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GENERAL

Competition

The retail and office property sectors in Hong Kong are highly competitive. Principal competitive factors include rental rates, quality and location of properties and supply of comparable retail and office space. However, the Manager is of the view that the following features of the Properties are some of their strengths when facing current and future competition:

- strategic locations;
- professional management; and
- diverse and high quality tenant base of underlying properties.

Sunlight REIT competes for tenants with numerous developers, owners and operators of retail and office properties, including SKFE and HLD (see the section headed “Risk Factors — Risks Relating to Sunlight REIT’s Organisation and Operations — Sunlight REIT faces significant competition” in this Offering Circular”). With extensive experiences in leasing markets and by observing and studying the market closely, the professional management team can promptly react to market events and adjust its leasing strategies accordingly. Based on the above, the Manager believes that Sunlight REIT will be able to effectively address potential competition issues where they arise.

Insurance

Sunlight REIT will have insurances for the Properties that the Manager believes to be consistent with industry practice in Hong Kong. The insurances are all risks insurance on property which includes insurance against fire risks with coverage for the reinstatement value of a property and rental loss for 12 months resulting from the destruction or damage of a property, and public liability insurance. There are no significant or unusual excess or deductible amounts required under such insurance policies. There are, however, certain types of risks that are not covered by such insurance policies, including losses resulting from wars, nuclear contamination, earthquakes and acts of terrorism.

Litigation

There are currently outstanding proceedings in relation to the amount of government rent payable for Kwong Wah Plaza Property during the development period in the past, and as to whether the payment of the government rent that is being held over should continue to be held over until the amount of government rent payable has been determined by the Lands Tribunal or the higher courts. The government rent in dispute amounts to HK\$161,332.5 according to a demand note issued by the Rating and Valuation Department, has been paid to the Government in full pending the final outcome of the proceedings. Should the proceedings be decided against the relevant Property Company, HD (being the relevant Vendor) will be responsible for payment of the government rent concerned and all legal costs relating to the proceedings under a deed of undertaking and indemnity to be given by HD in favour of the Trustee (as trustee of Sunlight REIT) and the relevant Property Company as detailed in the section headed “Material Agreements

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and Other Documents Relating to Sunlight REIT — Deed of Undertaking and Indemnity in relation to Kwong Wah Plaza Property” in this Offering Circular. Should the proceedings be decided in favour of the relevant Property Company, any government rent which may be refunded by the Government and any legal costs and interests recovered shall be paid to HD by the relevant Property Company.

Save for the above, none of Sunlight REIT, the Manager, the Property Manager, the Property Companies nor the Finance Company is currently involved in any material litigation, other than claims and proceedings arising from the ordinary and usual course of business and, in case of litigation against any of the above, other than those covered by insurance. Nor, to the best of the Manager’s knowledge, is any material litigation currently threatened against any of Sunlight REIT, the Manager, the Property Manager, the Property Companies or the Finance Company, other than claims and proceedings arising from the ordinary and usual course of business and covered by insurance.

Legal and Regulatory Compliance

Sunlight REIT will be subject to, amongst other applicable laws and regulations, the Lifts and Escalators (Safety) Ordinance, the Buildings Ordinance and the Fire Services Ordinance. Sunlight REIT will be responsible for ensuring all lifts and escalators at the Properties comply with the Lifts and Escalators (Safety) Ordinance. If Sunlight REIT wishes to make alterations or additions to the Properties it must submit its proposals to the Buildings Department for prior approval under the Buildings Ordinance. For several Properties within the portfolio, it is also required to make submissions to the Lands Department seeking prior approval. The Fire Services Ordinance requires owners of any fire service installation or equipment which is installed in any premises to keep such fire service installation and equipment in efficient working order at all times and have such installation and equipment inspected by a registered contractor at least once every 12 months.

