

SpringREIT

Spring Real Estate Investment Trust

春泉產業信託

Stock Code : 01426

INTERIM REPORT
2023



Managed by
Spring Asset Management Limited



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 and the First Amending and Restating Deed dated 28 May 2021 (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 84 separate commercial properties in the United Kingdom ("**UK Portfolio**") 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 30 June 2023, 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.



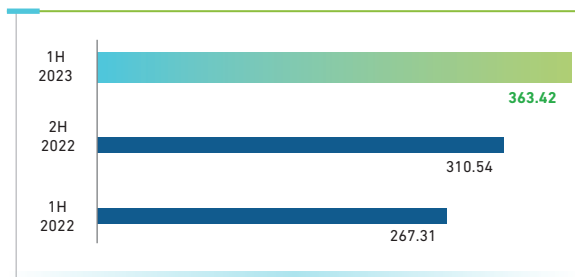
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PERFORMANCE HIGHLIGHTS

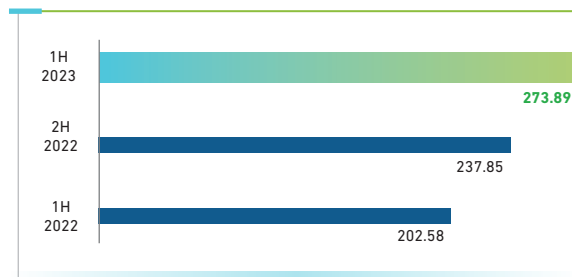
Total Revenue

(RMB million)



Net Property Income

(RMB million)



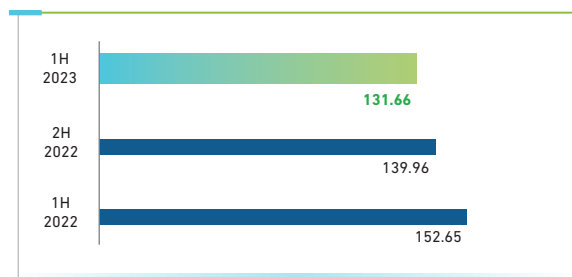
Net Property Income Margin

(%)



Total Distributable Income

(RMB million)



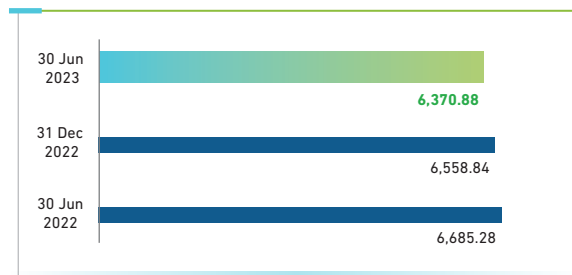
DPU

(HK cents)



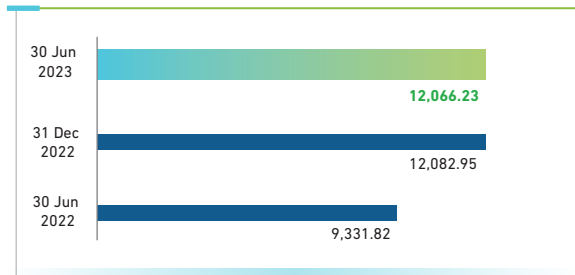
Net Asset Value Attributable to Unitholders

(RMB million)



Property Valuation

(RMB million)



Gearing Ratio

(%)



* The acquisition of 68% interest of Huamao Place in Huizhou was completed on 28 September 2022.

DISTRIBUTION

The board of directors (the "**Board**") of the Manager, for and on behalf of Spring REIT, has resolved to declare an interim distribution for the period from 1 January 2023 to 30 June 2023 (the "**Reporting Period**", "**1H 2023**" or "**2023 Interim Distribution Period**") of HK10.0 cents per Unit ("**2023 Interim Distribution**") to unitholders of Spring REIT ("**Unitholders**") whose names appear on the register of Unitholders on 8 September 2023 (the "**Record Date**"), remaining constant half-on-half ("**HoH**") and representing a decrease of 10.7% year-on-year ("**YoY**") and a payout ratio of 97% (FY2022: 92.5%, 2022 1st half : 90%).

Based on the closing price of HK\$2.22 per Unit as at 30 June 2023, the Reporting Period distribution per Unit ("**DPU**") represents an annualized distribution yield of 9.0%. For details of the distribution, please refer to the section headed "Consolidated Statement of Distributions" in the financial information.

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 2023 Interim Distribution is HK\$1 = RMB0.8886, which represents the average of month-end central parity rates in the 2023 Interim Distribution Period (as announced by the People's Bank of China).

The Manager confirms that 2023 Interim Distribution is composed only of consolidated profit after tax, before transactions with Unitholders attributable to Unitholders and non-cash adjustments for the 2023 Interim 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 2023 Interim Distribution will be 8 September 2023. The register of Unitholders will be closed for the purpose of determining the identity of Unitholders from 7 September 2023 to 8 September 2023, both days inclusive, during which period no transfer of Units will be registered. The 2023 Interim Distribution is to be payable on 22 September 2023 to Unitholders whose names appear on the register of Unitholders on the Record Date.

In order to qualify for the 2023 Interim 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 6 September 2023.

OVERVIEW OF SPRING REIT'S PROPERTIES



CCP PROPERTY

Office Tower 1 & Office Tower 2 China Central Place, Beijing

Spring REIT currently offers investors exposure to two premium grade office buildings in Beijing's CBD, namely Office Tower 1 and Office Tower 2 in China Central Place, with a total of approximately 600 car parking lots located in the underground area. The two office buildings have in aggregate a total gross floor area ("GFA") of 120,245 sqm, including 25,127 sqm of car parking space. The CCP Property is strategically located in the southeast corner of Beijing's traditional CBD, in Chaoyang District to the east of the city centre.



HUAMAO PLACE

Seven-storey shopping mall, Huizhou, Greater Bay Area

Through Huamao Place, Spring REIT offers investors exposure to the retail scene in the Greater Bay Area. With a gross floor area of 144,925.07 sq.m., the asset comprises: (a) the entire seven-storey shopping mall (including two basement floors); and (b) 700 underground and 50 above-ground carpark spaces. The property is the retail component of a larger integrated development known as "Huizhou Central Place", served by major roads and surrounded by other public facilities and attractions such as Huizhou West Lake, Huizhou Museum, Huizhou Science & Technology Museum and Dayun Temple. Expressways and an intercity railway link Huamao Place to the rest of the Greater Bay Area. This landmark shopping mall in the heart of Huizhou positions investors to capture the potential of the GBA, given its robust economic growth and increasing strategic importance to the nation.



UK PORTFOLIO

84 Commercial Properties

The UK Portfolio comprises 84 separate commercial properties in diverse locations across the UK. The properties are leased to Kwik-Fit (GB) Limited, a nationwide car servicing service provider in the UK. Founded in 1971, Kwik-Fit has the largest network of fast-fit outlets in the UK, operating more than 600 centres around the country.



OVERVIEW OF CHINA CENTRAL PLACE

China Central Place is a prime mixed-use complex in Beijing's CBD that includes well-recognized brand hotels and shopping centres.



OFFICE

Premium Grade offices

- Awarded 'Top 20 Office Buildings in China'
- Direct underground connection to Beijing Subway



SHOPPING

SKP Beijing and other shopping areas

- SKP Beijing – one of the largest department stores in China by sales



RESIDENTIAL

Residential area

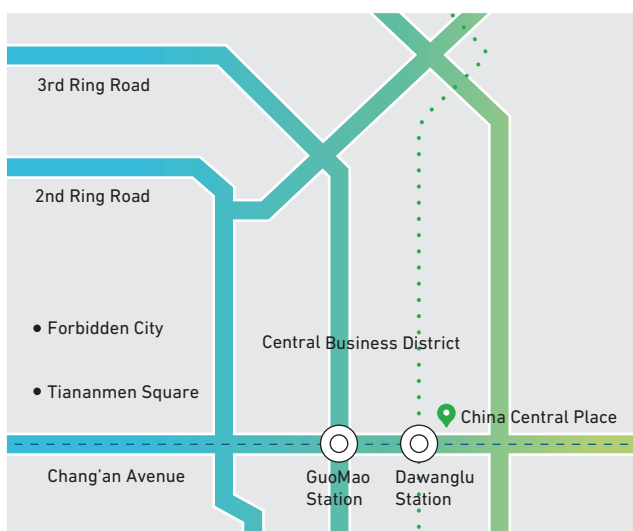
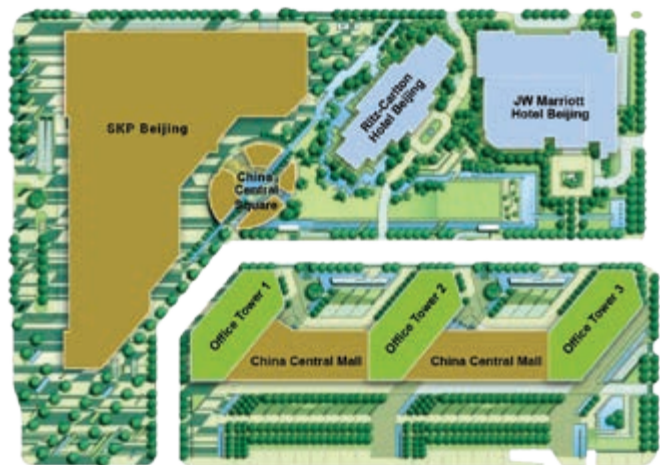
- Residential and serviced apartments with a clubhouse



HOTELS

Five-star luxury hotels

- Ritz-Carlton Hotel Beijing
- JW Marriott Hotel Beijing



- • • • • Subway Line 14
- - - - - Subway Line 1

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Manager is pleased to present the financial results of Spring REIT for the six months ended 30 June 2023. Throughout the Reporting Period, the Chinese economy struggled to recapture its growth trajectory following its reopening after several years of strict “zero-COVID” measures. With slower global growth impacting China’s exports, risks associated with the property sector affecting confidence, and local government debt weighing on economic activities, recovery in the commercial real estate market was limited.

Despite this challenging macroeconomic environment, the performance of our property portfolio has been encouraging. Net property income experienced YoY growth of 35.2%, due to the steady performance of our Beijing CCP and the addition Huamao Place in Huizhou. Recognizing the importance of economic resilience in a volatile environment, the Manager placed an emphasis on maintaining occupancy at the Beijing CCP Property, which involved exercising some rent flexibility. This strategy has been effective in insulating the property from some of the weaknesses in the broader market. Meanwhile, our Huizhou property has proved a timely addition. Providing us with a novel exposure to the Greater Bay Area retail sector, it has enabled Spring REIT to take advantage of the resumption of spending by consumers after China’s reopening in the first quarter of 2023.

Aggressive interest rate hikes continued throughout the Reporting Period, together with a higher gearing, resulting in an increase of our cash interest expenses for the period despite these being 60% hedged. Total distributable income for the period was RMB131.66 million. The DPU amounted to HK10.0 cents with a payout ratio of 97%, representing a decrease of 10.7% compared with the DPU for the same period in 2022.

CCP PROPERTY OPERATION REVIEW

Beijing office market overview

The Beijing CBD 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 2.80 million sqm as at 30 June 2023, and accounting for 25.5% of the city’s total Grade-A office space of 10.97 million sqm.

Despite a temporary improvement in sentiment following the country’s reopening in early 2023, the office market remained subdued throughout the Reporting Period as potential tenants stayed on the sidelines. Although there was some relocation and expansion demand from the IT and finance sectors, fresh demand and new market entrants were limited. With multinationals remaining inactive, domestic tenants comprised more than 78% of total Grade A leasing volume. On a positive note, the number of delayed rental payments, rent relief requests, and early terminations stabilized. This may signal the beginning of improved domestic business conditions following three years of strict “zero-COVID” measures, accompanied by ongoing structural adjustments in many industries, that together exacerbated the financial strains on tenants in the CBD.

Despite this challenging environment, the Beijing property market remained well supported. A lack of new office completions helped maintain occupancy resilience in the broader market. New office space that had come 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 2025. These factors have boosted the resilience of the CBD office market in the face of economic headwinds.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Beijing Office Market Vacancy and Rental Rates in 1H 2023

		Occupancy Rate ¹	HoH Change	YoY Change	Average Rental Rate ¹ (RMB/sqm/month)	HoH Change ²	YoY Change ²
CBD	Grade A	89.9%	+0.3 ppts	+0.5 ppts	344	(2.9%)	(3.8%)
	Premium Grade A	91.8%	-0.9 ppts	+1.3 ppts	489	(2.5%)	(3.1%)

¹ Data is as at 30 June 2023.

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

Source: JLL Research

CCP PROPERTY OPERATION PERFORMANCE

(in RMB million)

For the Six Months Ended	30-Jun-2023	HoH Change	31-Dec-2022	HoH Change	30-Jun-2022
Revenues					
– Rental income	229.52	(1.4%)	232.78	(4.4%)	243.48
– Car park income	1.50	(27.2%)	2.06	(24.3%)	2.72
– Other income (note i)	3.46	(52.5%)	7.29	184.8%	2.56
	234.48	(3.2%)	242.13	(2.7%)	248.76
Property Operating Expenses					
– Property management fee	(5.18)	(2.3%)	(5.30)	(3.6%)	(5.50)
– Property taxes (note ii)	(28.61)	(1.0%)	(28.91)	(4.8%)	(30.38)
– Withholding tax (note iii)	(23.89)	(2.0%)	(24.37)	(4.4%)	(25.50)
– Other taxes (note iv)	(0.23)	(14.8%)	(0.27)	80.0%	(0.15)
– Leasing Commission	(0.89)	(51.9%)	(1.85)	96.8%	(0.94)
– Other expenses (note v)	(0.42)	5.0%	(0.40)	(79.6%)	(1.96)
	(59.22)	(3.1%)	(61.10)	(5.2%)	(64.43)
Net Property Income	175.26	(3.2%)	181.03	(1.8%)	184.33

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 represent stamp duty.
- v Other expenses mainly represent reinstatement cost.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

During the reporting period, the CCP Property reported a 3.2% decrease in revenue HoH, with rental income generated from the office space decreasing by 1.4% HoH. The HoH decline in rental income during the reporting period is attributable to a moderate decline in occupancy since 31 December 2022. The 3.1% HoH decrease in property operating expenses was mainly due to lower commission expenses, as renewals dominated leasing activities during the period. After deducting property operating expenses, net property income was RMB175.26 million, representing a decrease of 3.2% HoH and 4.9% YoY.

Property operating expenses are mainly comprised of tax expenses, namely property taxes, withholding tax and other taxes. Tax expenses in aggregate accounted for 89.0% of the total property operating expenses. The property management fee, payable at 2.0% of total revenue, accounted for 8.7% of the total property operating expenses.

RENTAL INCOME

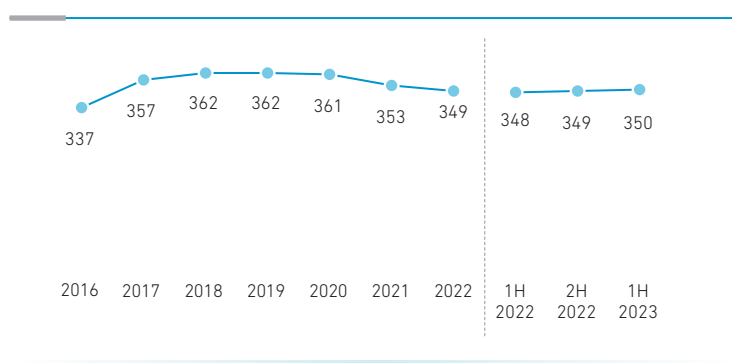
The CCP Property registered an average occupancy of 90.6% in 1H 2023. Average passing rent (net of Value-Added Tax ("VAT")) increased marginally to RMB350 per sqm in 1H 2023, implying a positive rental reversion rate² of 1.8%. Lease expiries during the period involved a total area of 13,814 sqm (representing 11.5% of the leasable office area). The retention rate¹ for these expiries was 65% (or 8,983 sqm). Including new lettings, a total area of 10,697 sqm (representing 8.9% of the leasable office area) was leased out in the period, of which 28.6% was attributable to new leases.

As of 30 June 2023, rental arrears amounted to RMB0.95 million, representing 2.5% of the total rental income receivable in June 2023. We had recovered 42% of the outstanding arrears as of 30 June by end of July. We will remain diligent in monitoring the situation given the volatile environment.

