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## **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**

#### **UNIT TRANSFER BETWEEN SUBSTANTIAL UNITHOLDERS**

On 18 September 2023, the Manager was notified by a controlled corporation of Sino-Ocean Group that it and another Sino-Ocean Group's controlled corporation had each entered into an agreement with Huamao Property to dispose of 174,938,678 units in Spring REIT to Huamao Property.

Following the Unit Transfer, Sino-Ocean Group's unitholding in Spring REIT will decrease from 176,408,678 units (representing 12.29% of the total number of Spring REIT units in issue) to 1,470,000 units (representing 0.10% of the total number of Spring REIT units in issue), while Huamao Property's unitholding in Spring REIT will increase from 185,249,742 units (representing 12.90% of the total number of Spring REIT units in issue) to 360,188,420 units (representing 25.09% of the total number of Spring REIT units in issue).

The Manager does not expect the Unit Transfer to have any impact on the business and operations of Spring REIT, and there will be no change to the composition of the board of directors of the Manager as a result of the Unit Transfer.

The Subject Units include 160,626,029 units issued to Alpha Great Global Limited following the exercise of its HK\$585,000,000 1.75% guaranteed convertible bonds due 2022. Pursuant to the terms of the Bonds, the subscriber undertook to the other parties that: (1) it would not transfer the Bonds or units issued upon conversion of the Bonds to any person who is a connected person of Spring REIT; and (2) it will ensure that, prior to transferring any such Bonds or conversion units, the transferee enters into a deed of adherence to comply with the same undertakings. For reasons stated in this announcement, the Manager and Trustee have agreed to the request from Sino-Ocean Group's controlled corporation to waive these undertakings so as to permit the Unit Transfer.

This announcement is made pursuant to 10.3 of the Code on Real Estate Investment Trusts.

#### **A. The Unit Transfer**

On 18 September 2023, Spring Asset Management Limited (the “**Manager**”) was notified by a controlled corporation of Sino-Ocean Group Holding Limited (“**Sino-Ocean Group**”) that it and another Sino-Ocean Group's controlled corporation had each entered into a share transfer agreement with Huamao Property Holdings Ltd. (“**Huamao Property**”), pursuant to which they agreed to indirectly dispose of a total of 174,938,678 units (the “**Subject Units**”) in Spring Real Estate Investment Trust (“**Spring REIT**”) to Huamao Property, through disposing of all the shares in Alpha Great Global Limited and Jade Wave Global Limited, which together hold all the Subject Units (the “**Unit Transfer**”). The Subject Units represent 99.17% of the 176,408,678 units deemed to be held by Sino-Ocean Group. The Unit Transfer is subject to the Manager and DB Trustees (Hong Kong) Limited (in its capacity as trustee of Spring REIT) (the “**Trustee**”) granting a waiver from the Subscriber Undertakings (as defined below) and is expected to complete within 10 business days after the signing of the share transfer agreements.

Huamao Property and Sino-Ocean Group are presently substantial unitholders, and thus, connected persons of Spring REIT pursuant to 8.1 of the Code on Real Estate Investment Trusts (the “**REIT Code**”). Immediately after completion of the Unit Transfer, Sino-Ocean Group will cease to be a substantial unitholder and connected person of Spring REIT, by virtue of its unitholding interest in Spring REIT falling below 10%. The following table sets out the unitholding structure of Spring REIT immediately before and after completion of the Unit Transfer:

Name of unitholder	Immediately before completion of the Unit Transfer		Immediately after completion of the Unit Transfer	
	Number of units	Approximate % of the number of issued units	Number of units	Approximate % of the number of issued units
<b>Parties to the Unit Transfer</b>				
Huamao Property	185,249,742	12.90	360,188,420	25.09
Sino-Ocean Group	176,408,678	12.29	1,470,000	0.10
<b>Other substantial unitholders</b>				
Mercuria Holdings Co. Ltd. <sup>(1)</sup>	385,798,333	26.88	385,798,333	26.88
Spirit Cayman Ltd. <sup>(2)</sup>	169,552,089	11.81	169,552,089	11.81
<b>Directors</b>				
Toshihiro Toyoshima	1,652,000	0.12	1,652,000	0.12
Leung Kwok Hoe, Kevin	759,000	0.05	759,000	0.05
Hideya Ishino	115,000	0.01	115,000	0.01
Simon Murray	1,126,000	0.08	1,126,000	0.08
Qiu Liping	1,126,000	0.08	1,126,000	0.08
Lam Yiu Kin	1,161,000	0.08	1,161,000	0.08
<b>Other unitholders</b>	<b>512,386,550</b>	<b>35.70</b>	<b>512,386,550</b>	<b>35.70</b>
<b>Total</b>	<b>1,435,334,392</b>	<b>100.00</b>	<b>1,435,334,392</b>	<b>100.00</b>