Beverley Commercial Centre Property

In respect of Beverley Commercial Centre, in which Sunlight REIT will own approximately 9% of the undivided shares upon Completion, there were two Fire Safety Directions (Direction Nos. BD FS/2/00041/05 and FSD 166/2005) and two Fire Safety Improvement Directions (Direction Nos. FSD/FSI/1331/2005 and BD FSI/01377/05) respectively issued by the Director of Fire Services and the Director of Buildings all dated 31 March 2005 to the co-owners of Beverley Commercial Centre relating to common areas of the basement floor to the second floor, all A.C. plant rooms (including those A.C. plant rooms which do not form part of the common areas) and other common areas of Beverley Commercial Centre. It is required in the said Directions that all compliance works should be completed by 31 March 2006.

Extension of time for compliance with the said Directions has been granted. As confirmed by the Fire Services Department, Fire Safety Direction No. FSD 166/2005 and Fire Safety Improvement Direction No. FSD/FSI/1331/2005 should be complied with by 31 March 2007 and 6 July 2007 respectively and the date for compliance with the Fire Safety Direction No. BD FS/2/00041/05 and the Fire Safety Improvement Direction No. BD FSI/01377/05 should be 30 September 2006 as confirmed by the Buildings Department. A project consultant for the relevant compliance works has been appointed to co-ordinate the carrying out of the compliance works. The compliance works commenced in June 2006 and were completed in September 2006. Arrangements have been made with the Fire Services Department and the Buildings

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Department for inspection of the compliance works that have been done to facilitate the issuance of the relevant letters of compliance by the said departments. The most recent inspections conducted by the Buildings Department and the Fire Services Department were in mid-October 2006 and in early November 2006 respectively. A letter of compliance with respect to the Fire Safety Direction (Direction No. FSD166/2005) was issued by the Fire Services Department on 8 November 2006. On 29 November 2006, another letter of compliance dated 21 November 2006 in respect of the Fire Safety Improvement Direction (Direction No. FSD/FSI/1331/2005) issued by the Fire Services Department was also received. While no written confirmation of compliance with the requirements under the other two Directions has yet been received from the Buildings Department, there is no indication from the Buildings Department that further works will be requested to be done relating to the other two Directions.

As confirmed as at 8 August 2006 by Hang Yick Properties Management Limited, the manager of Beverley Commercial Centre, the estimated cost for the compliance works (inclusive of such cost for compliance with respect to those A.C. plant rooms which do not form part of the common areas) is approximately HK\$1,500,000.00 and the management surplus of the Beverley Commercial Centre is sufficient to cover all the expenses for the carrying out of the compliance works under the said Directions with respect to such part forming the common areas of Beverley Commercial Centre and no additional contribution shall be required from the co-owners up to the date of such confirmation. It has been agreed under the relevant Sale and Purchase Agreement that if (i) eventually the management surplus is not sufficient to cover all the expenses for the carrying out of the compliance works under the said Directions (so far as they relate to the common areas) or (ii) in the event that the co-owners of Beverley Commercial Centre decide not to utilise the management surplus for settlement of the said expenses, each of Perfect Bright and Furnline (the Vendor in relation to Newcorp Development Limited) will severally in the proportion of 50:50 be responsible for payment of (i) all the related costs and expenses to be borne by Newcorp Development Limited and (ii) any share of the additional contribution attributable to the Beverley Commercial Centre Property. SKFE will also at Completion enter into a deed of undertaking and indemnity in favour of the Trustee (as trustee of Sunlight REIT) and Newcorp Development Limited, the Property Company holding the Beverley Commercial Centre Property, pursuant to which SKFE shall (A) indemnify Newcorp Development Limited against all the related costs and expenses to be borne by Newcorp Development Limited and any share of the additional contribution attributable to the Beverley Commercial Centre Property with respect to the compliance with the said Directions and any other directions relating to any part of the Beverley Commercial Centre Property or any part of the common areas of Beverley Commercial Centre which have been issued by the relevant governmental authorities under the provisions of the Fire Safety (Commercial Premises) Ordinance (Chapter 502 of the Laws of Hong Kong) and that are in existence and subsisting on or prior to the date of Completion during the period from the Completion to (i) the date on which the Fire Services Department and the Buildings Department respectively have certified in writing that the Directions and the said other directions have been complied with and (ii) the date on which the manager of the Beverley Commercial Centre has confirmed in writing that all the costs and expenses thereof to be borne by Newcorp Development Limited and any share of the additional contribution attributable to the Beverley Commercial Centre Property have been fully paid and settled (whichever shall be the later date) (“Beverley Indemnity Period”); and (B) indemnify Newcorp Development Limited against all actions, proceedings, claims, demands, losses, liabilities, damages, costs, charges and expenses of whatever nature (including legal and other fees on a full indemnity basis) which may result or which Newcorp Development Limited may suffer, incur or sustain directly or indirectly in connection with or arising out of the non-compliance with the said Directions and the said other directions, including but not limited to any loss of profit or rental of the Beverley Commercial Centre Property or any