For the Six Months Ended	30-Jun-2023		31-Dec-2022	Change	30-Jun-2022
		Change			
Average Monthly Passing Rent (RMB/sqm) ³	350	0.3%	349	0.3%	348
Average Occupancy ⁴	90.6%	-2.4 pts	93.0%	-3.3 pts	96.3%

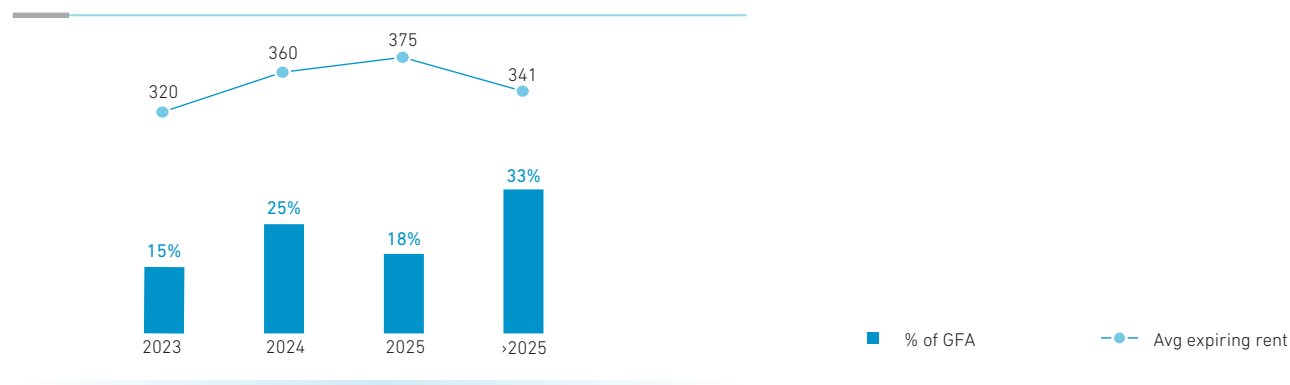
PASSING RENTS

(RMB per sqm per month)



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

EXPIRY PROFILE BY GFA



1. Retention rate illustrates the proportion of the total area under all the expired leases that was taken up by the same tenants entering into new leases during the relevant period.
2. Rental reversion is calculated on the basis of the difference in the effective rent only for existing tenants who renewed their lease in the same space with the same area during the relevant period.
3. Average monthly passing rent is presented net of business tax and VAT (where applicable) and is an average of the month-end figures throughout the specified period.
4. Occupancy rate is an average of the month-end figures throughout the specified period.

As at 30 June 2023, the weighted average lease expiry in terms of GFA was 639 days for the CCP Property. Leases expiring in the second half of 2023 and in the year ending 31 December 2024 accounted for 14.6% and 25.4% of the total leasable GFA respectively, and the average unit rents for the expiring leases were RMB320 per sqm and RMB360 per sqm respectively.

TENANCY BASE

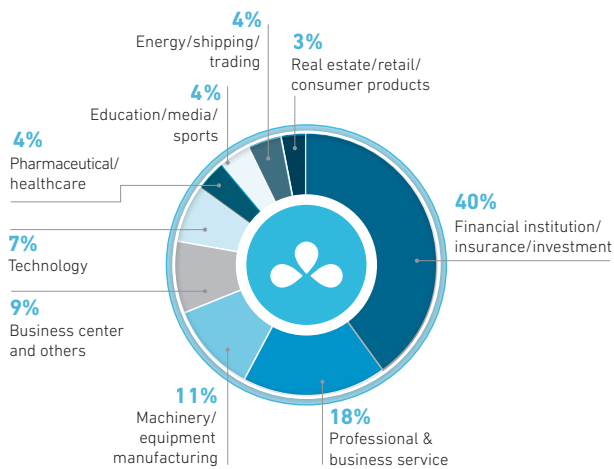
The CCP Property had a total of 189 tenancies as at 30 June 2023. The top five tenants in terms of GFA accounted for 19.7% of the total revenue for the Reporting Period, and occupied 22.1% of total leased GFA as at 30 June 2023. Details of these tenants are set out below.

Tenants	Portion of total leased GFA
Epson	6.1%
Zhong De Securities	4.4%
Global Law Office	4.3%
The Executive Centre	4.1%
Conde Nast	3.2%
Total	22.1%

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

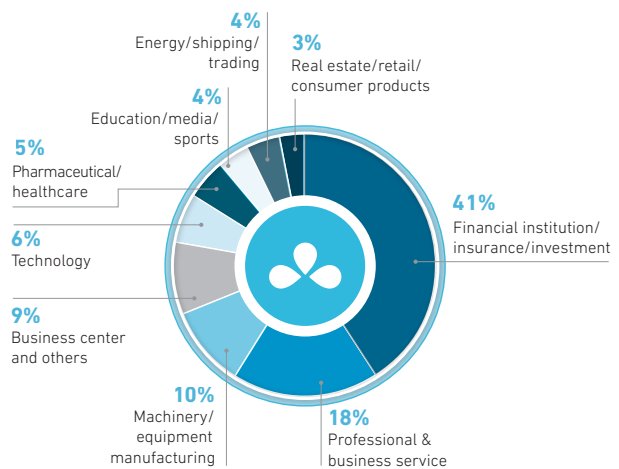
TENANTS BY INDUSTRY

As % of leased office GFA
(As of 30 June 2023)



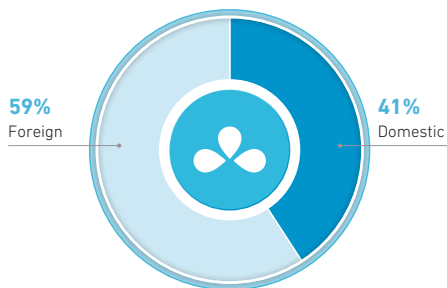
TENANTS BY INDUSTRY

As % of monthly revenue
(For the month June 2023)



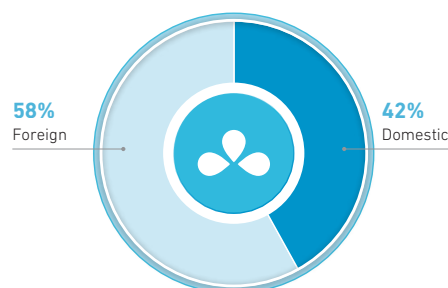
INTERNATIONAL AND DOMESTIC TENANT SPLIT

As % of leased office GFA
(As of 30 June 2023)



INTERNATIONAL AND DOMESTIC TENANT SPLIT

As % of monthly revenue
(For the month June 2023)



HUAMAO PLACE OPERATION REVIEW

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 connection 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.

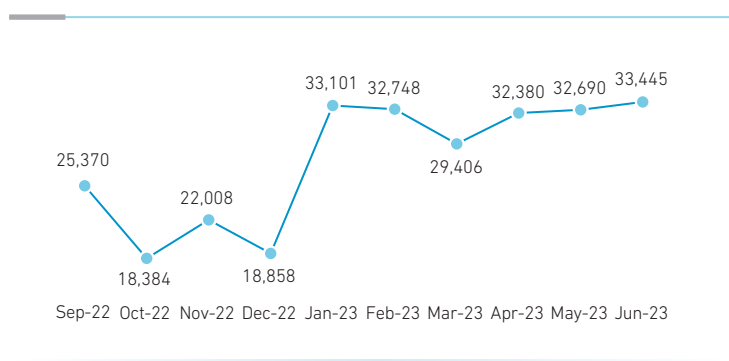
HUIZHOU RETAIL MARKET REVIEW

Huizhou's shopping mall industry has experienced robust growth, driven by high economic growth potential, ongoing urbanisation, consumption upgrading, expanding infrastructure network, and continued government support. According to researcher China Insights Consultancy, the overall gross merchandise value ("GMV") of shopping malls in Huizhou increased from RMB14.6 billion in 2017 to RMB20.4 billion in 2022, a CAGR of 6.9%. However, that growth was interrupted by the COVID-19 pandemic between 2020 and 2022. As the economy recovers, the shopping mall industry in Huizhou is expected to regain momentum. China Insights Consultancy projects the total GMV of the shopping mall industry in Huizhou to reach RMB38.8 billion by 2027, with a CAGR of 13.8% from 2022 to 2027, outpacing the growth of other cities in the GBA. As of 30 June 2023, Huizhou had 39 shopping malls covering a total retail GFA of approximately 2.6 million sqm, and managed by approximately 34 operators. Huizhou's shopping mall industry is not highly concentrated, with the top five shopping mall management service providers accounting for 32.2% of the market in retail GFA. Huamao Place's share in the Huizhou shopping industry in gross floor area and GMV amounted to 5.5% and 8.9%, respectively as of 30 June 2023.

HUAMAO PLACE OPERATION PERFORMANCE

Spring REIT acquired Huamao Place in Huizhou on 28 September 2022. Since the relaxation of COVID policies towards the end of 2022, the mall has experienced a recovery in consumer confidence and an increase in footfall. Signs of a rebound in shopper traffic were clearly observed on New Year's Eve, when an estimated 63,000 shoppers visited the mall, an increase of 15.8% compared to 2021. Average footfall in 1H 2023 amounted to 32,295 shoppers daily.

AVERAGE DAILY FOOTFALL



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

During the Reporting Period, we have been further enhancing Huamao Place's positioning by introducing a cluster of international cosmetics brands to the shopping mall. Many of these brands are currently only available at Huamao Place in Huizhou, helping to create a sense of exclusivity and luxury for the shopping mall and solidifying its high-end reputation. We believe this strategy is helping to differentiate our shopping mall from those of competitors in the city, and enhancing its status as a premium destination for shoppers. Our local property management team has also been working tirelessly to optimize the trade mix within the shopping mall and thus enhance customers' shopping experience further. For example, the first floor has been rearranged to showcase prominent electric vehicle brands like Tesla and Nio, and also includes stores featuring the latest electronic products from DJI and Apple-authorized retailers. Throughout 1H 2023, we were successful in signing leases with 63 new merchants. These enhancements are positioning Huamao Place strongly to capitalize on the anticipated recovery of consumption demand in 2023.

FINANCIAL HIGHLIGHTS

(in RMB million)

For the six months ended	30-Jun-2023	31-Dec-2022
Revenues		
– Total rental income (note i)	109.3	49.3
– Other income (note ii)	0.8	0.7
	110.1	50.0
Property Operating Expenses	(30.0)	(11.0)
Net Property Income	80.1	39.0

* The acquisition of 68% interest of Huamao Place in Huizhou was completed in 28 September 2022.

Notes:

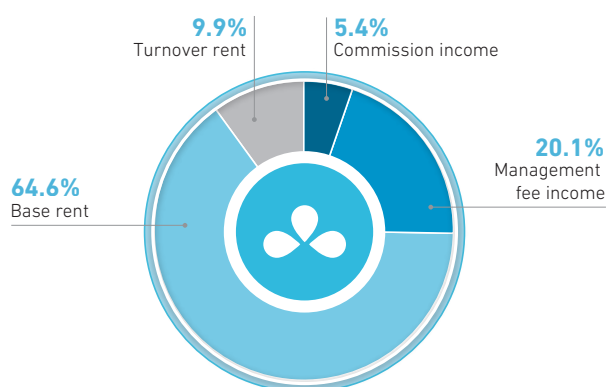
- i Total rental income mainly represents base rental income, turnover rent, commission income and service fee income.
- ii Other income mainly represents advertising income.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

For the six months period ended 30 June 2023, Huamao Place reported revenue of RMB110.1 million, 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.

HUIZHOU HUAMAO PLACE RENTAL INCOME MIX

(for the six months period ended 30 June 2023)



The contribution of Huizhou Huamao Place in terms of net property income amounted to RMB80.1 million for the six months period ended 30 June 2023.

RENTAL INCOME

In 1H 2023, average occupancy rebounded from 92.2% in 4Q 2022 to 95.9% for the Reporting Period. Meanwhile, the reletting of some space also raised the mall's average monthly rent from RMB148 per sqm in 4Q 2022 to RMB165 per sqm for the Reporting Period. Occupancy cost, defined as total rental income as a percentage of total GMV of the shopping mall, stood at 10.5% for the Reporting Period.

	1H 2023	4Q 2022
Average Monthly Rent (RMB/sqm) ¹	165	148
– Fixed Rent	137	—
– Variable Rent	28	—
Average Occupancy rate ²	95.9%	92.2%

1. Average monthly rent is presented net of business tax and VAT (where applicable) and is comprised of base rental income, turnover rental income, consignment sales income and service fee income.
2. Occupancy rate is an average of the month-end figures throughout the specific period.

EXPIRY PROFILE BY GFA

	by GFA	by June Rental
year ending 31 December 2023	16%	21%
year ending 31 December 2024	23%	30%
year ending 31 December 2025	19%	27%
year ending 31 December 2026 and beyond	42%	22%
Total	100%	100%

As at 30 June 2023, leases expiring in the years ending 31 December 2023 and 31 December 2024 accounted for 16% and 23% of the total leasable GFA respectively, and accounted for 21% and 30% of the June rental income respectively.

Tenancy base

As a flagship mall in Huizhou, Huamao Place's trade mix is oriented towards high-end and lifestyle items. Food and beverage stores are mainly reputable local and international brands, and are critical anchors for achieving steady high footfall. Apparel, currently the biggest trade sector in Huamao Place, attracts a wide range of target customers, but its share in the mall's trade mix is being gradually reduced in favour of beauty and personal care items such as high-end cosmetics. Currently, the focus is to increase our exposure in electric vehicles and digital products, which are being clustered on the first floor. The area previously occupied by a supermarket lessee has now been relaunched, with new stores offering high-quality fresh produce and other food items.

Huamao Place had a total of 500 tenancies as at 30 June 2023. Details of the top 10 tenants in terms of GFA are set out in the table below.

No.	Tenant's trade sector	Expiry	by GFA	by Rental Income
1	Entertainment	Jun-26	7.0%	2.6%
2	Food	Apr-26	4.2%	0.8%
3	Apparel	Jun-26	3.3%	0.6%
4	Others	Mar-26	1.7%	0.4%
5	Apparel	Jun-28	1.5%	0.0%
6	Apparel	Jun-31	1.5%	0.5%
7	Food	Sep-26	1.4%	0.6%
8	Food	Mar-31	1.2%	0.9%
9	Food	Jun-29	1.1%	0.4%
10	Entertainment	Apr-25	1.1%	1.0%
Total			24.0%	7.8%

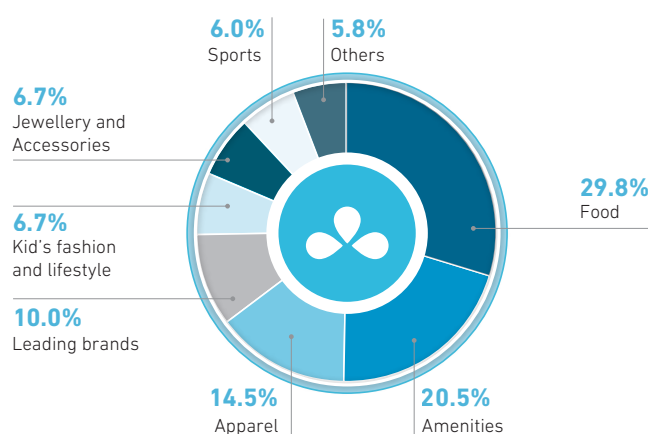
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Tenancy Type

	by leased GFA	by Jun rental
Higher of fixed rent or turnover rent	75%	81%
Turnover rent	13%	8%
Fixed rent	12%	11%
Total	100%	100%

HUAMAO PLACE'S TENANCY MIX BY LEASED GFA

(For the month of June 2023)



UK Portfolio Operation Review

Each of the UK Portfolio's 84 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 but one of the leases expiring in March 2032. Currently, the UK Portfolio has an occupancy rate of 100%, with an annual contract rental income of approximately GBP4.55 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.).

