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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution licensed to deal in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Units, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an offer or invitation to subscribe for or purchase any securities, nor is it calculated to invite any such offer or invitation.

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SUNLIGHT REIT

### Sunlight Real Estate Investment Trust

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

(Stock Code: 435)

**Managed by**  
**Henderson Sunlight Asset Management Limited**  
恒基陽光資產管理有限公司

### (1) CONTINUING CONNECTED PARTY TRANSACTIONS (2) NOTICE OF EXTRAORDINARY GENERAL MEETING OF UNITHOLDERS

**Independent Financial Adviser to the Independent Board Committee,  
the Independent Unitholders and the Trustee**

**BALLAS**

C A P I T A L

A subsidiary of Crosby

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A letter from the Board is set out on pages 9 to 36 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Unitholders is set out on pages 37 to 38 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee, the Independent Unitholders and the Trustee is set out on pages 39 to 66 of this circular.

A notice convening the EGM to be held at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 29 May 2024 at 10:45 a.m. (or if later, immediately after the conclusion or the adjournment of the annual general meeting of Unitholders convened for the same place and day) is set out on pages N-1 to N-2 of this circular. A form of proxy for use by Unitholders at the EGM is also enclosed. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the unit registrar of Sunlight REIT, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting, or any adjourned meeting, should you so wish.

7 May 2024

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“135 Bonham Strand Trade Centre Company”	Tinselle Investment Limited, the registered owner of 135 Bonham Strand Trade Centre Property and a special purpose vehicle owned and controlled by Sunlight REIT
“135 Bonham Strand Trade Centre Property”	various portions in 135 Bonham Strand Trade Centre, 135 Bonham Strand, Sheung Wan, Hong Kong
“Announcement”	the announcement dated 30 April 2024 made by the Manager in relation to, among other things, the continuing connected party transactions of Sunlight REIT
“Associate(s)”	has the meaning ascribed to it under the REIT Code
“Beverley Commercial Centre Company”	Newcorp Development Limited (新萬發展有限公司), the registered owner of Beverley Commercial Centre Property and a special purpose vehicle owned and controlled by Sunlight REIT
“Beverley Commercial Centre Property”	various shops units on the ground floor of Beverley Commercial Centre at 87-105 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong
“Board”	the board of Directors
“Change of Financial Year End Date”	the change of financial year end date of Sunlight REIT from 30 June to 31 December with effect from 7 February 2024
“Charge-out Collections”	in respect of a property, and in relation to the relevant period, all items of air-conditioning charges, management fees, promotional charges, government rates, government rents, utility charges, cleaning and other charges which are payable by tenants or licensees to the relevant Property Holding Company
“Close Associate(s)”	has the meaning ascribed to it under Rule 1.01 of the Listing Rules
“Connected Deed(s) of Mutual Covenant”	the Deed(s) of Mutual Covenant pursuant to which a Connected DMC Manager has been currently appointed

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## DEFINITIONS

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“Connected DMC Manager(s)”	has the meaning given to it under the section headed “ <i>Continuing Connected Party Transactions: Property Management Transactions – (C) Deeds of Mutual Covenant</i> ” of the letter from the Board in this circular
“connected person(s)”	has the meaning ascribed to it under the REIT Code
“Deed(s) of Mutual Covenant”	in respect of a property owned by a Property Holding Company, the deed(s) which defines and regulates the rights, interests and obligations of the owners of the building or development of which the property forms part and the DMC Manager and sets out provisions relating to, among others, the management and maintenance of such building development
“Definitive Service Agreement(s)”	has the meaning given to it under section headed “ <i>Continuing Connected Party Transactions: Property Management Transactions – (B) Renewed Master Services Agreement – (iii) Subject matter</i> ” of the letter from the Board in this circular
“Director(s)”	the director(s) of the Manager
“DMC Management Fee(s)”	the management fees and expenses payable by the relevant Property Holding Company to the relevant Connected DMC Manager
“DMC Manager(s)”	the manager(s) of the relevant building or development appointed under the Deed(s) of Mutual Covenant
“EGM”	the extraordinary general meeting of Unitholders convened by the EGM Notice to consider and, if thought fit, approve the Property Management Transactions and the New Caps, or any adjournment thereof
“EGM Notice”	the notice of the EGM as set out in this circular
“Existing Master Services Agreement”	the master agreement dated 31 March 2021 entered into between HLD and the Manager for setting out the framework terms governing the Service Transactions
“Existing Property Management Transactions”	the existing transactions under the Property Management Agreement, the Existing Master Services Agreement and the Connected Deeds of Mutual Covenant

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## DEFINITIONS

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“Extended Term”	the period of two and a half years commencing on 1 July 2024 and ending on 31 December 2026
“Gross Property Revenue”	in respect of a property, and in relation to the relevant period, the amount equivalent to the Gross Revenue less the Charge-out Collections
“Gross Revenue”	<p>in respect of a property, and in relation to the relevant period, all income accruing or resulting from the operation of such property for the relevant period, including but not limited to base rental income, turnover rent, licence fees, Charge-out Collections and other sums (after deduction for all rebates, refunds, credits or discounts and rebates for rent free periods) due from tenants, licensees and concessionaires, business interruption insurance payments, carpark income, atrium income, interest income, advertising and other income attributable to the operation of such property but, shall exclude the following:</p> <ul style="list-style-type: none"><li>(i) proceeds derived or arising from the sale and/or disposal of the property and/or the operating equipment, or any part thereof;</li><li>(ii) all proceeds from insurances taken out (but excluding business interruption insurance payments which shall form part of the Gross Revenue);</li><li>(iii) all rental and other refundable security deposits;</li><li>(iv) all taxes (whether in force at present or in the future), charged to tenants, licensees and users of the property for the sale or supply of services or goods, which taxes are accountable by the relevant Property Holding Company to the tax authorities; and</li><li>(v) any Adjustment Payments (as defined in the Offering Circular) (which had been fully paid)</li></ul>
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HLD”	Henderson Land Development Company Limited (恒基兆業地產有限公司), a company incorporated in Hong Kong with limited liability, the shares in which are listed on the Main Board of the Stock Exchange

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## DEFINITIONS

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“HLD Group”	HLD and its subsidiaries
“HLD Related Group”	HLD and its subsidiaries and Associates (which for the avoidance of doubt, exclude the Sunlight REIT Group)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board established to advise the Independent Unitholders on the Property Management Transactions, comprising Mr. KWAN Kai Cheong, Dr. TSE Kwok Sang, Mr. KWOK Tun Ho, Chester, and Ms. Helen ZEE, all being independent non-executive Directors
“Independent Financial Adviser”	Ballas Capital Limited (博思融資有限公司), a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and appointed as the independent financial adviser to advise the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the Property Management Transactions and the New Caps
“Independent Unitholders”	Unitholders other than those who have a material interest in the Property Management Transactions
“Kwong Wah Plaza Companies”	Seiren Investment Limited (實盈置業有限公司) and Sound Bright Investment Limited (聲亮投資有限公司), the registered owners of Kwong Wah Plaza Property and special purpose vehicles owned and controlled by Sunlight REIT
“Kwong Wah Plaza Property”	various portions in Kwong Wah Plaza at 11-15 Tai Tong Road, Yuen Long, New Territories, Hong Kong
“Latest Practicable Date”	30 April 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Manager”	Henderson Sunlight Asset Management Limited (恒基陽光資產管理有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of HLD, acting as the manager of Sunlight REIT

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## DEFINITIONS

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“MCPI Company”	Sunlight Crownwill Limited, a company incorporated in the British Virgin Islands with limited liability, the registered owner of MCPI Property and a special purpose vehicle owned and controlled by Sunlight REIT
“MCPI Property”	the commercial development (including car park spaces therein) of Metro City Phase I at 1 Wan Hang Road, Tseung Kwan O, Hong Kong
“New Caps”	the proposed maximum aggregate amounts payable by the Sunlight REIT Group in respect of the Property Management Transactions under the Renewed Property Management Agreement, the Renewed Master Services Agreement and the Connected Deeds of Mutual Covenant respectively, for the six months ending 31 December 2024 and each of the two financial years ending 31 December 2026 as set out in the letter from the Board of this circular
“Offering Circular”	the offering circular dated 8 December 2006 issued in connection with the initial public offering of the Units
“Ordinary Resolution”	a resolution of Unitholders passed by a simple majority of the votes of those Unitholders present and entitled to vote, whether in person or by proxy, at a duly convened meeting, where the votes shall be taken by way of a poll, but with a quorum of two or more Unitholders holding together not less than 10% of Units in issue
“Property Holding Company(ies)”	the property holding company(ies) in the Sunlight REIT Group, each a special purpose vehicle owned and controlled by Sunlight REIT
“Property Management Agreement”	the agreement dated 29 November 2006 entered into between the Manager and the Property Manager (as supplemented and amended by supplemental agreements dated 28 April 2009, 25 June 2012, 12 May 2015, 15 May 2018 and 31 March 2021 respectively and acceded to by the Property Holding Companies) relating to the provision of certain property and lease management services and marketing services in respect of the properties of Sunlight REIT

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## DEFINITIONS

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“Property Management Transactions”	the Renewed Property Management Agreement, the Renewed Master Services Agreement and the Connected Deeds of Mutual Covenant, and the respective transactions thereunder
“Property Manager”	Henderson Sunlight Property Management Limited (恒基陽光物業管理有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of HLD, acting as the property manager of Sunlight REIT
“REIT(s)”	real estate investment trust(s) authorized by the SFC under the REIT Code
“REIT Code”	Code on Real Estate Investment Trusts issued by the SFC, as amended, supplemented and/or otherwise modified from time to time
“Renewed Master Services Agreement”	the master agreement dated 30 April 2024 and entered into between HLD and the Manager for setting out the framework terms governing the Service Transactions for the Extended Term
“Renewed Property Management Agreement”	the Property Management Agreement as supplemented by the Sixth Supplemental Agreement
“Service Transactions”	provision of Services by the relevant member of the HLD Related Group to the Sunlight REIT Group
“Services”	services including (i) cleaning services; (ii) maintenance services; (iii) renovation services (including physical improvements or repairs and project management of renovation or enhancement work); (iv) security services; (v) utilities services; (vi) car park management services; (vii) legal and other professional and consultancy services; and (viii) such other services in the ordinary and usual course of management and operation of the properties of the Sunlight REIT Group as may be agreed between HLD and the Manager from time to time in writing as to be governed by the Renewed Master Services Agreement
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time



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## DEFINITIONS

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“Sixth Supplemental Agreement”	the sixth supplemental agreement to the Property Management Agreement dated 30 April 2024 and entered into by the Manager and the Property Manager for the purpose of, among other things, extending the term of the appointment of the Property Manager
“SKFE Group”	Shau Kee Financial Enterprises Limited (a company ultimately controlled by the private family trusts of Dr. LEE Shau Kee) and its subsidiaries
“SSC Company”	Bayman Limited, a company incorporated in the British Virgin Islands with limited liability, the registered owner of SSC Property and a special purpose vehicle owned and controlled by Sunlight REIT
“SSC Property”	the commercial development (including all shops, the restaurant and the kindergarten) and carparks in the podium and basement of Sheung Shui Centre at 3 Chi Cheong Road, Sheung Shui, New Territories, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun Fai Commercial Centre Company”	Yu Loy Development Company Limited (裕來地產發展有限公司), the registered owner of Sun Fai Commercial Centre Property and a special purpose vehicle owned and controlled by Sunlight REIT
“Sun Fai Commercial Centre Property”	various portions in Sun Fai Commercial Centre at 576 Reclamation Street, Mong Kok, Kowloon, Hong Kong
“Sunlight REIT”	Sunlight Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorized under section 104 of the SFO
“Sunlight REIT Group”	Sunlight REIT, the special purpose vehicles owned and controlled by Sunlight REIT in accordance with the REIT Code and the Trust Deed and other companies or entities held or controlled by Sunlight REIT
“Supernova Stand Company”	United Glory Development Limited (安協發展有限公司), the registered owner of Supernova Stand Property and a special purpose vehicle owned and controlled by Sunlight REIT
“Supernova Stand Property”	Shops 1 to 9 on ground floor and commercial common area and facilities in Supernova Stand at 28 Mercury Street, Causeway Bay, Hong Kong

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## DEFINITIONS

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“Trust Deed”	the trust deed dated 26 May 2006 constituting Sunlight REIT, as amended and restated from time to time
“Trustee”	HSBC Institutional Trust Services (Asia) Limited (滙豐機構信託服務(亞洲)有限公司), in its capacity as the trustee of Sunlight REIT
“Unit(s)”	unit(s) in Sunlight REIT
“Unitholder(s)”	any person(s) registered as holding a Unit
“Wai Ching Commercial Building Company”	Gain Fortune Development Limited (盈福發展有限公司), the registered owner of Wai Ching Commercial Building Property and a special purpose vehicle owned and controlled by Sunlight REIT
“Wai Ching Commercial Building Property”	various portions in Wai Ching Commercial Building at 77 Wai Ching Street, Yau Ma Tei, Kowloon, Hong Kong
“Winsome House Company”	Grand Faith Development Limited (旺信發展有限公司), the registered owner of Winsome House Property and a special purpose vehicle owned and controlled by Sunlight REIT
“Winsome House Property”	various portions in Winsome House at 73 Wyndham Street, Central, Hong Kong
“%”	percentage

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LETTER FROM THE BOARD

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SUNLIGHT REIT

**Sunlight Real Estate Investment Trust**

(a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong))  
(Stock Code: 435)

**Managed by Henderson Sunlight Asset Management Limited**  
恒基陽光資產管理有限公司

***Directors of the Manager:***

*Chairman and Non-Executive Director*

Mr. AU Siu Kee, Alexander

*Chief Executive Officer and Executive Director*

Mr. WU Shiu Kee, Keith

*Non-Executive Director*

Mr. KWOK Ping Ho

*Independent Non-Executive Directors*

Mr. KWAN Kai Cheong

Dr. TSE Kwok Sang

Mr. KWOK Tun Ho, Chester

Ms. Helen ZEE

***Registered Office of the Manager:***

30th Floor, Dah Sing Financial Centre,

248 Queen's Road East,

Wan Chai,

Hong Kong

7 May 2024

*To: Unitholders of Sunlight REIT*

Dear Sir/Madam,

**(1) CONTINUING CONNECTED PARTY TRANSACTIONS**  
**(2) NOTICE OF EXTRAORDINARY GENERAL MEETING OF UNITHOLDERS**

**INTRODUCTION**

Reference is made to the Announcement. The purpose of this circular is to (a) provide you with further information regarding (i) the Property Management Transactions, which constitute continuing connected party transactions of Sunlight REIT, and the New Caps; and (ii) the resolution to be proposed at the EGM; (b) set out the recommendations of the Independent Board Committee to the Independent Unitholders in relation to the Property Management Transactions and the New Caps; (c) set out the recommendations of the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee in relation to the Property Management Transactions and the New Caps; and (d) give you the EGM Notice.

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## LETTER FROM THE BOARD

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### **CONTINUING CONNECTED PARTY TRANSACTIONS: PROPERTY MANAGEMENT TRANSACTIONS**

Reference is made to the announcement of Sunlight REIT dated 31 March 2021 and the circular of Sunlight REIT dated 9 April 2021 in relation to the Existing Property Management Transactions. The term of the Property Management Agreement and the Existing Master Services Agreement will expire on 30 June 2024, whereas the current term of appointment of all the Connected DMC Managers is not fixed under the Connected Deeds of Mutual Covenant.

On 30 April 2024, the Property Manager and the Manager (in its capacity as manager of Sunlight REIT) entered into the Sixth Supplemental Agreement to renew the Property Management Agreement for the Extended Term. Also, on the same date, HLD and the Manager (in its capacity as manager of Sunlight REIT) entered into the Renewed Master Services Agreement for setting out the framework terms governing the Service Transactions for the Extended Term. Each of the Sixth Supplemental Agreement and the Renewed Master Services Agreement is conditional upon the approval of the Independent Unitholders.

As a result of the Change of Financial Year End Date and Rule 14A.52 of the Listing Rules requires the period for the agreement for a continuing connected transaction not to exceed three years except in special circumstances where the nature of the transaction requires a longer period, the Extended Term is two and a half years ending on 31 December 2026.

For the six months ending 31 December 2024 and each of the two financial years ending 31 December 2026, the continuing connected party transactions under the Renewed Property Management Agreement, the Renewed Master Services Agreement and the Connected Deeds of Mutual Covenant will respectively be subject to separate New Caps, which are subject to Independent Unitholders' approval at the EGM. In addition, Sunlight REIT is required to re-comply with the announcement and unitholders' approval requirements (if applicable) in relation to the Property Management Transactions before any New Cap is exceeded or it proposes to effect a material change to their terms pursuant to Rule 14A.54 of the Listing Rules.

#### ***(A) Renewed Property Management Agreement***

Pursuant to the Property Management Agreement, the Property Manager has been engaged to provide certain property and lease management services and marketing services in respect of the properties of Sunlight REIT since the date of listing of Sunlight REIT. The current term of the Property Management Agreement will expire on 30 June 2024.

