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**SpringREIT**

**Spring Real Estate Investment Trust**

春泉產業信託

*(A Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))*

**(Stock code: 01426)**

**Managed by**

**Spring Asset Management Limited**

**ANNOUNCEMENT**

**CONTINUING CONNECTED PARTY TRANSACTIONS**

The Board wishes to announce that it has become aware of the disclosure of interests notification made by Huamao Property informing of an increase in their interests in units of Spring REIT on 24 December 2020, causing Huamao Property to become a substantial unitholder of Spring REIT and therefore a connected person of Spring REIT. Prior to this, Huamao Property was an independent third party of Spring REIT and not a connected person of Spring REIT within paragraph 8.1 of the REIT Code.

Spring REIT (through its wholly-owned special purpose vehicle, RCA01) is the owner of Office Tower 1 and Office Tower 2 and certain carpark spaces constituting part of the Development. Guohua is the owner of the corresponding shopping areas underneath the office towers and certain carpark spaces constituting part of the Development. As Guohua is an associate of Huamao Property, which has become a substantial unitholder of Spring REIT with effect from 24 December 2020, Guohua has consequently become a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code.

In view of Guohua becoming a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code, certain operations-related transactions between Spring REIT and Guohua, being the Common Area Service Contract and the Carpark Contracts, now constitute continuing connected party transactions of Spring REIT under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules. The Carpark Contracts comprise the Carpark Master Lease and the Carpark Management and Benefit Sharing Agreement (both as amended and supplemented by the Supplemental Agreements).

Pursuant to rule 14A.60(1) of the Listing Rules, for a transaction with fixed period and on fixed terms that subsequently becomes a connected party transaction, the Manager is required to: (i) comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules, including publication of an announcement and annual reporting, if Spring REIT continues to conduct such transactions; and (ii) comply with all connected party transaction requirements under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules when the agreement for such transaction is renewed or its terms are varied. Further, pursuant to rule 14A.52 of the Listing Rules, all continuing connected party transactions of Spring REIT should be for a fixed period and on fixed terms.

As the Common Area Service Contract is for a fixed period and on fixed terms, the Manager shall comply with rule 14A.60(1) of the Listing Rules noted above. As the Carpark Master Lease was renewed and amended and supplemented after the transaction became a connected party transaction, the Carpark Master Lease shall, pursuant to rule 14A.60(1) of the Listing Rules, comply with all connected party transaction requirements under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules (including determination of annual caps in respect of such continuing connected party transaction). As the Carpark Management and Benefit Sharing Agreement (prior to being amended and supplemented by the Carpark Management Supplemental Agreement) was on fixed terms but not for a fixed period, such agreement was amended and supplemented by the Carpark Management Supplemental Agreement to, among other things, comply with rule 14A.52 of the Listing Rules, and the Carpark Management and Benefit Sharing Agreement shall, pursuant to rule 14A.60(1) of the Listing Rules, comply with all connected party transaction requirements under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules (including determination of annual caps in respect of such continuing connected party transaction).

Given that the Carpark Master Lease (as amended and supplemented by the Carpark Master Lease Supplemental Agreement) and the Carpark Management and Benefit Sharing Agreement (as amended and supplemented by the Carpark Management Supplemental Agreement), being the Carpark Contracts, were entered into within a 12-month period, the transactions thereunder are required to be aggregated pursuant to rule 14A.81 to 14A.83 of the Listing Rules. As the highest applicable percentage ratio calculated in respect of the annual caps exceeds 0.1% but is less than 5%, the Carpark Contracts are subject to the announcement, reporting and annual review requirements but are exempted from the unitholders' approval requirement under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules.

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

## A. BACKGROUND

The board of directors (the "**Board**") of Spring Asset Management Limited (the "**Manager**") wishes to announce that it has become aware that, pursuant to the disclosure of interests notification made by Huamao Property Holdings Limited ("**Huamao Property**") on 24 December 2020, Huamao Property has increased its interests in units of Spring Real Estate Investment Trust ("**Spring REIT**") to 12.68% on 24 December 2020, thereby becoming a substantial unitholder of Spring REIT. Huamao Property has therefore become a connected person of Spring REIT pursuant to paragraph 8.1(d) of the Code on Real Estate Investment Trusts (the "**REIT Code**"). Prior to the aforesaid increase in interests, Huamao Property was an independent third party of Spring REIT and not a connected person of Spring REIT within paragraph 8.1 of the REIT Code.