Financial Results Highlights

(in RMB millions unless otherwise specified)					
For the Six Months Ended	30-Jun-2023	HoH Change	31-Dec-2022	HoH Change	30-Jun-2022
Revenue	363.42	17.0%	310.54	16.2%	267.31
Property operating expenses	(89.52)	23.2%	(72.69)	12.3%	(64.73)
Net property income	273.89	15.2%	237.85	17.4%	202.58
Net property income margin	75.4%	-1.2 ppts	76.6%	+0.8 ppts	75.8%
G&A expenses	(40.61)	(2.7%)	(41.74)	26.8%	(32.91)
Cash interest expenses	(92.38)	18.7%	(77.84)	140.7%	(32.34)
(Loss)/profit after taxation					
attributable to Unitholders	(92.92)	42.0%	(65.42)	N/A	93.77
Total distributable income	131.66	(5.9%)	139.96	(8.3%)	152.65

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Units Information	1H 2023	HoH Change	2H 2022	HoH Change	1H 2022
DPU (HK cents)	10.0	—	10.0	(10.7%)	11.2
DPU (RMB cents equivalent)	8.9	(1.1%)	9.0	(3.2%)	9.3
Payout ratio	97%	+4.5 ppts	92.5%*	+2.5 ppts	90%
Net asset value per Unit (HK\$)	4.63	(6.5%)	4.95	6.4%	5.29
Number of Units outstanding	1,493,567,431	0.6%	1,484,931,187	0.4%	1,479,302,559

As at	30-Jun-2023	HoH Change	31-Dec-2022	HoH Change	30-Jun-2022
Property valuation	12,066.23	(0.1%)	12,082.95	29.5%	9,331.82
Total assets	13,009.14	0.6%	12,930.99	28.9%	10,033.78
Total borrowings	5,131.00	5.6%	4,857.35	57.2%	3,089.40
Net asset value	6,370.88	(2.9%)	6,558.84	(1.9%)	6,685.28
Gearing ratio	39.4%	+1.8 ppts	37.6%	+6.8 ppts	30.8%

* Represents the full year payout ratio of 92.5%.

FINANCIAL PERFORMANCE

Spring REIT's revenue for the Reporting Period was RMB363.42 million, representing a 17.0% increase HoH and a 36.0% increase YoY. After taking into account property operating expenses of RMB89.52 million, net property income amounted to RMB273.89 million, representing a 15.2% increase HoH and a 35.2% increase YoY. The net property income margin slightly decreased to 75.4% for the Reporting Period (2H2022: 76.6%;1H2022: 75.8%).

General and administrative expenses amounted to RMB40.61 million. Meanwhile, a total finance cost on interest-bearing borrowings of RMB219.61 million (1H2022: RMB187.62 million) was registered, which consisted of a non-cash foreign exchange loss of RMB118.37 million (1H 2022: RMB137.29 million) when US dollar and HKD bank borrowings were converted to RMB in the financial statements. Cash interest expenses amounted to RMB92.38 million, increased by 185.7% as compared to RMB32.34 million in 1H 2022.

Taking into account the decline in the fair value of the CCP Property, Huizhou Huamao Place and the UK Portfolio of RMB98.41 million (1H 2022: increase in fair value of RMB59.06 million), loss after taxation attributable to Unitholders for the Reporting Period was RMB92.92 million (2H 2022: loss after taxation attributable to Unitholders of RMB65.42 million; 1H 2022: profit after taxation attributable to Unitholders of RMB93.77 million).

Spring REIT's total distributable income for the Reporting Period was RMB131.66 million, representing a decrease of 5.9% HoH and decrease 13.8% of YoY. Among other adjustments, the reported amount excludes the foreign exchange loss, and the decrease in the fair value of the CCP Property, Huizhou Huamao Place and the UK Portfolio, 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 30 June 2023. The CCP Property was appraised at RMB8,600 million as at 30 June 2023, representing a 0.5% decrease in value compared to its valuation as at 31 December 2022. The valuation of the CCP Property was arrived at using the income capitalization approach, and cross-checked by the direct comparison approach. The decrease in valuation was attributable mainly to the decrease in occupancy. The capitalization rate/reversionary yield was 5.0% (31 December 2022: 5.0%).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The Huamao Place was appraised at RMB2,823 million as at 30 June 2023, remaining stable in value compared to its valuation as at 31 December 2022. The valuation of the Huamao Place was arrived at using the income approach, and cross-checked by the direct comparison approach. The capitalization rate/reversionary yield was 6.0% (31 December 2022: 6.0%).

The UK Portfolio was appraised at GBP69.8 million (equivalent to RMB643.23 million) as at 30 June 2023, representing a 6.1% decrease in GBP terms and a 3.8% increase in RMB terms compared to its valuation as at 31 December 2022. The valuation of the UK Portfolio was arrived at using the income approach. The reversionary yield ranged from 4.45% to 9.15% (31 December 2022: 3.70% to 8.15%).

As at 30 June 2023, Spring REIT had in place aggregate debt facilities of approximately RMB5,131.00 million, comprising:

1. a combined facility of HKD4,875 million consists of a committed facility of HKD3,705 million and an uncommitted facility of HKD1,170 million (the "**CCP Facilities**"), which bears an interest rate of 1-month HKD HIBOR plus 1.60% per annum and will mature in September 2025. Of the CCP Facilities, HKD4,305 million was outstanding as at the end of the Reporting Period.
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**") and will expire in January 2025. Of the UK Facility, after a partial prepayment of GBP2.7 million in April 2023, GBP47.8 million was outstanding as at the end of the Reporting Period.
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 RMB753.83 million was outstanding as at the end of the Reporting Period.

As at 30 June 2023, the Group's gearing ratio, i.e. total borrowings to gross asset value, was 39.4%, compared with 37.6% at 31 December 2022.

Capital Management

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

As at 30 June 2023, in relation to the CCP Facilities, the aggregate notional amount of these IRS contracts was HKD3,355 million, representing 77.9% of the HKD loans of Spring REIT with a weighted average swap rate of 1.21% per annum.

As at 30 June 2023, the proportion of Spring REIT's borrowings either covered by the interest rate hedging programme or under a relatively stable PRC Loan Prime Rate was approximately 75% (2H 2022: 77%; 1H 2022: 65%).

During the Reporting Period, the weighted average cash interest rate (after interest margin) per annum was approximately 3.6% (2H 2022: 3.8%; 1H 2022: 2.1%).

In July 2023, Spring REIT entered into additional float-to-fixed HKD-RMB CCS contracts of a notional amount of HKD950 million for its CCP Facilities, and a float-to-fixed IRS contract of a notional amount of GBP47.8 million for its UK Facility.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

As a result, all of the loan amounts of the CCP Facilities and the UK Facility were under fixed interest rates, and the weighted average swap rate per annum (before interest margin and any credit adjustment spread) was approximately 1.72%. Meanwhile, our RMB-denominated loan is based on the PRC Loan Prime Rate which was relatively stable and on a downward trend during the Reporting Period.

Hence, with the above initiatives, 100% of our loans are either covered by the interest rate hedging programme or under a relatively stable PRC Loan Prime Rate, which has significantly reduced the impact of interest rate volatility on Spring REIT.

NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

As at 30 June 2023, net assets attributable to Unitholders stood at RMB6,370.88 million.

The net asset value per Unit as at 30 June 2023 was HK\$4.63 (31 December 2022: HK\$4.95; 30 June 2022: HK\$5.29). This represented a 108.6% premium to the closing price of the Units of HK\$2.22 as at 30 June 2023, the last trading day in the Reporting Period.

CAPITAL COMMITMENTS

As at 30 June 2023, 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 Period.

OUTLOOK

The mood in early 2023 was upbeat following the reopening of China's economy after several years of strict "zero-COVID" measures. However, the economy has since struggled to maintain its growth trajectory, and economic growth proved underwhelming during the Reporting Period. This reflected the deleveraging of balance sheets undertaken by both the public and the private sectors, as well as structural adjustments undertaken by many industries (including the real estate sector) to conform with national policies. Despite the temporary economic headwinds, we believe that policy stimuli and revived domestic consumption will see growth momentum pick up in 2024.

The performance of the commercial property market in Beijing reflected the sentiment of caution in the broader market. As tenants have returned to their offices and have no longer needed to work from home, demand for Grade A offices has stabilized and we have noted a marked improvement in rental arrears and missed rental payments. However, rents have remained soft with few new office tenants entering the market. At the same time, many existing tenants have delayed decisions to relocate or expand in the face of the uncertain economic outlook. This has resulted in intense competition among landlords to retain existing tenants or attract new ones. In the longer term, however, the Manager remains cautiously optimistic about prospects for the Beijing office market. Given the absence of further Grade A office supply in the CBD in the near future, we expect the market to remain resilient. In total, 14.6% of the leases at Spring REIT's CCP Property were due to expire in the second half of 2023, of which over 65% have been secured for renewal. In the meantime, we were pleased to have maintained occupancy at 91% at the end of the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The Beijing office market is closely linked to the state of both the global and the Chinese economy. By contrast, our new acquisition, Huamao Place in Huizhou, more closely reflects domestic consumption in the Greater Bay Area. The GBA has been designated an area of strategic importance for the nation's future development, and its population, including that of Huizhou City, is expected to become more affluent in the years ahead due to economic growth, ongoing urbanisation, consumption upgrades, and continued government support. As Huizhou's premier shopping mall, Huamao Place is well-placed to profit from the long-term success of this unique region. During the Reporting Period, we enjoyed a full-term contribution from its operation. Despite a challenging 2022 when the retail sector (including Huamao Place) was a victim of the COVID pandemic and related social restrictions, the untiring efforts of the local Huizhou management team led to an encouraging rebound in footfall and gross merchandise value at Huamao Place after China's reopening. The current tenant configuration, which highlights electric vehicles and hi-tech products, food and beverages, and cosmetic products, has been designed to take advantage of the shift in post-COVID era consumer preferences. With an occupancy rate of approximately 96% during the Reporting Period, Spring REIT will continue to benefit from its defensive quality in the second half of 2023.

In the near term, we expect volatility for both interest rates and currencies to continue. Fortunately, Spring REIT's earlier initiative of implementing float-to-fixed interest rate hedges for all its HKD and GBP loan exposures has mitigated our interest rate risk to a certain extent in 2023. In the meantime, we are paying close attention to the movements of the RMB against the USD and HKD. From a risk management perspective, we have not ruled out the possibility of increasing the proportion of our RMB-denominated loan against our HKD borrowing. We are optimistic that our efforts to create value through prudent asset management strategies will translate into an enhanced distribution for Unitholders.

On 25 May 2023, Spring REIT announced that it intended to repurchase approximately 4.23% of its outstanding issued units. The exercise, which constituted an off-market transaction, allowed Spring REIT to buy back its units at HK\$2.3810 per unit, which is accretive to the distribution per unit and net asset value per unit of Spring REIT. We were pleased to receive 99.99% support from our Unitholders at the EGM on 23 June 2023. The transaction was completed in July 2023 and the repurchased units has been cancelled subsequently. Once again, we have demonstrated Spring REIT's commitment to pursue opportunities that only deliver accretion in the DPU.

Going forward, the Manager remains firmly committed to steering Spring REIT safely through the challenging macroeconomic environment. Unitholders can be assured of our unwavering determination to deliver long term and sustainable growth in distributions.

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 policies of Spring REIT have been adopted with due regard to the requirements under Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (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 manuals for use in relation to the management and operation of Spring REIT, which sets out the key processes, systems and measures, and certain corporate governance policies and procedures 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 Period, both the Manager and Spring REIT have in material terms complied with the provisions of the Compliance Manual including the corporate governance policy set out in Schedule 5 of the Compliance Manual, 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.

During the Reporting Period, an annual general meeting of Spring REIT was held on 13 June 2023 (to note the audited financial statements of Spring REIT together with the independent auditor’s report for the year ended 31 December 2022, and the re-appointment of the independent auditor of Spring REIT; and to approve the buy-back mandate and the continual service of each of Mr. Simon Murray and Mr. Qiu Liping as an independent non-executive directors of the Manager) for meeting with Unitholders and answering their questions, if any.

Besides, an extraordinary general meeting was held on 23 June 2023 to seek Unitholders’ approval on the connected transaction involving off-market Unit buy-back, details of which were set out in the circular to Unitholders dated 27 May 2023.

CORPORATE GOVERNANCE (continued)

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 report, 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) and Ms. Bai Yanan 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. 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. Law Hung Yan Verona ceased as the RO on 4 June 2023.

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.

ROLES OF THE TRUSTEE AND THE MANAGER

The Trustee and the Manager are independent of each other. The Trustee is responsible for the safe custody of the assets of Spring REIT on behalf of the Unitholders and to oversee the activities of the Manager in accordance with and in compliance with the Trust Deed, and the regulatory requirements applicable to Spring REIT.

The Manager is responsible for managing Spring REIT and its assets in accordance with the Trust Deed and ensuring that Spring REIT’s assets are managed in the sole interests of the Unitholders.

The relationship among the Trustee, the Manager and the Unitholders is set out in the Trust Deed, as may be amended and supplemented from time to time.

THE BOARD

The Board currently comprises seven members, including two Executive Directors and five Non-executive Directors, of which three are Independent Non-executive Directors ("**Independent Non-executive Directors**"). The composition of the Board during the Reporting Period is set out below:

Non-executive Directors

Toshihiro Toyoshima (*Chairman*)
Hideya Ishino

Executive Directors

Leung Kwok Hoe, Kevin (*Chief Executive Officer*)
Chung Wai Fai (*appointed as Chief Financial Officer of the Manager on 22 March 2023*)

Independent Non-executive Directors

Simon Murray
Lam Yiu Kin
Qiu Liping

CONFLICTS OF INTEREST AND BUSINESS COMPETITIONS WITH MERCURIA GROUP

Mercuria Holdings may exercise influence over the affairs of Spring REIT through its control over Mercuria Investment Co., Ltd. ("**Mercuria Investment**") and RCA Fund 01, L.P. ("**RCA Fund**"). RCA Fund, which is managed by Mercuria Investment pursuant to a management agreement between Mercuria Investment and RCA Fund (acting through its general partner, RCAC), held 22.68% interest in the Units of Spring REIT as at 30 June 2023. Mercuria Investment can therefore exercise influence on RCA Fund and its exercise of rights as a Unitholder in respect of the affairs of Spring REIT (in particular, in relation to matters that are subject to voting by the Unitholders, on which RCA Fund is not required to abstain from voting), including in relation to the approval of significant corporate transactions, such as acquisitions and disposals. Together with the Units held by its subsidiary, Mercuria Holdings held in aggregate 25.07% interests in the Units of Spring REIT as at 30 June 2023.

Listed on Tokyo Stock Exchange in July 2021, Mercuria Holdings is principally engaged in investing in companies and projects in growth sectors in Japan, China and other Asian countries and regions with selective investments in the property market. There may be circumstances where Spring REIT will have to compete directly with Mercuria Holdings and/or its subsidiaries or associates for acquisitions or disposals of properties as well as for tenants within the Asian or global markets. There can be no assurance that conflicts of interest will not arise between Spring REIT and Mercuria Investment in the future.

Mercuria Investment is a fellow subsidiary of the Manager in which both company is a subsidiary of Mercuria Holdings (collectively "**Mercuria Group**").

CORPORATE GOVERNANCE (continued)

Accordingly, Mercuria Holdings may also exercise influence over the affairs of Spring REIT through its wholly owned subsidiary, Mercuria Investment and a non-wholly owned subsidiary, the Manager (as at 30 June 2023, issued shares of the Manager is owned by Mercuria Holdings as to 80.4% and some of the Non-executive Directors of the Manager were and still are directors and/or senior executives of Mercuria Holdings). The Manager has received and will continue to receive cash/units of Spring REIT by virtue of all or part of its entitlement to the fees for asset management services rendered to Spring REIT.

All conflicts of interest are managed by the Board in accordance with the articles of association of the Manager, the Compliance Manual and other relevant policies and guidelines issued for and adopted by Spring REIT. The Manager has also established various procedures to deal with potential conflicts of interest, including but not limited to:

- (i) unless with the approval of the SFC, the Manager will not manage any real estate investment trust other than Spring REIT nor manage other real estate assets other than those in which Spring REIT has an ownership interest or investment;
- (ii) the Manager will ensure that it will be able to function independently from its shareholders, and all executive officers are employed by the Manager on a full-time basis and are dedicated to the operations of Spring REIT;
- (iii) the Manager has also appointed Independent Non-executive Directors and set up an Audit Committee to provide independent checks on the performance of the Executive Directors/officers and ensure that the Executive Directors/officers manage and operate Spring REIT independently from Mercuria Group;
- (iv) the Manager has established procedures in the Compliance Manual to deal with conflicts of interest;
- (v) the Manager has established an internal control system to ensure that connected party transactions between Spring REIT and its connected persons are monitored and undertaken according to procedures and/or on terms in compliance with the REIT Code (or where applicable, in compliance with the waiver conditions imposed by the SFC) and that other potential conflicts of interest that may arise are monitored;
- (vi) all conflicts of interest involving a substantial Unitholder or a Director will be required to be managed by a physical Board meeting rather than a written resolution and all Independent Non-executive Directors who, and whose associates, have no material interest in the matter should be present at such Board meeting; and
- (vii) where a Director has material interests, whether direct or indirect, in a matter which is the subject of a resolution proposed at a Board meeting of the Manager, such interested Director is expected to disclose his interest to the Board and shall abstain from voting on the resolution concerned.

