GZI Real Estate Investment Trust
越秀房地產投資信託基金

(a Hong Kong collective investment scheme under section 104 of the Securities and Future Ordinance <chapter 571 of the Laws of Hong Kong>)

(Stock Code: 405)

annual report 2007

Manager

越秀房託資產管理有限公司

GZI REIT Asset Management Limited

Contents

Profile of GZI Real Estate Investment Trust (“GZI REIT”)

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 of GZI REIT (“Manager”) as modified by a First Supplemental Deed Dated 25 March 2008 and made between the same parties. GZI REIT was listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) 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 mainland of the People’s Republic of China (“PRC”).

2008

Expected Date	Event
April 2008	Publication of 2007 Annual Report
May 2008	2007 Annual General Meeting
May 2008	Payment of distribution for six-month period ended 31 December 2007
August 2008	Publication of 2008 Interim Report
November 2008	Payment of distribution for six-month period ending 30 June 2008

2009

Expected Date	Event
April 2009	Publication of 2008 Annual Report
May 2009	Payment of distribution for six-month period ending 31 December 2008

Distribution

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 year ended 31 December 2007 ("Reporting Year") amounted to approximately HK$225,867,000 (2006: HK$206,683,000), representing distributable income per unit of GZI REIT ("Unit") of approximately HK$0.2258 (2006: HK$0.2067).

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 Reporting Year 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 period from 1 July 2007 to 31 December 2007 ("2007 Final Period") of HK$0.1151 (2006: HK$0.1034) per Unit. This represents a 100% distribution of GZI REIT's Total Distributable Income for the 2007 Final Period. This amount together with the distribution of GZI REIT for the six-month period from 1 January 2007 to 30 June 2007 ("2007 Interim Period") of HK$0.1107 (2006 Interim Period: HK$0.1033) per Unit represented distributable income per Unit of approximately HK$0.2258 (2006: HK$0.2067) for the Reporting Year.

The final distribution amounting to approximately HK$115,100,000, in aggregate, will be paid on 20 May 2008.

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	**Financial Year ended 31 December 2007**	**Financial Year ended 31 December 2006**	**Increase/ decrease (-) %**
Distributions per Unit	**HK$0.2258**	HK$0.2067	9.24%
Earnings per Unit	**HK$0.3643**	HK$0.2444	49.06%
Distributions yield per Unit based on offer price of HK$3.075	**7.34%**	6.72%	9.23%
Distributions yield per Unit based on closing price at year end date	**7.33%**	6.73%	8.92%
Net assets attributable to Unitholders per Unit	**HK$3.535**	HK$3.200	10.47%
Net tangible assets attributable to Unitholders per Unit	**HK$3.365**	HK$3.041	10.65%

Performance Summary

	Financial Year ended 31 December 2007	Financial Year ended 31 December 2006	Increase/ decrease (-) %
Steady Income			
Net profit after tax	**HK$364.283 million**	HK$244.436 million	49.03%
Net property income	**HK$352.924 million**	HK$324.439 million	8.78%
Gross income	**HK$402.012 million**	HK$369.475 million	8.81%
Stable Returns			
Offer price per Unit at Listing Date	**HK$3.075**	HK$3.075	—
Closing price per Unit at year end date	**HK$3.080**	HK$3.070	0.33%
Distributions yield per Unit based on offer price	**7.34%**	6.72%	9.23%
Distributions yield per Unit based on closing price at year end date	**7.33%**	6.73%	8.92%
Units in issue	**1,000,000,000 units**	1,000,000,000 units	—
Income Producing Asset Base			
Total assets	**HK$5,192 million**	HK$4,677 million	11.01%
Total liabilities, excluding net assets attributable to Unitholders	**HK$1,657 million**	HK$1,477 million	12.19%
Net assets attributable to Unitholders	**HK$3,535 million**	HK$3,200 million	10.47%
Net tangible assets (net assets attributable to Unitholders minus goodwill)	**HK$3,365 million**	HK$3,041 million	10.65%
Low Volatility			
Highest premium of traded price to net assets attributable to Unitholders per Unit	**N/A**	HK$0.500	N/A
Highest discount of traded price to net assets attributable to Unitholders per Unit	**HK$0.695**	HK$0.350	N/A
Flexibility in Capital Management			
Total borrowings as a percentage of gross assets (Note a)	**25%**	27%	-2%
Gross liabilities as a percentage of gross asset (Note b)	**32%**	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 of GZI REIT Asset Management Limited, as the Manager of GZI REIT, I am pleased to present to you the 2007 annual report of GZI REIT.