Spring REIT (through its wholly-owned special purpose vehicle, RCA01) is the owner of Office Tower 1 and Office Tower 2 and certain carpark spaces (the "**Spring REIT CCP Properties**") constituting part of the mixed-use development known as China Central Place in Beijing, the People's Republic of China (the "**PRC**") (the "**Development**"). Beijing Guohua Real Estate Co., Ltd.\* ("**Beijing Guohua**") is the owner of the corresponding shopping areas underneath the office towers and its wholly-owned subsidiary (the "**Guohua Subsidiary**") and together with Beijing Guohua, "**Guohua**") is the owner of certain carpark spaces constituting part of the Development. As Guohua is an associate of Huamao Property, which has become a substantial unitholder of Spring REIT with effect from 24 December 2020, Guohua has consequently become a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code.

RCA01 (through its agent, Beijing Hua-re Real Estate Consultancy Co., Ltd.\* (“**Beijing Hua-re**”), who is engaged by RCA01 to provide property management services in respect of the Spring REIT CCP Properties) and Beijing Guohua, as owners of their respective portion of the Development, are parties to the Common Area Service Contract (as described below), which governs the provision of maintenance and management services by Beijing Huamao Property Management Co., Ltd.\* (the “**Building Manager**”) in respect of the common areas within the Development.

RCA01 (through Beijing Hua-re) (as lessor) and Beijing Huamao Property Consulting Co., Ltd. First Branch\* (being an associate of the Building Manager) (the “**Carpark Operator**”) (as lessee) are parties to the Carpark Master Lease (as described below) in respect of the carpark spaces constituting part of the Spring REIT CCP Properties, pursuant to which such carpark spaces have been master-leased to the Carpark Operator at a fixed rent.

In relation to the Carpark Master Lease, the parties to the Carpark Master Lease are also parties to the Carpark Management and Benefit Sharing Agreement (as described below) and together with the Carpark Master Lease and as amended and supplemented by the Supplemental Agreements (as described below), the “**Carpark Contracts**”) with Guohua: (i) pursuant to which the Carpark Operator has been appointed to provide management services in respect of the carpark (comprising the carpark spaces owned by RCA01 and the carpark spaces owned by the Guohua Subsidiary (such carpark spaces previously owned by Beijing Guohua and transferred to the Guohua Subsidiary on 22 October 2020)); and (ii) which sets out the basis for determining the amount of the net income generated from the carpark and each owner’s entitlement thereto.

In accordance with the Carpark Management and Benefit Sharing Agreement, the final annual rent amount receivable by RCA01 under the Carpark Master Lease is subject to an annual payment adjustment, which is agreed between RCA01 and the Carpark Operator after the end of the relevant year with reference to the amount of the net income generated from the carpark and RCA01’s cumulative entitlement thereto pursuant to the Carpark Management and Benefit Sharing Agreement. If such final annual rent amount receivable by RCA01 is higher than the fixed rent amount, RCA01 shall receive a payment adjustment from the Carpark Operator, and if such final annual rent amount receivable by RCA01 is lower than the fixed rent amount, RCA01 shall make a payment adjustment to the Carpark Operator. In other words, the total rent amount receivable by RCA01 under the Carpark Master Lease is the agreed fixed rent, plus or minus (as the case may be) the agreed payment adjustment for the corresponding year.

In view of Guohua becoming a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code, the Common Area Service Contract and the Carpark Contracts, as amended and supplemented by the Supplemental Agreements (collectively, the "**Connected Contracts**"), now constitute continuing connected party transactions of Spring REIT under Chapter 8 of the REIT Code and Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (modified as appropriate pursuant to paragraph 2.26 of the REIT Code) (the "**Listing Rules**"). To the best of the knowledge, information and belief of the directors of the Manager, having made all reasonable enquiries, each of the other parties to the Connected Contracts (being the Building Manager and the Carpark Operator) is an independent third party of Spring REIT and its connected persons, and each of the Building Manager, the Carpark Operator and their respective ultimate beneficial owners is not a connected person of Spring REIT within paragraph 8.1 of the REIT Code.