CONFLICTS OF INTEREST AND BUSINESS COMPETITIONS WITH THE BEIJING PROPERTY MANAGER

Under the Property Management Agreement entered into between RCA01 (a special purpose vehicle of Spring REIT) and Beijing Hua-re Real Estate Consultancy Co., Ltd., (the “**Beijing Property Manager**”), the Beijing Property Manager provides lease management services, building management services and cash management services for the Beijing CCP Property on an exclusive basis subject to the overall management and supervision of the Manager. The Beijing Property Manager is currently 40% owned by Mercuria Investment and 60% owned by third parties. If the Beijing Property Manager were to manage also any other property which competes with the Beijing CCP Property, there may be potential conflicts of interest between Spring REIT and the Beijing Property Manager in respect of the performance of property management services in relation to the Beijing CCP Property and such other property.

To eliminate the likelihood of any potential future conflicts of interest, the Beijing Property Manager has a team of operational staff dedicated exclusively to provide property management services including lease management services to the Beijing CCP Property. Besides, the Beijing Property Manager has delegated to Beijing Huamao Property Management Co., Ltd. (北京華貿物業顧問有限公司), responsible for the maintenance, repair and upkeep of common areas, common facilities and public structures, operation of the building services systems and maintenance of building security. With respect to property management services, the Manager does not anticipate any significant likelihood of conflicts of interest arising between Spring REIT and the Beijing Property Manager.

NEW ISSUE OF UNITS

During the Reporting Period, an aggregate of 8,895,244 new Units were issued to the Manager as payment of part of the Manager’s fee. Please refer to the announcements dated 24 March 2023 and 2 May 2023 for more details.

During the Reporting Period, the Manager (on behalf of Spring REIT) bought back a total of 259,000 Units on the Stock Exchange and all the Units bought back were cancelled prior to the end of the Reporting Period. Please refer to the section headed “Purchase, Sale or Redemption of Units” for details.

The total number of Units in issue as at 30 June 2023 was 1,493,567,431 Units.

CORPORATE GOVERNANCE (continued)

COMPLIANCE WITH THE DEALINGS CODE

To monitor and supervise any dealing of Units, the Manager has adopted a code containing rules on dealings in the securities of Spring REIT by the Directors and the Manager (the “**Dealings Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Pursuant to the Dealings Code, all Directors and the Manager (collectively “**Management Persons**”) who wish to deal in the Units, are likely to be in possession of unpublished inside information in relation to the securities of Spring REIT, must first have regard to the provisions analogous to those set out in Parts XIII and XIV of the SFO with respect to insider dealing and market misconduct, as if those provisions apply to the securities of Spring REIT. In addition, the Management Persons must not make any unauthorized disclosure of confidential information obtained in the course of their service to any other person or make any use of such information for the benefits of themselves or others.

Specific enquiry has been made with the Management Persons who have confirmed that they complied with the required standard set out in the Dealings Code throughout the Reporting Period.

DISCLOSURE ON INDEPENDENT NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENT

Pursuant to the announcement of the Manager dated 24 October 2014 (the “**Independent Non-executive Director Remuneration Announcement**”), the Manager has adopted an arrangement for the remuneration of Independent Non-executive Directors. As stated in the Independent Non-executive Director Remuneration Announcement, the Manager is required to disclose the following information in the interim report and annual report of Spring REIT:

Name of Independent Non-executive Director of the Manager	Remuneration for the Reporting Period ⁽ⁱ⁾ (HK\$)	Election for percentage of remuneration to be paid in form of Units during the Reporting Period	Number of Units paid as remuneration during the Reporting Period ⁽ⁱⁱ⁾
Mr. Simon Murray	217,350	100%	93,000
Mr. Qiu Liping	217,350	100%	93,000
Mr. Lam Yiu Kin	236,250	100%	101,000

Notes:

- (i) The remunerations were determined after arm’s length negotiation between each Independent Non-executive Director and the Manager, with reference to market conditions as well as experience and qualifications of each Independent Non-executive Director.
- (ii) For each Independent Non-executive Director’s current beneficial interests in Units of Spring REIT and the change (if any) in their respective beneficial interests in Units of Spring REIT during the Reporting Period, please see the section headed “Disclosure of Interests” in this report.

REVIEW OF INTERIM REPORT

The consolidated interim results of Spring REIT for the Reporting Period and this report have been reviewed by the Audit Committee and the Disclosures Committee of the Manager in accordance with their respective terms of reference.

The consolidated interim results of Spring REIT for the Reporting Period have also been reviewed by the external auditor of Spring REIT in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board.

CHANGES IN INFORMATION OF DIRECTORS OF THE MANAGER

During the Reporting Period and up to the date of this report, the Manager received notification regarding the following changes in Directors’ information:

Director	Changes in Information
Toshihiro Toyoshima <i>Chairman and Non-executive Director</i>	- resigned as director of Allport Ltd. with effect from 12 June 2023 - appointed as director of Mercuria Advisory Co., Ltd. with effect from 3 July 2023 - appointed as director of Mercuria SG Pte. Ltd. with effect from 3 July 2023
Hideya Ishino <i>Non-executive Director</i>	- appointed as director of Japan Extensive Infrastructure Co., Ltd. with effect from 21 February 2023
Leung Kwok Hoe, Kevin <i>Executive Director and Chief Executive Officer</i>	- appointed as director of Hong Kong REITs Association Limited with effect from 14 July 2023
Chung Wai Fai <i>Executive Director and Chief Financial Officer</i>	- appointed as chief financial officer of the Manager with effect from 22 March 2023
Lam Yiu Kin <i>Independent Non-executive Director</i>	- retired as an Independent Non-executive Director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (Stock Code: 1349) with effect from 30 May 2023
Simon Murray <i>Independent Non-executive Director</i>	- retired as a Non-executive Director of Greenheart Group Limited (Stock Code: 0094) with effect from 31 May 2023

Save as disclosed above, as at the date of this report, the Manager has not been notified of any change in Directors’ information which is required to be included in this report.

CORPORATE GOVERNANCE (continued)

PURCHASE, SALE OR REDEMPTION OF UNITS

During the Reporting Period, the Manager (on behalf of Spring REIT) bought back a total of 259,000 Units on the Stock Exchange at an aggregate consideration (excluding expenses) of approximately HK\$0.6 million. Further details are set out as follows:

Month	Number of Units bought back	Purchase price per Unit		Approximate aggregate consideration (excluding expenses) HK\$'000
		Highest HK\$	Lowest HK\$	
2023				
March	79,000	2.3947	2.3597	187
April	180,000	2.4410	2.4313	439

All on-market Unit buy-backs by the Manager in the Reporting Period 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\$2.42 per Unit. All the above Units bought back were cancelled during the Reporting Period.

Save as disclosed above, there was no purchase, sale or redemption of the 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 Period. Please also refer to the section headed "New Issue of Units" in this report for details relating to new Units issued by Spring REIT during the Reporting Period.

CORPORATE GOVERNANCE (continued)

As announced by the Manager on 25 May 2023, the Manager and BT Cayman Ltd. (“**BT Cayman**”) entered into a buy-back agreement, pursuant to which the Manager (acting in its capacity as manager for and on behalf of Spring REIT) conditionally agreed to acquire and BT Cayman conditionally agreed to dispose of 63,235,000 Units held by BT Cayman, representing approximately 4.23% of issued Units as at 30 June 2023 (the “**Off-market Unit Buy-back**”). The price of Off-market Unit Buy-back was fixed at HK\$2.3810. The Off-market Unit Buy-back was approved by the independent Unitholders at an extraordinary general meeting of Spring REIT held on 23 June 2023. Completion of the Off-market Unit Buy-back was taken place on 7 July 2023. Details of the Off-market Unit Buy-back were set out in Spring REIT’s announcements dated 25 May 2023, 28 May 2023, 30 May 2023, 23 June 2023 and 7 July 2023 and Spring REIT’s circular dated 27 May 2023 respectively.

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 30 June 2023.

INVESTMENTS IN PROPERTY DEVELOPMENT AND RELEVANT INVESTMENTS

During the Reporting Period, Spring REIT did not enter into any (i) Investments in Property Development and Related Activities (as defined in Paragraph 2.16A of the REIT Code); or (ii) Relevant Investments (as defined in Paragraph 7.2B of the REIT Code).

CONNECTED PARTY TRANSACTIONS

The connected party transaction rules of the REIT Code govern transactions between Spring REIT or other parts of the Group (on one side) and connected persons (as defined in Paragraph 8.1 of the REIT Code) of Spring REIT (on the other side). Such transactions will constitute connected party transactions for the purposes of the REIT Code.

Connected persons (as defined in Paragraph 8.1 of the REIT Code) of Spring REIT include, among others:

- (a) the Manager of Spring REIT;
- (b) the Trustee of Spring REIT;
- (c) a substantial holder;

Notes:

- (1) A holder is a substantial holder if it is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of Spring REIT or any of its subsidiaries.

- (d) a director or chief executive of (i) the Manager of Spring REIT; (ii) the Trustee of Spring REIT; or (iii) any subsidiaries of Spring REIT

Notes:

- (1) "Chief executive" is a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the board of directors for the conduct of the business of the relevant entity.
- (2) "Director" of the Manager or any of subsidiaries of Spring REIT also includes a person who was a director of the Manager or any subsidiaries of Spring REIT in the last 12 months.

- (e) an associate of the persons in (a), (b), (c) or (d) above;
- (f) a "connected subsidiary" as defined in Chapter 14A of the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code); and
- (g) a person deemed to be connected by SFC.

Notes:

- (1) SFC has the power to deem any person to be a connected person.
- (2) In general, a "deemed connected person" under Chapter 14A of the Listing Rules (modified as appropriate pursuant to 2.26) would be deemed as a connected person under this paragraph.

Based on the best knowledge of the Manager, set out below is the information in respect of connected party transactions during the Reporting Period involving Spring REIT and/or its subsidiaries (on the one side) and connected persons (as defined in Paragraph 8.1 of the REIT Code) of Spring REIT (on the other side), which are governed by Chapter 8 of the REIT Code.

CONNECTED PARTY TRANSACTIONS (continued)

CONNECTED PARTY TRANSACTIONS – INCOME

The following table sets forth the information on connected party transactions (other than those transactions disclosed under the section headed “Connected Party Transactions with Trustee Connected Persons” below) from which the Group derived its income during the Reporting Period:

Name of Connected Person	Relationship with Spring REIT	Nature of the Connected Party Transaction	Income for the Reporting Period RMB	Rental Deposit received as at 30 Jun 2022 RMB
MIBJ Consulting (Beijing) Co., Ltd.	An associate of the Manager and an associate of a director of the Manager ¹	Leasing	480,677	295,073
PAG Investment Consulting (Beijing) Co., Limited (太盟投資管理諮詢(北京)有限公司)	An associate of a substantial holder of Spring REIT ²	Leasing	1,253,566	770,350
Huizhou Huamao Operations Management Co., Ltd.* (惠州華貿商業管理有限公司)	An associate of a substantial holder of Spring REIT ³	Leasing	876,395	240,000

Notes:

1. MIBJ Consulting (Beijing) Co., Ltd. (“**Mercuria Beijing**”) is wholly-owned by Mercuria Holdings Co., Ltd., which in turn holds 80.4% shareholding in the Manager. Both Mr. Toshihiro Toyoshima, the Chairman and Non-executive Director of the Manager, and Mr. Hideya Ishino, a Non-executive Director of the Manager, are also directors of Mercuria Beijing.

On 29 December 2020, the Group (through Beijing Property Manager) as landlord and Mercuria Beijing as tenant entered into a tenancy agreement in respect of certain office premises owned by Spring REIT at the CCP Property for a term of three years commencing from 1 January 2021. On 19 September 2022, such tenancy agreement was terminated and the Group (through the Beijing Property Manager) as landlord and Mercuria Beijing as tenant entered into a new tenancy agreement for another office premises at the CCP Property for a term of three years commencing from 1 October 2022. Details of the transaction were set out in the announcement of Spring REIT dated 29 December 2020 and 19 September 2022.

2. PAG Investment Consulting (Beijing) Co., Limited (太盟投資管理諮詢(北京)有限公司) (“**PAG Beijing**”) is a non-wholly owned subsidiary of PAG Holdings Limited, a substantial holder of Spring REIT, and therefore a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code.

On 6 September 2019, the Group (through Beijing Property Manager) as landlord and PAG Beijing as tenant entered into a tenancy agreement in respect of certain office premises owned by Spring REIT at the CCP Property for a term of three years commencing from 1 November 2019. On 27 May 2022, the tenancy agreement was renewed for a further term of three years with effect from 1 November 2022. Details of the transaction were set out in the announcements of Spring REIT dated 9 September 2019 and 27 May 2022.

CONNECTED PARTY TRANSACTIONS (continued)

3. Huizhou Huamao Operations Management Co., Ltd. is an associate of Huamao Property Holdings Limited ("**Huamao Property**"), a substantial holder of Spring REIT, and therefore a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code.

On 25 September 2022, Huizhou Runxin Shopping Mall Development Co., Ltd. as landlord and Huizhou Huamao Operations Management Co., Ltd. ("**Huizhou Property Manager**") entered into a leasing framework agreement ("**Direct Operation Leasing Framework Agreement**") to govern the direct operation agreements. As at 30 June 2023, there were thirteen tenancy agreement entered under the Direct Operating Leasing Framework Agreement.

On 28 September 2022, Huizhou Runxin Shopping Mall Development Co., Ltd. as landlord and the Huizhou Property Manager entered into a tenancy agreement in respect of certain premises owned by Spring REIT at Huamao Place for a term of approximately 27 months commencing from 28 September 2022 until 31 December 2024. Details of the transaction were set out in the circular of Spring REIT dated 3 May 2022.

Beijing Guohua Real Estate Co., Ltd.* ("**Beijing Guohua**") is an associate of Huamao Property, a substantial holder of Spring REIT, and therefore a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code.

The Group (as lessor) has entered into a carpark master lease contract dated 1 January 2017 and subsequently renewed with last renewal on 31 December 2022 (the "**Carpark Master Lease**") with Beijing Huamao Property Consulting Co., Ltd. First Branch (the "**Carpark operator**") (as lessee), pursuant to which the Group's carpark spaces within the Development are master-leased to the Carpark Operator at a fixed rent, subject to an annual payment adjustment pursuant to the Carpark Management and Benefit Sharing Agreement (as described below). The Carpark Operator is an independent third party of Spring REIT.

In relation to the Carpark Master Lease, the Group (through its Beijing Property Manager) and a wholly-owned subsidiary of Beijing Guohua, both as owners of their respective carpark spaces in the Development, have jointly entered into a carpark management and benefit sharing agreement dated 22 October 2020 and as supplemented by a supplemental agreement dated 9 February 2021 to (i) appoint the Carpark Operator for the provision of management services in respect of the relevant carpark spaces, and (ii) set out the basis for determining the amount of the net income (after deduction of carpark management fees) generated from the carpark and each owner's entitlement thereto (the "**Carpark Management and Benefit sharing Agreement**") and together with the Carpark Master Lease, the "**Carpark Contracts**"). The Carpark Management and Benefit sharing Agreement was renewed for a further term of 2 years with effect from 1 January 2022.

Under the Carpark Master Lease, the transaction amount for the period from 1 January 2023 to 30 June 2023 was RMB2,964,377. Under the Carpark Management and Benefit Sharing Agreement, (i) the Group's entitlement to the net income (after deduction of carpark management fees) for the period from 1 January 2023 to 30 June 2023 was RMB2,511,555, and (ii) the Group's share of the carpark management fees for the period from 1 January 2023 to 30 June 2023 was RMB839,040.

CONNECTED PARTY TRANSACTIONS (continued)

CONNECTED PARTY TRANSACTIONS — EXPENSES

The following table sets forth the information on connected party transactions (other than those disclosed under the section headed “Connected Party Transactions with Trustee Connected Persons” below) from which the Group incurred its expenses during the Reporting Period:

Name of Connected Person	Relationship with Spring REIT	Nature of the Connected Party Transaction	Expenses for the Reporting Period RMB
Beijing Hua-re Real Estate Consultancy Co., Ltd.	An associate of the Manager and an associate of a director of the Manager	Property management	5,180,206
Huizhou Huamao Operations Management Co., Ltd.* (惠州華貿商業管理有限公司)	An associate of a substantial holder of Spring REIT ²	Property management	11,312,845

Note:

1. Beijing Hua-re Real Estate Consultancy Co., Ltd. is 40% owned by Mercuria Investment, which is a fellow subsidiary of the Manager. Mr. Toshihiro Toyoshima, the chairman and Non-executive Director of the Manager is also a director of the Property Manager.