RESULTS AND DISTRIBUTION

In 2007, with the fast development of economy and the continuous appreciation of Renmibi in the PRC, GZI REIT continued to achieve encouraging results and displaying sustained growth momentum.

In 2007, GZI REIT achieved a total distributable income of approximately HK$225,867,000 for the whole year and the distributable amount per unit was approximately HK$0.2258. Based on the closing price of HK$3.08 per unit on 31 December 2007, the distribution rate was 7.3%, representing an increase of 9.2% when compared with the distribution of HK$0.2067 per unit during the same period of the previous year.

As at 31 December 2007, GZI REIT owned four properties - White Horse Building Units, Fortune Plaza Units, City Development Plaza Units and Victory Plaza Units - with a total leased out area of 156,023 square meters. The overall occupancy rate of the Properties maintained a comparatively high level of 97.4%.

In 2007, GZI REIT had a total operating income of approximately HK$402,012,000, a 8.8% increase from HK$369,475,000 of the same period of 2006, while rent collection rate maintained at 100%.

ANALYSIS OF MARKET CONDITIONS

In 2007, China sustained a booming economy, providing strong impetus for the robust development of all industries.

According to the National Bureau of Statistics of China, in 2007, China's gross domestic product ("GDP") amounted to RMB24,660 billion, maintaining a growth rate of over 10% for the fifth consecutive year, while total national economic output rose to No.4 in the world.

Compared with the overall economy in China, economic development in Guangzhou is faster. In 2007, Guangzhou's GDP amounted to approximately RMB705.078 billion, representing a year-on-year growth of 14.5%. Per capita GDP was US$9,302. The growth rate of GDP and per capita GDP in Guangzhou Area were both higher as compared with tier-one cities in China, including Beijing and Shanghai.

LEASING BUSINESS STRATEGIES

In 2007, considering the market conditions of where the Properties are located and the characteristics of different Properties, the Manager continued to adopt proactive and prudent operating strategies for the properties of GZI REIT.

White Horse Building Units is the focus of GZI REIT. To further enhance the reputation and market share of the project, we continued to strengthen marketing and promotion on the basis of maintaining high quality lease management. In September 2007, we successfully held two activities namely, the First Session of "White Horse Clothings Procurement Fair" and Selection of "White Horse Clothing Brand Award", attracting plenty of merchandisers nation-wide to participate in the events. In October 2007, White Horse Clothings Market was again awarded "2006-2007 Top Ten Professional Clothings Markets in China" by Chinese authoritative institutions, adding to its prominence in the industry. At the end of 2007, we prudently adjusted the 2008 rental rates of White Horse Building on the basis of the operations and location of retail shops to enhance customers confidence in our long-term operation and to ensure sustainable guaranteed and added value of the building. In addition, we also actively commenced assets enhancement projects to increase rental income in the future.

Victory Plaza Units: We capitalized on the geographical advantage of Tianhe retail business circle where the property is located, confirmed the operating direction of the mall, redesigned the lease space, and secured several famous international brand customers. We also further strengthened the operating characteristics of Victory Plaza with focus on the sales of electrical appliances supported by a combination of food and beverage as well as leisure, forming a layout of differential competition with other malls in Tianhe business circle.

Fortune Plaza Units and City Development Plaza Units: Benefited from the strong demand for Grade A office in Guangzhou, the properties continued to record high occupancy rate. We fully grasped the advantages and characteristics of the Properties, placed emphasis on optimizing tenant structure and increase the rental, with priority on meeting the demand of international companies, listed companies and the financial and service industry for renting and expanding leased areas. The lease with Pudong Development Bank and the expansion of leased area of HSBC Software Company and E-Fund Company were all strong evidence of improved tenant portfolio and increased competitiveness of the building.

INVESTMENT AND WEALTH MANAGEMENT STRATEGIES

In order to expand the scale of assets management of GZI REIT and improve its market competitiveness, we conducted indepth studies of the real estate market in PRC and related investment and acquisition policies, actively identified quality office and retail properties, and spared no effort in the acquisition relating to the projects.