Other than as disclosed in this announcement, the Manager is not aware of any other connected party transaction of Spring REIT that would result from the aforesaid increase in Huamao Property's interests in units of Spring REIT.

## **B. THE COMMON AREA SERVICE CONTRACT**

RCA01 (through Beijing Hua-re) and Beijing Guohua, as owners of their respective portion of the Development, are parties to a service contract with the Building Manager for the provision of maintenance and management services for the common areas within the Development. On 31 December 2019, the parties entered into a supplemental agreement to renew the service contract for a further term of 24 months with effect from 1 January 2020 (collectively, the "**Common Area Service Contract**").

The Manager is of the view that the Common Area Service Contract was negotiated at arm's length at the time of entry and is on normal commercial terms, which are fair and reasonable, in the ordinary and usual course of business of Spring REIT and in the interests of Spring REIT and its unitholders as a whole.

## **Key terms of the Common Area Service Contract**

Key terms of the Common Area Service Contract are as follows:

### **Common Area Service Contract** *(expiring on 31 December 2021)*

Parties	(1) Beijing Hua-re (on behalf of RCA01) and Beijing Guohua as owners (2) Beijing Huamao Property Management Co., Ltd.* as building manager
Purpose	Appointment of the Building Manager to provide maintenance and management services for the common areas of the mixed-use development known as China Central Place located in Beijing, the PRC
Term	24 months from 1 January 2020
Management fees of the Building Manager	RMB4,211,347.11 per year (to be paid on a quarterly basis) with respect to the common areas of Office Tower 1 and Office Tower 2 of the Development, of which 78% shall be paid by RCA01 (as owner of the corresponding office areas) and 22% shall be paid by Beijing Guohua (as owner of the corresponding shopping areas underneath the office towers). The amount of the management fees has been determined with reference to the scope and level of the services provided and the prevailing market rates for similar properties in the locality that are used for similar purposes in the PRC and the allocation of the management fees between RCA01 and Beijing Guohua takes into account the proportion of the registered property area of their respective properties.
Termination	The contract may only be early terminated by mutual agreement.
Renewal	The owners shall notify the Building Manager within 30 business days of receipt of notice of expiry (which shall be served by the Building Manager at least 90 days before expiry) if they do not wish to renew the contract. If no such notification is made, the contract shall be renewed within 15 working days.

## Historical amounts under the Common Area Service Contract

The historical amounts under the Common Area Service Contract in each of the years ended 31 December 2018, 31 December 2019 and 31 December 2020 are as follows:

	Amounts under the Common Area Service Contract		
	for the year ended		
	31 December 2018 <i>(Note 1)</i>	31 December 2019 <i>(Note 1)</i>	31 December 2020 <i>(Note 1)</i>
	RMB	RMB	RMB
<b>Total management fees</b>	4,211,347.11	4,211,347.11	4,211,347.11
<b>Management fees payable by RCA01 <i>(Note 2)</i></b>	3,284,851.75	3,284,851.75	3,284,851.75
<b>Management fees payable by Beijing Guohua</b>	926,496.36	926,496.36	926,496.36

*(Note 1)* For the avoidance of doubt, the transactions under the Common Area Service Contract prior to 24 December 2020 were not connected party transactions of Spring REIT, as Beijing Guohua was not a connected person of Spring REIT until such date.

*(Note 2)* Pursuant to the Common Area Service Contract, such management fees are paid via deduction from the building management fees from the tenants of the Spring REIT CCP Properties.

## Reasons for entering into the Common Area Service Contract

Spring REIT (through RCA01) is the owner of Office Tower 1 and Office Tower 2 of the Development. Beijing Guohua is the owner of the corresponding shopping areas underneath the office towers. As there are economies of scale for both owners to appoint a single building manager to provide the necessary maintenance and management services for the relevant common areas of the Development, each of them has appointed the Building Manager to provide such services pursuant to the Common Area Service Contract. The allocation of the management fees between RCA01 and Beijing Guohua takes into account the proportion of the registered property area of their respective properties.