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## LETTER FROM THE BOARD

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On 30 April 2024, the Property Manager and the Manager (in its capacity as manager of Sunlight REIT) entered into the Sixth Supplemental Agreement to renew the Property Management Agreement for the Extended Term with certain amendments made to reflect the Change of Financial Year End Date (including (i) amending the definition of “Financial Year”; and (ii) clarifying the timing for submission of the annual business plan and budget for the 2024 financial year of Sunlight REIT in light of the Change of Financial Year End Date). The terms and conditions of the transactions under the Renewed Property Management Agreement (including without limitation, the rates of fees) are substantially identical to those under the Property Management Agreement.

The principal terms of the Renewed Property Management Agreement are set out below:

*(i) Date*

The Sixth Supplemental Agreement was entered into on 30 April 2024.

*(ii) Parties*

- The Property Manager, an indirect wholly-owned subsidiary of HLD; and
- The Manager (in its capacity as manager of Sunlight REIT).

The Property Holding Companies have also acceded to and become parties to the Property Management Agreement. If the Renewed Property Management Agreement and the New Caps are approved by the Independent Unitholders at the EGM, the Manager will procure the Property Holding Companies to accede to the Sixth Supplemental Agreement.

*(iii) Subject matter*

The Property Manager shall provide, including without limitation, the following services in respect of the properties of the Sunlight REIT Group:

- (1) property management services, including co-ordinating tenants fitting out requirements, recommending third party contracts for provision of property management service, maintenance services, supervising the performance of service providers and contractors, arranging for adequate insurances and ensuring compliance with building and safety regulations;
- (2) lease management services, including administration of rental collection, management of rental arrears, initiating lease renewals and negotiation of terms; and
- (3) marketing and marketing co-ordination services.

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## LETTER FROM THE BOARD

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*(iv) Condition*

The Sixth Supplemental Agreement is conditional upon the approval of the Independent Unitholders. If this condition is not fulfilled on or before 30 June 2024 (or such later date as may be agreed between the Manager and the Property Manager), the Sixth Supplemental Agreement shall lapse forthwith and be of no further effect.

*(v) Duration*

The appointment of the Property Manager will be extended for the Extended Term, unless terminated pursuant to the terms of the Renewed Property Management Agreement.

*(vi) Consideration and other terms*

*1. Property and lease management services*

The fee payable to the Property Manager for the property and lease management services pursuant to the Renewed Property Management Agreement during the Extended Term will not exceed 3% per annum of the Gross Property Revenue of each relevant property managed by it, which shall be paid by the relevant Property Holding Company.

The Manager and the Property Manager may mutually agree to revise the rate of such fee in respect of any property of the Sunlight REIT Group from time to time provided that it does not exceed 3% per annum of the Gross Property Revenue of such property.

Such fees are calculated each month and the relevant Property Holding Company will, on the recommendation of the Manager, arrange for payment of the fees to the Property Manager, within 14 days after receipt of the Property Manager's invoice. These fees will be reconciled with the audited accounts of the Property Holding Company for the relevant financial year within 14 days after the completion of the preparation of such audited accounts (or such other period as may be agreed between the parties), and any adjustment to the fees shall be paid to the Property Manager by the relevant Property Holding Company or refunded to the relevant Property Holding Company by the Property Manager within 30 days after the completion of the preparation of the said audited accounts.

In respect of lease renewal, where any memorandum of lease renewal prepared by the Property Manager is entered into, an administrative fee not exceeding HK\$600 in respect of each such memorandum can be charged by the Property Manager to the relevant tenants or licensees.

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## LETTER FROM THE BOARD

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### 2. *Marketing services*

The commissions payable to the Property Manager for its marketing services provided pursuant to the Renewed Property Management Agreement during the Extended Term will be as follows:

- (a) one month's base rent or licence fee, for securing a tenancy or licence of three years or more;
- (b) one-half month's base rent or licence fee, for securing a tenancy or licence of one year or more but less than three years;
- (c) one-half month's base rent or licence fee, for securing a renewal of tenancy or licence of one year or more;
- (d) the lower of one-half month's base rent or licence fee, or 10% of the total rent or licence fee for securing a tenancy, licence or renewal of tenancy or licence for a duration of less than 12 months; and
- (e) one-fourth month's base rent or licence fee (as reviewed), for handling each rent or licence review during the term of a tenancy or licence provided for in the tenancy or licence agreement.

The Manager and the Property Manager may mutually agree from time to time to revise the rate(s) of commission payable to the Property Manager by the relevant Property Holding Company for the marketing services provided that the revised rate(s) shall not exceed the relevant rate(s) as specified in paragraphs (a) to (e) above.

If the tenancy, licence or renewal of tenancy or licence is secured by a third party agent appointed by the relevant Property Holding Company, having regard to the work done by the Property Manager in connection with such tenancy, licence or renewal of tenancy or licence and upon the recommendation of the Manager, the relevant Property Holding Company may, at its absolute discretion, pay the Property Manager the commissions for such tenancy, licence or renewal of tenancy or licence provided that any such commission shall be at rates not exceeding a half of those specified in (a) to (e) above (as the case may be).

The relevant Property Holding Company will, on the recommendation of the Manager, pay the relevant commission to the Property Manager after a binding tenancy or licence agreement (or, in the case of a rent or licence fee review, a document evidencing the tenant's or licensee's agreement to the rent or licence fee as reviewed) has been signed by the tenant or licensee and within 14 days after receipt of the Property Manager's invoice.

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## LETTER FROM THE BOARD

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The Property Manager will also be fully reimbursed by the relevant Property Holding Company for the employment costs, secondment costs and remuneration of employees of the Property Manager and other persons who are engaged by or under secondment to the Property Manager solely and exclusively for the management of the relevant property of Sunlight REIT and persons providing technical services who are engaged by or under the secondment to the Property Manager solely and exclusively for the management of one or more properties of Sunlight REIT. For the avoidance of doubt, all other operating costs of the Property Manager will be borne by itself.

The consideration in relation to the transactions under the Renewed Property Management Agreement is on normal commercial terms and was determined after arm's length negotiation by reference to other similar transactions in the market (where applicable).

*(vii) Historical amounts and the New Caps*

For each of the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 and the six months ended 31 December 2023, the aggregate amounts paid by the Sunlight REIT Group to the Property Manager in respect of the transactions under the Property Management Agreement were as follows:

	Financial year ended 30 June 2021	Financial year ended 30 June 2022	Financial year ended 30 June 2023	Six months ended 31 December 2023
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
1. Property and lease management services	19,758,000	19,257,000	18,523,000	10,066,000
2. Marketing services	11,674,000	8,693,000	9,485,000	4,744,000
3. Reimbursement of employment costs and remuneration	<u>14,583,000</u>	<u>17,193,000</u>	<u>16,687,000</u>	<u>9,193,000</u>
<b>Total</b>	<b><u>46,015,000</u></b>	<b><u>45,143,000</u></b>	<b><u>44,695,000</u></b>	<b><u>24,003,000</u></b>



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## LETTER FROM THE BOARD

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It is expected that the maximum aggregate amount payable by the Sunlight REIT Group to the Property Manager in respect of the transactions under the Renewed Property Management Agreement for the six months ending 31 December 2024 and each of the two financial years ending 31 December 2026 will not exceed the New Caps set out below:

<u>Six months ending 31 December 2024</u>	<u>Financial year ending 31 December 2025</u>	<u>Financial year ending 31 December 2026</u>
HK\$33,530,000	HK\$60,630,000	HK\$62,860,000

The above New Caps for the transactions under the Renewed Property Management Agreement for the six months ending 31 December 2024 and the two financial years ending 31 December 2026 have been determined by taking into account (i) the historical and current commissions referable to the tenancies and licences of Sunlight REIT's property portfolio; (ii) the relevant lease expiry profile; (iii) an assumed annual growth of 3% of reimbursed costs; (iv) the prevailing market conditions; (v) no variation to the terms governing the services and fees charged under Renewed Property Management Agreement and (vi) the additional property and lease management services and marketing services that the Property Manager may provide in relation to the Possible Newly Acquired Property (as defined below), supplemented by a buffer of approximately 10% for the six months ending 31 December 2024 and each of the two financial years ending 31 December 2026 for possible adjustments in, among other things, reimbursement amount and service fees.

For the avoidance of doubt, Sunlight REIT has no concrete target or plan for any acquisition of property as at the Latest Practicable Date.

The increase in the New Caps, as compared with the historical transaction amounts, is mainly attributable to the assumption that Sunlight REIT will acquire a property of a certain size and grade located in Hong Kong (the "**Possible Newly Acquired Property**") at the commencement of the six months ending 31 December 2024. Based on such assumption, the New Caps include the following additional transaction amounts in relation to the Possible Newly Acquired Property for the six months ending 31 December 2024 and each of the two financial years ending 31 December 2026, which are estimated based on the historical transaction amounts of a similar existing property of Sunlight REIT: (a) additional property and lease management service fee of approximately HK\$1.3 million, HK\$2.6 million and HK\$2.4 million respectively; (b) additional marketing service fee of approximately HK\$0.9 million, HK\$1.0 million and HK\$1.7 million respectively; and (c) additional reimbursement of employment costs and remuneration of approximately HK\$1.8 million, HK\$3.7 million and HK\$3.8 million respectively, representing an annual growth of approximately 3% from 2024 (based on the annualized amount for the six months ending 31 December 2024) to 2025, and from 2025 to 2026.

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## LETTER FROM THE BOARD

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The increase in the New Cap for the six months ending 31 December 2024, as compared to the historical transaction amount for the six months ended 31 December 2023, is also attributable to an estimated increase in marketing services to be provided by the Property Manager given that substantially more tenancy renewals and new letting activities are expected during the six months ending 31 December 2024.

The New Caps for the transactions under the Renewed Property Management Agreement comprise the following breakdown of the estimated amounts (which include the estimated amounts in relation to the Possible Newly Acquired Property as disclosed above) of (i) the property and lease management services; (ii) the marketing services; and (iii) the reimbursement of employment costs and remuneration, as supplemented by a buffer for contingencies of approximately 10%, for the relevant period or year:

	Six months ending 31 December 2024	Financial year ending 31 December 2025	Financial year ending 31 December 2026
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
1. Property and lease management services	11,310,000	22,464,000	22,068,000
2. Marketing services	7,758,000	9,444,000	11,172,000
3. Reimbursement of employment costs and remuneration	11,406,000	23,208,000	23,904,000
Sub-total	30,474,000	55,116,000	57,144,000
4. Buffer for contingencies	3,056,000	5,514,000	5,716,000
<b>Total</b>	<b><u>33,530,000</u></b>	<b><u>60,630,000</u></b>	<b><u>62,860,000</u></b>

***(B) Renewed Master Services Agreement***

Pursuant to the Existing Master Services Agreement, members of the Sunlight REIT Group may from time to time enter into the Service Transactions with members of the HLD Related Group in the ordinary course of business in accordance with the terms set out in the Existing Master Services Agreement. The current term of the Existing Master Services Agreement will expire on 30 June 2024.

On 30 April 2024, HLD and the Manager (in its capacity as manager of Sunlight REIT) entered into the Renewed Master Services Agreement to renew the Existing Master Services Agreement for the Extended Term. The terms and conditions of the transactions under the Renewed Master Services Agreement are substantially identical to those under the Existing Master Services Agreement.

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## LETTER FROM THE BOARD

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The principal terms of the Renewed Master Services Agreement are set out below:

(i) *Date*

30 April 2024

(ii) *Parties*

- HLD; and
- the Manager (in its capacity as manager of Sunlight REIT).

(iii) *Subject matter*

With respect to the Service Transactions to be agreed to be provided during the term of the Renewed Master Services Agreement, the relevant members of the HLD Related Group and of the Sunlight REIT Group (or the Property Manager as agent for, or at the costs of, the relevant members of the Sunlight REIT Group) shall enter into separate definitive service agreement(s) (“**Definitive Service Agreement(s)**”) setting out the detailed terms (including the fee and the payment terms).

(iv) *Condition*

The Renewed Master Services Agreement is conditional upon the approval of the Independent Unitholders. If this condition cannot be fulfilled on or before 30 June 2024 (or such later date as may be agreed between the Manager and HLD), the Renewed Master Services Agreement shall lapse forthwith and be of no further effect.

(v) *Duration*

The Renewed Master Services Agreement is for the duration of two and a half years from 1 July 2024 to 31 December 2026, unless terminated in accordance with the terms of the Renewed Master Services Agreement.

(vi) *Consideration and other terms*

The terms of, and the fee payable under the Definitive Service Agreements shall be negotiated on a case-by-case and an arm’s length basis, and shall be on normal commercial terms which (a) from the Sunlight REIT Group’s perspective, shall be no less favourable than those which the relevant members of the Sunlight REIT Group could obtain from independent contractors or suppliers of comparable services, and (b) from the HLD Related Group’s perspective, shall be no more favourable than those which the relevant members of the HLD Related Group made available to their independent third party customers.

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## LETTER FROM THE BOARD

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Sunlight REIT Group shall, except if the transaction amount is HK\$30,000 or below, invite competitive tenders or obtain not less than three quotations (among which not more than one quotation shall be from a connected person of Sunlight REIT) from contractors or suppliers, so that a comparison of prices of a sufficient number of independent contractor(s) or supplier(s) of comparable services in the market will be conducted for management review with a view to ensuring that the terms of Services provided by the HLD Related Group (including the fees payable to the HLD Related Group for the Services) in connection with the Service Transactions are reasonable having regard to the scale, scope and quality of services required, and the reputation, experience and track record of performance of the service providers within the HLD Related Group and other relevant contractors or suppliers.

*(vii) Historical amounts and the New Caps*

For each of the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 and the six months ended 31 December 2023, the aggregate amounts paid by the Sunlight REIT Group to the HLD Related Group in respect of the Service Transactions were as follows:

	Financial year ended 30 June 2021	Financial year ended 30 June 2022	Financial year ended 30 June 2023	Six months ended 31 December 2023
Security service fee*	HK\$3,855,000	HK\$590,000	HK\$695,000	Nil

\* *The aggregate amounts paid by the Sunlight REIT Group to the HLD Related Group in respect of the Service Transactions for each of the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 and the six months ended 31 December 2023 comprised security service fee only.*

As at the Latest Practicable Date, there is no subsisting service agreement entered into between the Sunlight REIT Group and the HLD Related Group pursuant to the Existing Master Services Agreement.

It is expected that the maximum aggregate amount payable by the Sunlight REIT Group to the HLD Related Group in respect of the Service Transactions for the six months ending 31 December 2024 and each of the two financial years ending 31 December 2026 will not exceed the New Caps set out below:

Six months ending 31 December 2024	Financial year ending 31 December 2025	Financial year ending 31 December 2026
HK\$1,500,000	HK\$5,290,000	HK\$7,740,000

The above New Caps for the Service Transactions for the six months ending 31 December 2024 and the two financial years ending 31 December 2026 have been determined by taking into account (i) potential security contracts which may be entered into with the HLD Related Group in relation to two existing properties of Sunlight REIT and the Possible Newly Acquired Property with increment of service fees ranging

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## LETTER FROM THE BOARD

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from 5% to 20% annually (the “**Potential Security Contracts**”); (ii) the assumption of other additional services with increment of 5% annually, such other additional services may include, for instance, potential new contracts for management and operations of properties (which, for the avoidance of doubt, do not fall within the scope of services to be provided by the Property Manager under the Renewed Property Management Agreement), potential repair and maintenance works or consultancy services (the “**Additional Services**”) which the HLD Related Group may enter into with the Sunlight REIT Group during the relevant financial periods; and (iii) supplemented by a buffer of approximately 10% for the six months ending 31 December 2024 and each of the two financial years ending 31 December 2026 for contingencies.

The Potential Security Contracts comprise:

- (a) a potential new security service contract relating to an existing property owned by Sunlight REIT (for which the tender procedure is in progress and a tender was received from a member of the HLD Related Group) (the “**Potential Security Contract A**”) and a potential new security service contract relating to the Possible Newly Acquired Property (the “**Potential Security Contract B**”), in each case, for an initial term of one year commencing in July 2024 and a renewal term of one and a half years from July 2025. In respect of the initial term, the service fee payable under the Potential Security Contract A is estimated based on the tender received from such member of the HLD Related Group, whereas the service fee payable under the Potential Security Contract B is based on the pricing terms of an existing security service contract for a property of Sunlight REIT of similar size and grade; and in respect of the renewal term, an annual increment of service fee of 5% to 15% is applied to both the Potential Security Contract A and the Potential Security Contract B; and
- (b) a potential new security service contract relating to a major property owned by Sunlight REIT (for which an existing security service contract has been entered into with an independent third party service provider expiring in June 2025) for a term of one and a half years commencing in July 2025 (the “**Potential Security Contract C**”). The service fee for the first year of the term of the Potential Security Contract C is estimated based on an increase of 20% as compared to the service fee for the year ending 30 June 2025 under the abovementioned existing security contract, and an annual increment of service fee of 5% is applied for the remaining half year of the term.

In assuming the abovementioned increment of service fees ranging from 5% to 20% annually, the Manager has taken into consideration the historical increment of security service fee of 20% for the year ending 30 June 2024 pursuant to a security contract entered into for a property of Sunlight REIT in July 2023 (as compared to the service fee in relation to the same property for the year ended 30 June 2023) and the prevailing market conditions, including the expected recovery of the economy and the labor shortage in recent years.