The Manager proposed to acquire from Guangzhou Investment Company Limited ("GZI") (Stock code: 0123), a major unitholder of GZI REIT, part of the properties of Yue Xiu Neo Metropolis Plaza, a commercial complex located on the top of the Ximenkou underground metro station. The plan has been considered and approved by the Extraordinary General Meeting of the Unitholders of GZI REIT on 26 February 2008.

Furthermore, to meet market needs and increase the investment opportunities in different regional markets for the best interests of Unitholders, GZI REIT has since March 2008 expanded the geographical reach of its investment from Guangdong Province to the whole of China (including Mainland, Hong Kong and Macau) through amending the Trust Deed. This resulted in more flexible investment strategies and enhanced market competitiveness.

In terms of wealth management, GZI REIT continued to adopt prudent financial risk management measures to ensure a financially healthy investment portfolio. As at 31 December 2007, GZI REIT's gearing ratio was only 25%, against the 45% ceiling stipulated by the Code on Real Estate Investment Trusts ("REIT Code"), allowing a more flexible combination of funding sources to finance future acquisitions.

PROSPECTS

Looking forward, we expect the market will sustain a favorable condition. The first objective of the Manager is to strive to enhance the interests of Unitholders, continuously tap opportunities and potential of value added of Properties, to further optimize and consolidate tenant base, and to proactively explore expansion and acquisition projects with increased rate of return externally.

We believe that GZI REIT is the first listed real estate investment trust in the world ever to invest in real estate in Mainland China. It is expected that GZI REIT's current properties portfolio will fair better through proactive assets operation. By adopting effective and prudent investment strategies, we will increase the growth potential of the properties portfolio, achieving sustainable growth in the scale and performance of GZI REIT.

APPRECIATION

On behalf of the board of directors, I would like to extend our heartfelt thanks to the management and all our staff. Their extensive experiences and professional management knowledge are the keys to GZI REIT's success. I would also like to express our gratitude to Unitholders, tenants and all business partners for their full support to GZI REIT.

LIANG NINGGUANG
Chairman

Hong Kong, 31 March 2008

OPERATION REVIEW

2007 was a year of steady development for GZI REIT. Its tenant structure was further optimized, property competitiveness further strengthened, and business operating efficiency further improved, laying a solid foundation for its business growth. In 2007, through the Manager's effective assets management and careful selection of acquired properties, net assets per unit of GZI REIT steadily increased, leading to a steady increase in investment return to Unitholders.

GZI REIT is the first listed real estate investment trust in the world investing in real property in Mainland China. Its four Properties, include White Horse Building Units, Fortune Plaza Units, City Development Plaza Units and Victory Plaza Units, are all located in Guangzhou City, Guangdong Province of China, with a total gross floor area of approximately 160,651 square meters and a total gross rentable area of approximately 160,145 square meters.

As at 31 December 2007, the overall occupancy rate of the Properties was 97.4%, representing a slight decrease compared with that of the same period of the previous year, but was still in an operating state of high occupancy rate with an overall stable operation.

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 2007	Occupancy Rate as at 31 December 2006	Percentage Increase/ Decrease(-) compared to 31 December 2006
White Horse Building Units	99.2%	99.8%	-0.6%
Fortune Plaza Units	98.8%	99.5%	-0.7%
City Development Plaza Units	97.3%	96.0%	1.3%
Victory Plaza Units	92.4%	100.0%	-7.6%
Total	**97.4%**	**98.8%**	**-1.4%**

2007 Business Review and Future Prospects

Adhering to the policy of optimizing its tenants mix and through active tenant relationship management, in 2007, GZI REIT achieved a high lease renewal rate of its property portfolio at approximately 70%, hence effectively reducing rental loss due to vacancies and expenses for entering into new leases.

In 2007, the total operating income was HK$402,012,000, representing an increase of approximately 8.8%, of which 66.5%, 12.9%, 11.2% and 9.4% were generated respectively from White Horse Building Units, Fortune Plaza Units, City Development Plaza Units and Victory Plaza Units.

No bad debt was recorded during the Reporting Year.