## C. THE CARPARK CONTRACTS

On 8 May 2017, RCA01 (through Beijing Hua-re) (as lessor) and the Carpark Operator (as lessee) entered into a master lease in respect of 608 carpark spaces constituting part of the Spring REIT CCP Properties, pursuant to which such carpark spaces have been master-leased to the Carpark Operator at a fixed rent for a period of 12 months commencing from 1 January 2017. Such carpark master lease was renewed on 14 March 2018, 26 December 2018 and 31 December 2019, each time renewing the carpark master lease for a further term of 12 months. On 9 February 2021, the parties entered into an agreement to renew the master lease for a further term of 12 months with effect from 1 January 2021 (collectively, the “**Carpark Master Lease**”).

In relation to the Carpark Master Lease, the parties to the Carpark Master Lease are also parties to a carpark management and benefit sharing agreement with Guohua: (i) pursuant to which the Carpark Operator has been appointed to provide management services in respect of the carpark (comprising the carpark spaces owned by RCA01 and the carpark spaces owned by the Guohua Subsidiary (such carpark spaces previously owned by Beijing Guohua and transferred to the Guohua Subsidiary on 22 October 2020)); and (ii) which sets out the basis for determining the amount of the net income generated from the carpark and each owner’s entitlement thereto.

On 9 February 2021, the parties entered into a supplemental agreement (the “**Carpark Management Supplemental Agreement**”) to amend the term of the carpark management and benefit sharing agreement to 12 months with effect from 1 January 2021 and to confirm that the Guohua Subsidiary will assume all the rights and obligations of Beijing Guohua under the relevant agreements (collectively, the “**Carpark Management and Benefit Sharing Agreement**”). Prior to such amendment, the term of the Carpark Management and Benefit Sharing Agreement continued indefinitely until terminated by RCA01 and Guohua.



In accordance with the Carpark Management and Benefit Sharing Agreement, the final annual rent amount receivable by RCA01 under the Carpark Master Lease is subject to an annual payment adjustment, which is agreed between RCA01 and the Carpark Operator after the end of the relevant year with reference to the amount of the net income generated from the carpark and RCA01's cumulative entitlement thereto pursuant to the Carpark Management and Benefit Sharing Agreement. If such final annual rent amount receivable by RCA01 is higher than the fixed rent amount, RCA01 shall receive a payment adjustment from the Carpark Operator, and if such final annual rent amount receivable by RCA01 is lower than the fixed rent amount, RCA01 shall make a payment adjustment to the Carpark Operator. In other words, the total rent amount receivable by RCA01 under the Carpark Master Lease is the agreed fixed rent, plus or minus (as the case may be) the agreed payment adjustment for the corresponding year.

On 9 February 2021, with respect to the final annual rent amount receivable by RCA01 under the Carpark Master Lease for the calendar year 2020, RCA01 (through Beijing Hua-re) (as lessor) and the Carpark Operator (as lessee) entered into a supplemental agreement (the “**Carpark Master Lease Supplemental Agreement**” and together with the Carpark Management Supplemental Agreement, the “**Supplemental Agreements**”) with reference to the amount of the net income generated from the carpark and RCA01's cumulative entitlement thereto pursuant to the Carpark Management and Benefit Sharing Agreement. As the final annual rent amount for the calendar year 2020 receivable by RCA01 is higher than the fixed rent amount for the calendar year 2020, RCA01 will receive a payment adjustment from the Carpark Operator.

### **Key terms of the Carpark Contracts**

Key terms of the Carpark Master Lease (for the calendar year 2021) are as follows:

#### **Carpark Master Lease**

*(expiring on 31 December 2021)*

Parties	(1) Beijing Hua-re (on behalf of RCA01) as lessor (2) Beijing Huamao Property Consulting Co., Ltd. First Branch* as lessee
Purpose	Renewal of the master lease of 608 carpark spaces constituting part of the Spring REIT CCP Properties
Term	12 months from 1 January 2021

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

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

Termination The contract may only be early terminated by mutual agreement.

Renewal The contract may be renewed by mutual agreement.

