



GZI REAL ESTATE INVESTMENT TRUST

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

(Stock Code: 405)

**Managed by
GZI REIT ASSET MANAGEMENT LIMITED**

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

GZI Real Estate Investment Trust (“GZI REIT”) is a Hong Kong real estate investment trust constituted by a trust deed entered into on 7 December 2005 (“Trust Deed”) between HSBC Institutional Trust Services (Asia) Limited as the trustee (“Trustee”) and GZI REIT Asset Management Limited as the manager (“Manager”). GZI REIT was listed on The Stock Exchange of Hong Kong Limited on 21 December 2005 (“Listing Date”).

GZI REIT’s property portfolio (“Properties”) consists of four commercial properties located in Guangzhou and GZI REIT is the first listed real estate investment trust in the world which invests in real property in the People’s Republic of China (“PRC”).

TOTAL DISTRIBUTABLE INCOME FOR THE YEAR

The total distributable income (as defined in the Trust Deed, “Total Distributable Income”) of GZI REIT to the unitholders of GZI REIT (“Unitholders”) for the financial year 2006 (“Reporting Year”) amounted to approximately HK\$206,683,000, representing distributable income per unit of GZI REIT (“Unit”) of approximately HK\$0.2067 which exceeded the forecast (“Forecast”) as disclosed in the initial public offering circular of GZI REIT dated 12 December 2005 (“Offering Circular”) by 2.8%.

In accordance with the Trust Deed, the Total Distributable Income is defined as the amount calculated by the Manager as representing the consolidated audited profit after tax of GZI REIT for the distribution period as adjusted for accounting purposes to eliminate the effects of certain accounting adjustments which have been recorded in the consolidated income statement.

The Manager has calculated the Total Distributable Income in respect of the period from 1 July 2006 to 31 December 2006 (“2006 Final Period”) based on GZI REIT’s consolidated profit after tax before transactions with the Unitholders for the Reporting Year and has made an adjustment to eliminate the effects of changes in fair values of investment properties as they appear in the consolidated income statement of GZI REIT.

DISTRIBUTION

In accordance with the Trust Deed, GZI REIT is required to distribute no less than 90% of Total Distributable Income to the Unitholders. The Manager’s policy is to distribute to the Unitholders 100% of GZI REIT’s Total Distributable Income for each of the 2006, 2007 and 2008 financial years and thereafter at least 90% of Total Distributable Income in each financial year.

The Manager has resolved to declare a final distribution to the Unitholders for the 2006 Final Period of HK\$0.1034 per Unit. This represents a 100% distribution of GZI REIT's Total Distributable Income for the 2006 Final Period. This amount together with the Total Distributable Income of GZI REIT for the six-month period from 1 January, 2006 to 30 June 2006 ("2006 Interim Period") of HK\$0.1033 per Unit represented distributable income per Unit of approximately HK\$0.2067 for the Reporting Year, which exceeded the Forecast of HK\$0.2010 by 2.8%.

The final distribution amounting to approximately HK\$103,400,000, in aggregate, will be paid on 25 May, 2007.

The Manager confirms that the distribution referred to above composes only of profit after tax before transactions with the Unitholders and does not include any elements in the nature of capital of GZI REIT.

UNITHOLDERS' ENTITLEMENTS AND ASSETS ATTRIBUTABLE TO UNITHOLDERS

Unit	11-day period ended 31 December, 2005	Financial Year ended 31 December, 2006
Distributions per Unit	HK\$0.0405	HK\$0.2067
Earnings per Unit	HK\$0.0405	HK\$0.2444
Distributions yield per Unit based on offer price of HK\$3.075	1.32%	6.72%
Distributions yield per Unit based on closing price at year end date	1.18%	6.73%
Net assets attributable to Unitholders per Unit	HK\$3.016	HK\$3.200
Net tangible assets attributable to Unitholders per Unit	HK\$2.863	HK\$3.041

PERFORMANCE SUMMARY	11-day period ended 31 December, 2005	Financial Year ended 31 December, 2006
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Steady Income

Net profit after tax	HK\$40.543 million	HK\$244.436 million
Net property income	HK\$5.682 million	HK\$324.439 million
Gross income	HK\$6.835 million	HK\$369.475 million

Stable Returns

Offer price per Unit at Listing Date	HK\$3.075	HK\$3.075
Closing price per Unit at year end date	HK\$3.450	HK\$3.070
Distributions yield per Unit based on offer price	1.32%	6.72%
Distributions yield per Unit based on closing price at year end date	1.18%	6.73%
Units in issue	1,000,000,000 units	1,000,000,000 units

Income Producing Asset Base

Total assets	HK\$4,466 million	HK\$4,677 million
Total liabilities, excluding net assets attributable to Unitholders	HK\$1,450 million	HK\$1,477 million
Net assets attributable to Unitholders	HK\$3,016 million	HK\$3,200 million
Net tangible assets (net assets attributable to Unitholders minus goodwill)	HK\$2,863 million	HK\$3,041 million

PERFORMANCE SUMMARY	11-day period ended 31 December, 2005	Financial Year ended 31 December, 2006
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Low Volatility

Highest premium of traded price to net assets attributable to Unitholders per Unit	HK\$0.759	HK\$0.500
Highest discount of traded price to net assets attributable to Unitholders per Unit	N/A	HK\$0.350

Flexibility in Capital Management

Total borrowings as a percentage of gross assets (Note a)	29%	27%
Gross liabilities as a percentage of gross asset (Note b)	33%	32%

Note a: Total borrowings are calculated based on bank loan, but excluding capitalization of debt-related expenses.

Note b: Gross liabilities are calculated based on total liabilities, but excluding capitalization of debt-related expenses and net assets attributable to Unitholders.

CHAIRMAN'S STATEMENT

To: GZI REIT Unitholders

On behalf of the board of directors ("Board") of the Manager, I am extremely pleased to present to you the 2006 audited annual results of GZI REIT.

Currently, GZI REIT owns four properties — White Horse Building Units, Fortune Plaza Units, City Development Plaza Units and Victory Plaza Units — with a total gross floor area of 160,651 square meters. All of them are located in Guangzhou, Guangdong Province of the PRC. White Horse Building is situated at the traditional railway station cum commercial/exhibition district while the other three properties are situated in the Tianhe central business district, and are located in core districts in the vicinity of underground railway stations.