On 30 August 2011, the Group and the Beijing Property Manager entered into a property management agreement (the “**Property Management Agreement**”) in relation to the provision of certain property management and lease management as well as marketing services by the Beijing Property Manager in respect of the CCP Property. Pursuant to the Property Management Agreement, a monthly property management fee equivalent to 2% of the CCP Property’s monthly total revenue will be payable to the Beijing Property Manager in consideration for the services provided. On 26 July 2021, the Property Management Agreement was renewed on the same terms and conditions for another two-year period commencing from 1 September 2021 and expiring 31 August 2023. Details of the transaction were set out in the announcement of Spring REIT dated 26 July 2021.

2. On 25 September 2022, the Group and the Huizhou Property Manager entered into a property management agreement (the “**Huizhou Property Management Agreement**”) in relation to the provision of certain property management services by the Huizhou Property Manager commencing from 28 September 2022 and expiring on 31 December 2024. Pursuant to the Huizhou Property Management Agreement, the Huizhou Property Manager will be entitled to receive a fee equivalent to 3% of the revenue of the Huizhou Property and a fee equivalent to the Huizhou Property Manager’s human resources cost and the corresponding value-added tax. Details of the transaction were set out in the circular of Spring REIT dated 3 May 2022.

On 21 December 2021, the Group and Beijing Guohua, both as owners of their respective portion of the Development have jointly entered into a service contract for a period of 24 months commencing on 1 January 2022 to appoint 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 Group is responsible for its portion of the management fee payable to the Common Area Manager, which is determined taking into account the Group’s proportional property area. Pursuant to the Common Area Service Contract, the management fee payable by the Group to the building manager is settled via deduction from the building management fees paid directly by the tenants of the Group to the building manager, and such management fee amount for the Reporting Period was RMB1,642,424. The Common Area Manager is an independent third party of Spring REIT.

CONNECTED PARTY TRANSACTIONS (continued)

On 21 December 2021, Beijing Huamao Property Consulting Co. Ltd.* (the “**Building Manager**”) (as a delegate of RCA01) and Beijing Huamao Commercial Management Co. Ltd.* (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. Pursuant to the Digital CCP System Service Contract, the service fee for the Reporting Period is nil.

CONNECTED PARTY TRANSACTIONS WITH TRUSTEE CONNECTED PERSONS

The following tables set forth the information on connected party transactions entered into between the Group and Trustee Connected Persons (which includes the Trustee, any director or chief executive of the Trustee and any associate of the Trustee) during the Reporting Period:

Name of Connected Person	Relationship with spring Relt	Nature of the Connected Party Transaction	Income/ (Expense) for the Reporting Period RMB
Leasing transactions			
Deutsche Bank AG and its associated companies	Associates of the Trustee	Leasing ¹	17,168,924 ¹
Ordinary Banking and Financial services			
Deutsche Bank AG	An associate of the Trustee	Interest income received/receivable on bank deposits	115,080 ²
Deutsche Bank AG	An associate of the Trustee	Bank charges	(10,602) ³

Note:

- As at 30 June 2023, a rental deposit of RMB7,247,514 was held by the Group from Trustee Connected Persons. RMB5,345,837 was held by RCA01 (a special purpose vehicle wholly owned and controlled by Spring REIT) by way of bank guarantee provided by Deutsche Bank (China) Co., Ltd. as at 30 June 2023.

On 1 November 2016, Spring REIT (through its Beijing Property Manager) as landlord and Deutsche Bank (China) Company Limited, a Trustee Connected Person, as tenant entered into a tenancy agreement in respect of certain office premises owned by Spring REIT at the CCP Property for a term of 5 years commencing from 1 December 2016. In October 2021 and November 2021, certain office premises under the tenancy agreement was renewed for a further term of 5 years with effect from 1 December 2021.

On 1 March 2016, Spring REIT (through its Beijing Property Manager) as landlord and Zhong De Securities Company Limited, a Trustee Connected Person, as tenant entered into a tenancy agreement in respect of certain office premises owned by Spring REIT at the CCP Property for a term of five years commencing from 1 May 2016. In April 2021, the tenancy agreement was renewed for a further term of 5 years with effect from 1 May 2021.
- It represents the interest income received/receivable on the bank deposits with the Trustee Connected Persons.
- It represents the bank charges charged by the Trustee Connected Persons for certain banking services.

CONNECTED PARTY TRANSACTIONS (continued)

CONNECTED PARTY TRANSACTIONS WITH TRUSTEE CONNECTED PERSONS – LEASING UNDER WHICH THE ANNUAL RENT (PER LEASE) EXCEEDS HK\$1 MILLION

The following table sets forth the information on leasing transactions with Trustee Connected Persons with annual rent (per lease) that exceeds HK\$1 million during the Reporting Period.

Name of Connected Person	Relationship with Spring REIT	Nature of the Connected Party transaction	Rental income for the Reporting Period RMB
Deutsche Bank (China) Company Ltd.	An associate of the Trustee	Lease for the certain premises of 27th and 28th floors of Tower 1, China Central Place and signage income	7,313,293
Zhong De Securities	An associate of the Trustee	Lease for the whole of 22nd and 23rd floors of Tower 1, China Central Place and signage income	9,855,631

CONFIRMATION BY THE MANAGER AND TRUSTEE OF CORPORATE FINANCE TRANSACTION WITH TRUSTEE CONNECTED PERSONS

Both the Manager and the Trustee confirm that there was no corporate finance transaction and/or other connected party transaction (save and except for those disclosed hereinabove) between Spring REIT and any Trustee Connected Persons during the Reporting Period.

WAIVERS FROM STRICT COMPLIANCE

Waivers from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code in respect of certain connected party transactions entered into by Spring REIT and/or its subsidiaries with their connected persons (the "**Waivers**") have been granted by the SFC. The Waivers have been granted subject to the relevant waiver terms and conditions including, inter alia, the requirements that the transactions should be entered into on normal commercial terms in the ordinary and usual course of business of Spring REIT, and are to be reviewed by the external auditor of Spring REIT, the Independent Non-executive Directors of the Manager and/or the audit committee of the Manager, and (in respect of certain types of transactions) the transaction amounts shall be within the specified annual caps and shall be disclosed in Spring REIT's semi-annual and annual reports as required under Paragraph 8.14 of the REIT Code (the "**Waiver Conditions**").

During the Reporting Period, Spring REIT has complied with the requisite Waiver Conditions, where applicable.

An extension of the waiver from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code in respect of certain new and certain existing continuing connected party transactions and new annual caps for certain leasing transactions and property management arrangements between the Group and Manager Connected Persons Group has been granted by the SFC on 20 May 2015 (the "**2015 Waiver Extension**"), subject to annual limitation as to the capped value of such transactions, review to be conducted by the external auditor for each relevant financial period, annual review to be conducted by the Independent Non-executive Directors of the Manager and other terms and conditions.

CONNECTED PARTY TRANSACTIONS (continued)

The 2015 Waiver Extension expired on 31 December 2017 (the “**Expiry Date**”). As disclosed in the announcement of the Manager dated 22 December 2017 (the “**2017 Announcement**”), the Board of the Manager decided not to seek an extension of the 2015 Waiver Extension upon its expiry in view that only two relevant continuing connected party transactions was to subsist beyond the Expiry Date. The Manager has complied with during the Reporting Period and will continue to comply with all disclosure and Unitholders’ approval requirements under Chapter 8 of the REIT Code in respect of any relevant continuing connected party transaction which either: (a) subsisted after the Expiry Date; or (b) was entered into by Spring REIT after the Expiry Date.

CONFIRMATION BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors have confirmed that they have reviewed the terms of all relevant connected party transactions above and are satisfied that the transactions have been entered into:

- (a) in the ordinary and usual course of business of Spring REIT;
- (b) on normal commercial terms (to the extent that there are comparable transactions) or, where there are insufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to Spring REIT than terms available to or from (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreements and the Manager’s internal procedures governing them, if any, on terms that are fair and reasonable and in the interest of the Unitholders as a whole.

TERMS AND REMUNERATION OF SERVICES PROVIDED BY THE MANAGER AND THE TRUSTEE

Pursuant to the REIT Code, services provided by the Manager and the Trustee to Spring REIT as contemplated under the constitutive documents shall not be deemed connected party transactions, but particulars of such services (except where any service transaction with a value of not more than HK\$1 million), such as terms and remuneration, shall be disclosed in the next published semi-annual report or annual report.

During the Reporting Period, the aggregate amount of fees payable by Spring REIT and/or its subsidiaries to the Manager was RMB31.51 million. The Manager’s fee paid in the form of Units amounted to HK\$21.69 million and the Manager’s fee paid in the form of cash amounted to HK\$13.98 million. On 2 December 2022, the Manager had elected for the base fee payable in the form of cash as to 20% and in the form of Units as to 80%, and for Variable Fee payable in the form of cash entirely, arising from any real estate of Spring REIT for the year ending 31 December 2023 in accordance with the Trust Deed.

During the Reporting Period, the fee payable to the Trustee under the Trust Deed was RMB1.36 million.

Particulars of services provided by the Trustee and the Manager are set out in notes 8 and 12 to the condensed consolidated interim financial information of Spring REIT for the Reporting Period, respectively.

ACQUISITION OF THE HUIZHOU PROPERTIES

As at 30 June 2023, the tax holdback amount owing to the Huamao Focus Limited (the “**Offshore Seller**”), an associate of Huamao Property, amounting to RMB1,201,310, which would be settled after the Offshore Seller has complied with certain obligations under the China Indirect Transfer Rules and paid the corresponding tax payable under the China Indirect Transfer Rules.

* The Company has no official English name. The above unofficial English translation is for identification purpose only. Please refer to Chinese version of interim report for official Chinese name.

DISCLOSURE OF INTERESTS

The REIT Code requires that connected persons (as defined in Paragraph 8.1 of the REIT Code) of Spring REIT shall disclose their interests in the Units. In addition, under the provisions of the Trust Deed, Part XV of the SFO is also deemed to be applicable to, among others, the Directors and chief executives of the Manager and also indirectly to certain persons interested in or having a short position in the Units.

INTERESTS HELD BY THE MANAGER, THE DIRECTORS OR CHIEF EXECUTIVE OF THE MANAGER

As at 30 June 2023, each of the following was the Manager, a director or chief executive of the Manager and thus each of them was a connected person of Spring REIT under the REIT Code and, so far as the Manager is aware, held or was interested in the Units in Spring REIT as follows:

Name	Capacity/ Nature of interest	As at 30 June 2023		As at 31 December 2022		
		Number of Units interested in (Long Position)	Approximate % of interest ¹	Number of Units interested in (Long Position)	Approximate % of interest ¹	Change in % of interest
The Manager						
Spring Asset Management Limited ²	Beneficial owner/ Beneficial interest	44,076,213	2.95%	35,467,969	2.39%	+0.56%
Directors						
Toshihiro Toyoshima	Beneficial owner/ Personal interest	1,652,000	0.11%	1,100,000	0.07%	+0.04%
Hideya Ishino	Beneficial owner/ Personal interest	115,000	0.01%	115,000	0.01%	0.00%
Leung Kwok Hoe, Kevin	Beneficial owner/ Personal interest	759,000	0.05%	759,000	0.05%	0.00%
Simon Murray ³	Beneficial owner/ Personal interest	1,126,000	0.08%	1,033,000	0.07%	+0.01%
Qiu Liping ³	Beneficial owner/ Personal interest	1,126,000	0.08%	1,033,000	0.07%	+0.01%
Lam Yiu Kin ³	Beneficial owner/ Personal interest	1,161,000	0.08%	1,060,000	0.07%	+0.01%

Notes:

- The percentages expressed herein are based on the total number of issued Units of 1,493,567,431 as at 30 June 2023 and 1,484,931,187 as at 31 December 2022 respectively.
- During the Reporting Period, an aggregate of 8,895,244 new Units were issued to the Manager as payment of part of the Manager's fee. The Manager beneficially owned 44,076,213 Units as at 30 June 2023 (31 December 2022: 35,467,969 Units).

DISCLOSURE OF INTERESTS (continued)

3. Each of Mr. Simon Murray, Mr. Qiu Liping and Mr. Lam Yiu Kin received these Units in lieu of cash pursuant to the arrangement for remuneration of Independent Non-executive Director paid out of the Manager's own assets, under which each of the Independent Non-executive Directors of the Manager may elect the percentage of his remuneration to be made in the form of Units to be transferred from the Manager (the "**Independent Non-executive Director Remuneration Arrangement**"), as detailed in the Independent Non-executive Director Remuneration Announcement. Please refer to the sub-section headed "Disclosure on the Independent Non-executive Director Remuneration Arrangement" in the section headed "Corporate Governance" on page 25 of this report for details. As at 30 June 2023, there had been no change to the annual election made by each Independent Non-executive Director.

Save as disclosed above, none of the Manager, the Directors or chief executive of the Manager had beneficial interests (or were deemed to be interested) in any Units and underlying Units or held any short position in the Units as at 30 June 2023 which were required to be notified to the Manager and the Stock Exchange pursuant to Divisions 7, 8 and 9 of Part XV of the SFO or to the Manager only pursuant to the dealing policy set out in the Compliance Manual (as the case may be).

INTERESTS HELD BY SUBSTANTIAL UNITHOLDERS UNDER THE REIT CODE

As at 30 June 2023, based on the information available to the Manager, each of the following persons was considered as a "**substantial holder**" and hence a "**connected person**" of Spring REIT within the meaning and for the purpose of the REIT Code. Their interests or short positions in the Units which were required to be disclosed to the Manager and the Stock Exchange pursuant to the provisions of Part XV of the SFO are set out below:

Name	Capacity/ Nature of interest	As at 30 June 2023			As at 31 December 2022			Change in % of interest
		Number of Units interested in (Long Position)	Number of underlying Units interested in (Long Position)	Approximate % of issued Units ¹	Number of Units interested in (Long Position)	Number of underlying Units interested in (Long Position)	Approximate % of issued Units ¹	
RCAC ²	Interest of controlled corporation/corporate interests	336,720,159	N/A	22.54%	304,699,361	N/A	20.52%	+2.02%
Sumitomo Mitsui Banking Corporation ²	Person having a security interest in shares/other interests	334,720,159	N/A	22.41%	334,720,159	N/A	22.54%	-0.13%
Mercuria Investment ³	Interest of controlled corporation/corporate interests	336,720,159	N/A	22.54%	336,720,159	N/A	22.68%	-0.14%
Mercuria Holdings ⁴	Interest of controlled corporation/corporate interests	380,796,372	N/A	25.50%	372,188,128	N/A	25.06%	+0.44%
Spirit Cayman Ltd. ⁵	Beneficial owner/ Beneficial interest	169,552,089	N/A	11.35%	169,522,089	N/A	11.42%	-0.07%
PAG ^{6,7} (formerly known as PAG Holdings Limited)	Interest of controlled corporation/corporate interests	232,787,089	N/A	15.59%	233,562,089	N/A	15.73%	-0.14%
Shan Weijian ⁸	Interest of controlled corporation/corporate interests	232,787,089	N/A	15.59%	—	—	—	+15.59%

DISCLOSURE OF INTERESTS (continued)

Name	Capacity/ Nature of interest	As at 30 June 2023			As at 31 December 2022			Change in % of interest
		Number of Units interested in (Long Position)	Number of underlying Units interested in (Long Position)	Approximate % of issued Units ¹	Number of Units interested in (Long Position)	Number of underlying Units interested in (Long Position)	Approximate % of issued Units ¹	
Huamao Property ⁹	Interest of controlled corporation & beneficial owner/corporate interests & beneficial interests	185,249,742	N/A	12.40%	185,249,742	N/A	12.48%	-0.08%
Fang Chao ⁹	Interest of controlled corporation/corporate interests	185,249,742	N/A	12.40%	185,249,742	N/A	12.48%	-0.08%
Lin Minghan ⁹	Interest of controlled corporation/corporate interests	185,249,742	N/A	12.40%	185,249,742	N/A	12.48%	-0.08%
Chia Seok Eng ⁹	Interest of controlled corporation/corporate interests	185,249,742	N/A	12.40%	185,249,742	N/A	12.48%	-0.08%
Shining Path Limited ¹⁰	Interest of controlled corporation/corporate interests	162,096,029	N/A	10.85%	162,096,029	N/A	10.92%	-0.07%
Skyland Union Holdings Limited ¹¹	Interest of controlled corporation/corporate interests	162,096,029	N/A	10.85%	162,096,029	N/A	10.92%	-0.07%
Sino-Ocean Group Holding Limited ¹²	Interest of controlled corporation/corporate interests	176,408,678	N/A	11.81%	176,408,678	N/A	11.88%	-0.07%

Notes:

- The percentages expressed herein are based on the total number of issued Units of 1,493,567,431 as at 30 June 2023 and 1,484,931,187 as at 31 December 2022 respectively.
- These 336,720,159 Units (including 334,720,159 Units in short position) are beneficially owned by RCA Fund. Based on the information available to the Manager, RCAC is a general partner of RCA Fund. RCAC has exclusive rights to the management, control and operation of RCA Fund and is thus deemed to be interested in the Units held by RCA Fund. The interest of 334,720,159 Units in short position represents a pledge by RCA Fund to Sumitomo Mitsui Banking Corporation using the said Units as collateral to secure the borrowing of a loan.
- These 336,720,159 Units comprise the interests of (i) 32,020,798 Units (including 32,020,798 Units in short position) directly held by a 100% controlled entity (SR Target, L.P.); and (ii) 304,699,361 Units (including 302,699,361 Units in short position) directly held by a 41.45% controlled entity (RCA Fund). Please refer to Note 2 above for details of interests of RCA Fund.