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

Name of Property	**Operating Income** *(HK$ million)*	**Operating Income from a Specific Property as a Percentage of Total Operating Income**
White Horse Building Units	267.362	66.5%
Fortune Plaza Units	51.642	12.9%
City Development Plaza Units	45.061	11.2%
Victory Plaza Units	37.947	9.4%
Total	**402.012**	**100.0%**

OPTIMIZING TENANTS MIX TO CONSOLIDATE THE OPERATING BASIS AND COMPETITIVE STRENGTH OF THE PROPERTIES

Optimizing tenants mix is an important operating strategy of GZI REIT.

In 2007, we initiated a series of measures with planning to improve tenants mix and increase assets value according to the specific circumstances of each property.

White Horse Building Units: Through participating in various forms of exchange within the industry, we introduced more target tenants who were in line with the positioning of the project. Of these, the percentage of tenants from garment production and sales concentration areas, such as Fujian, Zhejiang and Hong Kong, Macau and Taiwan accounted for a proportion which has increased six percent as compared with last year, enhancing the property's overall competitiveness. Due to a solid tenant base, coupled with brand promotion and effective operating management strategies implemented by the Manager, the operation of the mall was gaining momentum. At the end of 2007, we made appropriate upward adjustment to the overall rent level of 2008 based on the actual operating conditions of the mall in accordance with the terms on upward adjustment as set out in the existing leases.

Fortune Plaza Units: Through adjustment to the layout of the units, we secured important tenants such as DBS Bank, HSBC Software Company, Kuehne & Nagel, Wallstreet English Training, Manpower Inc. to extend their leases, and successfully retained certain quality tenants, thereby further consolidating the tenant base of the building. As at 31 December 2007, area leased by foreign enterprises and Hong Kong, Macau and Taiwan enterprises accounted for up to 76%.

City Development Plaza Units: We actively optimized tenant quality, and successfully introduced Pudong Development Bank (Guangzhou Headquarter) after proactive and effective negotiation, taking up a leased area of over 5,000 square meters. A portion of the leased area had been originally leased by Guangzhou City Construction & Development Xingye Property Agent Ltd. ("Xingye"). It is agreed in the original lease that landlord was entitled to request early termination of the lease agreement in case there were new tenants who was willing to offer higher rent while Xingye was unwilling to pay a rent at the same level. The new rent increased by approximately more than 30% as compared with the average rent under the original lease. Meanwhile, through tenants integration, we successfully motivated E Fund Company, one of the ten largest tenants, to expand its leased area by a whole floor. Taikang Life Company also expanded an additional leased area of over 300 square meters. At the month ended January 2008, through the above optimization and adjustment, the proportion of financial type tenants in City Development Plaza increased significantly to 43% from 25% of the end of 2006. Large listed companies with leased areas of over 1,000 square meters accounted for approximately 88%. In improving the quality of tenants, both rental income and rental quality achieved growth at the same time.

Victory Plaza Units: Through supporting GOME Electric Appliance, a main tenant, to expand its leased area and using the opportunity when the overall tenant structure of the mall underwent an adjustment, we introduced a number of brand food and beverage, including "rbt" (仙蹤林) and 寶廚房 apart from the several foreign banks and brandname Chain coffee shops under negotiation. As such, tenant structure will be further optimized, and occupancy rate and rent are expected to increase significantly.

STRENGTHENING PROMOTION TO ENHANCE THE REPUTATION AND INFLUENCE OF THE PROPERTIES

In 2007, we devoted more resources in promotion, and further strengthened brand promotion and project marketing of GZI REIT.

At the property portfolio level, we adopted corresponding promotion strategies based on different characteristics and operating requirements of professional wholesale distribution market, retail mall and Grade A office.

White Horse Building Units: With emphasis on the brand building of the White Horse Clothings Market, we held two brand activities in 2007, namely, the first of "White Horse Clothings Procurement Fair" and "the Most Favoured Brand in WhiteHorse Selection", and carried out extensive promotion through channels including clothings industry institutions and major news media to enhance the reputation and goodwill of the White Horse clothing market in the industry. In addition, through effective use of internal resources of the building such as the catwalk in the atrium, advertisement light boxes, central broadcasting system, we performed brand promotion activities to boost shopping sentiment in the mall. Through the aforementioned measures, White Horse Building continued to enjoy its leading position under keen market competition.

