

The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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: (i) the parties to the Common Area Service Contract and the Carpark Contracts (each as described in the Previous Announcement) have agreed to renew each of them; and (ii) the Building Manager (as a delegate of RCA01) and the Digital CCP Service Provider have entered into the Digital CCP System Service Contract.

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. Beijing Guohua is the owner of the corresponding shopping areas underneath the office towers and the Guohua Subsidiary is the owner of certain carpark spaces constituting part of the Development. As owners of their respective portion in the Development, Spring REIT, Beijing Guohua and the Guohua Subsidiary have entered into certain operations-related transactions to facilitate the management of the Development.

The Common Area Service Contract is jointly entered into by Spring REIT and Beijing Guohua to appoint the Common Area Manager to provide maintenance and management services for the relevant common areas of the Development.

The Carpark Management and Benefit Sharing Agreement (which forms part of the Carpark Contracts) is jointly entered into by Spring REIT and the Guohua Subsidiary to appoint the Carpark Operator 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).

The Digital CCP System Service Contract is entered into by the Building Manager (as a delegate of RCA01) and the Digital CCP Service Provider for the provision of certain property digital system services pursuant to the terms of the Digital CCP System Service Contract.

Since each of Beijing Guohua, the Guohua Subsidiary, and the Digital CCP Service Provider is a subsidiary and, therefore, an associate of Huamao Property which is a substantial unitholder of Spring REIT, each of Beijing Guohua, the Guohua Subsidiary and the Digital CCP Service Provider is a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code, and the transactions under the Renewed Common Area Service Contract, the Renewed Carpark Contracts and the Digital CCP System Service Contract constitute continuing connected party transactions of Spring REIT under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules.

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

As the highest applicable percentage ratio calculated in respect of the annual caps exceeds 0.1% but is less than 5%, each Connected Contract is 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

Reference is made to the announcement of Spring Real Estate Investment Trust (“**Spring REIT**”) dated 9 February 2021 (the “**Previous Announcement**”) in relation to, among other things, certain operations-related transactions of Spring REIT, being the Common Area Service Contract and the Carpark Contracts. The board of directors (the “**Board**”) of Spring Asset Management Limited (the “**Manager**”) wishes to announce that the parties to the Common Area Service Contract and the Carpark Contracts (each as described in the Previous Announcement) have agreed to renew each of them.

In addition, Beijing Huamao Property Consulting Co. Ltd.* (the “**Building Manager**”), being the building manager of the Spring REIT CCP Properties (as defined below) and as a delegate of the owner of such properties, has entered into a service contract with Beijing Huamao Commercial Management Co. Ltd.* (the “**Digital CCP Service Provider**”) for the provision of certain property digital system services pursuant to the terms of the Digital CCP System Service Contract (as described below).

RCA01 is a wholly-owned special purpose vehicle of Spring REIT and 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**”) is the owner of certain carpark spaces constituting part of the Development. As owners of their respective portion in the Development, Spring REIT, Beijing Guohua and the Guohua Subsidiary have entered into certain operations-related transactions to facilitate the management of the Development.

The Common Area Service Contract is jointly entered into by Spring REIT and Beijing Guohua to appoint the Common Area Manager to provide maintenance and management services for the relevant common areas of the Development.

The Carpark Management and Benefit Sharing Agreement (which forms part of the Carpark Contracts) is jointly entered into by Spring REIT and the Guohua Subsidiary to appoint the Carpark Operator 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).

The Digital CCP System Service Contract is entered into by the Building Manager (as a delegate of RCA01) and the Digital CCP Service Provider for the provision of certain property digital system services pursuant to the terms of the Digital CCP System Service Contract.

Since each of Beijing Guohua, the Guohua Subsidiary and the Digital CCP Service Provider is a subsidiary and, therefore, an associate of Huamao Property Holdings Limited (“**Huamao Property**”) which, based on its most recent disclosure of interests notification dated 24 December 2020, is a substantial unitholder of Spring REIT, each of Beijing Guohua, the Guohua Subsidiary and the Digital CCP Service Provider is a connected person of Spring REIT pursuant to paragraph 8.1(f) of the Code on Real Estate Investment Trusts (the “**REIT Code**”), and the transactions under the Renewed Common Area Service Contract, the Renewed Carpark Contracts and the Digital CCP System Service Contract (each as described below, and collectively, the “**Connected Contracts**”) 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**”).