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The HLD Related Group was not engaged by the Sunlight REIT Group to carry out any Additional Services for the three financial years ended 30 June 2023 and for the six months ended 31 December 2023. In determining the New Caps for the Service Transactions, Additional Services mainly relating to the consultancy and repair and maintenance works are assumed to be provided by the HLD Related Group to the Sunlight REIT Group, and are estimated to be in the amount of HK\$0.5 million for the six months ending 31 December 2024 and an annual increment of 5% for the two financial years ending 31 December 2026, which have been determined primarily based on the historical amounts charged by independent third party service providers.

The New Caps for the transactions under the Renewed Master Services Agreement comprise the following breakdown of the estimated amounts of (i) the security service fee; and (ii) the fee for the Additional Services, as supplemented by a buffer for contingencies of approximately 10% for the relevant period or year:

	Six months ending 31 December 2024	Financial year ending 31 December 2025	Financial year ending 31 December 2026
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
1. Security service fee	860,000	3,753,000	5,929,000
2. Fee for Additional Services	500,000	1,050,000	1,103,000
Sub-total	1,360,000	4,803,000	7,032,000
3. Buffer for contingencies	140,000	487,000	708,000
<b>Total</b>	<b><u>1,500,000</u></b>	<b><u>5,290,000</u></b>	<b><u>7,740,000</u></b>

### *(C) Connected Deeds of Mutual Covenant*

As disclosed previously in the announcement of Sunlight REIT dated 31 March 2021 and the circular of Sunlight REIT dated 9 April 2021, in respect of certain properties owned by the Property Holding Companies, there are Deeds of Mutual Covenant which bind the relevant DMC Manager appointed thereunder and all the owners of the relevant development or building which is erected on the lot of land on which the property owned by the Property Holding Companies forms part and their successors-in-title, irrespective of whether they are original parties to the Deed of Mutual Covenant. Accordingly, although the Property Holding Companies are not original parties to such Deeds of Mutual Covenant, they are bound by and have the benefits of the terms thereof.

The DMC Managers currently appointed under certain Deeds of Mutual Covenant are members of the HLD Group (such DMC Managers, together with the DMC Managers which may be appointed under the Deeds of Mutual Covenant in relation to the other existing properties or properties to be acquired by Sunlight REIT and which are members of the HLD Related Group, are referred to as the “**Connected DMC Managers**”) and they were so appointed prior to the relevant properties being acquired by the Sunlight REIT Group. Such Connected DMC Managers have agreed to undertake management of the relevant entire

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development, building, lot of land, and/or the common areas and facilities thereof. For the avoidance of doubt, the services provided by the Connected DMC Managers mainly involve the maintenance and management of common areas and facilities as shared among different owners of the relevant building or property and they are different from the property management services provided by the Property Manager to the Sunlight REIT Group under the Renewed Property Management Agreement as mentioned under the section headed “*Continuing Connected Party Transactions: Property Management Transactions – (A) Renewed Property Management Agreement – (iii) Subject matter*” above. DMC Management Fees are required to be paid to the Connected DMC Managers by the Property Holding Companies in the capacity as owners of the relevant properties.

The principal terms of the services provided by the Connected DMC Managers under the relevant Connected Deeds of Mutual Covenant are summarized below:

(i) *Date, Parties <sup>Note (1)</sup>, Property and Duration*

<b>Property owned by the relevant Property Holding Company</b>	<b>Date of the Connected Deed of Mutual Covenant</b>	<b>Connected DMC Manager</b>	<b>Property Holding Company</b>	<b>Term of the appointment of the Connected DMC Manager under the Connected Deed of Mutual Covenant</b>
1. MCPI Property	26 April 1997	Metro City Management Limited	MCPI Company	Initially for a term of two years from the date of the first occupation permit in respect of any part of the estate and thereafter until the Connected DMC Manager resigns or is removed pursuant to the terms of the relevant Connected Deed of Mutual Covenant.
2. SSC Property	3 March 1994	Sheung Shui Centre Management Limited	SSC Company	
3. Supernova Stand Property	15 December 2001	Hang Yick Properties Management Limited	Supernova Stand Company	Initially for a term not exceeding two years from the date of the Connected Deed of Mutual Covenant and thereafter until the Connected DMC Manager resigns or is removed pursuant to the terms of the relevant Connected Deed of Mutual Covenant.

## LETTER FROM THE BOARD

Property owned by the relevant Property Holding Company	Date of the Connected Deed of Mutual Covenant	Connected DMC Manager	Property Holding Company	Term of the appointment of the Connected DMC Manager under the Connected Deed of Mutual Covenant
4. Kwong Wah Plaza Property	3 July 1998 (supplemented by a sub-Deed of Mutual Covenant dated 30 September 1999)	Hang Yick Properties Management Limited	Kwong Wah Plaza Companies	Initially for a term of two years from the date of issue of the occupation permit and thereafter until the Connected DMC Manager resigns or is removed pursuant to the terms of the relevant Connected Deed of Mutual Covenant.
5. Winsome House Property	3 July 1999	Hang Yick Properties Management Limited	Winsome House Company	
6. Wai Ching Commercial Building Property	22 June 1998	Hang Yick Properties Management Limited	Wai Ching Commercial Building Company	
7. Sun Fai Commercial Centre Property	22 June 1998	Hang Yick Properties Management Limited	Sun Fai Commercial Centre Company	
8. 135 Bonham Strand Trade Centre Property	23 June 2000	Hang Yick Properties Management Limited	135 Bonham Strand Trade Centre Company	Initially for a term of two years from the date of issue of the occupation permit (which is 3 January 2000). <i>Note (2)</i>
9. Beverley Commercial Centre Property	8 November 1982	Hang Yick Properties Management Limited	Beverley Commercial Centre Company	Initially for a term of five years from the date of issue of the occupation permit and thereafter until a management committee has been appointed under the Multi-Storey Building (Owners Incorporation) Ordinance or any statutory modification thereof for the time being in force. <i>Note (3)</i>



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## LETTER FROM THE BOARD

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- Notes:*(1) In addition to the Connected DMC Manager and the relevant Property Holding Company, there are numerous other parties which are bound by the relevant Connected Deed of Mutual Covenant, including the first owner of the relevant building and the current owners of the portions of the relevant building not owned by the Sunlight REIT Group. Such other parties are not named in the above table.
- (2) Although the initial term of Hang Yick Properties Management Limited as the DMC Manager of 135 Bonham Strand Trade Centre has ended and the Deed of Mutual Covenant does not provide for any subsequent term of the DMC Manager, after the expiry of the initial term, Hang Yick Properties Management Limited has continued to act as the DMC Manager with no specified term. As 135 Bonham Strand Trade Centre is not wholly-owned by the Sunlight REIT Group, the Sunlight REIT Group is not entitled to enter into any agreement with the DMC Manager to fix the current term of such appointment.
- (3) Although the management committee of Incorporated Owners of Beverley Commercial Centre has been appointed, Hang Yick Properties Management Limited has continued to act as the DMC Manager of Beverley Commercial Centre. As Beverley Commercial Centre is not majority-owned by the Sunlight REIT Group, the Sunlight REIT Group is not entitled to pass any resolution in the general meeting of the owners' corporation to fix the current term of such appointment.

The above Connected Deeds of Mutual Covenant were entered into prior to acquisition of the relevant properties by the Sunlight REIT Group. The Sunlight REIT Group is not entitled to vary the provisions of such Connected Deeds of Mutual Covenant in respect of such properties (as all the buildings or developments of which any such properties form part are not wholly-owned by the Sunlight REIT Group). As shown in the above table and the notes thereto, the current term of appointment of all the Connected DMC Managers is not fixed and will continue until the relevant Connected DMC Manager resigns or is removed pursuant to the terms of the relevant Connected Deed of Mutual Covenant or the Building Management Ordinance (Chapter 344 of the Laws of Hong Kong). With regard to the duration of the appointment of the Connected DMC Managers and the continuing connected party transactions with the Connected DMC Managers during the term of their appointment, Sunlight REIT has complied and will comply with all applicable connected party transaction requirements under the Listing Rules and the REIT Code. The New Caps in respect of the continuing connected party transactions under the Connected Deeds of Mutual Covenant to be considered and, if thought fit, approved by the Independent Unitholders at the EGM, which are set out in paragraph (iii) below, are in respect of the six months ending 31 December 2024 and each of the two financial years ending 31 December 2026 only.

## LETTER FROM THE BOARD

*(ii) Services provided by, and fees payable to, the Connected DMC Managers*

Property owned by the relevant Property Holding Company	Scope of services provided by the Connected DMC Manager	DMC Management Fee payable by the relevant Property Holding Company to the Connected DMC Manager <sup>Note (1)</sup>	The “Specified Portion”
1. MCPI Property	Undertake the management of the entire structure erected on the lot of land on which MCPI Property is erected and including all communal areas thereof in accordance with the provisions of the Connected Deed of Mutual Covenant.	The annual DMC Management Fee is generally calculated based on a Specified Portion of (i) annual budgeted expenditures for the respective type/user of property prepared by the Connected DMC Manager in the management of the building or development, and (ii) total remuneration receivable by the Connected DMC Manager from all owners of the relevant building or development (such remuneration amount not to exceed 10% of the total monthly costs, charges and expenses for the management and maintenance of the lot of land and the entire structure erected on it necessarily and properly incurred in the good and efficient management of the property provided that such percentage can be increased by resolution passed at meeting of the owners or estate owners’ committee).	The Specified Portion represents the proportion as the number of management units allocated to the commercial units owned by the Property Holding Company bears to the total management units allocated to the entire commercial development (other than the carpark), of the development as specified in the Connected Deed of Mutual Covenant.
2. SSC Property	Undertake the management of the entire structure erected on the lot of land on which SSC Property is erected and all common areas and facilities thereof in accordance the provisions of the Connected Deed of Mutual Covenant.	The annual DMC Management Fee is generally calculated based on a Specified Portion of (i) annual budgeted expenditures for the whole development and the respective type/user of property (e.g. carpark or other part of the commercial development) prepared by the Connected DMC Manager in the management of the building or development, and (ii) total remuneration receivable by the Connected DMC Manager from all owners of the development (such remuneration amount not to exceed 10% of the total expenditure reasonably and necessarily incurred in the good and efficient management of the property).	The Specified Portion represents the proportion as the number of management units allocated to the carpark or other part of the commercial development owned by the Property Holding Company bears to the total management units allocated to the entire carpark or commercial development (other than the carpark), respectively, of the development as specified in the Connected Deed of Mutual Covenant.

**LETTER FROM THE BOARD**

<b>Property owned by the relevant Property Holding Company</b>	<b>Scope of services provided by the Connected DMC Manager</b>	<b>DMC Management Fee payable by the relevant Property Holding Company to the Connected DMC Manager <sup>Note (1)</sup></b>	<b>The “Specified Portion”</b>
3. Supernova Stand Property	Undertake the management of the building erected on the lots of land on which Supernova Stand Property is erected and all common areas and facilities thereof in accordance with the provisions of the Connected Deed of Mutual Covenant.	The annual DMC Management Fee is generally calculated based on a Specified Portion of (i) annual budgeted expenditures for the respective type/user of property (e.g. commercial development) prepared by the Connected DMC Manager in the management of the building or development, and (ii) total remuneration receivable by the Connected DMC Manager from all owners of the relevant building or development (such remuneration amount not to exceed 10% of the total monthly costs, charges and expenses for the management and maintenance of the lots of land and the building erected thereon necessarily and properly incurred in the good and efficient management of the property provided that such percentage can be increased by resolution passed at meeting of the owners or owners’ committee (or the owners’ corporation, if formed)).	The Specified Portion represents the proportion as the number of management units allocated to the commercial development owned by the Property Holding Company bears to the total management units allocated to the total management units allocated to the entire commercial development as specified in the Connected Deed of Mutual Covenant.
4. Kwong Wah Plaza Property	Undertake the management of the entire development erected on the lot of land on which Kwong Wah Plaza Property is erected and all common areas thereof in accordance with the provisions of the Connected Deed of Mutual Covenant.	The annual DMC Management Fee is generally calculated based on a Specified Portion of (i) annual budgeted expenditures for the whole development and shops or office development prepared by the Connected DMC Manager in the management of the building or development, and (ii) total remuneration receivable by the Connected DMC Manager from all owners of the relevant building or development (such remuneration amount is not to exceed 10% of the total expenditure necessarily and reasonably incurred in the good and efficient management of the property provided that such percentage can be increased by resolution passed at meeting of the management committee of the owners’ incorporation).	The Specified Portion represents the proportion as the number of management units allocated to the shops or office development owned by the Property Holding Company bears to the total management units allocated to all the shops or the entire office development, respectively, of the development as specified in the Connected Deed of Mutual Covenant.

## LETTER FROM THE BOARD

Property owned by the relevant Property Holding Company	Scope of services provided by the Connected DMC Manager	DMC Management Fee payable by the relevant Property Holding Company to the Connected DMC Manager <sup>Note (1)</sup>	The “Specified Portion”
5. Winsome House Property	Undertake the management, operation, servicing, maintenance, repair, renovation, replacement, security and insurance of the lot(s) of land(s) on which the relevant building is erected, the relevant building and all the common areas and common facilities thereto.	The annual DMC Management Fee is generally calculated based on a Specified Portion of (i) annual budgeted management expenses prepared by the Connected DMC Manager in the management of the building or development, and (ii) total remuneration receivable by the Connected DMC Manager from all owners of the relevant building or development (such remuneration amount not to exceed 15% of the total expenditure for the total management costs during the preceding year as certified in the audited accounts for the preceding year).	The Specified Portion represents the proportion as the number of management units allocated to the property owned by the Property Holding Company bears to the total management units allocated to the properties of the development as specified in the Connected Deed of Mutual Covenant. <sup>(Note 2)</sup>
6. Wai Ching Commercial Building Property		The annual DMC Management Fee is generally calculated based on a Specified Portion of (i) annual budgeted expenditure prepared by the Connected DMC Manager in the management of the building or development, and (ii) total remuneration receivable by the Connected DMC Manager from all owners of the relevant building or development (such remuneration amount is equal to 10% (or such lesser percentage as the DMC Manager may from time to time at its discretion determine) of the total expenditure for the total management costs during the preceding year as certified in the audited accounts for the preceding year).	
7. Sun Fai Commercial Centre Property			

## LETTER FROM THE BOARD

Property owned by the relevant Property Holding Company	Scope of services provided by the Connected DMC Manager	DMC Management Fee payable by the relevant Property Holding Company to the Connected DMC Manager <sup>Note (1)</sup>	The “Specified Portion”
8. 135 Bonham Strand Trade Centre Property	Undertake the management, operation, servicing, maintenance, repair, renovation, replacement, security and insurance of the lot(s) of land(s) on which the relevant building is erected, the relevant building and all the common areas and common facilities thereto.	The annual DMC Management Fee is generally calculated based on a Specified Portion of (i) annual budgeted expenditure prepared by the Connected DMC Manager in the management of the building or development, and (ii) total remuneration receivable by the Connected DMC Manager from all owners of the relevant building or development (such remuneration amount not to exceed 10% of the total expenditure for the total management costs during the preceding year as certified in the audited accounts for the preceding year).	The Specified Portion represents the proportion as the number of management units allocated to the property owned by the Property Holding Company bears to the total management units allocated to the properties of the development as specified in the Connected Deed of Mutual Covenant. <sup>(Note 2)</sup>
9. Beverley Commercial Centre Property		The monthly DMC Management Fee is generally calculated based on (i) a fixed sum of monthly management expense specified to be payable in respect of the shops owned by Property Holding Company; and (ii) a Specified Portion of total management expenses incurred by the Connected DMC Manager in the management of the shops and offices of the entire development (which is inclusive of remuneration receivable by the Connected DMC Manager).	The Specified Portion represents the proportion as the number of management units allocated to the shops owned by the Property Holding Company bears to the total management units allocated to the shops and offices of the entire development as specified in the Connected Deed of Mutual Covenant.

*Notes:*(1) For properties no. 1 to 8, one-twelve of or the monthly contribution to the total annual management fee shall be settled by the Property Holding Company on a monthly basis.

- (2) For properties no. 5 to 8, the relevant Connected Deed of Mutual Covenant provides that if any management expenses incurred are solely relating to a specific portion or part of the building or development, such expenses shall be paid by the owners of the relevant portion or part of the building or development only.

While the DMC Manager’s remuneration forms part of the DMC Management Fee, the majority portion of the DMC Management Fee payable to the Connected DMC Manager represents the management expenses which are expenditure for the management and maintenance of the relevant building or development (including costs in engaging third party service providers to manage and maintain the relevant property).

All the terms of the Connected Deeds of Mutual Covenant, including those set out in the above table, were determined prior to acquisition of the relevant properties by the Sunlight REIT Group. Therefore, the Sunlight REIT Group was not involved in the negotiation or determination of these terms. Having taken into account that (i) the rate of Connected DMC Manager’s maximum remuneration receivable under the Connected Deeds of Mutual Covenant in the range of 10% to 15% of total budgeted management expenses of

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## LETTER FROM THE BOARD

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the relevant property or building is in line with the prevailing market rate, and (ii) other owners of the relevant property or building unrelated to the Sunlight REIT Group or the HLD Group are also liable to pay the Connected DMC Manager the DMC Management Fee calculated on the same basis pursuant to the Connected Deeds of Mutual Covenant, the Manager considers that the terms of the appointment of the Connected DMC Manager (including without limitation, the determination and rates of the DMC Management Fee) are on normal commercial terms.