Victory Plaza Units: We reshaped its image as a plaza of food, shopping and leisure by taking the opportunities affected by the improvement in surrounding operating environment as well as the window to strengthen the tenants mix when the neighboring roads resumed traffic after completion of the MTR construction works and the office towers above the plaza commenced operation. With emphasis on the planning of and adjustment to the external appearance of the mall, we realigned and optimized resources such as advertisements, exterior lighting and signages, which improved the shopping environment in the mall and enhanced the overall profile of operation.

Fortune Plaza Units and City Development Plaza Units: Through the decoration and arrangement during major festivals and holidays, we commenced various communal and cultural activities with different feature themes, held customers social activities, thereby fostered good office environment.

FUTURE BUSINESS PLAN

It is expected that in 2008 the national economy will attain further growth and consumption will remain strong, while the real estate market will develop healthily under macro economic revision measures. We believe that through active, comprehensive and highly effective management, GZI REIT will further achieve new development and provide satisfactory returns to the Unitholders.

We expect that for Fortune Plaza Units and City Development Plaza Units, despite increased supply of Grade A offices in Guangzhou in 2008, these two properties can still maintain a stable tenants structure, benefiting from domestic economic development which will result in strong demand for offices from banking, insurance, information technology and service industries, and demand for expansion from foreign and domestic listed companies. Through improving service and strengthening tenants relationship management, we will strive to retain quality customers and procure their lease renewals.

For White Horse Building Units and Victory Plaza Units, in 2008, we will continue to enhance the operation and planning of the projects, to strengthen marketing and promotion and to perform indepth market research, so as to secure more target customers who are in line with our positioning and add to the overall competitiveness of these properties.

ACQUIRING NEW PROJECTS, INCREASING THE QUALITY AND SCALE OF THE PROPERTIES PORTFOLIO

Pursuant to the agreement in the Offering Circular of GZI REIT, we have a right of first refusal to acquire certain commercial properties that fall within certain specified criteria, GZI, a major unitholder of GZI REIT, when GZI disposes of the same. We proposed to acquire 72.3% of the total floor area of Yue Xiu's Neo Metropolis with a total area of approximately 61,964 square meters at a consideration of HK$677,300,000. The proposal was approved by the Unitholders at an Extraordinary General Meeting held on 26 February 2008. The acquisition will be completed upon satisfactory financing being obtained. For details of the acquisition please refer to the circular despatched on 4 February 2008.

Furthermore, to meet market needs, increase the investment opportunities in different regional markets, and seek for better interests for the unitholders, we proposed to and have obtained the approval from the Unitholders at Extraordinary General Meeting on 26 February 2008 to expand our geographical reach of investment from Guangdong Province to China (including Mainland China and Hong Kong), so as to make our investment strategies more flexible and to enhance our market competitiveness.

RIGHT OF FIRST REFUSAL OF WEST TOWER OF VICTORY PLAZA

On 20 March 2008, GZI sent a letter to the Trustee and the Manager offering to sell the West Tower of Victory Plaza at an average price of over RMB16,000 per square meter for an area of approximately 30,772 square meters at the total price of approximately RMB492,352,000. In view that the investment returns of the rental income were relatively low as increase in rental lagged far behind the increase in office property prices in recent years in Guangzhou. After detailed consideration of the analysis, it is decided that the project fails to bring about an increase in economic effect or to comply with GZI REIT's investment objectives. As such, the independent directors of GZI REIT decided that GZI REIT will give up its Right of First Refusal for West Tower of Victory Plaza.

PROPERTY VALUATION

On 31 December 2007, the Properties of GZI REIT were revalued by the independent professional valuer, Colliers International (Hong Kong) Ltd ("Colliers") with a revalued market value of HK$4,695.5 million, with an increase of HK$455.4 million, representing a 10.7% increase over the valuation on 31 December 2006. The net asset value per unit was HK$3.535, representing an increase of 10.47% compared with the previous year.

DISTRIBUTION YIELD

The Properties performed well during the Reporting Year with distribution per Unit ("DPU") exceeding year 2006 by 9.24% at HK$0.2258 (2006: HK$0.2067).

Based on the closing price of the Units as at 31 December 2007 of HK$3.080, the DPU for the Reporting Year represents a yield of 7.33%. Using the offer price as at the Listing Date of HK$3.075 ("Offer Price"), the DPU represents a yield of 7.34% (2006: 6.72%).