Key terms of the Carpark Master Lease Supplemental Agreement (amending and supplementing the Carpark Master Lease for the calendar year 2020) are as follows:

**Carpark Master Lease Supplemental Agreement**  
*(amending and supplementing the Carpark Master Lease for the calendar year 2020)*

Parties (1) Beijing Hua-re (on behalf of RCA01) as lessor  
(2) Beijing Huamao Property Consulting Co., Ltd. First Branch\* as lessee

Purpose To agree on a one-off payment adjustment for the annual rent amount receivable by RCA01 under the Carpark Master Lease for the calendar year 2020

Adjustment amount to fixed rent RMB809,171.94 (inclusive of value added tax) payable by the lessee to the lessor  
*(Note: This is in addition to the fixed rent amount of RMB4,400,000 (inclusive of value added tax) under the Carpark Master Lease for the calendar year 2020 which was already paid by the lessee to the lessor)*

Key terms of the Carpark Management and Benefit Sharing Agreement are as follows:

**Carpark Management and Benefit Sharing Agreement**

*(expiring on 31 December 2021)*

Parties	(1) Beijing Hua-re (on behalf of RCA01) as owner of 608 carpark spaces and Guohua as owner of 347 carpark spaces (2) Beijing Huamao Property Consulting Co., Ltd. First Branch* as carpark manager
Purpose	Appointment of the Carpark Operator to provide management services for certain carpark spaces located within the mixed-use development known as China Central Place located in Beijing, the PRC
Term	12 months from 1 January 2021
Management fees and remuneration of the Carpark Operator	Management fees of RMB 230 per month per carpark space. The Carpark Operator is entitled to a remuneration equivalent to 5% of the management fees, payable monthly by way of deduction from the management fees. The management fees and the Carpark Operator's remuneration have been determined with reference to the scope and level of the services provided and the prevailing market rates for similar properties in the locality that are used for similar purposes in the PRC.
Allocation of net income between RCA01 and Guohua	The allocation of the net income between RCA01 and Guohua takes into account the number of carpark spaces owned by each of them. The net income to which each of RCA01 and Guohua is entitled will be calculated as follows:  (i) <b>Fixed carpark spaces</b>  For the fixed carpark spaces provided to tenants, each of RCA01 and Guohua will be entitled to the net income generated from such carpark spaces owned by it.

(ii) **Non-fixed carpark spaces**

For the non-fixed carpark spaces provided to tenants, each of RCA01 and Guohua will be entitled to the net income calculated with reference to the number of carpark spaces owned by it, as follows:

Net income per month = leased carpark spaces owned by such party x net income generated by each non-fixed carpark spaces

(iii) **Hourly carpark spaces**

For the carpark spaces leased to non-tenants on an hourly basis (the “**Hourly Carpark Spaces**”), the net income to which each of RCA01 and Guohua is entitled will be calculated with reference to the number of carpark spaces owned by it, as follows:

Net income per month  
= [total income generated from all Hourly Carpark Spaces × (number of carpark spaces owned by such party ÷ number of all carpark spaces)]  
– [(number of Carpark Spaces owned by such party × the management fees of RMB 230 per month per carpark space) – management fees for the carpark spaces owned by such party which are provided to tenants on a fixed or non-fixed basis]  
– [amount under free parking quota × (number of carpark spaces owned by such party ÷ number of all carpark spaces)]

Termination

The contract may only be early terminated by mutual agreement.

Renewal

The contract may be renewed by mutual agreement.

## Historical amounts under the Carpark Contracts

As a basis for the determination of the annual caps, the historical amounts under the Carpark Contracts in each of the years ended 31 December 2018, 31 December 2019 and 31 December 2020 are as follows:

	Amounts under the Carpark Contracts for the year ended		
	31 December 2018 <i>(Note 1)</i>	31 December 2019 <i>(Note 1)</i>	31 December 2020 <i>(Note 1)</i>
	RMB	RMB	RMB
<b>Carpark Master Lease</b>			
Fixed rent (inclusive of value added tax) for the respective year	3,800,000	4,000,000	4,400,000
Adjustment rent for the respective year (payable after the end of the year)	N/A	900,000	809,171.94
<b>Carpark Management and Benefit Sharing Agreement</b>			
Management fees payable by RCA01 (as owner of 608 carpark spaces)	1,678,080	1,678,080	1,678,080
Management fees payable by Guohua (as owner of 347 carpark spaces)	957,720	957,720	957,720
Net income to which RCA01 is entitled (inclusive of value added tax) after deduction of management fees	3,862,083	5,122,197	5,143,771
Net income to which Guohua is entitled (inclusive of value added tax) after deduction of management fees	2,478,430	2,860,770	2,980,323