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part thereof, during the Beverley Indemnity Period; and (C) indemnify the Trustee (as trustee of Sunlight REIT) against all actions, proceedings, claims, demands, losses, liabilities, damages, costs, charges and expenses of whatever nature (including legal and other fees on a full indemnity basis) which may result or which the Trustee (as trustee of Sunlight REIT) may suffer, incur or sustain directly or indirectly in connection with or arising out of the non-compliance with the said Directions and the said other directions during the Beverley Indemnity Period. Please also see the section headed “Material Agreements and other Documents Relating to Sunlight REIT — Deed of Undertaking and Indemnity in relation to Beverley Commercial Centre Property” in this Offering Circular for relevant information.

With the undertaking and indemnity given by SKFE under the deed of undertaking and indemnity to pay all the related costs and expenses and any share of the additional contribution attributable to the Beverley Commercial Centre Property for compliance with the said Directions, counsel’s opinion has been obtained by the Manager that there is no real risk of any claim or charge being imposed upon the Beverley Commercial Centre Property and the said Directions do not constitute nor render the title of the Beverley Commercial Centre Property defective.

The relevant insurance company has also confirmed that the validity of coverage for the relevant insurance policies will not be adversely affected despite the existence of the said Directions.

On Loong Commercial Building Property

In respect of On Loong Commercial Building, in which Sunlight REIT will own approximately 94% of the undivided shares upon Completion, notices/directions have been received by Glory Good Development Limited as follows as at the Latest Practicable Date:

1 Fire safety improvement directions

- (a) 21 Fire Safety Improvement Directions (Nos. BD FSI/03077/05 to BD FSI/03081/05 and BD FSI/03083/05 to BD FSI/03097/05 and BD FSI/03099/05) in respect of 41 respective individual units of the On Loong Commercial Building Property all dated 17 November 2005 and issued by the Director of Buildings to Glory Good Development Limited as registered owner of the On Loong Commercial Building Property. Under these fire directions, Glory Good Development Limited is required to (i) provide doors and/or walls at the relevant unit exits and/or to the relevant lift lobbies and to provide doors to the toilet in the corridor of each floor so as to ensure that the doors and/or walls are capable of resisting the action of fire for the specified period and (ii) (in respect of offices 1 and 2 (also known as offices A and B) on 22nd floor and the roof), remove the projected objects from the unit entrances;
- (b) 18 Fire Safety Improvement Directions (Nos. FSD/FSI/5826/2005 to FSD/FSI/5828/2005, FSD/FSI/5831/2005, FSD/FSI/5833/2005, FSD/FSI/5837/2005, FSD/FSI/5838/2005, FSD/FSI/5841/2005 to FSD/FSI/5843/2005, FSD/FSI/5845/2005, FSD/FSI/5848/2005, FSD/FSI/5849/2005, FSD/FSI/1144/2006, FSD/FSI/1148/2006, FSD/FSI/1149/2006, FSD/FSI/1151/2006 and FSD/FSI/1158/2006) in respect of 22 individual units of the On Loong Commercial Building Property respectively dated 17 November 2005 and 20 April 2006 and issued by the Director of Fire Services to the occupiers of the units. Under these

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fire directions, the occupiers are required to provide or improve the fire service installations and equipment at the affected units as specified under the Fire Service Installations and Equipment Requirements for Occupiers of Specified Commercial Buildings attached to the relevant fire directions (As informed by Glory Good Development Limited, similar fire directions relating to the remaining units of the On Loong Commercial Building Property have also been served on the occupiers of such remaining units); and