In 2006, Guangdong Province sustained rapid economic development with its economic output ranked as the nation's largest for the eighteenth consecutive year. Guangzhou, as the capital city of Guangdong Province, ranked third in economic output among the nation's major cities. The city's Gross Domestic Product ("GDP") for 2006 exceeded RMB600 billion, representing an increase of approximately 14.4% over that of 2005, which surpassed the 10.7% average growth rate nationwide by about 3.7 percentage points. GDP per capita (based on the registered resident population) exceeded US\$10,000 for the first time, and the economy rose to a new level. Benefiting from a favourable external economic environment, the real estate market continued to boom in Guangzhou, laying a solid foundation for the business development of GZI REIT.

In 2006, GZI REIT achieved a Total Distributable Income of approximately HK\$206.683 million in the year with distribution per Unit of approximately HK\$0.2067. Compared to the Forecast, the amount (denominated in HK dollars) to be distributed increased by approximately 2.8%, meeting the year's target.

As at 31 December 2006, the average occupancy rate of the four properties improved from approximately 95.5% as at 31 December 2005 to approximately 98.8%, representing an increase of about 3.3 percentage points. Rent collection rate also achieved an impressive 100%. There was also certain increase in the overall average rental level.

In October 2006, through almost six months of news research and selections by some 40 national media networks organized and promoted by the China Textile Industry Association, White Horse Building ranked among the top ten of "China's Most Commercially Influential Professional Market (Top 10)" and enjoyed an extremely high reputation within the country. In December of the same year, Fortune Plaza was awarded the "National Model Building for Property Management" by the Ministry of Construction of the PRC. Guangzhou Yicheng Property Management Limited, as a front line service provider, was assessed by the Ministry of Construction of the PRC as a "Grade 1 Property Management Enterprise".

In terms of investment and financial management, GZI REIT adopted prudent financial risk management measures to ensure a financially healthy investment portfolio. As at 31 December 2006, the gearing ratio did not exceed 32%, against the 45% ceiling as stipulated by the Code on Real Estate Investment Trusts (“REIT Code”) published by the Securities and Futures Commission, allowing a more flexible combination of funding sources to finance future acquisitions.

Looking towards 2007, the PRC economy is expected to grow with a sustainable upward trend. According to the “China Economy Quarterly Report” issued by the World Bank during the first quarter of 2007, the PRC’s GDP growth will maintain at around 9.6% in 2007. There is still potential for the RMB to appreciate. Overall, this macro-economic environment would benefit GZI REIT’s development. However, we would also recognise that while the nation’s economy is growing, the central Government has implemented a series of macro-economic revision measures aimed at facilitating a healthy and sustainable development of the domestic real estate industry. This is expected to have some impact on the domestic real estate market in the short run. The supply of grade A office buildings in Guangzhou is expected to grow faster in 2007, with a new supply of shop space in the area surrounding White Horse Building. Market competition is expected to become increasingly intense and this may put some pressure on the operations of the Properties. In response, we will enhance our market research to maintain a stable tenant base and to optimize tenant mix. Simultaneously, we will strengthen our internal management to improve operation efficiency and will increase our standard of corporate governance, to achieving a sustainable increase in GZI REIT’s revenue growth.

We will bear in mind that GZI REIT is the first listed REIT in the world ever to invest in real estate in mainland of the PRC. Through the investment of retail space, office buildings and other commercial properties in the economically advanced districts centered around the Pearl River Delta, GZI REIT will endeavor to provide Unitholders with sustainable and steady markets returns and to afford investors with an opportunity to participate in the domestic real estate market in the PRC. Thus, we believe that, apart from our current operations, we must fully exploit the unique and advantageous position of GZI REIT in being recognized and known in both Guangdong and Hong Kong markets and to proactively explore expansion and acquisition opportunities externally. This will help strengthen our asset scale and GZI REIT’s sustainability.

We would like to take this opportunity to extend our appreciation to all our directors, senior management and staff for their contributions to the development of GZI REIT; and our appreciation to all Unitholders, tenants and business partners for their support to GZI REIT.

LIANG NINGGUANG
Chairman

Hong Kong, 12 April 2007

2006 BUSINESS REVIEW AND FUTURE PROSPECTS

The Properties comprise White Horse Building Units, Fortune Plaza Units, City Development Plaza Units and Victory Plaza Units, with a total gross floor area of 160,651 square meters and a total gross rentable area of 160,144.8 square meters. As at 31 December 2006, the overall occupancy rate of the Properties was approximately 98.8%, the aggregate annual operating income was approximately HK\$369.475 million. The Total Distributable Income amounted to approximately HK\$206.683 million with a distribution per Unit of approximately HK\$0.2067 which exceeded the Forecast by about 2.8%. All business operations performed to expectation, representing excellent momentum that manifested a sustainable upward trend and a steady pace of development.

Occupancy rate increased steadily

As at 31 December 2006, the gross area of the Properties under lease amounted to 158,144.4 square meters, representing an increase of 11,390.4 square meters compared to the gross area of the Properties under lease at the end of 2005. The overall occupancy rate improved from approximately 95.5% at the end of 2005 to approximately 98.8% at the end of 2006, an increase of about 3.3 percentage points. The Victory Plaza Units and the White Horse Building Units maintained an occupancy rate ranging from almost 100% to exactly 100%. Fortune Plaza Units recorded an occupancy rate of approximately 99.5%, up from approximately 90.2% at the end of the previous year, while the occupancy rate of City Development Plaza Units increased from approximately 92.6% at end of the previous year to approximately 96.0%. These two occupancy rates represented increases of approximately 9.3 percentage points and approximately 3.4 percentage points respectively.

The following table provides a comparison of the occupancy rates of the Properties against those of the previous year:

Name of Property	Occupancy Rate as at 31 December 2006	Occupancy Rate as at 31 December 2005	Percentage Increase/Decrease (-)
White Horse Building Units	99.8%	100.0%	-0.2
Fortune Plaza Units	99.5%	90.2%	9.3
City Development Plaza Units	96.0%	92.6%	3.4
Victory Plaza Units	100.0%	100.0%	0.0
The Properties	98.8%	95.5%	3.3

Rental income on target

The Properties earned a total rental income of approximately HK\$363.639 million during the year. Together with other operating income of approximately HK\$5.836 million, total operating income amounted to around HK\$369.475 million, exceeding the Forecast by 1.5%.

During the Reporting Year, rental income generated from White Horse Building Units represented 67.7% of total operating income earned from the Properties while each of the other three Properties shared about an average of 10.8%.