B. THE COMMON AREA SERVICE CONTRACT

RCA01 (through Beijing Hua-re Real Estate Consultancy Co. Ltd.* (“**Beijing Hua-re**”)) (as owner of Office Tower 1 and Office Tower 2 of the Development) and Beijing Guohua (as owner of the corresponding shopping areas underneath the office towers of the Development) are parties to a service contract with Beijing Huamao Property Management Co., Ltd.*, the common area manager (the “**Common Area Manager**”), for the provision of maintenance and management services for the relevant common areas within the Development (the “**Common Area Service Contract**”), the current term of which will expire on 31 December 2021. Under the terms of the Common Area Service Contract, the owners shall notify the Common Area Manager within 30 business days of receipt of notice of expiry (which shall be served by the Common Area 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 business days.

The Common Area Manager served the notice of expiry on each owner and as no notice of non-renewal was received by the Common Area Manager from either owner, the parties entered into a written agreement dated 21 December 2021 to renew the Common Area Service Contract for a further term of 24 months commencing on and from 1 January 2022 (the “**Renewed Common Area Service Contract**”).

Key terms of the Renewed Common Area Service Contract

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

Renewed Common Area Service Contract

Date	21 December 2021
Parties	(1) Beijing Hua-re (on behalf of RCA01) and Beijing Guohua as owners (2) Beijing Huamao Property Management Co., Ltd.* as common area manager
Purpose	Renewal of the appointment of the Common Area Manager to provide maintenance and management services for the relevant common areas of the mixed-use development known as China Central Place located in Beijing, the PRC
Term	24 months from 1 January 2022
Management fees of the Common Area 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 is based on the proportion of the relevant property area of their respective properties. The relevant management fees payable by RCA01 are paid out of the building management fees from the tenants of the Spring REIT CCP Properties.

Termination	The contract may only be early terminated by mutual agreement.
Renewal	The owners shall notify the Common Area Manager within 30 business days of receipt of notice of expiry (which shall be served by the Common Area 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 business 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 2019, 31 December 2020 and the nine months ended 30 September 2021 are as follows:

	Amounts under the Common Area Service Contract		
	for the year ended		for the nine
	31 December	31 December	months ended
	2019	2020	30 September
	(RMB)	(RMB)	(RMB)
Total management fees	4,211,347.11	4,211,347.11	3,158,510.33
Management fees payable by RCA01 ^(Note 1)	3,284,851.75	3,284,851.75	2,463,638.07
Management fees payable by Beijing Guohua	926,496.36	926,496.36	694,872.26

^(Note 1) Pursuant to the Common Area Service Contract, such management fees are paid out of the building management fees from the tenants of the Spring REIT CCP Properties.

Annual caps

The annual cap applicable to the Renewed Common Area Service Contract for each of the calendar year 2022 and 2023 is RMB3,285,000 and RMB3,285,000 respectively, being the amount of the Common Area Manager's management fees for such year which are allocated to RCA01, rounded up to the nearest thousand.

Reasons for and benefits of entering into the Renewed 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 common area manager to provide the necessary maintenance and management services for the relevant common areas of the Development, each of them has appointed the Common Area Manager to provide such services pursuant to the Common Area Service Contract. The allocation of the management fees between RCA01 and Beijing Guohua is based on the proportion of the relevant property area of their respective properties.

The Manager regularly monitors and reviews the performance of the Common Area Manager, and is satisfied that the Common Area Manager will continue to provide professional services in respect of the efficient management of the relevant common areas within the Development during the renewal term.

Therefore, having regard to the foregoing and the opinion of the independent valuer, the Manager is of the view that the Renewed Common Area Service Contract was negotiated at arm's length 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.

C. THE CARPARK CONTRACTS

RCA01 (through Beijing Hua-re) (as lessor) and Beijing Huamao Property Consulting Co., Ltd. First Branch* (the “**Carpark Operator**”) (as lessee) are parties to a master lease in respect of 608 carpark spaces constituting part of the Spring REIT CCP Properties, pursuant to which such carpark spaces are currently master-leased to the Carpark Operator at a fixed rent (the “**Carpark Master Lease**”). The current term of the Carpark Master Lease will expire on 31 December 2021.