*(iii) Historical amounts and the New Caps*

For each of the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 and the six months ended 31 December 2023, the aggregate amounts paid by the Sunlight REIT Group to the Connected DMC Managers pursuant to the Connected Deeds of Mutual Covenant were as follows:

	Financial year ended 30 June 2021	Financial year ended 30 June 2022	Financial year ended 30 June 2023	Six months ended 31 December 2023
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
1. DMC Management Fee for existing properties	12,847,000	13,329,000	13,743,000	7,345,000
2. Ad hoc repair work	Nil	Nil	239,000	Nil
<b>Total</b>	<b><u>12,847,000</u></b>	<b><u>13,329,000</u></b>	<b><u>13,982,000</u></b>	<b><u>7,345,000</u></b>

It is expected that the maximum aggregate amount payable by the Sunlight REIT Group to the Connected DMC Managers pursuant to the Connected Deeds of Mutual Covenant for the six months ending 31 December 2024 and each of the two financial years ending 31 December 2026 will not exceed the New Caps set out below:

<u>Six months ending 31 December 2024</u>	<u>Financial year ending 31 December 2025</u>	<u>Financial year ending 31 December 2026</u>
HK\$10,710,000	HK\$22,010,000	HK\$23,260,000

The above New Caps for the Connected Deeds of Mutual Covenant have been determined by taking into account (i) the estimated amount of the DMC Management Fee for existing properties under the management of the Connected DMC Managers based on the historical amounts paid and an assumed annual growth of 5% for each of the six months ending 31 December 2024 and the two financial years ending 31 December 2026 reflecting expected market conditions in the future, (ii) possible additional fee in relation to ad hoc repair work for certain properties of Sunlight REIT, (iii) amounts of the DMC Management Fee payable by the Sunlight REIT Group in relation to the possible engagement of Connected DMC Manager for management of an additional premise which is currently owned by Sunlight REIT and managed by the

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## LETTER FROM THE BOARD

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Property Manager (the “**Additional Premise**”), which are based on the estimated management expenses (such as utilities and cleaning service fee) that are determined by reference to the relevant existing management expenses and (iv) a buffer of approximately 10% for the six months ending 31 December 2024 and each of the two financial years ending 31 December 2026 for contingencies.

The New Caps for the transactions under the Connected Deeds of Mutual Covenant comprise the following breakdown of the estimated amounts of the DMC Management Fee for the relevant period or year:

	Six months ending 31 December 2024	Financial year ending 31 December 2025	Financial year ending 31 December 2026
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
1. DMC Management Fee for existing properties	7,746,000	15,940,000	16,868,000
2. Ad hoc repair work	1,000,000	2,050,000	2,153,000
3. Fees for the Additional Premise	<u>984,000</u>	<u>2,017,000</u>	<u>2,118,000</u>
Sub-total	9,730,000	20,007,000	21,139,000
4. Buffer for contingencies	<u>980,000</u>	<u>2,003,000</u>	<u>2,121,000</u>
<b>Total</b>	<b><u>10,710,000</u></b>	<b><u>22,010,000</u></b>	<b><u>23,260,000</u></b>

### Implications of the Property Management Transactions under the REIT Code

At the Latest Practicable Date, the HLD Group holds an aggregate of approximately 21.24% of Units in issue while the SKFE Group holds an aggregate of approximately 21.82% of Units in issue. The Manager is an indirect wholly-owned subsidiary of HLD. Therefore, members of the HLD Related Group are connected persons of Sunlight REIT, and the Property Management Transactions constitute continuing connected party transactions of Sunlight REIT under the REIT Code.

As some of the applicable percentage ratios (as calculated pursuant to Rule 14.07 of the Listing Rules) in respect of the New Caps exceed 5% on an aggregate basis, the Property Management Transactions are subject to the announcement, reporting, annual review and Independent Unitholders’ approval requirements pursuant to the REIT Code and/or Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Property Management Transactions and therefore, none of them is required to abstain from voting on the relevant board resolutions of the Manager for approving the Property Management Transactions. However, as Mr. AU Siu Kee, Alexander and Mr. KWOK Ping Ho, both being non-executive Directors of the Manager, are an independent non-executive director and an executive director of HLD

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## LETTER FROM THE BOARD

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respectively, they have voluntarily abstained from voting on the relevant board resolutions of the Manager for approving the Property Management Transactions to avoid any potential conflict of interests.

### INTERNAL CONTROLS

The Manager has established an internal control system to ensure that connected party transactions between the Sunlight REIT Group and its connected persons are monitored and that such transactions are undertaken on terms in compliance with the REIT Code. As required by the REIT Code, all connected party transactions must, among other things, be carried out at arm's length, on normal commercial terms and in the interests of the Unitholders.

In respect of the Property Management Transactions, the following internal control measures are in place to ensure that such transactions satisfy the foregoing criteria:

- (a) The Manager maintains a register to record all connected party transactions which are entered into by members of the Sunlight REIT Group and where applicable, the bases, including (with respect to the Service Transactions only) any competitive tenders and quotations from independent third parties obtained to support such bases, on which they are entered into. The Manager or (in respect of the DMC Management Fees under the Connected Deeds of Mutual Covenant) the Property Manager will verify that the amounts payable by the Sunlight REIT Group are calculated in accordance with the relevant agreements.
- (b) The register of connected party transactions is reviewed by the compliance department of the Manager on a monthly basis to ensure the relevant annual caps are not exceeded.
- (c) As a general rule, the Manager will demonstrate to the audit committee of the Board that all connected party transactions are carried out at arm's length, on normal commercial terms and in the interests of the Unitholders as a whole. In particular, the audit committee is provided with a summary of the connected party transactions including their transaction amounts on a quarterly basis.
- (d) The internal audit department of the Manager will review all connected party transactions entered into by the Sunlight REIT Group on a half-yearly basis.

### REVIEW AND REPORTING

The Property Management Transactions to be conducted during the Extended Term will be subject to the following review and reporting processes pursuant to paragraph 8.7A of the REIT Code and Rules 14A.55 to 14A.59, Rule 14A.71 and Rule 14A.72 of the Listing Rules (as modified under the REIT Code):



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## LETTER FROM THE BOARD

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*(a) Annual review by the independent non-executive Directors*

The independent non-executive Directors shall review the transactions annually and confirm in Sunlight REIT's annual report for the relevant financial year that each transaction has been entered into: (i) in the ordinary and usual course of business of Sunlight REIT; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

*(b) Annual review by the auditors of Sunlight REIT*

In respect of each relevant financial year, the Manager shall engage the auditors of Sunlight REIT to perform certain review procedures and report on the Property Management Transactions annually. The auditors of Sunlight REIT must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that any such Property Management Transactions: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of Sunlight REIT; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing it; and (iv) have exceeded the applicable annual cap.

*(c) Auditors' access to records*

The Manager shall allow, and ensure that the counterparties to the transactions allow, the auditors of Sunlight REIT sufficient access to their records for the purpose of reporting on the Property Management Transactions.

*(d) Notification to the SFC*

The Manager shall promptly notify the SFC and publish an announcement if the independent non-executive Directors and/or the auditors of Sunlight REIT cannot confirm the matters set out in (a) and/or (b) above. The SFC may require Sunlight REIT to re-comply the announcement and unitholders' approval requirements and may impose additional conditions.

*(e) Annual reports*

A brief summary of the transactions containing the information specified in Rules 14A.71 and 14A.72 of the Listing Rules (as modified under the REIT Code) shall be included in Sunlight REIT's annual reports.

### **INFORMATION ON THE PARTIES TO THE PROPERTY MANAGEMENT TRANSACTIONS**

Sunlight REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed, and is authorized under section 104 of the SFO. The Sunlight REIT Group is principally engaged in the business of ownership of and investment in income-generating office and retail properties in Hong Kong.

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## LETTER FROM THE BOARD

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Each of MCPI Company, SSC Company, Supernova Stand Company, Kwong Wah Plaza Companies, Winsome House Company, Wai Ching Commercial Building Company, Sun Fai Commercial Centre Company, 135 Bonham Strand Trade Centre Company and Beverley Commercial Centre Company is a special purpose vehicle owned and controlled by Sunlight REIT and is principally engaged in property investment.

The Manager is an indirect wholly-owned subsidiary of HLD and is principally engaged in managing Sunlight REIT.

HLD is an investment holding company the shares in which are listed on the Main Board of the Stock Exchange. The HLD Group is principally engaged in the business of property development and investment, construction, project management, property management, hotel operation, department store operation and investment holding.

The Property Manager is an indirect wholly-owned subsidiary of HLD and is principally engaged in the provision of property management services to the properties of Sunlight REIT.

Metro City Management Limited, Hang Yick Properties Management Limited and Sheung Shui Centre Management Limited are wholly-owned subsidiaries of HLD and are principally engaged in property management.

### **APPROVALS REQUIRED AND RESTRICTIONS ON VOTING**

The Manager wishes to obtain the approval of the Independent Unitholders for the Property Management Transactions and the New Caps by way of an Ordinary Resolution.

Paragraph 8.7F of the REIT Code provides that where a unitholder has a material interest in the transaction tabled for approval, and that interest is different from that of all other unitholders, such unitholder shall abstain from voting at the general meeting.

Further, under paragraph 3.2 of Schedule A to the Trust Deed, where a Unitholder has a material interest in the business conducted at a meeting of Unitholders, and that interest is different from the interests of other Unitholders, such Unitholder shall be prohibited from voting at, or being counted in the quorum for, such meeting.

Therefore, by virtue of the HLD Group's material interest in the Property Management Transactions, the HLD Group (which held 364,031,990 Units representing approximately 21.24% of Units in issue at the Latest Practicable Date) will abstain from voting on the Ordinary Resolution to approve the Property Management Transactions and the New Caps (except for voting pursuant to a proxy under a specific direction given by Independent Unitholder(s) to vote for or against the Ordinary Resolution on his or their behalf).

For the avoidance of doubt, members of the SKFE Group are not the counterparties of the Property Management Transactions, nor are they associates (as defined in Rule 14A.13 of the Listing Rules) of HLD or of any counterparties of the Property Management Transactions. Accordingly, the SKFE Group (which held 374,072,708 Units representing approximately 21.82% of Units in issue at the Latest Practicable Date) does not have a

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## LETTER FROM THE BOARD

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material interest in the Property Management Transactions or the New Caps, and is not required to abstain from voting on the Ordinary Resolution to approve the Property Management Transactions and the New Caps.

At the Latest Practicable Date, to the best of the Manager's knowledge, information and belief after having made reasonable enquiries, other than the HLD Group, the Manager is not aware of any Unitholder who is required to abstain from voting on the Ordinary Resolution to approve the Property Management Transactions and the New Caps.

As far as the Manager was aware, having made all reasonable enquiries, at the Latest Practicable Date:

- (a) the relevant members of the HLD Group controlled or were entitled to exercise control over the voting right in respect of their respective Units;
- (b) (i) there were no voting trusts or other agreements or arrangements or understanding (other than an outright sale) entered into by or binding upon any member of the HLD Group;
- (ii) there were no obligations or entitlements of any member of the HLD Group, whereby it had or might have temporarily or permanently passed control over the exercise of the voting rights in respect of its Units to a third party, either generally or on a case-by-case basis; and
- (c) there is no discrepancy between the beneficial shareholding interest of the HLD Group in Sunlight REIT as disclosed in this circular and the number of Units in respect of which it will control or will be entitled to exercise control over the voting rights at the EGM where an Ordinary Resolution will be proposed to approve the Property Management Transactions and the New Caps.

### OPINION OF THE INDEPENDENT FINANCIAL ADVISER

Ballas Capital Limited, being the Independent Financial Adviser, has been appointed as the independent financial adviser to provide an opinion on the Property Management Transactions to the Independent Board Committee, the Independent Unitholders and the Trustee. Your attention is drawn to the "Letter from the Independent Financial Adviser" set out in this circular.

The Independent Financial Adviser confirms that it is of the view that (a) the Property Management Transactions are consistent with Sunlight REIT's investment objectives and strategy; and are entered into at arm's length, on normal commercial terms and conducted in the ordinary and usual course of business of Sunlight REIT; and (b) the terms of the Property Management Transactions and the New Caps are fair and reasonable, and are in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

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## LETTER FROM THE BOARD

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### OPINION OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Mr. KWAN Kai Cheong, Dr. TSE Kwok Sang, Mr. KWOK Tun Ho, Chester and Ms. Helen ZEE (all being independent non-executive Directors), has been established by the Board to advise the Independent Unitholders on the Property Management Transactions. Your attention is drawn to the “Letter from the Independent Board Committee” set out in this circular.

Having taken into account the opinion of, and the principal factors and reasons considered by the Independent Financial Adviser, the Independent Board Committee considers that (a) the Property Management Transactions are consistent with Sunlight REIT’s investment objectives and strategy; and are entered into at arm’s length, on normal commercial terms and in the ordinary and usual course of business of Sunlight REIT; and (b) the terms of the Property Management Transactions and the New Caps are fair and reasonable, and are in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

The Independent Board Committee has therefore recommended that the Independent Unitholders to vote in favour of the Ordinary Resolution to approve the Property Management Transactions and the New Caps at the EGM.

### RECOMMENDATION

The Board (including all independent non-executive Directors) considers that the Property Management Transactions form an integral part of the normal operations of Sunlight REIT. In particular, the Property Manager has been a key and important delegate of the Manager since the listing of Sunlight REIT in relation to the management of the properties of Sunlight REIT. Hence, the Board is of the view that the extension for a further term of two and a half years for each of the Property Management Agreement and Existing Master Services Agreement, and the continued appointment of the Connected DMC Managers under the Connected Deeds of Mutual Covenant will ensure business continuity of Sunlight REIT and are in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

The Board (including all independent non-executive Directors) considers that (i) the Property Management Transactions are consistent with Sunlight REIT’s investment objectives and strategy and in compliance with the Trust Deed and the REIT Code; and are entered into at arm’s length, on normal commercial terms and in the ordinary and usual course of business of Sunlight REIT; and (ii) the terms of the Property Management Transactions and the New Caps are fair and reasonable, and are in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

The Board (including all independent non-executive Directors) therefore recommends that the Independent Unitholders to vote in favour of the Ordinary Resolution to approve the Property Management Transactions and the New Caps at the EGM.

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## LETTER FROM THE BOARD

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### TRUSTEE'S VIEW

Based and in sole reliance on: (1) the opinion of the Board in this letter and the information and assurances provided by the Manager; (2) the Letter from the Independent Board Committee; and (3) the Letter from the Independent Financial Adviser, the Trustee, having taken into account its duties under the Trust Deed and the REIT Code is of the view that:

- (a) the Property Management Transactions are consistent with Sunlight REIT's investment objectives and strategy, on normal commercial terms, and in compliance with the Trust Deed and the REIT Code;
- (b) the terms of the Property Management Transactions and the New Caps are fair and reasonable and in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole; and
- (c) Independent Unitholders' approval is required for the Property Management Transactions and the New Caps.

Based on paragraphs (a) to (c) above and subject to such Independent Unitholders' approval, the Trustee has no objection to the Property Management Transactions and the New Caps.

The Trustee's confirmation is being furnished for the sole purpose of complying with paragraph 8.7D of the REIT Code and is not to be taken as a recommendation or representation by the Trustee of the merits of the Property Management Transactions or of any statements or information made or disclosed in this circular. The Trustee has not made any assessment of the merits or impact of the Property Management Transactions, other than for the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code. Accordingly, the Trustee urges all Unitholders, including those who have any doubts as to the merits or impact of the Property Management Transactions, to consider the Letter from the Independent Financial Adviser and seek their own financial or other professional advice.

### EXTRAORDINARY GENERAL MEETING AND CLOSURE OF REGISTER OF UNITHOLDERS

The EGM will be held at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 29 May 2024 at 10:45 a.m. (or if later, immediately after the conclusion or the adjournment of the annual general meeting of Unitholders convened for the same place and day) for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolution set out in the EGM Notice, which is set out on pages N-1 to N-2 of this circular.

The register of Unitholders will be closed from Friday, 24 May 2024 to Wednesday, 29 May 2024, both days inclusive, during which period no transfer of Units will be effected. In order to qualify to attend and vote at the EGM, all transfers of Units accompanied by the relevant unit certificates and the duly completed transfer forms must be lodged with the unit

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## LETTER FROM THE BOARD

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registrar of Sunlight REIT, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (the “**Unit Registrar**”) for registration no later than 4:30 p.m. on Thursday, 23 May 2024.

If you are a Unitholder on the register of Unitholders on Wednesday, 29 May 2024 (being the date fixed for the purpose of determining Unitholders’ entitlement to vote at the EGM), you can vote at the EGM. You will find enclosed with this circular a form of proxy for use for the purpose of the EGM.