No bad debt was recorded for the Reporting Year.

The following table presents the performance of operating income generated from all of the Properties in the Reporting Year:

Name of Property	Operating Income (HK\$ million)	Operating Income from Specific Property as a Percentage of Total Operating Income
White Horse Building Units	249.999	67.7%
Fortune Plaza Units	45.521	12.3%
City Development Plaza Units	41.540	11.2%
Victory Plaza Units	<u>32.415</u>	<u>8.8%</u>
The Properties	<u>369.475</u>	<u>100.0%</u>

Optimizing tenant mix; beefing up core competence

According to the data provided by the Housing Division of the Municipal Land Bureau of Guangzhou, the new supply of office buildings in Guangzhou exceeded 500,000 square meters in the Reporting Year. This exerted a certain degree of pressure on the leasing operation of office properties under GZI REIT. In order to increase the core competence of each of the Properties and to face the challenges of the market, we placed great emphasis on the adjustment and optimisation of tenant mix. On one hand, we brought in quality tenants that fit the characteristics of each of the Properties to replace outgoing tenants or to fill vacant premises. On the other hand, we optimized our arrangement for existing tenants and units by prioritizing supports for quality tenants that require more leasing space and by proactively retaining quality tenants.

After a year's effort, our tenant mix showed manifest improvement.

Levels 8 and 9 of White Horse Building were renovated and upgraded to become a "Marketing Zone for Quality Brands" for some 30 foreign and domestic renowned fashion brands, enhancing the building's leading position as a wholesale clothing market in Guangzhou, as well as in the nation.

The two office properties of Fortune Plaza and City Development Plaza maintained a relatively high renewal rate of approximately 61.57% and 80.53% respectively. While retaining its existing tenants, Fortune Plaza saw a further increase in the ratio of the gross rentable area leased by financial institutions to around 40% after an additional 2,000 square metres was leased by HSBC Group. While retaining famous domestic enterprises such as China Mobile and Cosfre (中國遠洋貨運), the successful introduction of overseas companies such as Konica and Unitika Ltd. of Japan (日本尤尼吉可株式會社) has increased the proportion of gross rentable area leased by foreign companies in City Development Plaza.

Victory Plaza made a successful move in promoting its differentiation strategy in the Tianhe commercial district. Owing to its pre-listing reorganization, the original tenant on the 2nd, 3rd and 4th Floors of Victory Plaza, Guangzhou Xindaxin Co., Ltd., assigned the residue of its lease to a famous office supplies wholesaler/supplier in Guangzhou) (“Assignee”). After entering into possession, the Assignee decided to terminate its lease on 31 December 2006 due in part to the construction work of the two office towers on top of Victory Plaza and Ti Yu Xi Road’s underground air defense shelter and the new underground railway station. Immediately after such termination, approximately 75% of the area so re-possessed by GZI REIT were leased to GOME, an existing tenant located on the lower ground first floor, and the average rental of the new lease was increased by approximately 20% as compared with the previous lease. Following its extension of the lease, the total operating area of GOME at Victory Plaza will reach 11,366.34 square metres. GOME’s operating objective is to establish the “Number One Store of GOME Electric Appliance in the PRC”. As such this will create a competitive advantage by differentiating Victory Plaza from other shopping arcades in the Tianhe commercial circle.

Promoting asset enhancement projects; increasing rate of return on the Properties

The Properties had an overall occupancy rate that had reached a promising level. In order to increase the rate of return on assets, we have focused on the enhancement of asset value of White Horse Building in 2006. We finished renovating Level 8 and 9 of White Horse Building on schedule in April 2006 and increased its floor area for wholesaling and retailing. Newly added shops/offices were leased through one public auction, resulting in rental per square meter exceeding the Forecast by approximately 20%, accomplishing the objective of asset enhancement. In addition, in accordance with the Offering Circular, we expended a total of HK\$12.876 million to renovate and improve White Horse Building’s fire-prevention system, elevators, and the customer service center in the lobby area. This significantly improved the building’s equipment and facilities as well as its shopping environment. In 2007, we will proceed with renovating selected electrical cable system of the building as well as renovating the passages of some floors to further improve the building’s infrastructure. By utilising the remaining budgeted amount in this manner, we aim to maintain the White Horse Building’s competitiveness.

Enhanced property management to ensure safety of asset operation

In order to protect the safety of our Properties and to continually improve the management and service qualities of the Properties as well as to protect Unitholders’ interests, we have implemented an effective monitoring system (including repair and maintenance systems for various equipment and facilities, emergency plans to cope with accidents and various risk

management systems, etc.). We have also taken preventive measures by having scheduled fire safety inspections and fire drills to uncover hidden problems and will subsequently undertake the appropriate remedial actions as a precautionary measure. In addition, we have also set up an asset operation evaluation system by drawing support from the professional expertise of Jones Lang LaSalle, our property consultant, to carry out a full inspection and evaluation of the operating conditions of the Properties. Simultaneously, we also arranged organizational reforms and business training to raise property management standards.

Future Prospects

We believe the PRC's domestic economic environment will continue to thrive in 2007 resulting in GZI REIT having even broader horizon for development. We will diligently conduct market studies and improve operation management standards in order to provide sustainable, stable and increased returns for our investors.

Concerning White Horse Building, we will fully take advantage of the White Horse website, VIP club, the service center in the lobby area and the performance stage at the atrium, as well as the building's other existing amenities. Promotional activities will be increased to create and promote the building's brand image and influence further. The integrated planning and deployment of external and internal advertising space will be further improved. Through reasonable segmentation, allocation and consolidation, we will set up advertising sites in suitable locations of the building and increase operating space in order to increase operating income generated from the property. At the same time, we will improve the shopping arcade directory system to promote the commercial atmosphere. We will also proactively promote better customer relationship management, extend special feature services, and enhance management and service qualities to boost the building's core competence.

Regarding the two office buildings, Fortune Plaza and City Development Plaza, we will fully leverage on their unique features as properties with underground railway stations, convenient commuting, full amenities and excellent property management. We will study their specific positioning to further optimize their tenant mix, bring in good tenants and upgrade project scales and attractions. Customer relationship management programs will also be implemented to increase customers' satisfaction, and to retain quality tenants. Through effective measures, we will steadily increase the rental level while maintaining a relatively high occupancy rate.