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 the Guohua Subsidiary (as owner of 347 carpark spaces constituting part of the Development) (the “**Carpark Management and Benefit Sharing Agreement**”) (collectively with the Carpark Master Lease, the “**Carpark Contracts**”): (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); 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. The current term of the Carpark Management and Benefit Sharing Agreement will expire on 31 December 2021.

Since the Carpark Contracts will expire on 31 December 2021, the relevant parties have entered into written agreements, each dated 21 December 2021, to renew the Carpark Master Lease for a further term of 12 months and the Carpark Management and Benefit Sharing Agreement for a further term of 24 months commencing on and from 1 January 2022 (collectively, the “**Renewed Carpark Contracts**”).

Key terms of the Renewed Carpark Contracts

Key terms of the Carpark Master Lease are as follows:

Carpark Master Lease

Date	21 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 2022
Annual rent amount	<p>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.</p> <p>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. The final annual rent receivable will be agreed between RCA01 and the Carpark Operator after the end of the relevant year with reference to the amount of the net income generated from the carpark and RCA01's cumulative entitlement thereto pursuant to the Carpark Management and Benefit Sharing Agreement.</p> <p>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.</p> <p>Such annual payment adjustment for the calendar year 2021 will be made by the end of January 2022. For the avoidance of doubt, no supplemental agreement is required to be entered between the parties for annual payment adjustment.</p>
Termination	The contract may only be early terminated by mutual agreement.
Renewal	The contract may be renewed by mutual agreement. Any renewal shall be subject to the relevant requirements under the REIT Code and the Listing Rules.

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

Carpark Management and Benefit Sharing Agreement

Date	21 December 2021
Parties	(1) Beijing Hua-re (on behalf of RCA01) as owner of 608 carpark spaces and the Guohua Subsidiary as owner of 347 carpark spaces (2) Beijing Huamao Property Consulting Co., Ltd. First Branch* as carpark manager
Purpose	Renewal of the 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	24 months from 1 January 2022
Management fees and remuneration of the Carpark Operator	Management fees of RMB230 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 the Guohua Subsidiary	The allocation of the net income between RCA01 and the Guohua Subsidiary takes into account the number of carpark spaces owned by each of them. The net income to which each of RCA01 and the Guohua Subsidiary is entitled will be calculated as follows: (i) Fixed carpark spaces For the fixed carpark spaces provided to tenants, each of RCA01 and the Guohua Subsidiary 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 the Guohua Subsidiary 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 × 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 the Guohua Subsidiary 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 RMB230 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. Any renewal shall be subject to the relevant requirements under the REIT Code and the Listing Rules.

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 2019 and 31 December 2020 and the nine months ended 30 September 2021 are as follows:

	Amounts under the Carpark Contracts		
	for the year ended		for the nine months ended
	31 December	31 December	30 September
	2019	2020	2021
	(RMB)	(RMB)	(RMB)
Carpark Master Lease			
Fixed rent (inclusive of value added tax) for the respective year/period	4,000,000	4,400,000	3,375,000 ^(note 1)
Adjustment rent for the respective year (payable after the end of the year)/period	900,000	809,172	588,204 ^(note 2)
Carpark Management and Benefit Sharing Agreement			
Management fees payable by RCA01 (as owner of 608 carpark spaces)	1,678,080	1,678,080	1,258,560
Management fees payable by the Guohua Subsidiary (as owner of 347 carpark spaces)	957,720	957,720	718,290
Net income to which RCA01 is entitled (inclusive of value added tax) after deduction of management fees	5,122,197	5,143,771	3,963,204

	Amounts under the Carpark Contracts		
	for the year ended		for the nine
	31 December	31 December	months ended
	2019	2020	30 September
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Net income to which the Guohua Subsidiary is entitled (inclusive of value added tax) after deduction of management fees	2,860,770	2,980,323	2,491,969

Note 1: Represents the pro-rated annual fixed rent of RMB4,500,000 for the first nine months of the calendar year 2021.