DISCLOSURE OF INTERESTS (continued)

4. Based on the disclosure of interests notification filed on 26 January 2023, Mercuria Holdings was interested in 372,321,128 Units (including 334,720,159 Units in short position) through 100% or non-100% controlled entities (including the Manager). The Manager received 4,411,081 Units and 4,484,163 Units respectively as manager fee as per the disclosure of interests notifications filed on 28 March 2023 and 4 May 2023. The Manager had paid remuneration to its Independent Non-executive Directors by transferring a total of 420,000 Units as per the disclosure of interests notifications filed on 28 March 2023 and 28 June 2023 respectively. After that, Mercuria Holdings was interested in 380,796,372 Units. These 380,796,372 Units comprise the interests of (i) 336,720,159 Units (including 334,720,159 Units in short position) indirectly held by a 100% controlled entity (Mercuria Investment); and (ii) 44,076,213 Units directly held by a 80.40% controlled entity (the Manager). Please refer to Note 3 above for details of interests of Mercuria Investment.
 5. These 169,552,089 Units were beneficially owned by Spirit Cayman Ltd. Please refer to Note 7(b) below.
 6. These 232,787,089 Units comprise the interests of (i) 63,235,000 Units directly held by BT Cayman Ltd.; and (ii) 169,552,089 Units directly held by Spirit Cayman Ltd. Based on disclosure of interests notification made by PAG filed on 31 May 2023, each of PAG Real Estate Limited, PARE (Cayman) Limited and PAG Investment Advisors Pte. Ltd. was interested in the same parcel of 232,787,089 Units in which PAG was deemed to be interested.
 7. Based on disclosure of interests notifications filed on 31 May 2023:
 - (a) each of PARE (Cayman) Limited (as controlling entity of SCREP V Management (Cayman), LLC as to 100%), PAG Investment Advisors Pte. Ltd. (as manager of SCREP V Management (Cayman), LLC), SCREP V Management (Cayman), LLC (as general partner of Secured Capital Real Estate Partners V, L.P. and SCREP V Feeder B, L.P.), SCREP V Feeder B, L.P. (as limited partner and controlling entity of Secured Capital Real Estate Partners V, L.P. as to 70.87%) and Secured Capital Real Estate Partners V, L.P. (as controlling entity of BT Cayman Ltd. as to 100%) was deemed to be interested in 63,235,000 Units, being the same parcel of Units directly held by BT Cayman Ltd. as referred to in Note 6(i) above;
 - (b) each of PARE (Cayman) Limited (as controlling entity of SCREP VI Management, LLC as to 100%), PAG Investment Advisors Pte. Ltd. (as manager of SCREP VI Management, LLC), SCREP VI Management, LLC (as general partner of SCREP VI, L.P. and SCREP VI Feeder A, L.P.), SCREP VI Feeder A, L.P. (as limited partner and controlling entity of SCREP VI, L.P. as to 75.33%), SCREP VI, L.P. (as controlling entity of SCREP VI Holdings L.P. as to 100%) and SCREP VI Holdings L.P. (as controlling entity of Spirit Cayman Ltd. as to 100%) was deemed to be interested in 169,552,089 Units, being the same parcel of Units directly held by Spirit Cayman Ltd. as referred to in Note 6(ii) above;
 - (c) PAG Investment Advisors Pte. Ltd. was interested in 232,787,089 Units, comprising 63,235,000 Units which it was deemed to be interested in as manager of SCREP V Management (Cayman), LLC and 169,552,089 Units which it was deemed to be interested in as manager of SCREP VI Management, LLC;
 - (d) PARE (Cayman) Limited was interested in 232,787,089 Units, comprising 63,235,000 Units which it was deemed to be interested in through its controlled entity SCREP V Management (Cayman), LLC and 169,552,089 Units which it was deemed to be interested in through its controlled entity SCREP VI Management, LLC;
 - (e) PAG Real Estate Limited was interested in 232,787,089 Units through its 100% controlled entities PARE (Cayman) Limited and PAG Investment Advisors Pte. Ltd; and
 - (f) PAG was interested in 232,787,089 Units through its 100% controlled entity PAG Real Estate Limited.
- The interests of each of the above were also disclosed in the disclosure of interests notification made by PAG filed on 31 May 2023.
8. Based on the notification filed on 31 May 2023, Shan Weijian was deemed to be interested in 232,787,089 Units through PAG (as controlling person of PAG as to 34.67%) as referred to Notes 6 and 7 above.

DISCLOSURE OF INTERESTS (continued)

9. These 185,249,742 Units comprise the interests of (i) 56,500,742 Units directly held by Huamao Property; and (ii) 128,749,000 Units directly held by a 100% controlled entity (China Orient Stable Value Fund Limited). The following disclosure of interests notifications filed are related to the same batch of Units interested and deemed to be interested by Huamao Property:
- (a) according to the notifications filed on 24 December 2020, each of RCA02 (as controlling entity of Huamao Property as to 41.84%), Diligent Glory Investments Limited (as controlling entity of RCA02 as to 100%), Risun Holdings Limited (as controlling entity of Diligent Glory Investments Limited as to 100%) and Fang Chao (as controlling person of Risun Holdings Limited as to 80%) was deemed to be interested in those 185,249,742 Units, being the same parcel of Units directly and indirectly held by Huamao Property.
 - (b) according to the notifications filed on 7 January 2021, each of Siberite Limited (as controlling entity of Huamao Property as to 40.48%) and Lin Minghan (as controlling person of Siberite Limited as to 50%) was deemed to be interested in those 185,249,742 Units, being the same parcel of Units directly and indirectly held by Huamao Property.
 - (c) according to the notifications filed on 7 January 2021, each of Siberite Limited (as controlling entity of Huamao Property as to 40.48%), Pebblebay Capital Corp (as controlling entity of Siberite Limited as to 50%) and Chia Seok Eng (as controlling person of Pebblebay Capital Corp as to 100%) was deemed to be interested in those 185,249,742 Units, being the same parcel of Units directly and indirectly held by Huamao Property.
10. Based on the notification filed by Shining Path Limited on 21 December 2020, Shining Path Limited was interested in 162,096,029 Units, comprising the interests of (i) 160,626,029 Units directly held by a 100% controlled entity (Alpha Great Global Limited); and (ii) 1,470,000 Units held directly by a 100% controlled entity (Pure Sage Investments Limited).
11. Skyland Union Holdings Limited was interested in a total of 162,096,029 Units as at 30 June 2023 as follows:
- (a) Based on the notification filed by Skyland Union Holdings Limited on 17 February 2020, Skyland Union Holdings Limited was interested in 160,626,029 Units as Skyland Union Holdings Limited holds 50% controlling interests in Shining Path Limited which in turn holds 100% controlling interests in Alpha Great Global Limited as referred to Note 10(i) above. Accordingly, Skyland Union Holdings Limited is deemed to be interested in the 160,626,029 Units held by Alpha Great Global Limited.
 - (b) Based on the notification filed by Shining Path Limited on 21 December 2020, the Manager was aware that Skyland Union Holdings Limited was also deemed to be interested in 1,470,000 Units which was indirectly held by Shining Path Limited through its 100% controlled entity (Pure Sage Investments Limited), as at 30 June 2023 as referred to Note 10(ii) above.
12. Based on the notification filed by Sino-Ocean Group on 2 November 2021, Sino-Ocean Group was deemed to be interested in 176,408,678 Units, comprising the interests of (i) 162,096,029 Units indirectly held by its indirect 50% controlled entity, Shining Path Limited through 100% controlled entities as referred to Note 10 above; and (ii) 14,312,649 Units indirectly held by its indirect 49% controlled entity, Fortune Joy Ventures Limited through a number of 100% controlled entities and a 70% controlled entity (Oceanland Global Investment Limited) to hold these Units.

Save as disclosed above and based on the information available to the Manager, no other substantial Unitholders of Spring REIT within the meaning of REIT Code had beneficial interests (or were deemed to be interested) in any Units or underlying Units or held any short position in the Units as at 30 June 2023 which were required to be notified to the Manager and the Stock Exchange pursuant to Divisions 2, 3 and 4 of Part XV of the SFO.

DISCLOSURE OF INTERESTS (continued)

INTERESTS HELD BY SUBSTANTIAL UNITHOLDERS UNDER THE SFO

As at 30 June 2023, the interests and short position in the Units held by persons, other than the Manager, Directors or chief executive of the Manager or substantial Unitholders of Spring REIT under REIT Code disclosed above, who were interested in 5% or more but below 10% of the Units which were required to be disclosed to the Manager and the Stock Exchange pursuant to the provisions of Part XV of the SFO are set out below:

Name	Capacity/ Nature of interest	As at 30 June 2023		As at 31 December 2022		Change in % of interest
		Number of Units interested in (Long Position)	Approximate % of issued Units ¹	Number of Units interested in (Long Position)	Approximate % of issued Units ¹	
Mamoru Taniya	Beneficial owner/ Beneficial interest	102,604,639	6.87%	102,604,639	6.91%	-0.04%

Note:

1. The percentages expressed herein are based on the total number of issued Units of 1,493,567,431 as at 30 June 2023 and 1,484,931,187 as at 31 December 2022 respectively.

Save as disclosed above and based on the information available to the Manager, the Manager is not aware of any other substantial Unitholders of Spring REIT within the meaning of the SFO who had beneficial interests (or were deemed to be interested) in 5% or more but below 10% of the Units or underlying Units or held any short position in the Units as at 30 June 2023 which were required to be notified to the Manager and the Stock Exchange pursuant to Divisions 2, 3 and 4 of Part XV of the SFO.

INTERESTS HELD BY OTHER CONNECTED PERSONS OF SPRING REIT

As at 30 June 2023, save as disclosed above and based on the information available to the Manager, the Manager is not aware of any other connected persons of Spring REIT, including the Trustee, who have interests (or deemed interests) in the Units or underlying Units or held any short position in Units which were required to be notified to the Manager and the Stock Exchange pursuant to the REIT Code or pursuant to the Trust Deed.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF SPRING ASSET MANAGEMENT LIMITED (AS “MANAGER” OF SPRING REAL ESTATE INVESTMENT TRUST)

INTRODUCTION

We have reviewed the interim financial information set out on pages 43 to 76, which comprises the interim condensed consolidated statement of financial position of Spring Real Estate Investment Trust (“Spring REIT”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim consolidated statement of distribution, the interim condensed consolidated statement of changes in equity and net assets attributable to Unitholders and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising material accounting policy information and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Manager are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 August 2023

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Revenues	6	363,415	267,307
Property operating expenses	7	(89,521)	(64,732)
Net property income		273,894	202,575
General and administrative expenses	8	(40,605)	(32,908)
Fair value (loss)/gain of investment properties	14	(98,412)	59,057
Fair value loss of right-of-use assets	15	(107)	(253)
Other gains, net	9	19,593	53,735
Operating profit		154,363	282,206
Bank interest income		2,736	1,825
Finance costs on interest-bearing borrowings	10	(219,610)	(187,615)
(Loss)/profit before taxation and transactions with Unitholders		(62,511)	96,416
Income tax expense	11	(19,582)	(2,643)
(Loss)/profit for the period, before transactions with Unitholders		(82,093)	93,773
Distributions paid to Unitholders:			
– 2021 final distribution		—	(139,224)
– 2022 final distribution (note i)		(135,192)	—
		(217,285)	(45,451)
Represented by:			
Change in net assets attributable to Unitholders, excluding issuance of new units and units bought back for cancellation		(206,529)	(485)
Amount arising from exchange reserve movements regarding translation of financial statements		(21,580)	(44,966)
Non-controlling interests		10,824	—
		(217,285)	(45,451)
(Loss)/profit for the period, before transactions with Unitholders attributable to:			
– Unitholders (note ii)		(92,917)	93,773
– Non-controlling interests		10,824	—
		(82,093)	93,773

Notes:

- (i) 2022 final distribution of RMB135,192,000 for the year ended 31 December 2022 was paid during the six months ended 30 June 2023. Total distribution for the six months ended 30 June 2023 is presented in the consolidated statement of distributions.
- (ii) (Loss)/earnings per unit, based upon (loss)/profit for the period, before transactions with Unitholders attributable to Unitholders and the weighted average number of units in issue, is set out in note 13.

The notes on pages 50 to 76 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Six Months Ended 30 June 2023

	Note	Before	Transactions	After	Non-Controlling interests (Unaudited) RMB'000	Total (Unaudited) RMB'000
		transactions with Unitholders (Unaudited) RMB'000	with Unitholders (note i) (Unaudited) RMB'000	transactions with Unitholders (note ii) (Unaudited) RMB'000		
For the six months ended 30 June 2023						
Loss for the period		(92,917)	71,337	(21,580)	10,824	(10,756)
Other comprehensive income:						
<i>Items that may be reclassified to condensed consolidated income statement</i>						
Exchange losses on translation of financial statements of subsidiaries		(28,365)	—	(28,365)	—	(28,365)
<i>Items that may not be reclassified to condensed consolidated income statement</i>						
Exchange gains on translation of financial statements of Spring REIT		49,945	—	49,945	—	49,945
Total comprehensive income for the period	ii	(71,337)	71,337	—	10,824	10,824
For the six months ended 30 June 2022						
Profit for the period		93,773	(138,739)	(44,966)	—	(44,966)
Other comprehensive income:						
<i>Items that may be reclassified to condensed consolidated income statement</i>						
Exchange losses on translation of financial statements of subsidiaries		(5,165)	—	(5,165)	—	(5,165)
<i>Items that may not be reclassified to condensed consolidated income statement</i>						
Exchange gains on translation of financial statements of Spring REIT		50,131	—	50,131	—	50,131
Total comprehensive income for the period	ii	138,739	(138,739)	—	—	—

Notes:

- (i) Transactions with Unitholders comprise the distributions paid to Unitholders of RMB135,192,000 (2022: RMB139,224,000), and change in net assets attributable to Unitholders excluding issuance of new units and units bought back for cancellation, which is a decrease of RMB206,529,000 (2022: decrease of RMB485,000).
- (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 condensed consolidated income statement. Accordingly, the total comprehensive income, after transactions with Unitholders is zero.

The notes on pages 50 to 76 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF DISTRIBUTIONS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
(Loss)/profit for the period, before transactions with Unitholders attributable to Unitholders	(92,917)	93,773
Adjustments:		
– Fair value loss/(gain) of investment properties attributable to Unitholders	95,196	(59,057)
– Fair value loss of right-of-use assets	107	253
– Net fair value loss/(gain) of derivative financial instruments	9,803	(92,790)
– Deferred taxation attributable to Unitholders	1,867	1,341
– Manager's fee in units in lieu of cash	19,479	15,987
– Amortisation of transaction costs for host liability components of bank borrowings	8,999	16,797
– Unrealised foreign exchange loss	89,126	176,347
Distributable income for the period (note ii)	131,660	152,651
Total distributions of the period (note iii)	127,710	137,386
Percentage of total distribution over distributable income for the period	97%	90%
Distributions per unit to Unitholders for the period		
– Interim distribution per unit, to be paid (note iv, v and vi)	HK10.0 cents	HK11.2 cents

CONDENSED CONSOLIDATED STATEMENT OF DISTRIBUTIONS (continued)

For the six months ended 30 June 2023

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:

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Distributions per unit to Unitholders		
– Interim distribution per unit	RMB8.9 cents	RMB9.3 cents
Distribution per unit for the period	RMB8.9 cents	RMB9.3 cents

- (ii) Under the terms of the Trust Deed, the distributable income represents the (loss)/profit for the period before transactions with Unitholders attributable to Unitholders, adjusted to eliminate the effects of certain non-cash transactions which have been recorded in the condensed consolidated income statement for the period.
- (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) On 20 April 2023, a total of 259,000 units repurchased during the six months ended 30 June 2023 were subsequently cancelled. On 24 March 2023 and 2 May 2023, a total of 4,411,081 and 4,484,163 units were issued as payment of part of the Manager's fees respectively.