For Victory Plaza, we will take advantage of the completion and delivery of the phase 1 and 2 office towers on top, the completion of the Tiyuxilu civil air defense works in front of the plaza and the opening of the underground railway's third line to improve its marketing strategy and improve its internal and external image. We will give strong support to the shop expansion plan and promotional activities implemented by the building's anchor tenant GOME. For vacant units, we will focus on introducing complementary business sectors such as banks, feature restaurants and convenient stores to meet the overall operating needs following the completion of the phase 2 project of the building and enhance the competitiveness and income of the retail mall.

While we maintain the operations of existing projects, we will actively implement our asset acquisition plan. Pursuant to this, we will look towards acquiring properties with recurring profit-making capabilities, which include but are not limited, to exercising our right of first refusal to acquire existing and newly finished projects from Guangzhou Investment Company Limited, thus reducing GZI REIT's reliance on any individual property or major tenants. Steady earnings from property investment can then be maintained, and GZI REIT can then enhance its resilience.

FINANCIAL REVIEW

Distribution Yield

The Properties performed well during the Reporting Year with distribution per Unit ("the DPU") exceeding the Forecast by 2.8% at HK\$0.2067.

Based on the closing price of the Units as at 31 December, 2006 of HK\$3.070, the DPU for the Reporting Year represents a yield of 6.73%, as compared to the yield of 6.55% as disclosed in the Forecast. Using the offer price as at the Listing Date of HK\$3.075 ("the Offer Price"), the DPU for the Reporting Year represents a yield of 6.72%, as compared to the yield of 6.54% as disclosed in the Forecast.

Net Asset Value

The net asset value per Unit as at 31 December, 2006 was approximately HK\$3.20, which represents an increase of approximately 6.1% as compared to net asset value per Unit of approximately HK\$3.016 as at 31 December, 2005. The net tangible asset value per Unit as at 31 December, 2006 was approximately HK\$3.041, which represents an increase of approximately 6.2% as compared to the net tangible asset per Unit of approximately HK\$2.863 as at 31 December, 2005.

The increase in the net asset value per Unit was mainly attributable to the increase in the net profit after tax and before fair value gain on investment properties and transactions with the Unitholders of approximately HK\$206.683 million of GZI REIT during the Reporting Year and the increase in the valuation of the Properties as at 31 December, 2006 to approximately HK\$4,240.1 million as compared to a valuation of approximately HK\$4,053.8 million as at 31 December, 2005.

Unit Activity

Market price of the Units has been relatively stable and the percentage fluctuation, above and below the Offer Price of HK\$3.075, did not exceed 21% during the Reporting Year.

The unit price of GZI REIT reached a high of HK\$3.70 and a low of HK\$2.85 during the Reporting Year. An average of approximately 5.318 million Units were transacted during the Reporting Year.

The closing price of the Units as at 31 December, 2006 was HK\$3.070, representing a discount of approximately 0.16% as compared to the Offer Price of HK\$3.075. This represent a discount of approximately 4.23% as compared to the net assets per Unit as at 31 December, 2006.

The discount referred to above has made GZI REIT an attractive investment to long term investors.

Since the Listing Date, a total of 1,000,000,000 Units were in issue.

Financial Results

The Properties continued to perform well during the Reporting Year. GZI REIT's consolidated net profit after tax before transactions with the Unitholders amounted to approximately HK\$244.436 million.

Excluding the effect of fair value gain on investment properties, GZI REIT's consolidated net profit after tax during the Reporting Year amounted to approximately HK\$206.683 million, representing an increase of approximately 2.8% as compared to the forecasted profit of HK\$201.0 million as stated in the Forecast (for the Reporting Year) as disclosed in the Offering Circular. The following is a summary of GZI REIT's financial results during the Reporting Year:

	Actual <i>HK\$'000</i>	Forecast <i>HK\$'000</i> <i>(Note 1)</i>	% of Increase/ (Decrease)
Gross income	<u>369,475</u>	<u>364,039</u>	1.5%
Leasing agents' fee	(12,279)	(12,125)	1.3%
Property related taxes	(29,232)	(28,678)	1.9%
Other property expenses (Note 2)	<u>(3,525)</u>	<u>(7,045)</u>	(50.0%)
Total property operating expenses	<u>(45,036)</u>	<u>(47,848)</u>	(5.9%)
Net property income	<u>324,439</u>	<u>316,191</u>	2.6%
Withholding tax	(35,387)	(34,705)	2.0%
Manager's fees	(23,765)	(21,935)	8.3%
Trustee's fees	(1,403)	(1,245)	12.7%
Other trust expenses (Note 3)	<u>(12,540)</u>	<u>(7,904)</u>	58.7%
Total non-property expenses	<u>(73,095)</u>	<u>(65,789)</u>	11.1%
Net profit before finance costs, interest income and tax	251,344	250,402	0.4%
Interest income	5,696	2,743	107.7%
Finance costs	<u>(50,357)</u>	<u>(52,138)</u>	(3.4%)
Net profit before tax	206,683	201,007	2.8%
Income tax expenses	<u>—</u>	<u>—</u>	N/A
Net profit after tax before fair value gains on investment properties	206,683	201,007	2.8%
Fair value gains on investment properties	37,753	N/A	N/A
Net profit after tax before transactions with Unitholders	<u>244,436</u>	<u>N/A</u>	N/A
Transactions with Unitholders:			
Distributions paid to Unitholders	103,300	N/A	N/A
Proposed distributions to Unitholders	103,400	N/A	N/A

Note 1 Based on the Forecast together with the accompanying assumptions as disclosed in the Offering Circular.

Note 2 Other property expenses included valuation fee, insurance premium, depreciation and bank charges incurred at the level of the Properties.

Note 3 Other trust expenses included audit fees, legal advisory fees, printing charges, company secretarial fees, unit registrar's fees, listing fees and miscellaneous expenses.

Gross income and net property income during the Reporting Year were approximately HK\$369.475 million and HK\$324.439 million respectively. They exceeded the projections in the Forecast by approximately 1.5% and 2.6% respectively.

Gross income included rental income of approximately HK\$363.639 million and other income of approximately HK\$5.836 million which included advertising income, administrative charges for new leases and late settlement.

Net property income amounted to approximately HK\$324.439 million, representing approximately 88% of total gross income, after deduction of relevant PRC taxes, leasing agent's fees and other property operating expenses.

Despite the increase in gross income, the total property operating expenses incurred during the Reporting Year was approximately 5.9% less than the original budgeted expenses as disclosed in the Forecast. This was mainly attributable to the Manager's effective cost control strategy on property expenses and no bad debts were incurred.