- (c) Two other Fire Safety Improvement Directions (Nos. BD FSI/03076/05 and FSD/FSI/5819/2005) both dated 17 November 2005 and respectively issued by the Director of Buildings and the Director of Fire Services to the co-owners of On Loong Commercial Building and Glory Good Development Limited relating to the common areas of On Loong Commercial Building. Under these fire directions, the co-owners and Glory Good Development Limited are required to comply with the fire safety regulations as set out in the relevant fire directions and to provide or improve the fire service installations and equipment at the common areas as specified under the Fire Service Installations and Equipment Requirements for Common Areas of Specified Commercial Buildings attached to the relevant fire directions.

Under the fire directions in (a), (b) and (c) above, all compliance works are required to be completed by 17 November 2006.

Steps are being taken in relation to the compliance of the fire directions.

As at the Latest Practicable Date, 18 letters of compliance dated 26 May 2006, 26 June 2006 and 7 August 2006 respectively confirming compliance with the requirements of the 18 Fire Safety Improvement Directions as set out in (b) above have been issued by the Fire Services Department. Letters dated 12 June 2006 and 1 August 2006 have also been issued by the Buildings Department confirming that, among other things, the fire safety improvement works required under the 21 Fire Safety Improvement Directions as set out in (a) above had been completed.

For the remaining units on which fire directions similar to those as mentioned in (b) above have been issued, Glory Good Development Limited has confirmed that similar works as required for complying with such similar fire directions have also been done and completed in respect of those remaining units.

As at the Latest Practicable Date, two letters of compliance respectively dated 11 October 2006 and 7 November 2006 confirming compliance with the requirements of the Fire Safety Improvement Directions as set out in (c) above have been issued by the Buildings Department and the Fire Services Department. Goodwill Management Limited, the manager of On Loong Commercial Building, also confirmed in writing on 19 September 2006 that the sum of HK\$1,350,551.50, being the share of the contribution attributable to the On Loong Commercial Building Property in respect of the compliance work required under the fire directions as set out in (c) above, has been settled by Glory Good Development Limited.

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It has been agreed under the relevant Sale and Purchase Agreement that, if the works as required under the Directions (as defined below) have not been completed to the satisfaction of the relevant governmental authorities prior to Completion, the relevant Vendor shall be responsible for payment of the related costs and expenses incurred by Glory Good Development Limited and any share of the contribution attributable to the On Loong Commercial Building Property to comply with the Directions. In any event, HLD will at Completion enter into a deed of undertaking and indemnity with Glory Good Development Limited and the Trustee (as trustee of Sunlight REIT), pursuant to which HLD shall undertake to indemnify:

- (I) Glory Good Development Limited against (i) all the related costs and expenses to be borne by Glory Good Development Limited and any share of the contribution attributable to the On Loong Commercial Building Property with respect to the compliance with the Directions; and (ii) all actions, proceedings, claims, demands, losses, liabilities, damages, costs, charges and expenses of whatever nature (including legal and other fees on a full indemnity basis) which may result or which Glory Good Development Limited may suffer, incur or sustain directly or indirectly in connection with or arising out of the non-compliance with the Directions during the On Loong Indemnity Period (as defined below) including but not limited to any loss of profits or rental of the On Loong Commercial Building Property or any part thereof; and
- (II) the Trustee (as trustee of Sunlight REIT) against all actions, proceedings, claims, demands, losses, liabilities, damages, costs, charges and expenses of whatever nature (including legal and other fees on a full indemnity basis) which may result or which the Trustee (as trustee of Sunlight REIT) may suffer, incur or sustain directly or indirectly in connection with or arising out of the non-compliance with the Directions during the On Loong Indemnity Period including but not limited to any loss of profit or rental of the On Loong Commercial Building Property or any part thereof.

Please also see the section headed “Material Agreements and other Documents Relating to Sunlight REIT — Deed of Undertaking and Indemnity in relation to On Loong Commercial Building Property” in this Offering Circular for relevant information.

