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SpringREIT

Spring Real Estate Investment Trust

春泉產業信託

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

(Stock code: 01426)

Managed by

Spring Asset Management Limited

ANNOUNCEMENT

(1) SALE OF SHARES IN

SPRING ASSET MANAGEMENT LIMITED

(2) APPOINTMENT OF ALTERNATE DIRECTOR

The Board wishes to announce that: (i) on 14 August 2020, Mercuria Investment Co., Ltd., the controlling entity (as defined in the REIT Code) of Spring Asset Management Limited, the manager of Spring REIT, entered into a sale and purchase agreement with Pure Sage Investments Limited, pursuant to which Mercuria agreed to sell and the Purchaser agreed to purchase 882,000 shares in the Manager representing 9.8% of the total issued share capital of the Manager as at the date of this announcement, subject to the terms and conditions of the Share Purchase Agreement; and (ii) completion of the Share Transfer took place on the same day.

The Board is also pleased to announce that Mr. Chung Wai Fai, Michael has been appointed as an Alternate Director to Mr. Nobumasa Saeki with effect from 14 August 2020.

A. SALE OF SHARES

The board of directors (the “**Board**”) of Spring Asset Management Limited (the “**Manager**”), in its capacity as manager of Spring Real Estate Investment Trust (“**Spring REIT**”), wishes to announce that: (i) on 14 August 2020, Mercuria Investment Co., Ltd. (“**Mercuria**”), the controlling entity (as defined in the Code on Real Estate Investment Trusts (the “**REIT Code**”)) of the Manager entered into a sale and purchase agreement (the “**Share Purchase Agreement**”) with Pure Sage Investments Limited (the “**Purchaser**”), pursuant to which Mercuria agreed to sell and the Purchaser agreed to purchase 882,000 shares in the Manager representing 9.8% of the total issued share capital of the Manager as at the date of this announcement (the “**Share Transfer**”), subject to the terms and conditions of the Share Purchase Agreement; and (ii) completion of the Share Transfer took place on the same day.

The Share Transfer

Immediately before completion of the Share Transfer, Mercuria held 90.2% of the total issued share capital of the Manager and Huamao Property Holdings Ltd. (“**Huamao**”) held the remaining 9.8% of the total issued share capital of the Manager. Following completion of the Share Transfer, Mercuria holds 80.4% of the total issued share capital of the Manager, the Purchaser holds 9.8% of the total issued share capital of the Manager and Huamao holds the remaining 9.8% of the total issued share capital of the Manager. There is no change to the composition of the Board following completion of the Share Transfer, and the business of the Manager as the manager of Spring REIT shall continue to be managed by the Board alone. Neither the Purchaser nor any of its shareholders has the right to appoint a director to the Board or exercise any influence on the Manager in its management of Spring REIT.

The following diagrams show the shareholding structure of the Manager immediately before completion of the Share Transfer (Diagram 1) and immediately after completion of the Share Transfer (Diagram 2).

Diagram 1 – Shareholding structure of the Manager immediately before completion of the Share Transfer

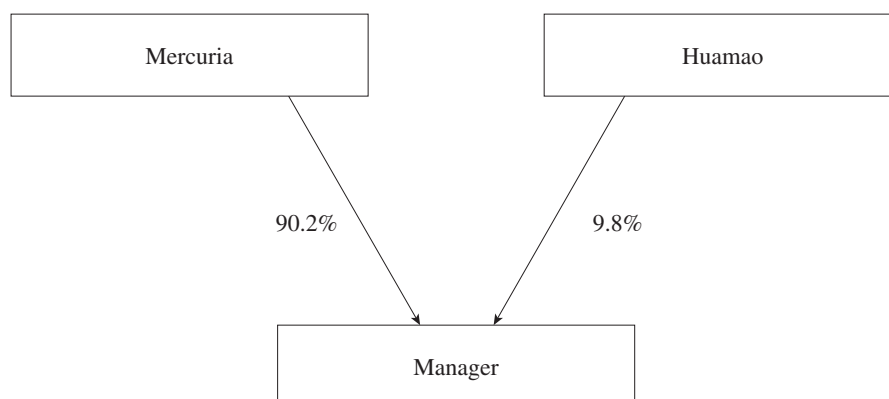
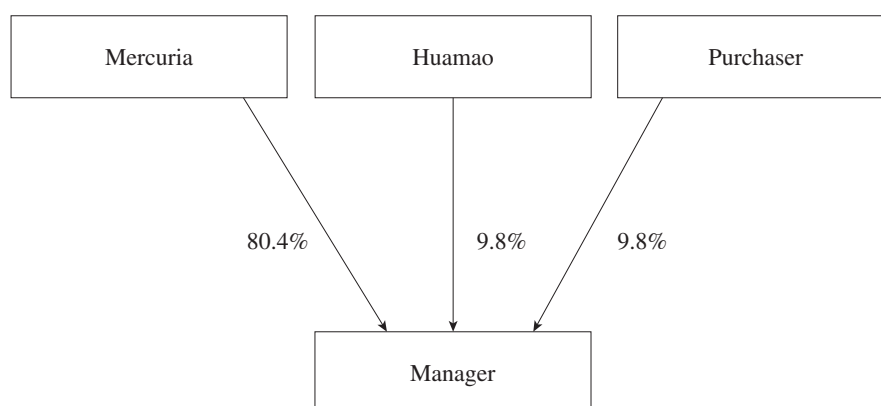


Diagram 2 – Shareholding structure of the Manager immediately after completion of the Share Transfer



The Manager believes that the Share Transfer will not affect the financial position, business and operation of Spring REIT.