The fees of the Manager and the Trustee increased by approximately 8.3% and 12.7% respectively as a result of the increase in total assets and net property income.

Other trust expenses increased by approximately 58.7% as compared with the forecasted expenses as indicated in the Forecast. This was mainly attributable to the increase in printing charges and unit registrar's fees as a result of an underestimation of the number of investors and the increase in professional fees for services rendered by legal advisers and company secretaries.

Interest income amounted to approximately HK\$5.696 million, which represented an increase of approximately 107.7% compared with the budgeted interest income as indicated in the Forecast. This was attributable to the general increase in deposit rates in the Reporting Year and the Manager's arrangement with the relevant bank in Guangzhou for a relatively favourable interest rate for rental deposits in Renminbi.

Renminbi has been appreciating in value since the beginning of the Reporting Year and for the purposes of preparing the consolidated income statement of GZI REIT, the Manager has applied an exchange rate of RMB1.0247 to HK\$1, representing an average exchange rate during the Reporting Year.

Excluding the appreciation of Renminbi as a factor, the Manager has managed to achieve the budgeted gross income, net property income and net profit after tax as referred to in the Forecast.

Property Valuation

The Manager has engaged Colliers International Hong Kong Limited (“Colliers”) as an independent property valuer to conduct a valuation of the Properties as at December 31, 2006. According to the valuation, the total value of the Properties amounted to approximately HK\$4,240.1 million, representing an increase of 4.5% as compared with the valuation as at 31 December, 2005.

Approximately 3.5% of the increase in the valuation is attributable to the appreciation of Renminbi in the Reporting Year and the Manager’s adoption of the exchange rate of RMB1.0047 to HK\$1 as at the date of the consolidated balance sheet of GZI REIT. The fair value gain of the Properties amounted to approximately HK\$37.753 million.

The slight increase in valuation indicates the stable environment of the investment property market in Guangzhou.

The following table summarizes the valuation of each of the Properties as at 31 December, 2006 and 31 December, 2005:-

	Valuation as at 31 December, 2006	Valuation as at 31 December, 2005	Percentage of each property as to the Properties as at 31 December, 2006
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>%</i>
White Horse Building Units	2,696.3	2,574.0	63.6
Fortune Plaza Units	581.9	554.8	13.7
City Development Plaza Units	410.2	392.0	9.7
Victory Plaza Units	<u>551.7</u>	<u>533.0</u>	<u>13.0</u>
Total	<u>4,240.1</u>	<u>4,053.8</u>	<u>100%</u>

The subject valuation was prepared by Colliers based on an average of the values derived using the income capitalisation approach and the discounted cash flow analysis.

Capital Management

The capital management policy of GZI REIT is to achieve optimal debt profile. The special purpose vehicles of GZI REIT (“SPVs”) entered into a facility agreement with certain lending banks on 7 December, 2005 for a three year floating rate term loan facility of US\$165 million which was fully drawn down on the Listing Date. The term loan is repayable in 3 years from the date of the drawdown. The bank borrowings are secured and the security package includes, among others, a registered mortgage over each of the Properties, assignment of rental income and all other proceeds arising from each of the Properties and of all tenancy agreements relating to each of the Properties and a legal mortgage over the shares of the SPVs.

Total Borrowings and Total Liabilities to Asset Ratio

As at 31 December, 2006, total borrowings of GZI REIT amounted to US\$165 million, representing approximately 27% of total assets of GZI REIT.

As at 31 December, 2006, total liabilities of GZI REIT (excluding net assets attributable to the Unitholders) amounted to approximately HK\$1,477.733 million, representing approximately 32% of total assets of GZI REIT.

The Manager considers that the above gearing ratio is low compared with the maximum limit stipulated by REIT Code. This allows more flexibility in capital management in making future acquisitions.

Cash Position

Cash balance of GZI REIT as at 31 December 2006 amounted to approximately HK\$253.846 million. GZI REIT has sufficient financial resources to satisfy its financial commitments and working capital requirements.

The Manager has adopted a conservative approach in cash management to ensure flexibility to meet the operational needs and the distributions of GZI REIT.

Accounting Treatment:

Units recorded as Financial Liabilities; Distributions to Unitholders as Finance Costs

Pursuant to Rule 7.12 of REIT Code and the terms of the Trust Deed, GZI REIT is required to distribute to the Unitholders not less than 90% of its audited annual net income after tax, subject to certain adjustments as defined in the Trust Deed.

GZI REIT has a limited life of 80 years from the date of establishment. Accordingly, the Units contain contractual obligations to pay cash dividends and, upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of GZI REIT less any liabilities, in accordance with Unitholders' proportionate interests in GZI REIT at the date of the termination of GZI REIT.

In accordance with the Hong Kong Accounting Standards ("HKAS 32"), GZI REIT has, for accounting purposes, designated its Units financial (not legal) liabilities.

On the basis of the HKAS 32, distributions to be paid to the Unitholders represent finance costs and are therefore presented as expenses in the consolidated income statement. Consequently, GZI REIT has, for accounting purposes, recognised distributions as finance costs in its audited consolidated income statement.

The above accounting treatment does not have any impact on the net assets attributable to the Unitholders.

RENOVATION PROJECTS FOR WHITE HORSE BUILDING UNITS

Background

In accordance with the Reorganisation Deed dated 7 December, 2005 signed between the Manager, the Trustee and Guangzhou Investment Company Limited together with its subsidiaries ("GICL Group"), GICL Group provided an amount of HK\$26.7 million for proposed renovation works for the White Horse Building Units.

Since the Listing Date, the Manager has been applying the abovementioned funds on certain renovation works at White Horse Building Units.

Purpose of Renovation Works

After due and careful consideration of the conditions of White Horse Building Units and for purpose of maximizing returns to the Unitholders, the Manager has set out key purposes of the subject renovation works. The key purposes include the following:-

- (a) to ensure compliance with Chinese laws and regulations from time to time; and
- (b) to ensure competitiveness by improving the condition of the building and its facilities for sustainable rental income growth.

The Manager has adopted a prudent risk management policy to ensure that any implementation of renovation works will not result in significant adverse effect on the normal business operations of tenants of White Horse Building Units.

The Manager has determined that fire safety and fire prevention improvement works are the most important renovation works for ensuring the safety of White Horse Building Units; whilst the conversion of the areas on the Levels 8 and 9 for wholesale and retail purposes is another key renovation project for improving rental earnings. The remaining renovation works relate to electrical and/or structural improvements and alterations as part of the asset enhancement plan of White Horse Building Units.