With the undertaking and indemnity given by HLD under the deed of undertaking and indemnity to pay all the related costs and expenses and any share of the contribution attributable to the On Loong Commercial Building Property for compliance with the Directions, counsel’s opinion has been obtained by the Manager that there is no real risk of any claim or charge being imposed upon the On Loong Commercial Building Property and the Directions do not constitute nor render the title to the On Loong Commercial Building Property defective.

The relevant insurance companies have also confirmed that the validity of coverage for the relevant insurance policies will not be adversely affected notwithstanding the existence of the Directions and other similar directions in relation to fire safety and the Cockloft Notice (as defined in the paragraph headed “Notice from the Director of Buildings” below).

“**Directions**” means the fire directions as set out in (a), (b) and (c) above and any other directions with respect to the On Loong Commercial Building Property or any part thereof or to the

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common areas of On Loong Commercial Building which have been issued by the relevant governmental authorities pursuant to the provisions of the Fire Safety (Commercial Premises) Ordinance (Chapter 502 of the Laws of Hong Kong) and that are in existence and subsisting on or prior to Completion of the relevant Sale and Purchase Agreement.

“On Loong Indemnity Period” means:

- (I) In relation to those Directions with respect to the On Loong Commercial Building Property or any part thereof (including but not limited to such Fire Safety Improvement Directions as set out in 1(a) and (b) above) and the Cockloft Notice, for the period from the date of Completion to the date on which the compliance works as required under the relevant Directions (including but not limited to such fire directions as set out in 1(a) and (b) above) and the Cockloft Notice have been duly completed as certified in writing by the relevant governmental authorities; and
- (II) In relation to those Directions with respect to the common areas of the On Loong Commercial Building (including but not limited to such Fire Safety Improvement Directions as set out in 1(c) above), for the period from the date of Completion to (i) the date on which all the compliance works as required under the relevant Directions (including but not limited to such Fire Safety Improvement Directions as set out in 1(c) above) have been duly completed as certified in writing by the relevant governmental authorities; and (ii) the date on which the manager of the On Loong Commercial Building has confirmed in writing that all the costs and expenses for the compliance with the relevant Directions (including but not limited to such Fire Safety Improvement Directions as set out in 1(c) above) to be borne by Glory Good Development Limited and any share of the contribution attributable to the On Loong Commercial Building Property have been fully paid and settled (whichever shall be the later date).

2 *Notice from the Director of Buildings*

A notice dated 17 November 2005 from the Director of Buildings (the “Cockloft Notice”) has been served on Glory Good Development Limited in relation to the unauthorised cockloft which was at that time erected on the ground floor of On Loong Commercial Building (the “Cockloft”), which has not been approved by the Building Authority. Under the Cockloft Notice, Glory Good Development Limited is required to demolish the Cockloft.

Under the tenancy agreement relating to the ground floor of On Loong Commercial Building, it is provided that the tenant shall remove, at its own costs, any structures, erections, partitions and other alterations at any time during the term of the tenancy if required by the Building Authority or other competent government departments (whether or not the same were or have been put up by the tenant with or without the consent of Glory Good Development Limited), and that the tenant shall make good all damage caused by such removal and Glory Good Development Limited shall not be responsible to the tenant for any loss suffered by the tenant as a result of such removal.

In its letter dated 12 June 2006, the Buildings Department has confirmed, among other things, that the Cockloft has been removed.

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It has been agreed under the relevant Sale and Purchase Agreement that if the demolition work as required under the Cockloft Notice has not been completed to the satisfaction of the Director of Buildings prior to Completion, the relevant Vendor shall be responsible for payment of the related costs and expenses incurred by Glory Good Development Limited for the demolition of the Cockloft. In any event, HLD will at Completion enter into a deed of undertaking and indemnity with Glory Good Development Limited and the Trustee (as trustee of Sunlight REIT), pursuant to which HLD shall undertake to indemnify:

- (I) Glory Good Development Limited against (i) all the related costs and expenses for the demolition of the Cockloft; and (ii) all actions, proceedings, claims, demands, losses, liabilities, damages, costs, charges and expenses of whatever nature (including legal and other fees on a full indemnity basis) which may result or which Glory Good Development Limited may suffer, incur or sustain directly or indirectly in connection with or arising out of the non-compliance with the Cockloft Notice during the On Loong Indemnity Period including but not limited to any loss of profit or rental of the On Loong Commercial Building Property or any part thereof; and
- (II) the Trustee (as trustee of Sunlight REIT) against all actions, proceedings, claims, demands, losses, liabilities, damages, costs, charges and expenses of whatever nature (including legal and other fees on a full indemnity basis) which may result or which the Trustee (as trustee of Sunlight REIT) may suffer, incur or sustain directly or indirectly in connection with or arising out of the non-compliance with the Cockloft Notice during the On Loong Indemnity Period including but not limited to any loss of profit or rental of the On Loong Commercial Building Property or any part thereof.

Please also see the section headed “Material Agreements and other Documents Relating to Sunlight REIT — Deed of Undertaking and Indemnity in Relation to On Loong Commercial Building Property” in this Offering Circular for relevant information.

Environmental Matters

Sunlight REIT’s operations are subject to various environmental laws. Historically, the Properties have operated, and going forward the Manager will continue to manage them, in compliance with applicable environmental laws and regulations, including those relating to waste disposal, water pollution control, air pollution control and noise control, in all material respects. Neither the Property Companies nor the Vendors have ever received any material fines or penalties associated with the breach of any environmental laws and regulations.

Five-Year Transaction History

The land searches (in respect of change of legal and/or beneficial ownership registered in the Land Registry) on the Properties conducted on 24 November 2006 do not show any sale and purchase transactions relating to the Properties in the five years prior to the date of the searches, and to the best of its knowledge, the Manager is not aware of any transactions involving a direct or indirect sale and purchase

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of the respective Properties during such period, in each case other than intra-group transactions, transactions among entities under the ownership or control of Dr. Lee Shau Kee, his family members or family trust(s), and the following:

- (a) Office A, Office B and Office C on the 8th floor of the Sun Fai Commercial Centre Property was respectively acquired by Best Legend Development Limited from Henderson Property Finance Limited (as mortgagee exercising its power of sale under three several Mortgages Memorial Nos. UB7542697, UB7542699 and UB7548973 respectively) and the sale and purchase of the said offices was completed on 28 June 2002 for the consideration of HK\$900,000.00, HK\$660,000.00 and HK\$660,000.00 respectively. On 10 November 2006, Best Legend Development Limited and Yu Loy Development Company Limited entered into an agreement for sale and purchase of the said offices, pursuant to which Best Legend Development Limited will, subject to fulfilment of conditions precedent, assign the said offices to Yu Loy Development Company Limited immediately prior to the Completion of the Sun Fai Commercial Centre Property Sale and Purchase Agreement with respect to the sale and purchase of the shares in Prosper City Enterprises Limited. Best Legend Development Limited is a wholly-owned subsidiary of HLD. Yu Loy Development Company Limited and Prosper City Enterprises Limited are subsidiaries of SKFE, and will upon Completion and listing of Sunlight REIT be REIT Group Companies.
- (b) Office no. 8 on the third floor of Kwong Wah Plaza Property was acquired by Best Legend Development Limited from Henderson Property Finance Limited (as mortgagee in exercising its powers of sale under Mortgage Memorial No.YL902430) and the sale and purchase was completed on 16 June 2003 for the consideration of HK\$760,000.00. On 10 November 2006, Best Legend Development Limited and Seiren Investment Limited entered into an agreement for sale and purchase of such office unit, pursuant to which Best Legend Development Limited will, subject to fulfilment of conditions precedent, assign such office unit to Seiren Investment Limited immediately prior to the Completion of the Kwong Wah Plaza Property Sale and Purchase Agreement with respect to the sale and purchase of the shares in Seiren Investment Limited. Seiren Investment Limited is a subsidiary of HD, and will upon Completion and listing of Sunlight REIT be a REIT Group Company.
- (c) Pacific Joy Investment Limited acquired the remaining two equal undivided fourth parts or shares of and in Inland Lot No. 6716 (on which Glory Rise is erected) from Sunbo Holdings Limited and the sale and purchase was completed on 4 June 2002 for approximately HK\$50,755,039.83. Pacific Joy Investment Limited is an associated company of each of Furnline and Perfect Bright, and will upon Completion and listing of Sunlight REIT be a REIT Group Company.
- (d) Smart Fortune Development Limited acquired Section E of Quarry Bay Marine Lot No.4 (one of the lots on which the Royal Terrace is erected) from Success Crown Development Limited on 31 January 2002 pursuant to the Assignment Memorial No.UB8610004 at the consideration of HK\$192,460,914.33. Smart Fortune Development Limited is a wholly-owned subsidiary of HLD and will upon Completion and listing of Sunlight REIT be a REIT Group Company.