Subsequent to the six month ended 30 June 2023, on 18 July 2023, a total of 63,235,000 units repurchased on 7 July 2023 were cancelled. On 18 August 2023, a total of 5,001,961 units were issued as payment of part of the Manager's fees.

Accordingly, the interim distribution per unit of HK10.0 cents for the six months ended 30 June 2023 is calculated based on the interim distribution to be paid to Unitholders of RMB127,710,000 for the period and 1,435,334,392 units in issue as at 22 August 2023, being the date of declaration of the interim distribution, rounded to the nearest HK0.1 cents.

Distributions to Unitholders for the six months ended 30 June 2023 represent a payout ratio of 97% (2022: 90%) of Spring REIT's total distributable income for the period. The interim distribution for the six months ended 30 June 2023 is expected to be paid to Unitholders on 22 September 2023. Such interim distributions per unit, however, may be subject to adjustment upon the issuance of new units between 22 August 2023 (being the date of the declaration of the interim distribution) and 8 September 2023 (the "Record Date"), if any.

- (v) On 25 July 2022, a total of 770,000 units, comprising 579,000 units repurchased during the six months ended 30 June 2022 and 191,000 units repurchased during the period from 1 July 2022 to 18 July 2022, were subsequently cancelled. On 11 August 2022, a total of 3,490,017 units were issued as payment of part of the Manager's fees. Accordingly, the interim distribution per unit of HK11.2 cents for the six months ended 30 June 2022 is calculated based on the interim distribution to be paid to Unitholders of RMB137,386,000 for the period and 1,482,022,576 units in issue as at 23 August 2022, being the date of declaration of the final distribution, rounded to the nearest HK0.1 cents.
- (vi) All distributions to Unitholders are determined and paid in Hong Kong dollar.

The notes on pages 50 to 76 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Assets			
Investment properties	14	12,066,230	12,082,952
Right-of-use assets	15	15,841	14,460
Derivative financial instruments	16	154,276	159,994
Restricted bank balances	18	338,700	366,840
Trade and other receivables	17	94,212	104,313
Cash and cash equivalents	18	339,876	202,434
Total assets		13,009,135	12,930,993
Liabilities, excluding net assets attributable to Unitholders			
Interest-bearing borrowings	20	5,130,999	4,857,346
Deferred tax liabilities	21	100,059	97,313
Lease liabilities	15	11,531	10,601
Rental deposits	19	206,017	204,566
Trade and other payables	19	190,844	217,279
Income tax payable		40,813	37,880
Total liabilities, excluding net assets attributable to Unitholders		5,680,263	5,424,985
Non-controlling interests		957,989	947,165
Net assets attributable to Unitholders		6,370,883	6,558,843
Units in issue ('000)	22	1,493,567	1,484,931
Net asset value per unit attributable to Unitholders			
In RMB		4.27	4.42
In HK\$		4.63	4.95

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 50 to 76 are an integral part of these condensed consolidated interim financial information.

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

For the six months ended 30 June 2023

	Reserves RMB'000	Net assets attributable to Unitholders RMB'000	Non- Controlling interest RMB'000	Total RMB'000
As at 1 January 2023	—	6,558,843	947,165	7,506,008
Loss for the period, before transactions with Unitholders	—	(92,917)	10,824	(82,093)
Exchange gains on translation of financial statements	21,580	—	—	21,580
Amount arising from exchange reserve movements	(21,580)	21,580	—	—
Distributions paid to Unitholders: – 2022 final distribution	—	(135,192)	—	(135,192)
Change in net assets attributable to Unitholders for the six months ended 30 June 2023, excluding issuance of new units and units bought back for cancellation	—	(206,529)	10,824	(195,705)
Issuance of units (note 22)	—	19,120	—	19,120
Units bought back for cancellation (note 22)	—	(551)	—	(551)
As at 30 June 2023	—	6,370,883	957,989	7,328,872

	Reserves RMB'000	Net assets attributable to Unitholders RMB'000
As at 1 January 2022	—	6,671,653
Profit for the period, before transactions with Unitholders	—	93,773
Exchange gains on translation of financial statements	44,966	—
Amount arising from exchange reserve movements	(44,966)	44,966
Distributions paid to Unitholders: – 2021 final distribution	—	(139,224)
Change in net assets attributable to Unitholders for the six months ended 30 June 2022, excluding issues of new units and units bought back for cancellation	—	(485)
Issuance of units (note 22)	—	15,956
Units bought back for cancellation (note 22)	—	(1,846)
As at 30 June 2022	—	6,685,278

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

The notes on pages 50 to 76 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Cash flows from operating activities			
Cash generated from operations	23	243,335	179,120
Interest received		2,736	1,825
Income tax paid		(14,076)	—
Net cash generated from operating activities		231,995	180,945
Cash flows from investing activity			
Additions to investment properties		(16,406)	—
Net cash used in investing activity		(16,406)	—
Cash flows from financing activities			
Interest paid		(92,382)	(32,343)
Payment of lease liabilities		(591)	(466)
Proceed from borrowings		160,747	5,223
Repayment of borrowings		(55,729)	—
Payment of transaction costs		—	(9,009)
Decrease in restricted bank balances		34,383	(13,516)
Repurchase of units in issue		(551)	(1,846)
Distributions to Unitholders		(135,192)	(139,224)
Net cash used in financing activities		(89,315)	(191,181)
Net increase/(decrease) in cash and cash equivalents		126,274	(10,236)
Cash and cash equivalents at the beginning of the period		202,434	156,047
Exchange gain on cash and cash equivalents		11,168	8,536
Cash and cash equivalents at end of period		339,876	154,347

The notes on pages 50 to 76 are an integral part of these condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 and the First Amending and Restating Deed entered into between Spring Asset Management Limited (the "Manager") and DB Trustees (Hong Kong) Limited (the "Trustee") on 28 May 2021 (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, 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 condensed consolidated interim financial information 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 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim financial reporting" issued by the International Accounting Standards Board. The condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements as at 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022 as described in those annual financial statements.

New standards, amendments, improvements and interpretation to existing standards adopted by the Group

The Group has adopted all of the new standards, amendments, improvements and interpretation issued by the International Accounting Standards Board that are mandatory for annual accounting periods beginning on or after 1 January 2023.

3 ACCOUNTING POLICIES (continued)

New standards, amendments, improvements and interpretation to existing standards adopted by the Group (continued)

New standards, amendments, improvements and interpretation to existing standards effective in 2023:

		Effective for accounting periods beginning on or after
IAS 1 and IFRS Practice Statement 2 Amendments	Disclosure of Accounting Policies	1 January 2023
IAS 8 Amendments	Definition of Accounting Estimates	1 January 2023
IAS 12 Amendments	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 4 Amendments	Extension of the temporary exemption from applying IFRS 9 and IFRS 4	1 January 2023
IFRS 17 and IFRS 17 Amendments	Insurance Contracts	1 January 2023

The adoption of these new standards, amendments, improvements and interpretation 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 condensed consolidated financial information.

New standards, amendments, improvements and interpretation to existing standards not yet adopted

The following new standards, amendments, improvements and interpretation 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 1 Amendments	Non-current Liabilities with Covenants	1 January 2024
IAS 1 Amendments	Classification of Liabilities as Current or Non-current	1 January 2024
IFRS 16 Amendments	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements (amendments)	1 January 2024
IFRS 10 and IAS 28 (2011) Amendments	Lease Liability in a Sale and Leaseback	To be determined

3 ACCOUNTING POLICIES (continued)

New standards, amendments, improvements and interpretation to existing standards not yet adopted (continued)

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

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 14.

(b) Estimates of fair values of derivative financial instruments

Fair values of derivative financial instruments have been arrived at using valuations provided by the counterparty banks 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 FINANCIAL RISK

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2022.

There have been no changes in the risk management policies since the year end.

6 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 six months period ended 30 June 2023, revenue of RMB344.6 million (30 June 2022: RMB248.8 million) is attributable to tenants from the PRC investment properties and RMB18.8 million (30 June 2022: RMB18.4 million) is attributable to tenants from the UK investment properties. As at 30 June 2023, investment properties of RMB11,423 million (31 December 2022: RMB11,463 million) is located in the PRC and RMB643 million (31 December 2022: RMB620 million) is located in the UK. Right-of-use assets of RMB16 million (31 December 2022: RMB14 million) is located in the UK.

6 REVENUE AND SEGMENT INFORMATION (continued)

An analysis of revenues of the Group is as follows:

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Revenues		
Rental income	346,974	262,028
Car park income	1,497	2,720
Other income (note i)	14,944	2,559
	363,415	267,307

Note:

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

7 PROPERTY OPERATING EXPENSES

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Property management fee	16,717	5,767
Property taxes (note i)	38,613	30,385
Other taxes (note ii)	2,269	146
Withholding tax (note iii)	23,892	25,499
Leasing commission	889	942
Advertising and promotion expenses	6,586	—
Reinstatement costs	—	1,551
Others	555	442
	89,521	64,732

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 and stamp duty in the PRC.
- (iii) Withholding tax is calculated based on 10% of the revenues received from rental operation for the Beijing properties.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

8 GENERAL AND ADMINISTRATIVE EXPENSES

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Manager's fee (note i)	31,512	25,704
Trustee fee	1,359	880
Valuation fee	266	761
Auditor's remuneration		
– Audit services	105	102
– Other assurance services	732	612
– Other non-assurance services	169	13
Legal and other professional fee (note ii)	5,271	4,389
Others	1,191	447
	40,605	32,908

Notes:

- (i) The breakdown of the Manager's fee was set out in note 12.
- (ii) Legal and other professional fee mainly comprises advisory fees and other professional fees.

9 OTHER GAINS, NET

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Net fair value (loss)/gain of derivative financial instruments		
at fair value through profit or loss	(9,803)	92,790
Foreign exchange gains/(losses), net	29,248	(39,055)
Other gain	148	—
	19,593	53,735

10 FINANCE COSTS ON INTEREST-BEARING BORROWINGS

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Interest expenses on bank borrowings (note i)	(135,049)	(50,695)
Interest income on derivative financial instruments	34,249	808
Interest expenses on lease liabilities	(436)	(436)
Foreign exchange losses on bank borrowings (note ii)	(118,374)	(137,292)
	(219,610)	(187,615)

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.

11 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 withholding tax as disclosed in note 7(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 condensed consolidated income statement represents:

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Current tax		
Current income tax	16,836	1,302
Deferred taxation		
	16,836	1,302
	2,746	1,341
	19,582	2,643

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

11 INCOME TAX EXPENSE (continued)

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 period were as follows:

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
(Loss)/profit before income tax and transactions with Unitholders	(62,511)	96,416
Exclude profit from the PRC operation which is not subject to income tax (note 7(iii))	79,405	(121,485)
	16,894	(25,069)
Tax calculated at the Hong Kong profit tax rate at 16.5% (2022: 16.5%)	2,788	(4,136)
Effect on different taxation rate on overseas operations	2,476	(48)
Income not subject to tax	(8,646)	(169)
Expenses not deductible for tax purposes	22,964	6,996
	19,582	2,643

12 MANAGER'S FEE

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Base fee	23,953	19,628
Variable fee	7,559	6,076
	31,512	25,704

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 2 December 2022 and 3 December 2021 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% (2022: same), and Variable Fee to be paid to the Manager in the form of cash entirely (2022: same), arising from any real estate of Spring REIT for the six months period ended 30 June 2023 and 2022 in accordance with the Trust Deed.

13 (LOSS)/ EARNINGS PER UNIT

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
(Loss)/profit for the period, before transactions with Unitholders attributable to Unitholders	(92,917)	93,773
Weighted average number of units for the period for calculating basic earnings per unit	1,488,702,672	1,475,393,909
Adjustment for dilutive units issuable in respect of the Manager's fee	—	3,490,017
Weighted average number of units for the period for calculating diluted earnings per unit	1,488,702,672	1,478,883,926
Basic (loss)/earnings per unit based upon (loss)/profit before transactions with Unitholders attributable to Unitholders	(RMB6.2 cents)	RMB6.4 cents
Diluted (loss)/earnings per unit based upon (loss)/profit before transactions with Unitholders attributable to Unitholders	(RMB6.2 cents)	RMB6.3 cents

14 INVESTMENT PROPERTIES

	For the period ended 30 June 2023 (Unaudited) RMB'000	For the year ended 31 December 2022 (Audited) RMB'000
At beginning of the period/year	12,082,952	9,307,096
Acquisition of subsidiaries (note 25)	—	2,442,000
Transaction costs for the acquisition of subsidiaries	—	51,024
Additions	20,454	—
Exchange differences recognised in other comprehensive income	61,236	(19,629)
Changes in fair value recognised in consolidated income statement	(98,412)	268,730
At end of the period/year	12,066,230	12,082,952

14 INVESTMENT PROPERTIES (continued)

Notes:

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

In Beijing, the investment properties comprises office towers 1 & 2 and approximately 600 car parking spaces located at No. 79 and 81 Jianguo Road, Beijing, 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 comprises 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 84 individual properties with diversified locations across the UK. The investment properties are held under either freehold or leasehold interests.

On 28 September 2022, the Group completed the acquisition of 68% interest of Huizhou Huamao Place through acquisition of subsidiaries (note 25).

As at 30 June 2023 and 31 December 2022, the investment properties were pledged to secure the Group's bank borrowings (note 20).

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 30 June 2023 and 31 December 2022, 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.

14 INVESTMENT PROPERTIES (continued)

Valuation techniques

(i) PRC investment properties

The income capitalisation approach estimates the value 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 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 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 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements			
As at 30 June 2023	—	—	12,066,230
As at 31 December 2022	—	—	12,082,952

There were no transfers between levels 1, 2 and 3 during the period/year (31 December 2022: nil).

14 INVESTMENT PROPERTIES (continued)

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 30 June 2023 valuation, a capitalisation rate of 5.0% (31 December 2022: 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 properties. The average gross monthly office unit base rent of RMB398 (31 December 2022: 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 capitalisation rates used, the lower the fair values of the investment properties. In the 30 June 2023 valuation, a capitalisation rate of 6.0% (31 December 2022: 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 RMB177 (31 December 2022: RMB176) 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 rates used, the lower the fair values of the investment properties. In the 30 June 2023 valuations, the capitalisation rate used in the income capitalisation approach of 84 investment properties ranged from 4.45% to 9.15% (31 December 2022: 3.70% to 8.15%).

(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 84 investment properties ranged from GBP4.00 to GBP27.50 (31 December 2022: GBP4.52 to GBP23.57) per square foot.

15 LEASES

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

	For the period ended 30 June 2023 (Unaudited) RMB'000	For the year ended 31 December 2022 (Audited) RMB'000
Right-of-use assets		
At beginning of the period/year	14,460	15,217
Exchange differences recognised in other comprehensive income	1,488	(445)
Changes in fair value recognised in consolidated income statement	(107)	(312)
At end of the period/year	15,841	14,460

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Lease liabilities, expected to be settled:		
Within 1 year	254	96
After 1 year	11,277	10,505
	11,531	10,601

Fair value hierarchy

	Fair value measurements using		
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements			
As at 30 June 2023	—	—	15,841
As at 31 December 2022	—	—	14,460

There were no transfers between levels 1, 2 and 3 during the period/year (31 December 2022: nil).

16 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Asset		
Fair value of the interest rate swaps	154,276	159,994

As at 30 June 2023, the Group has entered into three (31 December 2022: three) interest rate 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.

The aggregated notional principal amount of the interest rate swaps as at 30 June 2023 was HK\$ 3,355 million (approximately RMB3,093 million) (31 December 2022: HK\$3,355 million (approximately RMB2,967 million)) with HK\$1,000 million mature on 29 December 2023 and HK\$2,355 million mature on 23 September 2025 (31 December 2022: same).

The Group recorded net fair value loss on interest rate swaps for the six months ended 30 June 2023 amounting to RMB9,803,000 (30 June 2022: gain on RMB92,790,000) (note 9) which were charged to the condensed 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 interest rate swaps are expected to be recovered after twelve months.