*(Note 1) For the avoidance of doubt, the transactions under the Carpark Contracts prior to 24 December 2020 were not connected party transactions of Spring REIT, as Guohua was not a connected person of Spring REIT until such date.*

## **Annual caps**

The annual cap applicable to the Carpark Master Lease for the calendar year 2021 is RMB5,309,172, and has been determined based on the total transaction amounts under the Carpark Master Lease (for the calendar year 2021) (i.e. the agreed fixed rent of RMB4,500,000) and the Carpark Master Lease Supplemental Agreement (to amend and supplement the Carpark Master Lease for the calendar year 2020) (i.e. the agreed adjustment amount of RMB809,171.94).

The maximum aggregate amount of the net income (after deduction of management fees) for the calendar year 2021 to which RCA01 is entitled under the Carpark Management and Benefit Sharing Agreement shall not exceed the annual cap of RMB5,915,337, which has been determined based on the highest annual historical amounts of the total net income to which RCA01 is entitled thereunder for the calendar years 2018, 2019 and 2020 (i.e. RMB5,143,771 for the calendar year 2020), with a buffer of 15% applied for contingencies such as changes in operating performance or other market conditions. The maximum amount of management fees under the Carpark Management and Benefit Sharing Agreement for the calendar year 2021 shall not exceed the annual cap of RMB1,678,080, which has been determined based on the agreed rate of RMB230 per month per carpark space.

## **Reasons for entering into the Carpark Contracts**

Spring REIT (through RCA01) is the owner of Office Tower 1 and Office Tower 2 of the Development. Guohua is the owner of certain carpark spaces constituting part of the Development. As there are economies of scale for both owners to appoint a single carpark manager to provide the necessary management services for the carpark spaces owned by each of them, each of them has appointed the Carpark Operator to provide such services pursuant to the Carpark Contracts.

## **D. REGULATORY IMPLICATIONS**

Pursuant to rule 14A.60(1) of the Listing Rules, for a transaction with fixed period and on fixed terms that subsequently becomes a connected party transaction, the Manager is required to: (i) comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules, including publication of an announcement and annual reporting, if Spring REIT continues to conduct such transactions; and (ii) comply with all connected party transaction requirements under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules when the agreement for such transaction is renewed or its terms are varied. Further, pursuant to rule 14A.52 of the Listing Rules, all continuing connected party transactions of Spring REIT should be for a fixed period and on fixed terms.

As the Common Area Service Contract is for a fixed period and on fixed terms, the Manager shall comply with rule 14A.60(1) of the Listing Rules noted above. As the Carpark Master Lease was renewed and amended and supplemented after the transaction became a connected party transaction, the Carpark Master Lease shall, pursuant to rule 14A.60(1) of the Listing Rules, comply with all connected party transaction requirements under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules (including determination of annual caps in respect of such continuing connected party transaction).

As the Carpark Management and Benefit Sharing Agreement (prior to being amended and supplemented by the Carpark Management Supplemental Agreement) was on fixed terms but not for a fixed period, such agreement was amended and supplemented by the Carpark Management Supplemental Agreement to, among other things, comply with rule 14A.52 of the Listing Rules, and the Carpark Management and Benefit Sharing Agreement shall, pursuant to rule 14A.60(1) of the Listing Rules, comply with all connected party transaction requirements under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules (including determination of annual caps in respect of such continuing connected party transaction).

Given that the Carpark Master Lease (as amended and supplemented by the Carpark Master Lease Supplemental Agreement) and the Carpark Management and Benefit Sharing Agreement (as amended and supplemented by the Carpark Management Supplemental Agreement), being the Carpark Contracts, were entered into within a 12-month period, the transactions thereunder are required to be aggregated pursuant to rule 14A.81 to 14A.83 of the Listing Rules.