NET ASSET VALUE

The net asset value per Unit as at 31 December 2007 was approximately HK$3.535 (2006: HK$3.200), which represents an increase of approximately 10.47%. The net tangible asset value per Unit as at 31 December 2007 was approximately HK$3.365 (2006: HK$3.041), which represents an increase of approximately 10.65%.

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$225.867 million (2006: HK$206.683 million) of GZI REIT during the Reporting Year and the valuation of the Properties as at 31 December 2007 was approximately HK$4,695.5 million (2006: HK$4,240.1 million).

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 7% during the Reporting Year.

The unit price of GZI REIT reached a high of HK$3.31 and a low of HK$2.84 during the Reporting Year. An average of approximately 2,631,000 Units were transacted per day during the Reporting Year.

The closing price of the Units as at 31 December 2007 was HK$3.08, representing a premium of approximately 0.16% as compared to the Offer Price of HK$3.075. This represents a discount of approximately 12.87% as compared to the net assets attributable to unitholders per Unit as at 31 December 2007.

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$364.283 million (2006: 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$225.867 million (2006: HK$206.683 million), representing an increase of approximately 9.28%. The following is a summary of GZI REIT's financial results during the Reporting Year:

	2007	2006	% of Increase/ (Decrease)
	HK$'000	*HK$'000*	
Gross income	402,012	369,475	8.81%
Leasing agents' fee	(13,407)	(12,279)	9.19%
Property related taxes	(31,315)	(29,232)	7.13%
Other property expenses (Note 1)	(4,366)	(3,525)	23.86%
Total property operating expenses	(49,088)	(45,036)	9.00%
Net property income	352,924	324,439	8.78%
Withholding tax	(38,469)	(35,387)	8.71%
Manager's fees	(26,163)	(23,765)	10.09%
Trustee's fees	(1,558)	(1,403)	11.05%
Other trust expenses (Note 2)	(15,475)	(12,540)	23.41%
Total non-property expenses	(81,665)	(73,095)	11.72%
Net profit before finance costs, interest income and tax	271,259	251,344	7.92%
Interest income	7,466	5,696	31.07%
Finance costs	(52,858)	(50,357)	4.97%
Net profit before tax	225,867	206,683	9.28%
Income tax expenses	—	—	N/A
Net profit after tax before fair value gains on investment properties	225,867	206,683	9.28%
Fair value gains on investment properties	138,416	37,753	266.64%
Net profit after tax before transactions with Unitholders	364,283	244,436	49.03%
Transactions with Unitholders:			
Distributions paid to Unitholders	110,700	103,300	7.16%
Proposed distributions to Unitholders	115,100	103,400	11.32%

Note 1 Other property expenses included valuation fee, insurance premium, depreciation and bank charges incurred at the level of the Properties.

Note 2 Other trust expenses included audit fees, legal advisory fees, printing charges, company secretarial fees, unit registrar's fees, listing fees, exchange difference and miscellaneous expenses.

Financial Review

Gross income and net property income during the Reporting Year were approximately HK$402.012 million (2006: HK$369.475 million) and HK$352.924 million (2006: 324.439 million) respectively, which represents an increase of 8.81% and 8.78% respectively while comparing with 2006.

Gross income included rental income of approximately HK$395.918 million (2006: HK$363.639 million) and other income of approximately HK$6.094 million (2006: HK$5.836 million) which included advertising income, administrative charges for new leases and late settlement.

Net property income amounted to approximately HK$352.924 million (2006: 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.

An increase of net property income is mainly due to an appreciation of Renminbi and an increase of the rental income for the renewal and the newly signed tenancy agreements. The average rental income per square meter in December 2007 is RMB210.59 (December 2006: RMB195.37) which represents an increase of 7.79 %.

The fees of the Manager and the Trustee increased by approximately 10.09% and 11.05% respectively as a result of the increase in total assets and net property income.

Interest income amounted to approximately HK$7.466 million (2006: HK$5.696 million), which represented an increase of approximately 31.07%. 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 RMB0.9694 to HK$1, representing an average exchange rate during the Reporting Year.

PROPERTY VALUATION

The Manager has engaged Colliers as an independent property valuer to conduct a valuation of the Properties. According to the valuation, the total value of the Properties as at 31 December 2007 amounted to approximately HK$4,695.5 million (2006: HK$4,240.1 million), representing an increase of 10.74% as compared with the valuation as at 31 December, 2006.