Progress of Renovation Works

As at 31 December, 2006, GZI REIT has incurred capital expenditure of approximately HK\$12.876 million using the abovementioned funds.

Such capital expenditure included approximately HK\$7.643 million of fixed assets related capital expenditure and approximately HK\$5.233 million of investment properties related capital expenditure.

The fixed assets related capital expenditure includes fire prevention improvement works, adding or upgrading illuminated exit signs and surveillance systems, elevator alteration works, electrical appliances alteration works and maintenance of cables and electrical wiring.

The investment properties-related capital expenditure includes alteration works for washrooms and the renovation of Levels 8 and 9 for wholesale and retail use, the latter of which amounted to contract value of approximately HK\$5.726 million, which is materially in line with the original budget as disclosed in the Forecast.

Proposed renovation works to be conducted

The Manager intends to apply the balance of the subject funds to conduct renovation alteration works for common corridors, lobby, lift lobby and electrical wires in the financial year 2007.

The Manager estimates that total fixed assets-related and investment properties-related capital expenditure incurred in the Reporting Year and to be incurred in the financial year 2007 will be materially in line with the original capital expenditure of HK\$10.3 million for fixed assets and HK\$16.4 million for investment properties related capital expenditure as disclosed in the Forecast.

The extension of time schedule for the above renovation beyond the Reporting Year is attributable to the Manager's prudent risk management approach as extensive works carried out simultaneously may affect normal business operations of the tenants and defeat the purpose of asset enhancement.

SUMMARY OF ALL REAL ESTATE SALES AND PURCHASES

GZI REIT did not enter into any real estate sales and purchases during the Reporting Year.

TOP FIVE REAL ESTATE AGENTS AND CONTRACTORS ENGAGED BY GZI REIT

During the Reporting Year, GZI REIT has engaged Yicheng Property Management Co., Ltd. ("Yicheng") and White Horse Property Management Company Ltd. ("White Horse Property Manager") (collectively "the Leasing Agents") to provide designated leasing, marketing, tenancy management and property management services to the Properties.

During the Reporting Year, GZI REIT paid service fees to Yicheng and White Horse Property Manager in the amounts of HK\$4.779 million and HK\$7.500 million respectively.

During the Reporting Year, GZI REIT has engaged various contractors to conduct renovation works for White Horse Units. The top five contractors and their respective values of services may be summarised as follows:-

Name of contractors	Nature of services	Value of services HK\$' 000
1. 廣州市泰昌消防工程有限公司	fire service improvement works	5,700
2. 廣州鳴鏞裝飾設計有限公司	renovation works for Levels 8 and 9	2,468
3. 廣州市新五羊水電裝飾工程有限公司	renovation works for Levels 8 and 9	1,715
4. 廣州市柏域網絡有限公司	surveillance system	778
5. 廣州市康和建築工程有限公司	renovation works for washrooms and replacement of electrical wires	<u>475</u>
		<u>11,136</u>

The aggregate value of services rendered by the top five contractors engaged by GZI REIT during the Reporting Year amounted to HK\$11.136 million.

REPURCHASE, SALE OR REDEMPTION OF UNITS

Pursuant to the Trust Deed, the Manager shall not repurchase any Units on behalf of GZI REIT unless permitted to do so by the relevant codes and guidelines issued by the Securities and Futures Commission from time to time.

During the Reporting Year, there was no repurchase, sale or redemption of Units by GZI REIT or subsidiaries of GZI REIT.

NEW UNITS ISSUED

There were no new Units issued during the Reporting Year.

EMPLOYEES

GZI REIT is managed by the Manager. GZI REIT does not employ any staff.

REVIEW OF FINANCIAL RESULTS

The final results of GZI REIT for the Reporting Year have been reviewed by the Disclosures Committee and Audit Committee of the Manager.

CORPORATE GOVERNANCE

The Manager has adopted an overall corporate governance framework that is designed to promote the operation of GZI REIT in a transparent manner with built-in checks and balances which are critical to the performance of the Manager and consequently, the success of GZI REIT.

The Manager has adopted a compliance manual (“Compliance Manual”) for use in relation to its management and operation of GZI REIT which includes key policies and procedures for maintaining a high standard of corporate governance.

During the Reporting Year, the Manager has complied with the provisions of the Compliance Manual for its management of GZI REIT.

CLOSURE OF REGISTER OF UNITHOLDERS

The register of Unitholders will be closed from 8 May to 15 May 2007, both days inclusive, during which period no transfer of units will be effected. In order to qualify for the distribution, all Unit certificates with completed transfer forms must be lodged with GZI REIT’s unit registrar, Tricor Investor Services Limited, of 26/F Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on 7 May 2007.

ISSUANCE OF ANNUAL REPORT

The annual report of GZI REIT for the Reporting Year will be dispatched to the Unitholders on or before 30 April 2007.

ANNUAL GENERAL MEETING

The Manager proposed that the annual general meeting of GZI REIT for the Reporting Year held on 15 May 2007. Notice of the annual general meeting will in due course be published and issued to the Unitholders in accordance with the Trust Deed.

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	<i>Note</i>	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		9,775	3,395
Investment properties		4,240,071	4,053,800
Deferred assets		9,610	5,637
Goodwill		<u>158,290</u>	<u>152,917</u>
		<u>4,417,746</u>	<u>4,215,749</u>
Current assets			
Rental receivables	4	19	320
Prepayments, deposits and other receivables	4	5,829	4,478
Cash and cash equivalents		253,846	235,917
Due from related companies		<u>—</u>	<u>9,810</u>
		<u>259,694</u>	<u>250,525</u>
Total assets		<u>4,677,440</u>	<u>4,466,274</u>
Current liabilities			
Rental deposits, current portion	5	9,919	6,138
Receipts in advance	5	12,721	21,842
Accruals and other payables	5	23,939	10,580
Due to related companies		<u>22,144</u>	<u>81,658</u>
		<u>68,723</u>	<u>120,218</u>
Non-current liabilities, other than amounts attributable to Unitholders			
Rental deposits, non-current portion	5	64,963	63,695
Bank borrowings, secured		1,266,469	1,255,216
Derivative financial instruments	6	<u>77,578</u>	<u>11,231</u>
		<u>1,409,010</u>	<u>1,330,142</u>
Total liabilities, other than amount attributable to Unitholders		1,477,733	1,450,360
Net assets attributable to Unitholders	3	<u>3,199,707</u>	<u>3,015,914</u>
Total liabilities		<u>4,677,440</u>	<u>4,466,274</u>
Net asset		<u>—</u>	<u>—</u>
Equity			
Hedging reserve		(35,608)	(11,281)
Retained earnings		<u>35,608</u>	<u>11,281</u>
Total equity		<u>—</u>	<u>—</u>
Units in issue ('000)		<u>1,000,000</u>	<u>1,000,000</u>
Net assets attributable to Unitholders per Unit		HK\$ <u>3.200</u>	HK\$ <u>3.016</u>