Please complete, sign and date the enclosed form of proxy, whether or not you plan to attend the EGM in person, in accordance with the instructions printed thereon, and return it to the Unit Registrar. The form of proxy should be completed and returned as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

The voting on the proposed Ordinary Resolution at the EGM as set out in the EGM Notice will be taken by poll.

### GENERAL INFORMATION

Your attention is drawn to the section headed “*General Information*” in this circular.

Yours faithfully,

On behalf of the Board

**HENDERSON SUNLIGHT ASSET MANAGEMENT LIMITED**

恒基陽光資產管理有限公司

**(as manager of Sunlight Real Estate Investment Trust)**

**AU Siu Kee, Alexander**

*Chairman and Non-Executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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SUNLIGHT REIT

### Sunlight Real Estate Investment Trust

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

(Stock Code: 435)

Managed by  
**Henderson Sunlight Asset Management Limited**  
恒基陽光資產管理有限公司

7 May 2024

*To the Independent Unitholders*

Dear Sir/Madam,

#### **CONTINUING CONNECTED PARTY TRANSACTIONS PROPERTY MANAGEMENT TRANSACTIONS**

We have been appointed as members of the Independent Board Committee to advise you in respect of the Property Management Transactions, the details of which are set out in the “Letter from the Board” in the circular dated 7 May 2024 from the Manager to the Unitholders (the “**Circular**”), of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

Ballas Capital Limited has been appointed by the Manager to advise us, the Independent Unitholders and the Trustee in connection with the Property Management Transactions, in particular as to whether (1) the Property Management Transactions are consistent with Sunlight REIT’s investment objectives and strategy; and are entered into at arm’s length, on normal commercial terms and conducted in the ordinary and usual course of business of Sunlight REIT; and (2) the terms of the Property Management Transactions and the New Caps are fair and reasonable and are in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole. Details of its opinion, together with the principal factors and reasons taken into consideration, and assumptions and qualifications in arriving at such opinion, are set out in the “Letter from the Independent Financial Adviser”, the text of which is contained in the Circular.

Having taken into account the opinion of and the principal factors and reasons considered by Ballas Capital Limited, we consider that (i) the Property Management Transactions are consistent with Sunlight REIT’s investment objectives and strategy; and are entered into at arm’s length, on normal commercial terms and in the ordinary and usual course of business of Sunlight REIT; and (ii) the terms of Property Management Transactions and the New Caps are fair and reasonable, and are in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Accordingly, we recommend that the Independent Unitholders vote in favour of the Ordinary Resolution to approve the Property Management Transactions and the New Caps.

Yours faithfully,

Independent Board Committee

**HENDERSON SUNLIGHT ASSET MANAGEMENT LIMITED**

恒基陽光資產管理有限公司

(as manager of Sunlight Real Estate Investment Trust)

**KWAN Kai Cheong TSE Kwok Sang KWOK Tun Ho, Chester Helen ZEE**

*Independent Non-Executive Directors*



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**BALLAS**  
C A P I T A L  
A subsidiary of Crosby

5/F Capital Centre  
151 Gloucester Road  
Wanchai, Hong Kong

7 May 2024

*To the Independent Board Committee,  
the Independent Unitholders and the Trustee*

Dear Sir or Madam,

### CONTINUING CONNECTED PARTY TRANSACTIONS

#### INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee, the Independent Unitholders and the Trustee with respect to the Property Management Transactions and the New Caps, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 7 May 2024 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 5 May 2021, an Ordinary Resolution was passed by the Unitholders at the extraordinary general meeting of the Unitholders for approving, among others, the Existing Property Management Transactions and the annual caps for the three years ending 30 June 2024.

In anticipation of the expiry of the Property Management Agreement and the Existing Master Services Agreement on 30 June 2024, and in view of (i) the likelihood that Sunlight REIT Group will continue to enter into property management transactions with its connected persons from time to time beyond 30 June 2024 and (ii) the fact that the financial year end date of Sunlight REIT has been changed from 30 June to 31 December with effect from 7 February 2024, the Manager proposes to seek Unitholders’ approval of the Property Management Transactions and the New Caps, by way of an Ordinary Resolution voted upon by the Independent Unitholders at the EGM.

As set out in the Letter from the Board, as at the Latest Practicable Date, the HLD Group holds an aggregate of approximately 21.24% of Units in issue. The Manager is an indirect wholly-owned subsidiary of HLD. Therefore, members of the HLD Related Group are connected persons of Sunlight REIT, and the Property Management Transactions contemplated under the Renewed Property Management Agreement, the Renewed Master Services Agreement and the Connected Deeds of Mutual Covenant constitute continuing connected party transactions of Sunlight REIT under the REIT Code. As some of the applicable percentage ratios (as calculated pursuant to Rule 14.07 of the Listing Rules) in respect of the New Caps of the Property Management Transactions exceed 5% on an aggregate basis, the Property Management Transactions are subject to the announcement, reporting, annual review and Independent Unitholders’ approval requirements pursuant to the REIT Code and/or Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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By virtue of the HLD Group's material interest in the Property Management Transactions, the HLD Group will abstain from voting on the Ordinary Resolution to approve the Property Management Transactions and the New Caps (except for voting pursuant to a proxy under a specific direction given by Independent Unitholder(s) to vote for or against the Ordinary Resolution on his or their behalf).

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Kwan Kai Cheong, Dr. Tse Kwok Sang, Mr. Kwok Tun Ho, Chester and Ms. Helen Zee, has been established to advise the Independent Unitholders on the Property Management Transactions.

We, Ballas Capital Limited ("**Ballas Capital**"), have been appointed to advise the Independent Board Committee, the Independent Unitholders and the Trustee in connection with the Property Management Transactions and the New Caps, in particular as to:

- (a) whether the terms of each of the Renewed Property Management Agreement, the Renewed Master Services Agreement and the Connected Deeds of Mutual Covenant, and the basis for the Property Management Transactions contemplated thereunder (including the New Caps) are fair and reasonable and in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole;
- (b) whether the Property Management Transactions (i) are conducted in the ordinary and usual course of business of Sunlight REIT; (ii) are conducted on terms which are and will be at arm's length and on normal commercial terms; and (iii) are fair and reasonable and in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole; and
- (c) whether the Independent Unitholders should vote in favour of the resolution in respect of the Property Management Transactions and the New Caps as set out in the EGM Notice.

### INDEPENDENCE DECLARATION

We are independent pursuant to rule 13.84 of the Listing Rules and not associated or connected with the Sunlight REIT Group, the Trustee, the Manager, the counterparties of the Property Management Transactions or their respective connected persons or associates as defined under the REIT Code. In the two years immediately preceding the Latest Practicable Date, save for this appointment as the independent financial adviser in relation to the Property Management Transactions and the New Caps, we have not acted as financial advisor or independent financial advisor to the Sunlight REIT Group and its associates and we are not aware of any relationships or interests in the Sunlight REIT Group or any other parties that could be reasonably regarded as hindrance to our independence to act as the independent financial adviser to the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the Property Management Transactions and the New Caps.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR OPINION**

In formulating our recommendation, we have reviewed (i) information retrieved from the public domain (being published annual reports and annual results announcement of Sunlight REIT, the published annual reports and circulars of other REITs listed on the Stock Exchange, and statistics from the Census and Statistics Department of Hong Kong), and (ii) information obtained from Sunlight REIT (being the Renewed Property Management Agreement, the Renewed Master Services Agreement and sample Connected Deeds of Mutual Covenant, the underlying calculation in arriving at the New Caps and the internal control measures governing connected party transactions adopted by the Manager). We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the senior management of the Manager and to provide a reasonable basis for our recommendation. The Manager and the Directors have declared in a responsibility statement set out in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and that there are no matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the Manager as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Manager. We have also been advised by the Manager and believe that no material facts have been omitted or withheld from the Circular. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of Sunlight REIT, the Manager and the related subject of and parties to the Property Management Transactions. Our opinion is based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion, we have considered the following principal factors and reasons:

#### **1. Background and reasons of the Property Management Transactions**

Sunlight REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed, and is authorised under section 104 of the SFO. The Sunlight REIT Group is principally engaged in the business of ownership of and investment in income-generating office and retail properties in Hong Kong with the key objective of producing regular and stable cash distributions to the Unitholders and to achieve sustainable growth of such distributions and long-term enhancement in the capital value of the properties. According to Sunlight REIT's annual reports for the three financial years ended 30 June 2021, 30 June 2022 and 30 June 2023, the revenue of the Sunlight REIT Group for the three financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 amounted to approximately HK\$799.3 million, HK\$802.9 million and HK\$783.3 million, respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Manager, namely Henderson Sunlight Asset Management Limited, is an indirect wholly-owned subsidiary of HLD. The Manager is mainly responsible for managing Sunlight REIT and all of its assets in accordance with the Trust Deed in the sole interest of the Unitholders. Since the listing of Sunlight REIT, the Property Manager has been delegated the responsibilities of providing property management, lease management and marketing services solely and exclusively for the properties of Sunlight REIT, subject to the overall management and supervision of the Manager. From time to time, the Manager or the Property Manager (as agent for the relevant members of the Sunlight REIT Group) will enter into contracts with third party service providers (which may include members of the HLD Related Group) for the provision of cleaning, maintenance, security, car park management and other ancillary services of the relevant property. In addition, pursuant to the Connected Deeds of Mutual Covenant, the Connected DMC Managers are appointed to undertake management of the relevant entire development, building, lot of land, and/or the common areas and facilities as shared among different owners of the relevant building or property, and all owners, including the relevant members of the Sunlight REIT Group and other independent third parties, and their successors-in-title are bound by the Connected Deeds of Mutual Covenant through such ownership irrespective of whether they were an original party thereto.

The extension for a further term of two and a half years for each of the Property Management Agreement and the Existing Master Services Agreement, and the continued appointment of the Connected DMC Managers under the Connected Deeds of Mutual Covenant will ensure business continuity of the Sunlight REIT Group and is in the interests of the Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

### *Our view*

Having considered that:

- (i) the Property Management Agreement and the Existing Master Services Agreement will expire on 30 June 2024 and the Manager expects that the Sunlight REIT Group will enter into certain property management transactions with the HLD Related Group from time to time during the term from 1 July 2024 to 31 December 2026;
- (ii) the Property Management Transactions facilitate continuous effective management of the Sunlight REIT Group's properties; and
- (iii) since the listing of Sunlight REIT, the Property Manager has been delegated the responsibilities of providing property management, lease management and marketing services solely and exclusively for the properties of Sunlight REIT, subject to the overall management and supervision of the Manager. The Property Management Transactions will continue to provide flexibility to Sunlight REIT to transact with members of the HLD Related Group in an efficient manner,

we are of the view that (a) the Property Management Transactions are consistent with Sunlight REIT's investment objectives and strategy, and are entered into at arm's length, on normal commercial terms and conducted in the ordinary and usual course of business of

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Sunlight REIT; and (b) the terms of the Property Management Transactions and the New Caps (with our analysis under paragraph 4 of this letter below) are fair and reasonable, and in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

### 2. Major terms of the Property Management Transactions .

Set out below is a summary of the major terms of the Property Management Transactions. Please also refer to the section headed “*Continuing Connected Party Transactions: Property Management Transactions*” in the Letter from the Board contained in the Circular for details of the Property Management Transactions.

#### (A) *Renewed Property Management Agreement*

Date: The Sixth Supplemental Agreement was entered into on 30 April 2024

Parties: (1) The Property Manager; and  
(2) The Manager (in its capacity as manager of Sunlight REIT)

The Property Holding Companies have also acceded to and become parties to the Property Management Agreement. If the Renewed Property Management Agreement and the New Caps are approved by the Independent Unitholders at the EGM, the Manager will procure the Property Holding Companies to accede to the Sixth Supplemental Agreement.

Duration: The appointment of the Property Manager will be extended for the Extended Term, unless terminated pursuant to the terms of the Renewed Property Management Agreement.

Conditions: The Sixth Supplemental Agreement is conditional upon the approval of the Independent Unitholders. If this condition is not fulfilled on or before 30 June 2024 (or such later date as may be agreed between the Manager and the Property Manager), the Sixth Supplemental Agreement shall lapse forthwith and be of no further effect.

Services to be provided: (a) property management services, including co-ordinating tenants fitting out requirements, recommending third party contracts for provision of property management service, maintenance services, supervising the performance of service providers and contractors, arranging for adequate insurances and ensuring compliance with building and safety regulations;

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- (b) lease management services, including administration of rental collection, management of rental arrears, initiating lease renewals and negotiation of terms; and
- (c) marketing and marketing co-ordination services.

Consideration and other terms:

- (a) Property and lease management services

The fee payable to the Property Manager for the property and lease management services pursuant to the Renewed Property Management Agreement during the Extended Term will not exceed 3% per annum of the Gross Property Revenue of each relevant property managed by it, which shall be paid by the relevant Property Holding Company.

The Manager and the Property Manager may mutually agree to revise the rate of such fee in respect of any property of the Sunlight REIT Group from time to time provided that it does not exceed 3% per annum of the Gross Property Revenue of such property.

- (b) Marketing services

The commissions payable to the Property Manager is to be calculated on the following basis for the provision of marketing services: (i) one month's base rent or licence fee, for securing a tenancy or licence of three years or more; (ii) one-half month's base rent or licence fee, for securing a tenancy or licence of one year or more but less than three years; (iii) one-half month's base rent or licence fee, for securing a renewal of tenancy or licence of one year or more; (iv) the lower of one-half month's base rent or licence fee, or 10% of the total rent or licence fee for securing a tenancy, licence or renewal of tenancy or licence for a duration of less than 12 months; and (v) one-fourth month's base rent or licence fee (as reviewed), for handling each rent or licence review during the term of a tenancy or licence provided for in the tenancy or licence agreement.

The Manager and the Property Manager may mutually agree from time to time to revise the rate(s) of commission payable to the Property Manager by the relevant Property Holding Company for the marketing services provided that the revised rate(s) shall not exceed the relevant rate(s) as specified in paragraphs (i) to (v) above.

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If the tenancy, licence or renewal of tenancy or licence is secured by a third party agent appointed by the relevant Property Holding Company, having regard to the work done by the Property Manager in connection with such tenancy, licence or renewal of tenancy or licence and upon the recommendation of the Manager, the relevant Property Holding Company may, at its absolute discretion, pay the Property Manager the commissions for such tenancy, licence or renewal of tenancy or licence provided that any such commission shall be at rates not exceeding a half of those specified in (i) to (v) above (as the case may be).

(c) Reimbursement

The Property Manager will be fully reimbursed by the relevant Property Holding Company for the employment costs, secondment costs and remuneration of employees of the Property Manager and other persons who are engaged by or under secondment to the Property Manager solely and exclusively for the management of the relevant property of Sunlight REIT and persons providing technical services who are engaged by or under the secondment to the Property Manager solely and exclusively for the management of one or more properties of Sunlight REIT. For the avoidance of doubt, all other operating costs of the Property Manager will be borne by itself.

*Our work done*

In assessing the fairness and reasonableness of the consideration and terms for property and lease management services and marketing services under the Renewed Property Management Agreement, we have performed independent research and reviewed the latest published annual reports and circulars of REITs listed in Hong Kong that were published since 2021 in respect of the key pricing terms of the services in relation to property and lease management and marketing. Based on our review, we noted that three REITs listed in Hong Kong (namely (i) Fortune Real Estate Investment Trust (stock code: 778); (ii) Prosperity Real Estate Investment Trust (stock code: 808); and (iii) Champion Real Estate Investment Trust (stock code: 2778)) (the “**REIT Comparables**”) had engaged their respective connected persons to provide similar nature of property and lease management and marketing services as Sunlight REIT. We also noted that the REIT Comparables paid (i) a property management fee of 3% per annum of gross property revenue for provision of property and lease management services; and (ii) a commission for the provision of marketing services by reference to the duration of the relevant leases entered into or renewed, which are in general comparable to those offered to the Property Manager pursuant to the Renewed Property Management Agreement.

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Regarding the reimbursement of cost (being included in the New Caps in respect of the transactions under the Renewed Property Management Agreement), we understand from the Manager that the Property Holding Companies would make reimbursement payments (on an actual cost basis) to the Property Manager and no mark up will be charged by the Property Manager for the employment costs incurred by the Property Manager in the course of performing the building management functions for the properties of Sunlight REIT. As part of the Manager's internal control measures, a summary of reimbursement of costs for the Property Holding Companies is prepared monthly by the Property Manager and the payment shall be approved by the senior management of the Manager, including the chief executive officer. For our due diligence purpose, we have randomly selected three months for the period from July 2020 to December 2023 and reviewed debit notes in relation to the reimbursement of costs with detailed breakdown by nature and amount of such reimbursements. From our review, we noted that (i) the calculation of breakdown has been checked by the human resources team of the Manager; (ii) the reimbursement amount was the same as the actual cost incurred; and (iii) the payment was authorised by the senior management of the Manager, including the chief executive officer. Hence, we consider that the internal control measures have been followed properly.