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- (e) Shung King Development Company Limited, Camleigh Investment Limited and Join Fortune Development Limited (as vendors) and Crownwill Limited (as purchaser) entered into the Metro City Phase I Property Sale and Purchase Agreement for the sale and purchase of the Metro City Phase I Property, completion thereof is, subject to fulfilment of conditions precedent, scheduled to take place after the completion of the Metro City Phase I Property Share Sale and Purchase Agreement. For details of the consideration of the sale and purchase of the Metro City Phase I Property, please refer to the section headed “Material Agreements and other Documents Relating to Sunlight REIT — Sale and Purchase Agreements for the Target Properties — *Metro City Phase I Property*” in this Offering Circular. The shares in each of Shung King Development Company Limited, Camleigh Investment Limited and Join Fortune Development Limited to which interests in the Metro City Phase I Property relate are indirectly wholly-owned by SKFE. Crownwill Limited is a wholly-owned subsidiary of SKFE, and will upon Completion and listing of Sunlight REIT be a REIT Group Company.
- (f) Evercot Enterprise Company Limited and Shung King Development Company Limited (as vendors) and Bayman Limited (as purchaser) entered into the Sheung Shui Centre Shopping Arcade Sale and Purchase Agreement for the sale and purchase of the Sheung Shui Centre Shopping Arcade, completion thereof is, subject to fulfilment of conditions precedent, scheduled to take place after the completion of the Sheung Shui Centre Shopping Arcade Share Sale and Purchase Agreement. For details of the consideration of the sale and purchase of the Sheung Shui Centre Shopping Arcade, please refer to the section headed “Material Agreements and other Documents Relating to Sunlight REIT — Sale and Purchase Agreements for the Target Properties — *Sheung Shui Centre Shopping Arcade*” in this Offering Circular. The shares in each of Evercot Enterprise Company Limited and Shung King Development Company Limited to which interests in Sheung Shui Centre Shopping Arcade Property relate are indirectly wholly-owned by SKFE. Bayman Limited is a wholly-owned subsidiary of SKFE, and will upon Completion and listing of Sunlight REIT be a REIT Group Company.
- (g) Oasis Investment Company Limited (as vendor) and Multimark Investment Limited (as purchaser) entered into an agreement on 12 April 2006 for the sale and purchase of approximately 23.3% interest in the Palatial Stand Property, completion of which took place on the same date. Oasis Investment Company Limited is not a connected person of Sunlight REIT, SKFE, the Manager and the Trustee. Multimark Investment Limited is an associated company of each of Furnline and Perfect Bright, and will upon Completion and listing of Sunlight REIT be a REIT Group Company.
- (h) Mr. Li Yuk Kau (as vendor) and Perfect Bright and Furnline (each as purchaser) entered into an agreement on 17 May 2006 for the sale and purchase of a total of approximately 29.2% of the issued shares of and interests in certain shareholder’s loans to Country Max Development Limited (which has a 20% interest in the Palatial Stand Property), completion of which took place on the same date. Mr. Li Yuk Kau is not a connected person of Sunlight REIT, SKFE, the Manager and the Trustee. Country Max Development Limited is an associated company of each of Furnline and Perfect Bright, and will upon Completion and listing of Sunlight REIT be a REIT Group Company.

