new borrowing will be repayable in full on 26 January 2026.

As at 31 December 2024 and 31 December 2023, the Group's investment properties (note 13), derivative financial instruments (note 15), rent receivables (note 16) and all future rent receivables of the investment properties (note 22), restricted bank balances (note 17), interests in certain subsidiaries of the Group and certain assets of a subsidiary of the Group were pledged to secure the Group's loan borrowings. In addition, the Trustee (in its capacity as trustee of Spring REIT) has provided guarantee for all the loan facilities.

## 20 Deferred tax liabilities

Deferred taxation is calculated in full on temporary differences under the liability method.

Deferred tax liabilities are expected to be settled after one year.

The movements in deferred tax liabilities during the year are as follows:

| | **Investment properties revaluation** *RMB'000* | **Acceleration depreciation allowance** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|
| **At 31 December 2024** | | | |
| At 1 January 2024 | **100,250** | **9,900** | **110,150** |
| Deferred tax expense recognised in consolidated income statement | **2,250** | **10,572** | **12,822** |
| At end of the year | **102,500** | **20,472** | **122,972** |

| | Investment properties revaluation *RMB'000* | Acceleration depreciation allowance *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| **At 31 December 2023** | | | |
| At 1 January 2023 | 95,250 | 2,063 | 97,313 |
| Deferred tax expense recognised in consolidated income statement | 5,000 | 7,837 | 12,837 |
| At end of the year | 100,250 | 9,900 | 110,150 |

## 21 Units in issue

| | **Number of units As at 31 December** | |
|---|---|---|
| | **2024** | 2023 |
| Balance as at beginning of the year | **1,440,497,110** | 1,484,931,187 |
| New units issued for Manager's fee | **21,521,015** | 19,510,923 |
| Repurchase of units in issue (note ii) | **(2,977,000)** | (63,945,000) |
| Balance as at end of the year | **1,459,041,125** | 1,440,497,110 |

(i) Traded market value of the units as of 31 December 2024 was HK$1.87 (2023: HK$2.28) per unit. Based on 1,459,041,125 (2023: 1,440,497,110) units, the market capitalisation was HK$2,728 million (approximately RMB2,527 million) (2023: HK$3,284 million (approximately RMB2,976 million)).

(ii) Pursuant to the general mandate granted to the Manager by the Unitholders, the Manager (on behalf of Spring REIT) bought back a total of 2,977,000 units (2023: 64,348,000 units) at an aggregate amount of approximately RMB4,828,000 (2023: RMB140,055,000) during the year ended 31 December 2024. 2,977,000 units (2023: 63,945,000 units) bought back were cancelled during the year.

## 22 Future minimum rental receivables

As at 31 December 2024, the analysis of the Group's aggregate future minimum rental receivable under non-cancellable leases is as follows:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Within 1 year | **619,428** | 616,502 |
| 1 – 2 years | **471,155** | 461,364 |
| 2 – 3 years | **299,832** | 286,603 |
| 3 – 4 years | **198,995** | 146,101 |
| 4 – 5 years | **138,841** | 106,042 |
| After 5 years | **163,305** | 204,626 |
| | **1,891,556** | 1,821,238 |

*Note:* Most of the operating leases are on fixed terms and of terms of 3 years (2023: 3 years).

## 23 Assets classified as held for sale/liabilities associated with assets classified as held for sale

As at 31 December 2024, the Group decided to dispose all 83 commercial properties in the United Kingdom (the "UK properties") through the disposal of the entire issued share capital of Hawkeye Properties 501 Limited ("HP501"), a wholly-owned subsidiary of the Group.

As at 31 December 2024, assets classified as held for sale represents the investment properties and assets associated held through HP501. The liabilities associated with assets classified as held for sale represents liabilities associated with HP501. Details of the assets classified as held for sale and liabilities associated with assets classified as held for sale for HP501 are as follows:

| | **2024** |
|---|---|
| | ***RMB'000*** |
| Assets classified as held for sale | |
| Investment properties (note) | 649,917 |
| Right-of-use assets | 15,587 |
| Trade and other receivables | 7,152 |
| Restricted bank balances | 3,106 |
| Cash and cash equivalents | 17,096 |
| Derivative financial instruments | 1,058 |
| | 693,916 |
| Liabilities classified as held for sale | |
| Trade and other payables | 10,251 |
| Interest-bearing borrowings | 436,362 |
| Income tax payable | 2,207 |
| Lease liabilities | 11,036 |
| | 459,856 |

*Note:* The investment properties held through comprised 83 commercial properties located in the United Kingdom.

## 24 Principal subsidiaries

| Name | Place of establishment and kind of legal entity/place of operations | Principal activities | Particulars of issued share capital | Interest held 2024 | Interest held 2023 |
|---|---|---|---|---|---|
| **Directly held:** | | | | | |
| RCA01 | Cayman Islands, limited liability | Property investment | 1,000 of US$1 each | **100%** | 100% |
| RUK01 Limited | Jersey, limited liability | Investment holding | 1 of GBP1 each | **100%** | 100% |
| RHZ01 Limited | British Virgin Islands, limited liability | Investment holding | 1 of US$1 each | **100%** | 100% |
| **Indirectly held:** | | | | | |
| Huamao Capital Focus 03 Limited | British Virgin Islands, limited liability | Investment holding | 1 of US $1 each | **100%** | 100% |
| Hawkeye Properties 501 Limited | Jersey, limited liability | Property investment | 2 of GBP1 each | **100%** | 100% |
| Huizhou Runxin Shopping Mall Development Co., Ltd. | PRC, limited liability | Property investment | RMB400,000,000 | **68%** | 68% |

The above list contains only the particulars of the subsidiaries which principally affect the results or assets and liabilities of the Group.

## 25 Financial instruments by category

| | | Year ended 31 December | |
|---|---|---|---|
| | | **2024** | 2023 |
| | *Notes* | ***RMB'000*** | *RMB'000* |
| **Financial assets** | | | |
| *Financial assets at amortised cost:* | | | |
| Trade and other receivables | 16 | **24,077** | 35,037 |
| Restricted bank balances | 17 | **276,413** | 326,532 |
| Cash and cash equivalents | 17 | **253,820** | 222,893 |
| *Financial assets at fair value through profit and loss:* | | | |
| Derivative financial instruments | 15 | **95,443** | 93,186 |
| | | **649,753** | 685,621 |
| **Financial liabilities** | | | |
| *Financial liabilities at amortised cost:* | | | |
| Accrued expenses and other payables | 18 | **127,493** | 140,442 |
| Rental deposits | 18 | **195,487** | 211,544 |
| Interest-bearing borrowings | 19 | **4,798,359** | 5,054,490 |
| Lease liabilities | 14 | **—** | 11,163 |
| *Financial liabilities at fair value through profit and loss:* | | | |
| Derivative financial instruments | 15 | **—** | 41,376 |
| | | **5,121,339** | 5,459,015 |

The Group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

## 26 Subsequent events

On 18 February 2025, the Group entered into a sale and purchase agreement with an independent third party of the Group to dispose of the UK properties (note 23). The disposal was approved by Unitholders on 10 March 2025 and is expected to be completed by March 2025.

## 27 Approval of the consolidated financial statements

The consolidated financial statements were authorised for issue by the Manager on 24 March 2025.