Note 2: Represents the implied adjustment rent for the first nine months of the calendar year 2021, being the difference between the net income to which RCA01 is entitled for the first nine months of the calendar year 2021 and the pro-rated annual fixed rent for the first nine months of the calendar year 2021.

Annual caps

The annual cap applicable to the Carpark Master Lease for the calendar year 2022 is RMB5,402,000, and has been determined based on: (i) the agreed fixed rent under the Carpark Master Lease for the calendar year 2022 (i.e. RMB4,500,000); (ii) the estimated annual payment adjustment to be made under the Carpark Master Lease for the calendar year 2021 which has been determined by annualising the amount of the implied adjustment rent for the first nine months of the calendar year 2021 (i.e. approximately RMB784,000); and (iii) a buffer of 15% to such estimated annual payment adjustment to cater for contingencies such as changes in operating performance or other market conditions (i.e. approximately RMB118,000).

The maximum aggregate amount of the net income (after deduction of management fees) for each of the calendar year 2022 and 2023 to which RCA01 is entitled under the Carpark Management and Benefit Sharing Agreement shall not exceed the annual cap of RMB5,916,000 and RMB5,916,000 respectively, which has been determined based on: (i) the latest annual historical amount of the total net income receivable by RCA01 for the year ended 31 December 2020; and (ii) 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 each of the calendar year 2022 and 2023 shall not exceed the annual cap of RMB1,679,000 and RMB1,679,000 respectively, which has been determined based on the agreed rate of RMB230 per month per carpark space, rounded up to the nearest thousand.

Reasons for and benefits of entering into the Renewed Carpark Contracts

Spring REIT (through RCA01) is the owner of 608 carpark spaces underneath the office towers of the Development. The Guohua Subsidiary is the owner of 347 carpark spaces underneath the office towers 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.

Therefore, having regard to the foregoing and the opinion of the independent valuer, the Manager is of the view that the Renewed Carpark Contracts was negotiated at arm's length and are 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.

D. DIGITAL CCP SYSTEM SERVICE CONTRACT

On 21 December 2021, the Building Manager (as a delegate of RCA01) and the Digital CCP Service Provider entered into an agreement under which the Digital CCP Service Provider agreed to provide certain property digital system services (the “**Digital CCP System Service Contract**”) to the Spring REIT CCP Properties and the tenants.

Key terms of the Digital CCP System Service Contract are as follows:

Digital CCP System Service Contract

Date	21 December 2021
Parties	(1) Beijing Huamao Property Consulting Co., Ltd.* as building manager of the Spring REIT CCP Properties (2) Beijing Huamao Commercial Management Co., Ltd.* as service provider
Purpose	Appointment of the Digital CCP Service Provider to provide the following services for the Spring REIT CCP Properties and its tenants via a cloud-enabled property technology platform:

- (1) Commercial management system services, which include parking lot management, canteen payment management, smart marketing and advertising, membership management, business data analysis and reporting services. The abovementioned services are mainly provided via a mobile application, which also enables services such as in-person access through security gates, guest invitations and approvals, reporting to apply for property repairs, one-click call to contact property management officers, and submission of complaints and suggestions in relation to service quality;
- (2) Building management system services, which include security management, access control, work order management, facility management, space management, and backend management system, etc; and
- (3) Training services, which include organising training activities on the administration and use of the property digital system.

Term Three years from 1 January 2022 to 31 December 2024 (the “**Base Period**”)

Service fees RMB3,673,454 for the Base Period, which includes all costs including procurement costs, transportation costs, installation fees, labour costs, maintenance service fees and taxes. The services fees shall be payable within 30 days after the launch of the digital system.

The amount of the service fees was arrived at after arm’s length negotiation between the parties with reference to: (1) the scope and level of the property digital system services provided; (2) the initial procurement and implementation costs for such cloud-enabled property technology platform at market rates; and (3) the gross floor area of the Spring REIT CCP Properties.

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

Termination If either party breaches its obligation under the contract and fails to rectify the breach, the non-breaching party shall be entitled to terminate the contract.

Renewal The Building Manager has a right to renew the contract upon its expiry, and the service fees (inclusive of system operation and maintenance costs) for the renewal term shall not exceed RMB100,000 per year.