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- (i) Lavish Enterprises Limited (as vendor) and Besteam Resources Limited (as purchaser) entered into an agreement on 29 May 2006 for the sale and purchase of 75% of the issued shares of and interests in certain shareholder's loans to Global Team Development Limited (which has an approximately 66.7% interest in Java Road 108 Commercial Centre), completion of which took place on the same date. Lavish Enterprises Limited is not a connected person of Sunlight REIT, SKFE, the Manager and the Trustee. Each of Besteam Resources Limited and Global Team Development Limited is an associated company of each of Furnline and Perfect Bright, and will upon Completion and listing of Sunlight REIT be a REIT Group Company.
- (j) Lavish Enterprises Limited (as vendor) and Protim International Limited (as purchaser) entered into an agreement on 29 May 2006 for the sale and purchase of 50% of the issued shares of and interests in certain shareholder's loans to Pacific Joy Investment Limited (which owns the Glory Rise Property), completion of which took place on the same date. Protim International Limited is an associated company of each of Furnline and Perfect Bright, and will upon Completion and listing of Sunlight REIT be a REIT Group Company.
- (k) Perfect Bright (as vendor) and Besteam Resources Limited (as purchaser) entered into an agreement on 29 May 2006 for the sale and purchase of 24% of the issued shares of Global Team Development Limited (which has approximately 66.7% interest in Java Road 108 Commercial Centre), completion of which took place on the same date.
- (l) Furnline (as vendor) and Besteam Resources Limited (as purchaser) entered into an agreement on 29 May 2006 for the sale and purchase of 1% of the issued shares of Global Team Development Limited (which has approximately 66.7% interest in Java Road 108 Commercial Centre), completion of which took place on the same date.
- (m) Furnline (as vendor) and Protim International Limited (as purchaser) entered into an agreement on 29 May 2006 for the sale and purchase of 50% of the issued shares of Pacific Joy Investment Limited (which owns Glory Rise), completion of which took place on the same date.
- (n) The other Sale and Purchase Agreements (in addition to items (e) and (f) above) were entered into on 2 December 2006.

Further details of the Sale and Purchase Agreements are set out in the section "Material Agreements and Other Documents Relating to Sunlight REIT" in this Offering Circular.

Largest Tenants which are Connected Persons of Sunlight REIT

None of the 10 largest or other specified number of tenants named in the description of individual Properties in the preceding pages are connected persons of Sunlight REIT within the meaning of the REIT Code, except Henderson Sunlight Asset Management Limited and Henderson Sunlight Property Management Limited in respect of office units in 248 Queen's Road East, Jones Hugh Investment Limited in respect of office units in Bonham Trade Centre, The Hongkong and Shanghai Banking Corporation Limited in respect of two shops in Sheung Shui Centre Shopping Arcade and Hang Seng Bank Limited in respect of one shop in Metro City Phase I Property, and Henderson Real Estate Agency Ltd in respect of shop units in Glory Rise Property and Royal Terrace Property respectively.

THE PROPERTIES AND BUSINESS

Other owners

For each of the Properties which will not comprise a building or development entirely owned by REIT Group Companies upon Completion, to the best of the Manager's knowledge, the remaining interest in the building or development is owned by third parties who are not connected persons of Sunlight REIT within the meaning of the REIT Code, except for certain residential units in Metro City Phase I, Sheung Shui Centre, Glory Rise, Supernova Stand and Royal Terrace, all common areas in Metro City Phase I, Sheung Shui Centre, Kwong Wah Plaza, Glory Rise and Royal Terrace and certain common areas of Supernova Stand, Palatial Stand and 135 Bonham Strand Trade Centre. In relation to those residential units in Metro City Phase I, Sheung Shui Centre, Glory Rise, Supernova Stand and Royal Terrace, the connected persons of Sunlight REIT are interested in approximately 0.22%, 0.16%, 11.63%, 10.73% and 32.08% respectively of the undivided shares in the entire development. In relation to those common areas in the aforesaid developments, certain connected persons of Sunlight REIT hold those common areas on behalf of the co-owners of the respective developments in their capacities as developers (in respect of Sheung Shui Centre for all common areas) and as DMC managers (in respect of the remaining mentioned developments for all common areas, except for Supernova Stand, Palatial Stand and 135 Bonham Strand Trade Centre in which the connected persons own approximately 2.06%, 0.2% and 1.03% respectively of the undivided shares of the entire development on behalf of the relevant co-owners of the respective developments).