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

		For the period from 7 December 2005 (date of establishment of GZI REIT)
	For the year ended 31 December	to 31 December
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue — rental income	369,475	6,835
Operating expenses	7 <u>(118,131)</u>	<u>(5,981)</u>
Operating profit	251,344	854
Interest income from bank deposits	5,696	41,209
Fair value gain on investment properties	37,753	—
Finance costs - excluding amounts attributable to Unitholders	8 <u>(50,357)</u>	<u>(1,520)</u>
Profit before tax and transactions with Unitholders	244,436	40,543
Income tax expenses	9 <u>—</u>	<u>—</u>
Profit after tax before transactions with Unitholders	244,436	40,543
Finance cost attributable to Unitholders	<u>(220,109)</u>	<u>(29,262)</u>
Result for the year/period (i)	<u>24,327</u>	<u>11,281</u>

Notes:

- (i) In accordance with the Trust Deed dated 7 December 2005 (the “Trust Deed”), GZI REIT is required to distribute to Unitholders not less than 90% distributable income for each financial period. GZI REIT has a limited life of 80 years from the date of establishment. Accordingly, the Units contain contractual obligations to pay cash dividends and, upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of GZI REIT less any liabilities, in accordance with Unitholders’ proportionate interests in GZI REIT at the date of the termination of GZI REIT. The Unitholders’ funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32: Financial Instruments: Disclosure and Presentation. Consistent with Unitholders’ funds being classified as a financial liability, the distributions to Unitholders are part of finance costs which are recognised in the income statement. The classification does not have an impact on the net assets attributable to the Unitholders. It only affects how Unitholders’ funds are disclosed in the balance sheet and how distributions are disclosed in the income statement. Distributable income is determined in the Distribution Statement.
- (ii) Earnings per Unit based upon profit after tax before transactions with Unitholders and the average number of Units in issue, is presented in note 10.

**DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	For the year ended 31 December 2006 HK\$'000	For the period from 7 December 2005 (date of establishment of GZI REIT) to 31 December 2005 HK\$'000
Profit after tax before transactions with unitholders	244,436	40,543
Adjustments for the total distributable income (i) - Fair value gain on investment properties	<u>(37,753)</u>	<u>—</u>
Total distributable income	206,683	40,543
Distributable amount at 1 January	40,543	—
Distribution paid during the year/period (ii)	<u>(143,800)</u>	<u>—</u>
Distributable amount at 31 December	<u>103,426</u>	<u>40,543</u>
Distribution per Unit, proposed	<u>HK\$0.1034</u>	<u>N/A</u>

Note:

- (i) Under the terms of the Trust Deed, the total distributable income is the consolidated profit after tax before transactions with Unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the income statement for the relevant year or period.
- (ii) A distribution of HK\$0.1438 per unit, totalling HK\$143,800,000, was paid to Unitholders on 8 November 2007.

Notes

1 Change in accounting policy

The adoption of Amendment to HKAS 39, Amendment “The fair value option” has restricted the circumstances in which a financial asset or liability may be designated as at fair value through profit or loss and has resulted in a change in accounting policy relating to the measurement of net assets attributable to Unitholders, from fair value to amortised cost. The change in accounting policy has been made in accordance with the transitional provisions in the standard.

The following are the effects of the changes in the accounting policy described above on individual accounting caption:

	Effect on adoption of Amendment to HKAS 39, Amendment “The fair value option” HK\$’000
Income statement item for the year ended 31 December 2006	
- change in fair value of Units	<u>380,000</u>
Result for the year	<u>(380,000)</u>

The change in accounting policy does not have an impact on the net assets attributable to Unitholders as at 31 December 2006 and 31 December 2005.

2 Segment Reporting

The Group mainly engaged in leasing of commercial properties in China, accordingly, there is one business and geographical segment for the Group’s operations.

3 Net assets attributable to Unitholders

	2006 HK\$’000	2005 HK\$’000
Opening of the year/period	3,015,914	—
Issuance of Units	—	2,986,652
Transfer from income statement	220,109	29,262
Distribution paid during the year	(143,800)	—
Exchange difference	<u>107,484</u>	<u>—</u>
End of the year/period	<u>3,199,707</u>	<u>3,015,914</u>

4 Rental receivables, prepayments, deposits and other receivables - Group

	2006 HK\$’000	2005 HK\$’000
Rental receivables	19	320
Less: provision for impairment of receivables	<u>—</u>	<u>—</u>
Rental receivables — net	19	320
Prepayments, deposits and other receivables	<u>5,829</u>	<u>4,478</u>
	<u>5,848</u>	<u>4,798</u>

The carrying amounts of rental receivables, prepayments, deposits and other receivables approximate their fair value.

The majority of the Group's rental income is received in cash and there is no specific credit terms given to the tenants. The rental receivables are generally fully covered by the rental deposits from corresponding tenants.

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
0 — 30 days	19	268
31 — 120 days	<u>—</u>	<u>52</u>
	<u>19</u>	<u>320</u>

There is no concentration of credit risk with respect to rental receivables, as the Group has a large number of tenants.

5 Rental deposits, receipts in advance and accruals and other payables - Group

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Rental deposits, current portion	<u>9,919</u>	<u>6,138</u>
Receipts in advance	<u>12,721</u>	<u>21,842</u>
Provision for withholding tax payable	5,172	3,060
Provision for business tax and flood prevention fee	3,257	564
Accruals for operating expenses	<u>15,510</u>	<u>6,956</u>
Accruals and other payables	<u>23,939</u>	<u>10,580</u>
	<u>46,579</u>	<u>38,560</u>

The carrying amounts of rental deposits, receipts in advance, accruals and other payables approximate their fair value.

Non-current rental deposits of the Group were HK\$64,963,000 (2005: HK\$63,695,000) as at 31 December 2006.