Annual caps

The annual cap applicable to the Digital CCP System Service Contract for each of the calendar year 2022, 2023 and 2024 is RMB3,674,000, nil and nil respectively, being the amount of the Digital CCP Service Provider's service fees for such year, rounded up to the nearest thousand.

Reasons for and benefits of entering into the Digital CCP System Service Contract

Spring REIT (through RCA01) is the owner of Office Tower 1 and Office Tower 2 of the Development.

It is the Manager's asset management strategy to enhance the long-term value of the properties of Spring REIT through provision of quality services to meet the tenants' ongoing needs and maintaining high operational efficiency. The Manager believes that the procurement of the digital system will improve tenants' satisfaction and loyalty and enhance day-to-day management efficiency of the Building Manager.

By adopting the digital system, the tenants of the Spring REIT CCP Properties are able to enjoy the ease and convenience of, for example, reporting for repair and check for progress, using QR code to enter the office building, inviting and approving visitors, locating their cars and paying parking fees, filing for complaints etc. by using a user-friendly mobile application accessible on smart phones and devices. Correspondingly, the Building Manager will be able to handle complaints and update progress, publish event, keep parking record etc. in a more efficient way. The Manager believes the digital system will also help attract and retain office tenants by maintaining competitiveness of the Spring REIT CCP Properties among other premium office buildings in Beijing.

The Manager is of the view that the Digital CCP System Service Contract was negotiated at arm's length 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.

E. REGULATORY IMPLICATIONS

Since each of Beijing Guohua, the Guohua Subsidiary, and the Digital CCP Service Provider is a subsidiary and, therefore, an associate of Huamao Property which is a substantial unitholder of Spring REIT, each of Beijing Guohua, the Guohua Subsidiary and the Digital CCP Service Provider is a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code, and the transactions under the Renewed Common Area Service Contract, the Renewed Carpark Contracts and the Digital CCP System Service Contract constitute continuing connected party transactions of Spring REIT under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules.

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

As the highest applicable percentage ratio calculated in respect of the annual caps exceeds 0.1% but is less than 5%, each Connected Contract is 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.

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 Connected Contracts are fair and reasonable; (ii) the Connected Contracts have been negotiated at arm's length and are on normal commercial terms and in the ordinary and usual course of business of Spring REIT; and (iii) the Connected Contracts 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 Connected Contracts and/or is required to abstain from voting on the resolution of the Board to approve the Connected Contracts.

Opinion of the independent valuer

The Manager has also obtained opinions from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, being an independent valuer, that the Connected Contracts 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 Connected Contracts;
- (ii) is of the view that each of the Connected Contracts is consistent with Spring REIT’s investment objectives and strategy and in compliance with the REIT Code and the Trust Deed;
- (iii) is of the view that each of the Connected Contracts 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 Connected Contracts.

These views are not to be taken as a recommendation or representation by the Trustee on the merits of the Connected Contracts.

F. OTHER REGULATORY REQUIREMENTS

Review and Reporting

The transactions under 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 transactions annually and confirm in Spring REIT’s annual report for the relevant financial period that each transaction 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 transactions annually. The auditors of Spring REIT must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that any transaction:

- (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) 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 transaction containing the information specified in rule 14A.71 and 14A.72 of the Listing Rules shall be included in Spring REIT's annual reports.

Changes to Annual Cap or Terms

If the applicable annual cap is exceeded or Spring REIT proposes to renew a Connected Contract or effect a material change to its terms, Spring REIT shall comply with the relevant requirements under the REIT Code and the Listing Rules.

G. 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 Beijing Guohua and the Guohua Subsidiary is property development and their ultimate beneficial owners (i.e. natural persons who control one-third or more thereof) are Ms. Chia Seok Eng, Mr. Lin Minghan and Mr. Fang Chao. The principal business activity of the Common Area Manager, the Carpark Operator and the Building Manager is property management and their ultimate beneficial owners (i.e. natural persons who control one-third or more thereof) are Mr. Xiao Juntao and Ms. Cao Zhicheng. The principal business activity of the Digital CCP Service Provider is property management and its ultimate beneficial owners (i.e. natural persons who control one-third or more thereof) are Ms. Chia Seok Eng, Mr. Lin Minghan and Mr. Fang Chao.

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, 21 December 2021

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

* *for identification purposes only*