### *Our view*

Taking into account the above, including (i) the pricing terms, with regard to property and lease management services and marketing services, offered by the Property Manager which are generally comparable to the REIT Comparables; and (ii) internal control measures adopted on the reimbursement of costs providing appropriate and sufficient level of approval authority, we concur with the view of the Directors that the transactions under the Renewed Property Management Agreement are consistent with Sunlight REIT's investment objectives and strategy and are entered into at arm's length, on normal commercial terms and conducted in the ordinary and usual course of business of Sunlight REIT, and the terms of the Renewed Property Management Agreement are fair and reasonable and in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

### *(B) Renewed Master Services Agreement*

Date:	30 April 2024
Parties:	(1) HLD  (2) the Manager (in its capacity as manager of Sunlight REIT)
Term:	The Renewed Master Services Agreement is for the duration of two and a half years from 1 July 2024 to 31 December 2026, unless terminated in accordance with the terms of the Renewed Master Services Agreement.



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- Conditions: The Renewed Master Services Agreement is conditional upon the approval of the Independent Unitholders. If this condition cannot be fulfilled on or before 30 June 2024 (or such later date as may be agreed between the Manager and HLD), the Renewed Master Services Agreement shall lapse forthwith and be of no further effect.
- Services to be provided: Provision of Services includes (i) cleaning services; (ii) maintenance services; (iii) renovation services (including physical improvements or repairs and project management of renovation or enhancement work); (iv) security services; (v) utilities services; (vi) car park management services; (vii) legal and other professional and consultancy services; and (viii) such other services in the ordinary and usual course of management and operation of the properties of the Sunlight REIT Group as may be agreed between HLD and the Manager from time to time in writing as to be governed by the Renewed Master Services Agreement.
- With respect to the Service Transactions to be agreed to be provided during the term of the Renewed Master Services Agreement, the relevant members of the HLD Related Group and of the Sunlight REIT Group (or the Property Manager as agent for, or at the costs of, the relevant members of the Sunlight REIT Group) shall enter into separate definitive service agreement(s) setting out the detailed terms (including the fee and the payment terms).
- Consideration and other terms: The terms of, and the fee payable under, the Definitive Service Agreements shall be negotiated on a case-by-case and an arm's length basis, and shall be on normal commercial terms which (a) from the Sunlight REIT Group's perspective, shall be no less favourable than those which the relevant members of the Sunlight REIT Group could obtain from independent contractors or suppliers of comparable services, and (b) from the HLD Related Group's perspective, shall be no more favourable than those which the relevant members of the HLD Related Group made available to their independent third party customers.

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The Sunlight REIT Group shall, except if the transaction amount is HK\$30,000 or below, invite competitive tenders or obtain not less than three quotations (among which not more than one quotation shall be from a connected person of Sunlight REIT) from contractors or suppliers, so that a comparison of prices of a sufficient number of independent contractor(s) or supplier(s) of comparable services in the market will be conducted for management review with a view to ensuring that the terms of Services provided by the HLD Related Group (including the fees payable to the HLD Related Group for the Services) in connection with the Service Transactions are reasonable having regard to the scale, scope and quality of services required, and the reputation, experience and track record of performance of the service providers within the HLD Related Group and other relevant contractors or suppliers.

### *Our work done*

We understand from the Manager that the Service Transactions have been and will be reviewed and approved in accordance with the Manager's internal control procedures, which require (i) the invitation of competitive tenders or quotations (among which not more than one quotation shall be from a connected person of Sunlight REIT) from contractors or suppliers, to ensure that the terms of Services in connection with the Service Transactions are reasonable having regard to the scale, scope and quality of services required, and the reputation, experience and track record of performance of the service providers within the HLD Related Group and other relevant contractors or suppliers; and (ii) approval from the chief executive officer and/or other senior management of the Manager, subject to the amount of their respective approval limit, for all the proposed connected party transactions prior to entering into the transaction. We also understand that, apart from comparison of price, the Manager will review the quotations having regard to the scale, scope and quality of services required, and the reputation, experience and track record of performance of the service providers.

During the three financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 and the six months ended 31 December 2023, we noted that there were three Service Transactions in relation to security services provided by the HLD Related Group for certain properties of the Sunlight REIT Group. For our due diligence purpose, we have obtained and reviewed the tender document, tender analysis and recommendation for these Service Transactions. From our review, we noted that at least four quotations, including one from the HLD Related Group and the other quotations from independent service providers for each of these Service Transactions were obtained and compared before entering into the contracts with the HLD Related Group. Based on the tender analysis, the security service contracts were awarded to the HLD Related Group after having considered (1) the total service fee offered by the HLD Related Group as compared to the fee quotations from other independent service providers; (2) quality of services having been provided to the Sunlight REIT Group in the past; (3) manpower sufficiency of the HLD Related Group; and (4) satisfactory rating in respect of security service provided by the HLD Related Group in the

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survey completed by tenants of the properties of the Sunlight REIT Group. We have also reviewed the procurement approval forms signed by the chief executive officer of the Manager and the related email correspondence between the Manager and the Trustee. Based on the information provided by the Manager to the Trustee including that it had followed its procurement policy, we understand that the Trustee had no objection to the Manager's award of those contracts to a member of the HLD Related Group. Based on our review of the transaction documents and taking into account that the internal control procedures have been implemented accordingly, we consider that the terms of the Service Transactions under the Renewed Master Services Agreement are fair and reasonable.

### *Our view*

Based on the above, we are of the opinion that the transactions under the Renewed Master Services Agreement are entered into at arm's length, on normal commercial terms and conducted in the ordinary and usual course of business of Sunlight REIT, and the terms thereof are fair and reasonable and in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

### *(C) Connected Deeds of Mutual Covenant*

The Connected DMC Managers currently appointed under the Connected Deeds of Mutual Covenant are members of the HLD Group and they were so appointed prior to the relevant properties being acquired by the Sunlight REIT Group. Such Connected DMC Managers have agreed to undertake management of the relevant entire development, building, lot of land, and/or the common areas and facilities thereof. For the avoidance of doubt, the services provided by the Connected DMC Managers mainly involve the maintenance and management of common areas and facilities as shared among different owners of the relevant building or property and they are different from the property management services provided by the Property Manager to the Sunlight REIT Group under the Renewed Property Management Agreement.

The Deeds of Mutual Covenant bind the relevant DMC Manager appointed thereunder and all the owners of the relevant development or building which is erected on the lot of land on which the property owned by the Property Holding Companies forms part and their successors-in-title, irrespective of whether they are original parties to the Deeds of Mutual Covenant. Accordingly, although the Property Holding Companies are not original parties to such Deeds of Mutual Covenant, they are bound by and have the benefits of the terms thereof.

The Connected Deeds of Mutual Covenant were entered into prior to acquisition of the relevant properties by the Sunlight REIT Group which is not entitled to vary the provisions of such Connected Deeds of Mutual Covenant in respect of such properties (as all the buildings or developments of which any such properties form part are not wholly-owned by the Sunlight REIT Group).

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The DMC Management Fees payable by the relevant Property Holding Company to the relevant Connected DMC Manager are generally calculated based on a Specified Portion of (i) annual budgeted management expenses prepared by the Connected DMC Manager, and (ii) DMC Manager's remuneration receivable by the Connected DMC Manager from all owners of the relevant building or development (such remuneration amount not to exceed 10% to 15% of the total budgeted management expenses).

### *Our work done*

We have selected samples of the Connected Deeds of Mutual Covenant on a random basis. We noted from our review that the DMC Management Fees payable to the Connected DMC Managers pursuant to the relevant Connected Deeds of Mutual Covenant were generally based on the proportion as the number of management units or the undivided shares allocated to the property owned by the relevant Property Holding Company bears to the total management units or the undivided shares allocated to the entire building or development with reference to the management expenses.

In light of the fact that the (i) Deeds of Mutual Covenant bind the relevant DMC Manager (including the Connected DMC Managers) and all the owners of a development and their successors-in-title, irrespective of whether they are original parties to the Deeds of Mutual Covenant; (ii) all the owners of a development and their successors-in-title, including the Sunlight REIT Group and other independent third parties, are bound by, and have the benefit of, the terms of the Deeds of Mutual Covenant; (iii) the DMC Management Fees payable to the Connected DMC Managers were generally based on the proportion as the number of management units or the undivided shares allocated to the property owned by the relevant Property Holding Company bears to the total management units, or the undivided shares allocated to the entire building or development with reference to the management expenses; and (iv) other owners of the relevant property or building unrelated to the Sunlight REIT Group or the HLD Group are also liable to pay the Connected DMC Manager the DMC Management Fees calculated on the same basis pursuant to the Connected Deeds of Mutual Covenant, we consider that it is fair and reasonable and commercially justifiable for the Sunlight REIT Group to continue to appoint the Connected DMC Managers under the Connected Deeds of Mutual Covenant, and that the terms of these Connected Deeds of Mutual Covenant are at arm's length and on normal commercial terms.

### *Our view*

Based on the above, we are of the opinion that the transactions under the Connected Deeds of Mutual Covenant are entered into at arm's length, on normal commercial terms and conducted in the ordinary and usual course of business of Sunlight REIT, and the terms thereof are fair and reasonable and in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

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### 3. Internal control

To ensure that the Property Management Transactions are carried out at arm's length, on normal commercial terms and in the interests of the Unitholders, the Manager has established an internal control system, with written policies and procedures, to ensure that the Property Management Transactions are undertaken on terms in compliance with the REIT Code. Such internal control measures include:

- (a) The Manager maintains a register to record all connected party transactions which are entered into by members of the Sunlight REIT Group and where applicable, the bases, including (with respect to the Service Transactions only) any competitive tenders and quotations from independent third parties obtained to support such bases, on which they are entered into. The Manager or (in respect of the DMC Management Fees under the Connected Deeds of Mutual Covenant) the Property Manager will verify that the amounts payable by the Sunlight REIT Group are calculated in accordance with the relevant agreements;
- (b) The register of connected party transactions is reviewed by the compliance department of the Manager on a monthly basis to ensure the relevant annual caps are not exceeded;
- (c) The Manager will demonstrate to the audit committee of the Board that all connected party transactions are carried out at arm's length, on normal commercial terms and in the interests of the Unitholders as a whole. In particular, the audit committee is provided with a summary of the connected party transactions including their transaction amounts on a quarterly basis; and
- (d) The internal audit department of the Manager will review all connected party transactions entered into by the Sunlight REIT Group on a half-yearly basis.

We consider that sufficient and effective internal control measures are in place to ensure that (i) the New Caps of the Property Management Transactions will not be exceeded; and (ii) the Property Management Transactions are entered into at arm's length, on normal commercial terms and conducted in the ordinary and usual course of business of Sunlight REIT, and the terms of the Property Management Transactions are fair and reasonable and are in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

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**4. Historical transaction amounts and the New Caps of the Property Management Transactions**

*(A) Renewed Property Management Agreement*

The historical transaction amounts and the New Caps in relation to transactions under the Renewed Property Management Agreement are as follows:

	<b>For the financial year ended</b>			<b>For the</b>
	<b>30 June</b>			<b>six months</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>ended</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<b>31 December</b>
				<b>2023</b>
				<i>HK\$'000</i>
Property and lease management services	19,758	19,257	18,523	10,066
Marketing services	11,674	8,693	9,485	4,744
Reimbursement of employment costs and remuneration	14,583	17,193	16,687	9,193
<b>Total historical transaction amounts</b>	<b>46,015</b>	<b>45,143</b>	<b>44,695</b>	<b>24,003</b>
	<b>For the six</b>		<b>For the financial year ending</b>	
	<b>months ending</b>		<b>31 December</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2024</b>		<b>2025</b>	<b>2026</b>
	<i>HK\$'000</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
New Caps under the Renewed Property Management Agreement	33,530		60,630	62,860

As set out in the Letter from the Board, the above New Caps for the transactions under the Renewed Property Management Agreement for the six months ending 31 December 2024 (“**6M24**”) and the two financial years ending 31 December 2025 (“**FY25**”) and 2026 (“**FY26**”) have been determined by taking into account:

- (i) the historical and current commissions referable to the tenancies and licences of Sunlight REIT’s property portfolio;
- (ii) the relevant lease expiry profile;

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- (iii) an assumed annual growth of 3% of reimbursed costs;
- (iv) the prevailing market conditions;
- (v) no variation to the terms governing the services and fees charged under Renewed Property Management Agreement; and
- (vi) the additional property and lease management services and marketing services that the Property Manager may provide in relation to a possible additional property of Sunlight REIT, supplemented by a buffer of approximately 10% for 6M24, FY25 and FY26 for possible adjustments in, among other things, reimbursement amount and service fees.

### *Our work done*

The New Caps for the Renewed Property Management Agreement comprise the following breakdown of the estimated amounts of (1) property and lease management service fee; (2) marketing service fee; and (3) reimbursement of employment costs and remuneration; as supplemented by a buffer for contingencies of approximately 10% for the relevant period or year:

	<b>For the six months ending 31 December 2024 HK\$'000</b>	<b>For the financial year ending 31 December 2025                      2026 HK\$'000                      HK\$'000</b>	
Property and lease management services	11,310	22,464	22,068
Marketing services	7,758	9,444	11,172
Reimbursement of employment costs and remuneration	11,406	23,208	23,904
Sub-total	30,474	55,116	57,144
Buffer for contingencies	3,056	5,514	5,716
<b>Total</b>	<b>33,530</b>	<b>60,630</b>	<b>62,860</b>

In assessing the fairness and reasonableness of the New Caps for Renewed Property Management Agreement, we have reviewed and discussed with the Manager on the underlying calculation, including the basis and assumptions, in formulating the same. Our analysis of the New Caps for the Renewed Property Management Agreement is set out below:

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### Property and lease management services

In determining the estimated transaction amounts of the property and lease management service fee under the Renewed Property Management Agreement, which amount to approximately HK\$11.3 million, HK\$22.5 million and HK\$22.1 million for 6M24, FY25 and FY26 respectively, the Manager has applied a fee of 3% on the projected Gross Property Revenue for 6M24, FY25 and FY26, which are derived from (i) the existing property lease profile and (ii) possible acquisition of property of a certain size and grade located in Hong Kong during 6M24 (the “**Possible Acquisition**”), which would require additional property and lease management services. We have reviewed the underlying calculations and noted that the projected Gross Property Revenue derived from the existing property lease profile for 6M24, FY25 and FY26 are fairly stable as compared to the Gross Property Revenue for the financial year ended 30 June 2023 and the six months ended 31 December 2023.

The increase of the estimated transaction amounts of the property and lease management service fee as compared to the historical transaction amount of HK\$10.1 million during the six months ended 31 December 2023 is mainly attributable to the Possible Acquisition during 6M24, which was assumed solely for the purpose of determining the estimated transaction amounts as Sunlight REIT has no concrete plan for any such acquisition as at the Latest Practicable Date according to our discussion with the Manager, and that the Property Manager will provide property and lease management services and marketing services in relation to the Possible Acquisition pursuant to the Renewed Property Management Agreement. The property and lease management service fees in respect of the Possible Acquisition are estimated to be approximately HK\$1.3 million, HK\$2.6 million and HK\$2.4 million for 6M24, FY25 and FY26, respectively, which represent approximately 11.7%, 11.4% and 11.1% of the total estimated transaction amounts of the property and lease management service fee for 6M24, FY25 and FY26, respectively. We understand that the Manager has used the historical transaction amount of an existing property of Sunlight REIT with similar size and grade as the basis in estimating the additional property and lease management service fee resulting from the presumed Possible Acquisition, which we consider as fair and reasonable. As stated in the annual report of Sunlight REIT for the financial year ended 30 June 2023, Sunlight REIT remains focused on acquiring income-producing investment properties which have the potential to provide reasonable total returns to Unitholders through accretion in distribution yield, sustainable growth in distributions and long-term enhancement in capital value. Further, as disclosed in Sunlight REIT’s announcements and annual reports, Sunlight REIT has acquired two properties in 2017 and 2023 respectively, since its listing in 2006. Accordingly, we consider that the assumption of the Possible Acquisition is consistent with the business development strategy of Sunlight REIT. Hence, the estimated transaction amounts of the property and lease management service fee under the Renewed Property Management Agreement for 6M24, FY25 and FY26 are fair and reasonable.

### Marketing services

The estimated transaction amounts of the marketing service fee under the Renewed Property Management Agreement amount to approximately HK\$7.8 million, HK\$9.4 million and HK\$11.2 million for 6M24, FY25 and FY26, respectively. We understand from the Manager that the estimated transaction amounts of the marketing service fee comprise:



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- (i) the projected marketing service fee for securing tenant for the existing portfolio, which are fairly comparable with the historical amounts of approximately HK\$11.7 million, HK\$8.7 million, HK\$9.5 million and HK\$4.7 million for the three financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 and the six months ended 31 December 2023, respectively; and
- (ii) the projected marketing service fee for securing new tenants arising from the Possible Acquisition, which are estimated to be approximately HK\$0.9 million, HK\$1.0 million and HK\$1.7 million for 6M24, FY25 and FY26 respectively. We understand that the Manager has used the historical transaction amount of an existing property of Sunlight REIT with similar size and grade as the basis in estimating the marketing service fee arising from the Possible Acquisition, which we consider as fair and reasonable.

Given the above, we consider the estimated transaction amounts of for the marketing service fee under the Renewed Property Management Agreement to be fair and reasonable.