6 Derivative financial instruments - Group

HK\$'000

Interest rate and currency swaps - cash flow hedges

For the period from 7 December 2005 (date of establishment of GZI REIT) to 31 December 2005

Beginning of the period	—
Fair value losses	<u>11,231</u>

End of the period	<u><u>11,231</u></u>
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For the year ended 31 December 2006

Beginning of the year	11,231
Fair value losses	64,665
Exchange difference	<u>1,682</u>

End of the year	<u><u>77,578</u></u>
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The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedge item is less than 12 months.

Interest rate and currency swaps

The notional principal amounts of the outstanding interest rate and currency swap contracts at 31 December 2006 were US\$165,000,000 (2005: US\$165,000,000).

At 31 December 2006, the fixed interest rate for the bank borrowings vary from 3.18% to 3.28% and the floating rates are LIBOR plus 1.35%. The contract reference exchange rate for the bank borrowings is 7.80870 (2005: 8.07847) Renminbi per one US dollar and the spot rate is the exchange rate announced by the State Administration of Foreign Exchange in China.

Gains and losses recognised in the hedging reserve in equity on interest rate and currency swap contracts as of 31 December 2006 will be continuously released to the income statement until the repayment of the secured bank borrowings.

7 Expenses by nature

	For the year ended 31 December 2006 HK\$'000	For the period from 7 December 2005 (date of establishment of GZI REIT) to 31 December 2005 HK\$'000
Property management fee (i)	12,279	241
Urban real estate tax	10,043	288
Business tax and flood prevention fee	18,806	348
Withholding tax (ii)	35,387	649
Depreciation expenses of property, plant and equipment	1,503	20
Asset management fee	23,765	573
Trustee's remuneration	1,403	160
Valuation fee	153	200
Legal and professional fee	2,007	1,130
Auditor's remuneration	1,340	1,300
Others	<u>11,445</u>	<u>1,072</u>
Total operating expenses	<u>118,131</u>	<u>5,981</u>

Note:

- (i) The Group received leasing, marketing and tenancy management services from two leasing agents, namely, Guangzhou YiCheng Property Management Ltd. and White Horse Property Management Co. Ltd.
- (ii) Withholding tax on the rental income and interest income in China is calculated based on the rental income (net of business tax paid) and interest income at a rate of 10 per cent.

8 Finance costs

	For the year ended 31 December 2006 HK\$'000	For the period from 7 December 2005 (date of establishment of GZI REIT) to 31 December 2005 HK\$'000
Interest expense:		
- bank borrowings wholly repayable within five years	50,674	2,555
Net foreign exchange transaction gains	(40,655)	(985)
Fair value losses on financial instruments:		
- interest rate and currency swaps: cash flow hedge, transfer from reserve	<u>40,338</u>	<u>(50)</u>
	<u>50,357</u>	<u>1,520</u>

9 Income tax expenses

The China enterprise income tax of the Group was paid by the way of withholding tax as disclosed in note 7(ii).

No Hong Kong profits tax has been provided as the Group has no assessable profit in Hong Kong.

There is no material unprovided deferred taxation as at 31 December 2006 (2005: Nil).

10 Earnings per Unit based upon profit after tax before transactions with Unitholders

Earnings per Unit based upon profit after tax before transactions with Unitholders for the year ended 31 December 2006 is HK\$0.24 (For the period from 7 December 2005 (date of establishment of GZI REIT) to 31 December 2005: HK\$0.04). The calculation of earnings per Unit based upon profit after tax before transactions with Unitholders is based on profit after tax before transactions with Unitholders of HK\$244,436,000 (For the period from 7 December 2005 (date of establishment of GZI REIT) to 31 December 2005: HK\$40,543,000) and on 1,000,000,000 Units (For the period from 7 December 2005 (date of establishment of GZI REIT) to 31 December 2005: 1,000,000,000 Units) in issue during the period.

Diluted earnings per Unit is not presented as there is no dilutive instruments for the year ended 31 December 2006 and 31 December 2005.

11 Capital commitments

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Capital commitments in respect of property, plant and equipment, contracted but not provided for	864	—
Capital commitments in respect of investment properties, contracted but not provided for	<u>2,316</u>	<u> </u>
	<u><u>3,180</u></u>	<u><u> </u></u>

12 Future minimum rental receivable

At 31 December 2006, the Group had future minimum rental receivable under non-cancellable leases as follows:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Not later than one year	372,491	340,390
Later than one year and not later than five years	858,224	1,057,492
Later than five years	<u>4</u>	<u>37,963</u>
	<u><u>1,230,719</u></u>	<u><u>1,435,845</u></u>

There were no future minimum rental receivable for GZI REIT.

PERFORMANCE TABLE AS AT 31 DECEMBER 2006

	2006	2005
Net assets attributable to Unitholders	HK\$3,199,707,000	HK\$3,015,914,000
Net assets attributable to Unitholders per Unit	HK\$3.200	HK\$3.016
The highest premium of the traded price to net asset value (i)	HK\$0.500	HK\$0.759
The highest discount of the traded price to net asset value (i)	HK\$0.350	N/A
Net yield per Unit (ii)	7.96%	1.18%
Number of Units in issue	1,000,000,000	1,000,000,000

Notes:

- (i) The highest premium is calculated based on the highest traded price of HK\$3.7 (2005: HK\$3.775) on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2006. The highest discount is

calculated based on the lowest traded price of HK\$2.85 on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2006. Since the lowest traded price during 2005 was HK\$3.25 which is higher than the net asset value as at 31 December 2005, no discount of the traded price to net asset value was presented for 2005.

- (ii) Net yield per Unit is calculated based on profit after tax before transactions with Unitholders per unit for the year ended 31 December 2006 over the traded price of HK\$3.07 (2005: HK\$3.45) as at 31 December 2006.

By order of the board of directors of
GZI REIT Asset Management Limited
(as manager of GZI Real Estate Investment Trust)
Liang Ningguang
Chairman

Hong Kong, 12 April 2007

As at the date of this announcement, the board of directors of the Manager is comprised as follows:

<i>Executive Directors:</i>	<i>Messrs. Liang Ningguang and Liu Yongjie</i>
<i>Non-executive Director:</i>	<i>Mr. Liang Youpan</i>
<i>Independent Non-executive Directors:</i>	<i>Messrs. Chan Chi On, Derek, Lee Kwan Hung, Eddie and Chan Chi Fai, Brian.</i>