About the Purchaser

The Purchaser is a special purpose vehicle set up by the same investment consortium led by Sino-Ocean Group Holding Limited (“**Sino-Ocean Group**”) which through Alpha Great Global Limited (the “**CB Subscriber**”) had invested in and fully converted the convertible bonds issued by Spring REIT on 27 November 2019. For further details, please refer to the announcements of Spring REIT dated 25 November 2019, 27 November 2019 and 12 February 2020.

Based on the latest disclosure of interests notification made by Sino-Ocean Group, Sino-Ocean Group is deemed to be interested in 174,938,678 units, representing approximately 11.99% of the total units in issue as of 6 August 2020 and is a significant holder and a connected person (each as defined in the REIT Code) of Spring REIT through the CB Subscriber and Glory Class Ventures Limited, each of which is an associate (as defined in the REIT Code) of Sino-Ocean Group and a unitholder of Spring REIT. For the avoidance of doubt, Sino-Ocean Group, Glory Class Ventures Limited and the Purchaser are connected persons through the CB Subscriber but not through the Manager, nor will they become connected persons through the Manager immediately following completion of the Share Transfer.

In addition, each of: (a) the directors, senior executives and officers of the CB Subscriber; (b) the associates (as defined in the REIT Code) of such persons and the CB Subscriber; and (c) the controlling entities (defined in the REIT Code), holding companies, subsidiaries and associated companies (defined in the REIT Code) of the CB Subscriber are connected persons of Spring REIT (collectively, the “**Sino-Ocean Consortium Connected Persons**”).

Neither the Purchaser nor any of its shareholders shall have any rights pertaining to the management of Spring REIT, including but not limited to the investment strategy of Spring REIT. Further, for so long as the Sino-Ocean Consortium Connected Persons remain connected persons of Spring REIT, the Manager shall comply with the relevant connected party transaction provisions set out in the REIT Code and the trust deed constituting Spring REIT with respect to transactions with any such Sino-Ocean Consortium Connected Persons (including, where required, obtaining the opinion of an independent financial advisor in respect of the transaction and/or requiring the relevant Sino-Ocean Consortium Connected Person to abstain from unitholder voting) to ensure that the interests of independent unitholders are sufficiently protected.

To the best of the directors’ knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, there are no connected persons of Spring REIT other than as disclosed above which the Board considers should be brought to the attention of investors in relation to this announcement.

Reasons for the Share Transfer

Many REITs in Asia have a strategic property developer sponsor at the time of listing that may offer a pipeline of acquisition opportunities for the REIT, but this was not the case for Spring REIT.

As disclosed in the announcement dated 25 November 2019, Sino-Ocean Group is one of the leading property developers in mainland China and develops and invests in real estate projects comprising residential, office and retail projects located primarily in Beijing and other major cities in mainland China. The Manager believes that the introduction of the Purchaser as a strategic non-substantial shareholder of the Manager will benefit Spring REIT by potentially allowing more flexibility for Spring REIT to source acquisition opportunities from property developers including but not limited to Sino-Ocean Group.

B. APPOINTMENT OF ALTERNATE DIRECTOR

The Board is also pleased to announce that Mr. Chung Wai Fai, Michael (“**Mr. Chung**”) has been appointed as an Alternate Director to Mr. Nobumasa Saeki (“**Mr. Saeki**”), an Executive Director of the Manager, with effect from 14 August 2020.

Mr. Chung, aged 39, joined the Manager in March 2013 and is presently the Head of Investment and Investor Relations and one of the responsible officers of the Manager. He is responsible for identifying and evaluating potential acquisitions or investments and for investor relations activities of Spring REIT. Mr. Chung has extensive experience in asset management and investment research. Prior to joining the Manager, Mr. Chung was a senior fund manager and responsible officer of Imperial Capital Limited, where he was involved in launching an absolute-return Asia ex-Japan equity fund. Previously, Mr. Chung was a fund manager of iVenture Investment Management Limited and was actively involved in the day-to-day portfolio management of its absolute-return Asia ex-Japan equity fund. Mr. Chung started his career at PricewaterhouseCoopers, performing statutory audit works for companies in Hong Kong and mainland China.

Mr. Chung holds a Bachelor’s degree in Business Administration (Finance) from Hong Kong University of Science and Technology and is a CFA charterholder.

Pursuant to the articles of association of the Manager (the “**Articles**”), the appointment of Mr. Chung as an Alternate Director to Mr. Saeki shall remain effective until Mr. Saeki ceases to be a director of the Manager or Mr. Chung’s appointment has been revoked by Mr. Saeki, whichever is the earlier. Pursuant to the Articles, Mr. Chung shall not be entitled to receive any remuneration from the Manager in respect of his appointment as an Alternate Director to Mr. Saeki.

Mr. Chung did not hold any directorships in other listed companies during the last three years. As at the date of this announcement, Mr. Chung: (i) does not have any relationships with any other directors or senior management of the Manager or substantial or controlling unitholders of Spring REIT; and (ii) does not have a direct or indirect interest or deemed interest in the units of Spring REIT within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

In relation to the appointment of Mr. Chung as an Alternate Director to Mr. Saeki, there is no information that needs to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as if they were applicable to Spring REIT, and the Board considers that there are no other matters that need to be brought to the attention of the unitholders of Spring REIT.

C. GENERAL

This announcement is made pursuant to paragraph 10.3 of the REIT Code.

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

Hong Kong, 14 August 2020

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