### **Reimbursement of employment costs and remuneration**

The estimated transaction amounts of the reimbursement of employment costs and remuneration under the Renewed Property Management Agreement amount to approximately HK\$11.4 million, HK\$23.2 million and HK\$23.9 million for 6M24, FY25 and FY26, respectively. The increase of the estimated transaction amounts of the reimbursement of employment costs and remuneration of approximately 24.1% for 6M24 as compared to historical amount for the six months ended 31 December 2023 is mainly attributable to additional headcount as a result of the Possible Acquisition, which contributes approximately HK\$1.8 million to the estimated transaction amounts of the reimbursement of employment costs and remuneration for 6M24. We understand that the Manager has used the historical transaction amount of an existing property of Sunlight REIT with similar size and grade as the basis in estimating the additional reimbursement costs arising from the Possible Acquisition, which we consider as fair and reasonable.

An annual growth of approximately 3% on reimbursed costs is incorporated for the estimation of the annual caps for FY25 and FY26. Hence, the estimated transaction amounts of the reimbursement of employment costs and remuneration of approximately HK\$23.2 million and HK\$23.9 million for FY25 and FY26, respectively, represent an increase of approximately 1.7% and 3.0% as compared to the annualised amount of the estimated transaction amounts of 6M24 and FY25, respectively. Since the reimbursement of costs is mainly relating to staff cost, we have reviewed the statistics on wages from the Census and Statistics Department of Hong Kong and noted that (i) the year-on-year nominal wage index for the real estate leasing and maintenance management in September 2023 increased by 3.2%; (ii) the median monthly wage for the industry of the estate management, security and cleaning services in May to June 2022 increased by 4.0% compared to the same period in 2021; and (iii) the real GDP of Hong Kong for 2023 is approximately 3.2%. Furthermore, according to the Press Release and Economic Forecasts released by the Government of the Hong Kong Special Administrative Region on 28 February 2024, the Hong Kong real GDP is forecast to grow by 2.5% to 3.5% in 2024. Given the above, we consider an assumed

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annual growth rate of approximately 3% applied on the estimated transaction amounts of the reimbursement of employment costs and remuneration under the Renewed Property Management Agreement for FY25 and FY26 is justifiable.

### Buffer for contingencies

The Manager has applied a buffer of approximately 10% for each of 6M24, FY25 and FY26 for possible adjustments in, among other things, reimbursement amount and gross rental income of the Sunlight REIT Group when determining the New Caps under the Renewed Property Management Agreement. We have reviewed and compared the range of contingency buffers of other REITs listed on the Stock Exchange from their respective circulars published in the past three years and noted that the contingency buffer ranged from 10% to 25%. Given that the 10% buffer proposed by the Manager falls within the range, we are of the view that the buffer adopted is reasonable.

### *Our view*

Given the above, we consider the New Caps for the Renewed Property Management Agreement to be fair and reasonable and in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

### *(B) Renewed Master Services Agreement*

The historical transaction amounts and the New Caps in relation to the Service Transactions paid by the Sunlight REIT Group to the HLD Related Group are as follows:

	<b>For the financial year ended</b>			<b>For the six</b>
	<b>30 June</b>			<b>months ended</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>31 December</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<b>2023</b>
				<i>HK\$'000</i>
Security service fee*	3,855	590	695	Nil

\* *The aggregate amounts paid by the Sunlight REIT Group to the HLD Related Group in respect of the Service Transactions for each of the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 and the six months ended 31 December 2023 comprised security service fee only. As at the Latest Practicable Date, there is no subsisting service agreement entered into between the Sunlight REIT Group and the HLD Related Group pursuant to the Existing Master Services Agreement.*

	<b>For the six</b>	<b>For the financial year ending</b>	
	<b>months ending</b>	<b>31 December</b>	
	<b>31 December</b>	<b>2025</b>	<b>2026</b>
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
New Caps under the Renewed Master Services Agreement	1,500	5,290	7,740

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the Letter from the Board, the above New Caps for the Service Transactions under the Renewed Master Services Agreement for 6M24, FY25 and FY26 have been determined by taking into account:

- (i) the potential security contracts which may be entered into with the HLD Related Group in relation to two existing properties of Sunlight REIT and the Possible Acquisition with increment of service fees ranging from 5% to 20% annually;
- (ii) the assumption of other additional services with increment of 5% annually, such other additional services may include, for instance, potential new contracts for management and operations of properties (which, for the avoidance of doubt, do not fall within the scope of services to be provided by the Property Manager under the Renewed Property Management Agreement), potential repair and maintenance works or consultancy services (the “**Additional Services**”) which the HLD Related Group may enter into with the Sunlight REIT Group during the relevant financial periods; and
- (iii) supplemented by a buffer of approximately 10% for 6M24, FY25 and FY26 for contingencies.

### *Our work done*

The New Caps under the Renewed Master Services Agreement have been determined based on the estimated amounts of the following breakdown of the estimated amounts of (1) security service fee; and (2) the fee for the Additional Services; as supplemented by a buffer for contingencies of approximately 10% for the relevant period or year:

	<b>For the six months ending 31 December 2024 HK\$'000</b>	<b>For the financial year ending 31 December 2025 HK\$'000</b>	<b>2026 HK\$'000</b>
Security service fee	860	3,753	5,929
Fee for Additional Services	500	1,050	1,103
Sub-total	1,360	4,803	7,032
Buffer for contingencies	140	487	708
<b>Total</b>	<b>1,500</b>	<b>5,290</b>	<b>7,740</b>

In assessing the fairness and reasonableness of the New Caps for the Renewed Master Services Agreement, we have reviewed and discussed with the Manager on the underlying calculation, including the basis and assumptions, in formulating the same. Our analysis of the New Caps under the Renewed Master Services Agreement is set out below:

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Security service fee

In respect of security services, the Manager estimated transaction amounts of the security service fee under the Renewed Master Services Agreement for 6M24, FY25 and FY26 to be approximately HK\$0.9 million, HK\$3.8 million and HK\$5.9 million respectively, by taking into account (a) a potential new security service contract relating to a major property owned by Sunlight REIT (for which the HLD Related Group was engaged to provide security service previously, and whose existing security service contract with a third party contractor (the “**Existing Security Service Contract**”) will expire in June 2025), may be awarded to the HLD Related Group for a term of one and a half years from July 2025 to December 2026 (the “**2025 New Security Service Contract**”); (b) two potential new security service contracts, one of which related to an existing property owned by Sunlight REIT, which will expire in June 2024, (the “**2024 New Security Service Contract**”) and another related to the Possible Acquisition (the “**2024 Possible Acquisition Security Service Contract**”) may be awarded to the HLD Related Group, both for a term of one year from July 2024, with a renewal term of one and a half years up to December 2026.

To determine the estimated amount of the security service fee in the first year of the 2025 New Security Service Contract (i.e. from July 2025 to June 2026) (the “**First Year**”), the Manager assumed an increase of 20% as compared to the security service fee of the Existing Security Service Contract for the period from 1 July 2024 to 30 June 2025, after taking into account the prevailing market conditions, including the expected recovery of the economy and the labor shortage in recent years. The Manager also assumed that the security service fee would further increase by 5% in the second year (i.e. from July 2026 to December 2026) (the “**Second Year**”) of the 2025 New Security Service Contract as compared with the First Year with an aim to provide flexibility for any possible adjustment in cost. In order to ascertain if the security service fee of the 2025 New Security Service Contract is determined on a fair and reasonable basis, we have reviewed the existing list of security service contracts of Sunlight REIT entered into with independent third parties during the period from 1 July 2021 to 30 June 2024 and noted that the highest historical increment of the security service fee was approximately 20% for the year ending 30 June 2024 pursuant to a security contract entered into for a property of Sunlight REIT in July 2023 (as compared to the service fee in relation to the same property for the year ended 30 June 2023) (the “**20% Historical Increment**”). We have also reviewed statistics from the Census and Statistics Department of Hong Kong and noted that during 2019 to 2023, the highest year-on-year increment on the general average wage rate for real estate leasing and maintenance management as measured by the real wage index was 9.4%. Given the 20% Historical Increment, the expected recovery of the economy and the labor shortage in recent years, we consider it is reasonable to assume that the security service fee in the First Year of the 2025 New Security Service Contract is 20% higher than the security service fee of the Existing Security Service Contract and the security service fee would further increase by 5% in the Second Year of the 2025 New Security Service Contract. Therefore, we consider that the estimated amount of security service fee of the 2025 New Security Service Contract is fair and reasonable.

For the 2024 New Security Service Contract, we have obtained and reviewed the relevant tender summary in March 2024 and noted that the HLD Related Group was one of the parties who have submitted quotations to the Manager and the tender procedure is still in

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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progress. Accordingly and solely for the purpose of determining the estimated transaction amounts of the security services, the Manager adopted such quotation as the basis for estimating the transaction amount for the 2024 New Security Service Contract. For the 2024 Possible Acquisition Security Service Contract, the security service fee is estimated based on the pricing terms of an existing security service contract of a relevant property of Sunlight REIT. The security service fee of the 2024 New Security Service Contract and the 2024 Possible Acquisition Security Service Contract would be increased by 15% upon their renewal in July 2025, after taking into account the prevailing market conditions, including the expected recovery of the economy and the labor shortage in recent years, which, as explained above, we consider as reasonable. Given the above, we consider that the estimated amounts of security service fee of the 2024 New Security Service Contract and the 2024 Possible Acquisition Security Service Contract are fair and reasonable.

The estimated transaction amount of the security service fee for FY25 increases by approximately HK\$2.0 million, representing an increase of approximately 118.2% as compared to the annualised amount of 6M24. Such increase is mainly attributable to the 2025 New Security Service Contract which contributed approximately HK\$1.9 million for the six months from July 2025 to December 2025 to the estimated transaction amount of security service for FY25.

The estimated transaction amount of the security service fee for FY26 further increases by approximately HK\$2.2 million or approximately 58.0% as compared to FY25. This is mainly due to the full-year effect of the 2025 New Security Service Contract (from January 2026 to December 2026) which contributes approximately HK\$3.9 million to FY26's estimated transaction amount, comparing to the six months' effect of the 2025 New Security Service Contract (from July 2025 to December 2025) in FY25's estimated transaction amount.

As the security service fee of the 2025 New Security Service Contract is estimated based on the pricing terms of the existing contract which will be expired in June 2025, we consider that the estimated security service fee of the 2025 New Security Service Contract is fair and reasonable as set out above.

### **Fee for the Additional Services**

In respect of fee for the Additional Services, although Sunlight REIT did not engage the HLD Related Group to carry out any additional services for the three financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 and for the six months ended 31 December 2023, we understand from the Manager that it is possible for Sunlight REIT to engage the HLD Related Group for the provision of the Additional Services such as repair and maintenance works or consultancy services for 6M24, FY25 and FY26. In determining the estimated fee for the Additional Services under the Renewed Master Services Agreement, the Manager has estimated other additional service fee relating to the consultancy and repair and maintenance works of HK\$1 million per year (i.e. HK\$0.5 million for 6M24) with 5% annual increment for FY25 and FY26. The fee for the Additional Services included in the New Caps under the Renewed Master Services Agreement is estimated primarily based on the historical amounts charged by independent service providers in respect of such Additional Services. We noted that the total service fee charged by the independent service

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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providers fluctuated over the historical periods, amounting to approximately HK\$0.2 million, HK\$0.2 million, HK\$1.3 million and HK\$0.5 million for the three financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 and for the six months ended 31 December 2023, respectively, due to its ad hoc nature. In order to ascertain if the basis to determine the fee for the Additional Services is reasonable, we have reviewed a sample of letter of award issued by the Manager and noted that a contract in the sum of approximately HK\$1.1 million was awarded to an independent service provider during the year ended 30 June 2023 for consultancy services for renovation. Given that the fee for the Additional Services of HK\$1 million per year is within the historical transaction amounts charged by independent service providers on arm's length basis and there may be a possibility of awarding consultancy, repair and maintenance works of larger scale to the HLD Related Group, we consider it fair and reasonable to include a service fee of HK\$1 million per year with 5% annual increment for FY25 and FY26 in estimation of the fee for the Additional Services under the Renewed Master Services Agreement.

### **Buffer for contingencies**

The Manager has applied a buffer of approximately 10% for each of 6M24, FY25 and FY26 for contingencies when determining the New Caps under the Renewed Master Services Agreement. We have reviewed and compared the range of contingency buffers of other REITs listed on the Stock Exchange from their respective latest circulars published in the past three years and noted that the contingency buffer ranged from 10% to 25%. Given that the 10% buffer proposed by the Manager falls within the range, we are of the view that the buffer adopted is fair and reasonable.

### *Our view*

Given the above, we consider the New Caps for the Renewed Master Services Agreement to be fair and reasonable and in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

### *(C) Connected Deeds of Mutual Covenant*

The historical transaction amounts and the New Caps in relation to the DMC Management Fee payable by the relevant Property Holding Company to the Connected DMC Managers pursuant to the relevant Connected Deeds of Mutual Covenant are as follows:

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	<b>For the financial year ended</b>			<b>For the six</b>
	<b>30 June</b>			<b>months ended</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>31 December</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<b>2023</b>
				<i>HK\$'000</i>
DMC Management Fee for existing properties	12,847	13,329	13,743	7,345
Ad hoc repair work	Nil	Nil	239	Nil
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total historical transaction amounts</b>	<b><u>12,847</u></b>	<b><u>13,329</u></b>	<b><u>13,982</u></b>	<b><u>7,345</u></b>

	<b>For the six</b>	<b>For the financial year</b>	
	<b>months ending</b>	<b>ending 31 December</b>	
	<b>31 December</b>	<b>2025</b>	<b>2026</b>
	<b>2024</b>		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
New Caps for the Connected Deeds of Mutual Covenant	10,710	22,010	23,260

As set out in the Letter from the Board, the above New Caps for the Connected Deeds of Mutual Covenant for 6M24, FY25 and FY26 have been determined by taking into account:

- (i) the estimated amounts of the DMC Management Fee for existing properties under the management of the Connected DMC Managers based on the historical amounts paid and an assumed annual growth of 5% for each of 6M24, FY25, FY26 reflecting expected market conditions in the future;
- (ii) possible additional fee in relation to ad hoc repair work for certain properties of Sunlight REIT managed by the Connected DMC Manager (the “**Ad Hoc Repair Work**”);
- (iii) amounts of the DMC Management Fee payable by the Sunlight REIT Group in relation to the possible engagement of Connected DMC Manager for management of an additional premise which is currently owned by Sunlight REIT and managed by the Property Manager, which are based on the estimated management expenses (such as utilities and cleaning service fee) that are determined by reference to the relevant existing management expenses; and
- (iv) a buffer of approximately 10% for 6M24, FY25 and FY26 for contingencies.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Our work done*

In assessing the fairness and reasonableness of the New Caps for the Connected Deeds of Mutual Covenant, we have reviewed and discussed with the Manager on the underlying calculation, including the basis and assumptions, in formulating the same. Our analysis of the New Caps for the Connected Deeds of Mutual Covenant is set out below:

### **New Caps for the Connected Deeds of Mutual Covenant**

The New Caps for the transactions under the Connected Deeds of Mutual Covenant comprise the following breakdown of the estimated amounts of the DMC Management Fee for the relevant period or year:

	<b>For the six months ending 31 December 2024 HK\$'000</b>	<b>For the financial year ending 31 December 2025 HK\$'000</b>	<b>2026 HK\$'000</b>
DMC Management Fee for existing properties	7,746	15,940	16,868
Ad Hoc Repair Work	1,000	2,050	2,153
Fees for the Additional Premise	984	2,017	2,118
Sub-total	9,730	20,007	21,139
Buffer for contingencies	980	2,003	2,121
<b>Total</b>	<b>10,710</b>	<b>22,010</b>	<b>23,260</b>

In determining the New Caps for the Connected Deeds of Mutual Covenant, the Manager has taken into account (i) the historical transaction amounts; (ii) the possibility of engaging the Connected DMC Manager for management of an additional premise which is currently owned by Sunlight REIT and managed by the Property Manager (the “**Additional Premise**”); (iii) additional fee in relation to Ad Hoc Repair Work for certain properties of Sunlight REIT managed by the Connected DMC Manager in the estimated amount of HK\$2 million per year; and (iv) an annual growth rate of 5% for each of 6M24, FY25 and FY26. We understand from the Manager that the fee estimated for the possibility of engaging the Connected DMC Manager for the Additional Premise of approximately HK\$1.0 million, HK\$2.0 million and HK\$2.1 million for the 6M24, FY25 and FY26, respectively, was based on the estimated management expenses (such as utilities and cleaning service fee) that are determined by reference to the existing management expenses, the basis of which we consider as fair and reasonable. We have reviewed the computation and have sample checked to the underlying supporting document of the expenses for the six months ended 31 December 2023. We are satisfied that the fee estimated for the possibility of engaging the Connected DMC Manager for the Additional Premise is comparable to the existing management expenses and hence are satisfied that the estimated fee is fair and reasonable.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Ad Hoc Repair Work of HK\$2 million per year for certain properties of Sunlight REIT managed by the Connected DMC Manager was assumed based on historical transaction amount. We have obtained and reviewed an approved memorandum and we noted that a repair work performed by an independent third party for one of the properties in 2022 amounting to approximately HK\$0.8 million. We also noted that the age of properties under the Connected Deeds of Mutual Covenant ranges from 22 years to 41 years and hence we consider that there is a likelihood that certain structural repair and replacement works may be required. Therefore, we concur with the Manager's view that it is fair and reasonable to include additional fee for Ad Hoc Repair Work.