As the highest applicable percentage ratio calculated in respect of the annual caps exceeds 0.1% but is less than 5%, the Carpark Contracts are subject to the announcement, reporting and annual review requirements but is exempted from the unitholders' approval requirement under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules.

### **Opinion of the Board**

The Board (including the independent non-executive directors of the Manager) is of the view that: (i) the terms of the Carpark Contracts, as amended and supplemented by the Supplemental Agreements, are fair and reasonable; (ii) the Carpark Contracts, as amended and supplemented by the Supplemental Agreements, were negotiated at arm's length at the time of entry and are on normal commercial terms and in the ordinary and usual course of business of Spring REIT; and (iii) the Carpark Contracts, as supplemented by the Carpark Management Supplemental Agreements, are in the interests of Spring REIT and its unitholders as a whole.

None of the directors of the Manager has a material interest in the Carpark Contracts and/or is required to abstain from voting on the resolution of the Board to approve the Supplemental Agreements to amended and supplement the Carpark Contracts.

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

The Manager has also obtained an opinion from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, being an independent valuer, that the Carpark Contracts, as amended and supplemented by the Supplemental Agreements, are fair and reasonable and on normal commercial terms.

### **Opinion of the Trustee**

Based and in sole reliance on the respective opinions of the Board and the independent valuer above and the information and assurances provided by the Manager, the trustee of Spring REIT (the “**Trustee**”), having taken into account its duties set out in the trust deed constituting Spring REIT (the “**Trust Deed**”) and the REIT Code:

- (i) has no objection to the entry into of the Carpark Master Lease and the Supplemental Agreements to amend and supplement the Carpark Contracts;
- (ii) is of the view that each of the Carpark Contracts, as amend and supplemented by the Supplemental Agreements, is consistent with Spring REIT’s investment policy and in compliance with the REIT Code and the Trust Deed;
- (iii) is of the view that each of the Carpark Contracts, as amend and supplemented by the Supplemental Agreements, is on normal commercial terms, fair and reasonable and in the interests of the unitholders as a whole; and
- (iv) confirms that unitholders’ approval is not required under the REIT Code or the Trust Deed for the entry into of the the Carpark Master Lease and the Supplemental Agreements to amend and supplement the Carpark Contracts.

These views are not to be taken as a recommendation or representation by the Trustee on the merits of the Carpark Contracts, as amend and supplemented by the Supplemental Agreements.



## **E. REVIEW AND REPORTING**

The Connected Contracts will be subject to the following review and reporting processes:

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

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

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

### **(b) Annual review by the auditors of Spring REIT**

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

- (i) has not been approved by the Board;
- (ii) was not, in all material respects, in accordance with the pricing policies of Spring REIT;
- (iii) was not entered into, in all material respects, in accordance with its terms of agreement; and
- (iv) (in the case of each Carpark Contract) has exceeded the applicable annual cap.

### **(c) Notification to the Securities and Futures Commission**

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

**(d) Annual reports**

A brief summary of each Connected Contract containing the information specified in rule 14A.71 of the Listing Rules shall be included in Spring REIT's annual reports.

**F. GENERAL**

Spring REIT is a real estate investment trust, the units of which were first listed on The Stock Exchange of Hong Kong Limited on 5 December 2013. Spring REIT's current portfolio includes all office floors of Office Tower 1 and Office Tower 2 of China Central Place (which are located in Beijing, the PRC) and a portfolio of 84 commercial properties in the UK which is leased to Kwik Fit, a leading car servicing provider in the UK with over 600 centres nationwide. RCA01 is a wholly-owned special purpose vehicle of Spring REIT.

The principal business activity of Guohua is property development and its ultimate beneficial owner is Mr. Fang Chao.

The principal business activity of the Building Manager and the Carpark Operator is property management and their ultimate beneficial owners are Mr. Li Ming and Mr. Liu Jun.

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

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, 9 February 2021

*As at the date of this announcement, the directors of the Manager are Toshihiro Toyoshima (chairman and non-executive director); Nobumasa Saeki (Chung Wai Fai, Michael as his alternate) and Leung Kwok Hoe, Kevin (executive directors); Hideya Ishino (non-executive director); and Simon Murray, Lam Yiu Kin and Liping Qiu (independent non-executive directors).*

\* *for identification purposes only*