Notes:

(1) The units held by Mercuria Holdings Co. Ltd. comprise (i) 336,720,159 units held by RCA Fund 01. L.P. (“**RCA Fund**”); and (ii) 49,078,174 units held by the Manager (in its personal capacity). Mercuria Investment Co., Ltd. manages, and through such management can exercise influence over, RCA Fund. Both Mercuria Investment Co., Ltd. and the Manager are subsidiaries of Mercuria Holdings Co. Ltd..

(2) PAG is the indirect controlling shareholder of the general partner of the limited partnership that owns 100% of the share capital of Spirit Cayman Ltd..

The Manager does not expect the Unit Transfer to have any impact on the business and operations of Spring REIT, and there will be no change to the composition of the board of directors of the Manager as a result of the Unit Transfer.

Based on the information that it has received, the Manager does not expect the Unit Transfer to trigger an obligation on the part of Huamao Property (and parties acting in concert with it) to make a mandatory general offer under Rule 26 of the Code on Takeovers and Mergers for all units not already owned or agreed to be acquired by them at the time the Unit Transfer is completed.

## **B. Waiver of Subscriber Undertakings**

The Subject Units include 160,626,029 units issued to Alpha Great Global Limited (as subscriber) following the exercise of its HK\$585,000,000 1.75% guaranteed convertible bonds due 2022 (the “**Bonds**”). Details regarding the Bonds are set out in Spring REIT’s announcements dated 25 November 2019 (in relation to the issue of the Bonds) and 12 February 2020 (in relation to conversion of the Bonds).

Pursuant to the terms of the Bonds as disclosed in the announcement dated 25 November 2019, the subscriber gave an undertaking to the issuer of the Bonds (which was dissolved following the conversion of the Bonds), the Trustee (as the guarantor of the Bonds) and the Manager that: (1) it would not transfer the Bonds or units issued upon conversion of the Bonds to any person who is a connected person of Spring REIT; and (2) it will ensure that, prior to transferring any such Bonds or conversion units, the transferee enters into a deed of adherence to comply with the same undertakings (the “**Subscriber Undertakings**”).

Since Huamao Property is a connected person of Spring REIT, the Subscriber Undertakings are applicable to the Unit Transfer. The Manager and Trustee have, after careful consideration, agreed to a request from Sino-Ocean Group’s controlled corporation to waive the Subscriber Undertakings so as to permit the Unit Transfer for the following reasons:

1. as the controlled corporations of Sino-Ocean Group have firmly indicated their intention to dispose of the Subject Units, the Manager considers that the Unit Transfer enables an orderly off-market disposal of the Subject Units, which mitigates the potential adverse market volatility that could arise if the disposal of the Subject Units was to be done on-market, thereby safeguarding the interests of the unitholders of Spring REIT; and

2. having regard to the considerable time that has elapsed and the continuous development in market conditions since the issuance of the Bonds in November 2019, particularly the recent liquidity challenges within China's real estate development sector, the Manager has re-assessed the merits of the Subscriber Undertakings for Spring REIT, and considers that waiving the deed of adherence undertaking preserves the marketability of the Subject Units for future unitholders without any drawbacks to Spring REIT.

Based on the above, the Manager considers the waiver of the Subscriber Undertakings to be reasonable and in the best interests of unitholders. Based and in sole reliance on the Manager's conclusions and the above, the Trustee has no objections to the granting of such waiver. The Trustee has not made any assessment of the merits or impact of the Subscriber Undertakings waiver or the Unit Transfer, other than for the purposes of fulfilling its fiduciary duties set out in the trust deed of Spring REIT and the REIT Code.

**Unitholders and potential investors in Spring REIT should be aware that Spring REIT is not a party to the Unit Transfer, and therefore notwithstanding the grant of the Subscriber Undertakings waiver, cannot determine whether or not the Unit Transfer completes. Accordingly, Unitholders and potential investors in Spring REIT are advised to exercise caution when dealing in the units of Spring REIT and should seek their own financial or other professional advice in respect of any dealing.**

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

Hong Kong, 18 September 2023

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