We noted that the New Cap for the Connected Deeds of Mutual Covenant for 6M24 increases significantly by approximately 45.8% as compared to the historical amount for the six months ended 31 December 2023, which is mainly attributable to:

- (i) the additional fee arising from the possibility of engaging the Connected DMC Manager for the management of the Additional Premise and for the Ad Hoc Repair Work, which represents approximately 18.5% of the New Cap for the Connected Deeds of Mutual Covenant for 6M24; and
- (ii) the 10% buffer for contingencies (as explained below).

The New Caps for the Connected Deeds of Mutual Covenant for FY25 and FY26 of approximately HK\$22.0 million and HK\$23.3 million, respectively, represent an increase of approximately 2.8% and 5.7% as compared to the annualised New Cap for 6M24 and the New Cap for the Connected Deeds of Mutual Covenant for FY25, respectively, which are mainly due to the annual growth rate of 5%.

In respect of the annual growth rate of 5% applied to the service fee for each of the 6M24, FY25 and FY26, we have reviewed the movement of unit rate of property management fee and noted that the increase of unit rate of property management fee for the financial year ended 30 June 2023 and the 12 months ending 30 June 2024 was in a range of approximately 2.5% to 11.0%. Given that the assumed annual growth rate of 5% falls within the range of the historical increase of unit rate of property management fee for the financial year ended 30 June 2023 and the 12 months ending 30 June 2024, we consider that the assumed annual growth rate of 5% applied for each of 6M24, FY25 and FY26 is fair and reasonable.

Therefore, we consider that the increase in the New Caps for the Connected Deeds of Mutual Covenant as compared to the historical amounts is reasonable and justifiable.

### **Buffer for contingencies**

The Manager has applied a buffer of approximately 10% for each of 6M24, FY25 and FY26 for contingencies when determining the New Caps for the Connected Deeds of Mutual Covenant. We have reviewed and compared the range of contingency buffers of other REITs listed on the Stock Exchange from their respective latest circulars published in the past three

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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years and noted that the contingency buffer ranged from 10% to 25%. Given that the 10% buffer proposed by the Manager falls within the range, we are of the view that the buffer adopted is fair and reasonable.

### *Our view*

Given the above, we consider the New Caps for the Connected Deeds of Mutual Covenant to be fair and reasonable and in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

### **5. Review and Reporting**

Pursuant to paragraph 8.7A of the REIT Code and rules 14A.55 to 14A.59, rule 14A.71 and rule 14A.72 of the Listing Rules, the Property Management Transactions to be conducted for the period from 1 July 2024 to 31 December 2026 will be subject to the following review and reporting processes.

#### *(a) Annual Review by the independent non-executive Directors*

The independent non-executive Directors shall review the Property Management Transactions annually and confirm in Sunlight REIT's annual report for the relevant financial period that each transaction has been entered into (i) in the ordinary and usual course of business of the Sunlight REIT Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

#### *(b) Annual Review by the auditors of Sunlight REIT*

The Manager shall engage the auditors of Sunlight REIT to perform certain review procedures and report on the Property Management Transactions annually. The Auditors shall report and provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that any such Property Management Transactions (i) has not been approved by the Board; (ii) was not, in all material respects, in accordance with the pricing policies of Sunlight REIT; (iii) was not entered into, in all material respects, in accordance with the relevant agreement governing it; or (iv) has exceeded the applicable New Caps.

The Manager shall allow and procure the counterparties to the relevant Property Management Transactions to allow, the auditors of Sunlight REIT sufficient access to their records for the purpose of reporting on the Property Management Transactions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(c) *Notification to the SFC*

The Manager shall promptly notify the SFC and publish an announcement if the independent non-executive Directors and/or the auditors of Sunlight REIT cannot confirm the matters set out in (a) and/or (b) above. The SFC may require the Manager to re-comply with the announcement and Independent Unitholders' approval requirements and may impose additional conditions.

(d) *Annual Reports*

A brief summary of the Property Management Transactions containing the information specified in rules 14A.71 and 14A.72 of the Listing Rules shall be included in Sunlight REIT's annual reports.

We have reviewed the annual reports of Sunlight REIT for each of the three financial years ended 30 June 2021, 30 June 2022 and 30 June 2023, and noted that the annual review had been conducted by the independent non-executive Directors and the auditors of Sunlight REIT. Furthermore, a summary of connected party transactions had been disclosed in these annual reports. Accordingly, the aforesaid review and reporting procedures have been implemented by the Manager and Sunlight REIT.

In light of (a) the internal control measures established by the Manager in respect of connected party transactions as set out in the section headed "*Internal Controls*" in the Letter from the Board contained in the Circular; (b) the reporting requirements relating to the Property Management Transactions, in particular, (i) the restriction of transaction value by way of the relevant New Caps of the Property Management Transactions; and (ii) the ongoing review by the independent non-executive Directors and the auditors of Sunlight REIT on the terms of the Property Management Transactions and the New Caps not being exceeded; (c) the requirement for Sunlight REIT to re-comply with the announcement and Unitholders' approval requirements (if applicable) in relation to the Property Management Transactions before any New Cap is exceeded or it proposes to effect a material change to their terms pursuant to the Listing Rules, we are of the view that appropriate measures have been in place to govern the conduct of the Property Management Transactions and safeguard the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

### RECOMMENDATION

Having considered the aforesaid principal factors and reasons, we consider that:

- (i) the Property Management Transactions are consistent with Sunlight REIT's investment objectives and strategy and are entered into at arm's length, on normal commercial terms and conducted in the ordinary and usual course of business of Sunlight REIT; and
- (ii) the terms of the Property Management Transactions and the New Caps are fair and reasonable, and are in the interests of Sunlight REIT, the Independent Unitholders and the Unitholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We therefore recommend the Independent Board Committee to advise the Independent Unitholders, and we also recommend the Independent Unitholders, to vote in favour of the Ordinary Resolution to approve the Property Management Transactions and the New Caps at the EGM.

Yours faithfully,  
For and on behalf of  
**Ballas Capital Limited**

**Alex Lau**                      **Michelle Tse**  
*Managing Director*              *Director*

*Note:* Mr. Alex Lau of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activity since 2004, and Miss Michelle Tse has been a licensed representative of Type 6 (advising on corporate finance) regulated activity from 2010 to 2015 and since 2019.

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## GENERAL INFORMATION

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### 1. RESPONSIBILITY STATEMENT

The Manager and the Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular, which includes particulars given in compliance with the Listing Rules (to the extent applicable pursuant to the REIT Code) for the purpose of giving information with regard to Sunlight REIT. The Manager and the Directors confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts or matters the omission of which would make any statement in this circular misleading.

### 2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At the Latest Practicable Date, the interests and short positions of the Manager and each Director and chief executive of the Manager in Units and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Manager and the Stock Exchange under Schedule C of the Trust Deed (including interests and short positions in which he was deemed or taken to have pursuant to Schedule C of the Trust Deed), or which were required to be entered in the register maintained by the Manager under Schedule C of the Trust Deed, or which were required, pursuant to the code governing dealings in securities of Sunlight REIT adopted by Directors, the terms of which are no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) of Appendix C3 to the Listing Rules (as if it were applicable to Sunlight REIT), to be notified to the Manager and the Stock Exchange, were as follows:

#### Long position

Name	Nature of interest and capacity	Total number of Units held at the Latest Practicable Date	Approximate percentage (%) of issued Units at the Latest Practicable Date
The Manager	Beneficial owner	220,119,673	12.842
AU Siu Kee, Alexander	Beneficial owner	2,300,000	0.134
WU Shiu Kee, Keith	Beneficial owner	930,000	0.054
KWOK Tun Ho, Chester	Beneficial owner	62,000	0.004

Save as disclosed in the above, at the Latest Practicable Date, none of the Manager, the Directors or chief executive of the Manager had or deemed to have any interest or short positions in Units, underlying Units and any debentures of Sunlight REIT or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Manager and the Stock Exchange under Schedule C of the Trust Deed (including interests and short positions in which he was deemed or taken to have pursuant to Schedule C of the Trust Deed), or which were required to be entered in the register maintained by the Manager under Schedule C of the Trust Deed, or which were required, pursuant to the Model Code (as if it were applicable to Sunlight REIT), to be notified to the Manager and the Stock Exchange.

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## GENERAL INFORMATION

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### 3. COMMON DIRECTORS

At the Latest Practicable Date, the following Directors were also directors of the following company which had interests in Units or underlying Units which would fall to be disclosed to the Manager under Schedule C of the Trust Deed:

Name of Common Directors	Name of Company
AU Siu Kee, Alexander	HLD
KWOK Ping Ho	

### 4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Sunlight REIT Group since 30 June 2023, being the date to which the latest published audited consolidated financial statements of Sunlight REIT were made up.

### 5. MATERIAL ADVERSE CHANGE

The Manager confirms that after making reasonable enquiries, as at the Latest Practicable Date, it is not aware of any material adverse change in the financial or trading position of the Sunlight REIT Group since 30 June 2023, being the date to which the latest published audited consolidated financial statements of Sunlight REIT were made up.

### 6. COMPETING INTERESTS

At the Latest Practicable Date, the following Directors had interests in the following businesses which were considered to compete or were likely to compete, either directly or indirectly, with the business of the Sunlight REIT Group other than those business where the Directors were appointed as directors to represent the interests of the Sunlight REIT Group:

Name of Director	Business which were considered to compete or likely to compete with the business of the Sunlight REIT Group		Nature of interest of the Director in the entity
	Name of entity	Description of business	
AU Siu Kee, Alexander	HLD and some of its subsidiaries, associates and/or related companies	The development, investment and management of retail, office and other properties in and outside Hong Kong	An independent non-executive director of HLD and a director of some of HLD's subsidiaries and/or associates
KWOK Ping Ho			An executive director of HLD and a director of some of HLD's subsidiaries, associates and/or related companies

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## GENERAL INFORMATION

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The Manager and the Property Manager are both indirect wholly-owned subsidiaries of HLD. The HLD Group is engaged in, among other things, the development, investment and management of retail, office and other properties in and outside Hong Kong. Therefore, the Manager may experience conflicts of interest with HLD when acquiring and disposing of investments, or in connection with transactions between Sunlight REIT on one hand and HLD on the other hand. The Manager and the Property Manager may also experience conflicts of interest with HLD when identifying and competing for potential tenants.

Please refer to the paragraph headed “Conflicts of interest and business competition” in the Corporate Governance section in Sunlight REIT’s 2023/24 Interim Report (which was issued on 12 March 2024) for details of the conflicts or potential conflicts of interests involving certain members of the HLD Group.

Save as disclosed above, at the Latest Practicable Date, none of the Manager, the Directors and their respective Close Associates has interest in any business apart from the business of the Sunlight REIT Group, which was considered to compete or is likely to compete, either directly or indirectly, with that of the Sunlight REIT Group or any other conflicts of interests with the Sunlight REIT Group.

### 7. DIRECTORS’ INTERESTS IN CONTRACTS OR ARRANGEMENTS

At the Latest Practicable Date, save for the Trust Deed, the Manager was not materially interested in any contract or arrangement which is subsisting at the date of this circular and which is significant in relation to the business of the Sunlight REIT Group.

At the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is subsisting at the date of this circular and which is significant in relation to the businesses of the Group.

### 8. EXPERT AND CONSENT

The following sets out the qualifications of the expert who has provided its opinion in this circular:

<b>Name</b>	<b>Qualifications</b>
Ballas Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or reports and references to its name, in the form and context in which they respectively appear.

At the Latest Practicable Date, the Independent Financial Adviser did not have any unitholding or shareholding, directly or indirectly, in Sunlight REIT or any member of the Sunlight REIT Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in Sunlight REIT or any member of the Sunlight REIT Group.

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## GENERAL INFORMATION

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At the Latest Practicable Date, the Independent Financial Adviser did not have any interest, directly or indirectly, in any assets which since 30 June 2023, the date to which the latest published audited consolidated financial statements of Sunlight REIT were made up, had been acquired or disposed of by or leased to any member of the Sunlight REIT Group, or are proposed to be acquired or disposed of by or leased to any member of the Sunlight REIT Group.

### **9. DOCUMENTS ON DISPLAY**

Copies of the Renewed Property Management Agreement, the Renewed Master Services Agreement and the Connected Deeds of Mutual Covenants will be published on the websites of HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)) and Sunlight REIT ([www.sunlightreit.com](http://www.sunlightreit.com)) for display for a period of 14 days from the date of this circular.

### **10. GENERAL**

In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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SUNLIGHT REIT

### Sunlight Real Estate Investment Trust

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

(Stock Code: 435)

**Managed by Henderson Sunlight Asset Management Limited**

恒基陽光資產管理有限公司

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “EGM”) of the unitholders (“Unitholders”) of Sunlight Real Estate Investment Trust (“Sunlight REIT”) will be held at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 29 May 2024 at 10:45 a.m. (or if later, immediately after the conclusion or the adjournment of the annual general meeting of Unitholders convened for the same place and day) for considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution:

#### ORDINARY RESOLUTION

“**THAT:**

- (a) the Property Management Transactions (as defined and described in the Circular, and for identification purpose, a copy of each of the Sixth Supplemental Agreement, the Renewed Master Services Agreement and the Connected Deeds of Mutual Covenant has been produced to this meeting and marked “\*” and signed by the chairman of the EGM), and the New Caps (as defined and described in the Circular) be and are hereby approved, confirmed and ratified; and
- (b) the Manager, any director of the Manager and the Trustee and any duly authorized officer of the Trustee each be and is hereby authorized to do and procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interests of Sunlight REIT to implement or give effect to the matters resolved upon in paragraph (a) above.”

By order of the Board

**HENDERSON SUNLIGHT ASSET MANAGEMENT LIMITED**

恒基陽光資產管理有限公司

(as manager of Sunlight Real Estate Investment Trust)

**CHUNG Siu Wah**

*Company Secretary*

Hong Kong, 7 May 2024

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

- (a) Unless otherwise defined in this notice or the context requires otherwise, terms defined in the circular of Sunlight REIT dated 7 May 2024 to Unitholders (the “**Circular**”) shall have the same meanings when used in this notice.
- (b) Pursuant to the Trust Deed, any Unitholder is entitled to appoint proxy to attend and vote in his/her stead at the meeting (or any adjournment or postponement thereof), but the number of proxies appointed by any Unitholder (other than HKSCC Nominees Limited or a recognized clearing house within the meaning of the Securities and Futures Ordinance) shall not exceed two. A proxy need not be a Unitholder.
- (c) In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be returned to the unit registrar of Sunlight REIT, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (the “**Unit Registrar**”) as soon as possible but in any events not less than 48 hours before the time appointed for holding of the EGM, or any adjourned or postponed meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting (or any adjournment or postponement thereof) or at the poll concerned should you so wish. In the event that you attend the meeting or adjourned or postponed meeting (as the case may be) after having lodged a form of proxy, the form of proxy will be deemed to have been revoked.
- (d) In the case of joint Unitholders, the vote of Unitholder who is first-named on the register of Unitholders, whether tendered in person or by proxy, shall be acceptable to the exclusion of the votes of other joint Unitholders. For this purpose, seniority shall be determined by the order in which the names stand in the register of Unitholders.
- (e) For the purpose of determining entitlements to attend and vote at the meeting (or any adjournment or postponement thereof), the register of Unitholders will be closed from Friday, 24 May 2024 to Wednesday, 29 May 2024, both days inclusive, during which period no transfer of Units will be effected. In order to be eligible to attend and vote at the meeting (or any adjournment or postponement thereof), all transfer documents accompanied by the relevant unit certificates must be lodged for registration with the Unit Registrar no later than 4:30 p.m. on Thursday, 23 May 2024.
- (f) The voting of the resolutions proposed at the meeting as set out in this notice shall be taken by way of a poll.
- (g) If a Typhoon Signal No. 8 (or above), or ‘extreme conditions caused by a super typhoon’, or a Black Rainstorm Warning Signal is in force at or at any time after 7:00 a.m. on the date of the meeting, the meeting will be rescheduled. The Manager will publish an announcement on the websites of Sunlight REIT at [www.sunlightreit.com](http://www.sunlightreit.com) and HKEXnews at [www.hkexnews.hk](http://www.hkexnews.hk) to notify Unitholders of the arrangement on the rescheduled meeting.  
  
The EGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Unitholders should decide on their own whether they would attend the meeting under bad weather conditions bearing in mind their own situation.
- (h) Please indicate in advance, not less than one week before the time appointed for holding the meeting, if Unitholders, because of disabilities, need special arrangements to participate in the meeting. Any such request should be made in writing to the Unit Registrar by post or by email at [Sunlightreit-ecom@hk.tricorglobal.com](mailto:Sunlightreit-ecom@hk.tricorglobal.com). The Manager will endeavour to make the necessary arrangements unless there is unjustifiable hardship in arranging for them.
- (i) The translation of this notice into Chinese language is for reference only. In case of any inconsistency, the English version of this notice shall prevail.