17 TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Rent receivables	7,140	7,266
Deferred rent receivables (note iv)	40,602	41,135
Prepayments	9,995	10,884
Other receivables	3,473	2,151
VAT recoverable	215	117
Indemnified tax recoverable (note v)	32,787	42,760
	94,212	104,313

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 in the PRC is generally fully covered by the rental deposits from the corresponding tenants (note 19).
- (iii) As at 30 June 2023 and 31 December 2022, the Group's rent receivables and all future rent receivables in the PRC were pledged to secure the Group's interest-bearing borrowings (note 20).
- (iv) Deferred rent receivables represent the accumulated difference between effective rental revenue and actual rental receipts.
- (v) 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 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
0 – 30 days	2,160	4,939
31 – 90 days	1,435	661
Over 90 days	3,545	1,666
	7,140	7,266

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

18 RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Restricted bank balances	338,700	366,840
Cash and cash equivalents	339,876	202,434
	678,576	569,274

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

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
US\$	23,349	25,206
RMB	320,698	305,290
HK\$	316,493	210,584
GBP	18,036	28,194
	678,576	569,274

Restricted bank balances are related to bank accounts restricted under the bank borrowing facility agreements of the Group's bank borrowings (note 20).

18 RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS (continued)

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

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Cash and cash equivalents		
Within 1 year	339,876	202,434
Restricted bank balances		
After 1 year	338,700	366,840

19 RENTAL DEPOSITS AND TRADE AND OTHER PAYABLES

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Rental deposits (note i)	206,017	204,566
Trade and other payables:		
Rental receipts in advance	58,653	52,380
Provision for other taxes (note ii)	11,561	16,377
Accrued expenses and other payables	120,630	148,522
	190,844	217,279

Notes:

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

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Within 1 year	85,674	64,764
After 1 year	120,343	139,802
	206,017	204,566

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

19 RENTAL DEPOSITS AND TRADE AND OTHER PAYABLES (continued)

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.

20 INTEREST-BEARING BORROWINGS

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

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Bank borrowings		
Within 1 year	66,310	64,000
After 1 year	5,064,689	4,793,346
	5,130,999	4,857,346

Bank borrowings are denominated in the following currencies:

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
HK\$ (note i)	3,942,684	3,674,729
RMB (note ii)	753,834	768,000
GBP (note iii)	434,481	414,617
	5,130,999	4,857,346

20 INTEREST-BEARING BORROWINGS (continued)

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

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
6 months or less	5,130,999	4,857,346

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 1.60% 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 30 June 2023 and 31 December 2022, the Group's investment properties (note 14), derivative financial instruments (note 16), rent receivables (note 17) and all future rent receivables (note 24), restricted bank balances (note 18), 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.

21 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 period/year are as follows:

	Investment properties revaluation (Unaudited) RMB'000	Acceleration depreciation allowance (Unaudited) RMB'000	Total (Unaudited) RMB'000
At 30 June 2023			
At beginning of the period	95,250	2,063	97,313
Deferred tax expense recognised in consolidated income statement	—	2,746	2,746
At end of the period	95,250	4,809	100,059

	Investment properties revaluation (Audited) RMB'000	Acceleration depreciation allowance (Audited) RMB'000	Total (Audited) RMB'000
At 31 December 2022			
At beginning of the year	2,760	—	2,760
Exchange differences recognised in other comprehensive income	(86)	—	(86)
Deferred tax expense recognised in consolidated income statement	92,576	2,063	94,639
At end of the year	95,250	2,063	97,313

22 UNITS IN ISSUE

	Number of units	
	For the period ended 30 June 2023	For the year ended 31 December 2022
Balance at the beginning of the period/year	1,484,931,187	1,472,383,580
New units issued for Manager's fee	8,895,244	14,674,607
Repurchase of units in issue (note ii)	(259,000)	(2,127,000)
Balance at the end of the period/year (note i)	1,493,567,431	1,484,931,187

22 UNITS IN ISSUE (continued)

Notes:

- (i) Traded market value of the units as of 30 June 2023 was HK\$2.22 (31 December 2022: HK\$2.40) per unit. Based on 1,493,567,431 (31 December 2022: 1,484,931,187) units, the market capitalisation was HK\$3,316 million (approximately RMB3,057 million) (31 December 2022: HK\$3,564 million (approximately RMB3,205 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 259,000 units (2022: 808,000 units) at an aggregate consideration of approximately RMB551,000 (2022: RMB1,846,000) during the period ended 30 June 2023. All units bought back were cancelled during the period.

23 NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Cash generated from operating activities

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
(Loss)/profit before taxation, before transactions with Unitholders	(62,511)	96,416
Fair value loss/(gain) of investment properties	98,412	(59,057)
Fair value loss of right-of-use assets	107	253
Net fair value loss/(gain) of derivative financial instruments	9,803	(92,790)
Manager's fee expenses in units in lieu of cash	19,479	15,987
Bank interest income	(2,736)	(1,825)
Finance costs on interest-bearing borrowings	219,610	187,615
Foreign exchange (gains)/losses	(29,248)	39,055
Operating profit before working capital changes	252,916	185,654
Decrease/(increase) in trade and other receivables	7,459	(3,716)
Increase in rental deposits	1,450	1,037
Decrease in trade and other payables	(18,490)	(3,855)
	243,335	179,120

Material non-cash movements:

- (i) The Manager's fee amounting RMB19,479,000 (2022: RMB15,987,000) was settled by issuance of new units.

24 FUTURE MINIMUM RENTAL RECEIVABLES

As at 30 June 2023, the analysis of the Group's aggregate future minimum rental receivable under non-cancellable leases is as follows:

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Within 1 year	643,832	633,346
1 - 2 years	459,038	493,517
2 - 3 years	308,468	327,607
3 - 4 years	139,381	162,046
4 - 5 years	89,746	74,057
After 5 years	218,197	204,317
	1,858,662	1,894,890

Note: Most of the operating leases are on fixed terms and of terms of ranging from 1-3 years (31 December 2022: 1-3 years).

25 ACQUISITION OF SUBSIDIARIES

On 29 April 2022, the Group entered into conditional acquisition agreements, pursuant to which they would acquire an aggregate 68% interest in Huizhou Runxin and its investment holding companies from the associates of a substantial Unitholder. Huizhou Runxin owns a seven-storey shopping mall and certain carpark spaces in Huizhou City, the PRC. The acquisition was completed on 28 September 2022 at purchase consideration of RMB1,641.5 million and related transaction costs of RMB51.0 million which RMB890.0 million was satisfied by the novation of payable from the seller and the remaining balance were settled in cash. The acquisition have been accounted for by the Group as acquisition of asset under IFRS 3 "Business Combinations" since substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset, the Huizhou Huamao Place.

25 ACQUISITION OF SUBSIDIARIES (continued)

The assets and liabilities arising from the acquisition are as follows:

	RMB'000
Investment properties	2,442,000
Restricted bank balances	40,000
Trade and other receivables (including receivable due from seller)	1,132,320
Cash and cash equivalents	55,011
Interest-bearing borrowings	(800,000)
Rental deposits	(53,051)
Trade and other payables	(102,111)
Tax payable	(35,778)
Other net liabilities	(179,776)
Net assets acquired	2,498,615
Non-controlling interests	(857,085)
Purchase consideration for the acquisition	1,641,530
Consideration satisfied by assumption of payable (non-cash transaction)	(890,000)
Cash and cash equivalents acquired	(55,011)
	696,519
Transaction costs (note)	51,024
Transaction costs paid in prior year	(7,813)
Net outflow to cash – investing activities	739,730

Note: The transaction costs related to the acquisition of RMB51 million were capitalised in the investment properties.

26 CONNECTED PARTY TRANSACTIONS AND RELATED PARTY TRANSACTIONS AND BALANCES

For the period ended 30 June 2023, the Group entered into the following transactions with related parties at mutually agreed terms in the normal course of its business.

(a) Nature of relationship with connected/related parties

The table set forth below summarises the names of the connected/related parties, as defined in the REIT Code/IAS 24 (Revised) "Related Party Disclosures", and nature of their relationship with the Group as at 30 June 2023:

Connected/related party	Relationship with the Group
DB Trustees (HK) Ltd. *	The Trustee of Spring REIT
Spring Asset Management Limited*	The Manager of Spring REIT
RCA Fund 01, L.P. (" RCA Fund ") *	A Substantial Unitholder of Spring REIT
PAG Investment Consulting (Beijing) Co., Limited (" PAG Beijing ") * #	An Associate of a Substantial Unitholder of Spring REIT
Beijing Guohua Real Estate Co., Ltd. (" Beijing Guohua ") * # (note ix and x)	An Associate of a Substantial Unitholder of Spring REIT
MIBJ Consulting (Beijing) Co., Ltd. (" MIBJ ") *	An Associate of the Manager and an Associate of a director of the Manager
Beijing Hua-re Real Estate Consultancy Co., Ltd. (" HuaRe ") *	An Associate of the Manager and an Associate of a director of the Manager
Beijing Huamao Commercial Management Co., Ltd. (" Beijing Huamao Commercial Management ") * (note xi)	An Associate of a Substantial Unitholder of Spring REIT
Huizhou Huamao Operations Management Co., Ltd. (" Huizhou Huamao Operations Management ") *	An Associate of a Substantial Unitholder of Spring REIT
Huamao Focus Limited (" Huamao Focus ") *	An Associate of a Substantial Unitholder of Spring REIT
Huizhou Huamao Xingye Real Estate Development Co., Ltd.	An Associate of a Substantial Unitholder and Non-Controlling Interest of Spring REIT
Deutsche Bank AG and its subsidiaries (excluding the Trustee) (" DBAG ") *	Trustee Connected Persons
Zhong De Securities (" ZDS ") *	Trustee Connected Persons

* These connected parties are also considered as related parties of the Group.

26 CONNECTED PARTY TRANSACTIONS AND RELATED PARTY TRANSACTIONS AND BALANCES (continued)
(b) Income from connected/related parties

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Rental revenue from MIBJ	(i)	481	477
Rental revenue from DBAG and ZDS	(i)	17,169	20,262
Rental revenue from PAG Beijing	(i)	1,254	1,267
Rental revenue from Huizhou Huamao			
Operations Management	(i)	876	—
Interest income from DBAG	(ii)	115	314

(c) Expenses to connected/related parties

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Property management fee to HuaRe	(iii)	5,180	5,502
Property management fee to Huizhou Huamao			
Operations Management	(iii)	11,313	—
Trustee's fee paid and payable to the Trustee	(iv)	1,359	880
Manager's fee to Spring Asset Management Limited	(v)	31,512	25,704
Bank charges to DBAG	(vi)	11	11

(d) Balances with connected/related parties

	Notes	As at	As at
		30 June	31 December
		2023	2022
		(Unaudited)	(Audited)
		RMB'000	RMB'000
Lease deposit from MIBJ	(vii)	295	295
Lease deposit from DBAG and ZDS	(vii)	7,248	6,857
Lease deposit from PAG Beijing	(vii)	770	770
Lease deposit from Huizhou Huamao			
Operations Management	(vii)	240	180
Consideration payable to Huamao Focus	(viii)	1,201	1,201

26 CONNECTED PARTY TRANSACTIONS AND RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(d) Balances with connected/related parties (continued)

Notes:

- (i) Rental revenue was charged in accordance with the terms of the relevant agreements with the connected/related parties.
- (ii) Interest income received on bank deposits, bank charges and settlement of a financial instrument were charged in accordance with the terms of the relevant agreements with DBAG.
- (iii) Property management services fees were charged based on mutually agreed terms between the parties.
- (iv) The Trustee is entitled to in each financial period, an ongoing fee of not more than 0.025% of the value of the deposited property payable semi-annually or quarterly in arrears, subject to a minimum of RMB672,000 per annum.
- (v) Fee to the Manager was charged in accordance with the Trust Deed.
- (vi) Bank charges was charged in accordance with the terms of the relevant agreements with DBAG.
- (vii) Lease deposits were received in accordance with the terms of the relevant lease agreements.
- (viii) The amount represents the balance of the tax holdback amount in accordance with the terms of the relevant acquisition agreements.
- (ix) Under the Carpark Master Lease, the transaction amount for the six months ended 30 June 2023 was RMB1,497,303 (For the six months ended 30 June 2022: RMB2,964,377). Under the Carpark Management and Benefit Sharing Agreement, (i) the Group's entitlement to the net income (after deduction of carpark management fees) for the six months ended 30 June 2023 was RMB2,511,555 (For the six months ended 30 June 2022: RMB2,285,995), and (ii) the Group's share of the carpark management fees for the six months ended 30 June 2023 was RMB839,040 (For the six months ended 30 June 2022: RMB839,040).
- (x) Pursuant to the Common Area Service Contract, the management fee payable by the Group to the Common Area Manager is settled via deduction from the building management fees paid directly by the tenants of the Group to the building manager, and such management fee amount for the six months ended 30 June 2023 was RMB1,642,464 (For the six months ended 30 June 2022: RMB1,642,464). The Common Area Manager is an independent third party of Spring REIT.
- (xi) On 21 December 2021, Beijing Huamao Property Consulting Co. Ltd.* (the "Beijing Building Manager") (as a delegate of RCA01) and Beijing Huamao Commercial Management Co. Ltd.* (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. Pursuant to the Digital CCP System Service Contract, the service fee for the six months ended 30 June 2023 was RMB nil (For the six months ended 30 June 2022: RMB3,673,454).

No transaction was entered with the directors of the Manager (being the key management personnel) for the period ended 30 June 2023 (2022: Nil).

The company has no official English name. The above unofficial English translation is for identification purpose only. Please refer to Chinese version of interim report for official Chinese name.

27 PRINCIPAL SUBSIDIARIES

Name	Place of establishment and kind of legal entity/place of operations	Principal activities	Particulars of issued share capital	Interest held	
				2022	2021
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%	—
Indirectly held:					
Huamao Capital Focus 03 Limited	British Virgin Islands, limited liability	Investment holding	1 of US\$1 each	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%	—

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

28 EVENT AFTER REPORTING PERIOD

On 25 May 2023, the Manager and BT Cayman Ltd. (“**BT Cayman**”) entered into a buy-back agreement, pursuant to which the Manager (acting in its capacity as manager for and on behalf of Spring REIT) conditionally agreed to acquire and BT Cayman conditionally agreed to dispose of 63,235,000 Units held by BT Cayman, representing approximately 4.23% of issued Units as at 30 June 2023 (the “**Off-market Unit Buy-back**”). The price of Off-market Unit Buy-back was fixed at HK\$2.3810 with a total consideration of approximately HK\$151m. The Off-market Unit Buy-back was approved by the independent Unitholders at an extraordinary general meeting of Spring REIT held on 23 June 2023. The Off-market Unit Buy-Back has been completed on 7 July 2023 and all the buy-back units has been subsequently cancelled on 18 July 2023.

29 APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The condensed consolidated interim financial information was authorised for issue by the Manager on 22 August 2023.

PERFORMANCE TABLE

As at 30 June	2023	2022	2021
Net assets attributable to Unitholders	RMB6,370.88 million	RMB6,685.28 million	RMB6,515.41 million
Net assets per Unit attributable to Unitholders	HK\$4.63	HK\$5.29	HK\$5.34
Total borrowings as a percentage of gross assets	39.4%	30.8%	30.8%
Market capitalization ¹	RMB3,057.1 million	RMB3,352.5 million	RMB3,489.44 million
Units issued	1,493,567,431	1,479,302,559	1,466,273,210

For the six months ended 30 June	2023	2022	2021
Highest traded unit price	HK\$2.60	HK\$2.93	HK\$2.95
Highest premium of the traded unit price to net assets per Unit	N/A	N/A	N/A
Lowest traded unit price	HK\$2.16	HK\$2.50	HK\$2.52
Highest discount of the traded unit price to net assets per Unit	53.3%	52.7%	52.8%
Distributions per Unit ²	HK10.0 cents	HK11.2 cents	HK10.8 cents
Net yield per Unit ²	4.5%	4.2%	3.8%
Net yield (annualized) per Unit ²	9.0%	8.5%	7.6%

Notes:

- 1 Market capitalization is calculated based on the closing unit price of the period times the unit issued as at the end of the period.
- 2 Net yield per Unit is calculated based on distribution per Unit for each period to the closing price as at the end of each period.

CORPORATE INFORMATION

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Chairman and Non-executive Director

Mr. Toshihiro Toyoshima

Executive Directors

Mr. Leung Kwok Hoe, Kevin
Mr. Chung Wai Fai, Michael

Non-executive Director

Mr. Hideya Ishino

Independent Non-executive Directors

Mr. Simon Murray
Mr. Qiu Liping
Mr. Lam Yiu Kin

RESPONSIBLE OFFICERS OF THE MANAGER

Mr. Leung Kwok Hoe, Kevin
Mr. Chung Wai Fai, Michael
Ms. Bai Yanan
Ms. Law Hung Yan, Verona (cessation on 4 June 2023)

COMPANY SECRETARY OF THE MANAGER

Fair Wind Secretarial Services Limited

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

INTERNAL AUDITOR

BDO Financial Services Limited

TRUSTEE

DB Trustees (Hong Kong) Limited

PRINCIPAL VALUER

Knight Frank Petty Limited

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