Approximately 7.46% 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 RMB0.9364 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$138.4 million.

The following table summarizes the valuation of each of the Properties as at 31 December 2007 and 31 December 2006:-

	Valuation as at 31 December 2007	**Valuation as at 31 December 2006**	**Increase/ decrease(-)**	**Percentage of each property as to the Properties as at 31 December 2007**
	HK$ million	*HK$ million*	%	%
White Horse Building Units	2,990.8	2,696.3	10.9%	63.7
Fortune Plaza Units	642.7	581.9	10.4%	13.7
City Development Plaza Units	457.2	410.2	11.5%	9.7
Victory Plaza Units	604.8	551.7	9.6%	12.9
Total	4,695.5	4,240.1	10.7%	100%

The subject valuation was prepared by Colliers based on the average of 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. To change the floating rate to fixed rate of the loan facility, GZI REIT agreed with the banks to enter into currency swap contracts. 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.

The bank borrowings and the swaps contracts will be due on 21 December 2008, the Manager will negotiate with banks for a new facility arrangement in due course. Under the present situation, the Manager believes that there should be no impediment for successful financing.

TOTAL BORROWINGS AND TOTAL LIABILITIES TO ASSET RATIO

As at 31 December 2007, total borrowings of GZI REIT amounted to US$165 million, representing approximately 25% of total assets of GZI REIT.

As at 31 December 2007, total liabilities of GZI REIT (excluding net assets attributable to the Unitholders) amounted to approximately HK$1,657 million, representing approximately 32% of total assets of GZI REIT.

The abovesaid gearing ratio is below the maximum limit, 45%, stipulated by REIT Code.

CASH POSITION

Cash balance of GZI REIT as at 31 December 2007 amounted to approximately HK$290.153 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 the 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 32 ("HKAS 32"), GZI REIT has, for accounting purposes, designated its Units as financial (not legal) liabilities.

On the basis of the HKAS 32, distributions to be paid to the Unitholders are represented as 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

In accordance with the Reorganisation Deed dated 7 December 2005 signed among the Manager, the Trustee and GZI, GZI 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 alloting the abovementioned funds on certain renovation works at White Horse Building Units.

During 2006 and 2007, GZI REIT has incurred capital expenditure of approximately HK$16.9 million for the abovementioned funds. The capital expenditure incurred in 2007 was approximately HK$3.9 million.

Such capital expenditure included approximately HK$8.8 million of fixed assets related capital expenditure and approximately HK$8.1 million of investment properties related capital expenditure.

Moreover, the Manager intends to apply the balance of the abovementioned funds to conduct renovation works for common corridors, lobby, and electrical wires in the financial years 2008 and 2009. 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 being carried out simultaneously may adversely affect normal business operations of the tenants and defeat the purpose of asset enhancement. As such, a majority of the renovation work, such as replacement of the ceiling and the ground covering, can only be carried out during the Chinese Lunar New Year as our tenants will close their retail shops for vacation.

According to the renovation work plan, the worn electrical supply cables in the building will be replaced. The estimated cost for this replacement is around HK$1.8 million which was already covered by HK$26.7 million provided by GZI when GZI REIT was listed in 2005.

Financial Review

After considering the intensifying market competition and the need to provide for a more comfortable area for our tenants and their potential customers and providing a favourable environment for future increase in rental income, the Manager proposed to install new electrical supply cable in the new cable tray to increase the load capacity for power supply to allow more flexible arrangement of power consumption for other uses in the future. The cost for the new installation is estimated to be approximately HK$7,800,000.

SUMMARY OF ALL REAL ESTATE SALES AND PURCHASES

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

REAL ESTATE AGENTS ENGAGED BY GZI REIT

During the Reporting Year, GZI REIT has engaged Guangzhou Yicheng Property Management Co., Ltd. ("Yicheng") and Guangzhou 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$5.387 million and HK$8.020 million respectively.

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 ("SFC") from time to time.

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

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, Audit Committee of the Manager and the independent auditors of GZI REIT.

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 15 April 2008 to 21 April 2008, 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, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on 14 April 2008. The payment date of final distribution will be on 20 May 2008.

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 2008.

ANNUAL GENERAL MEETING

The Manager proposed that the annual general meeting of GZI REIT for the Reporting Year be held on 13 May 2008. Notice of the annual general meeting will in due course be published and issued to the Unitholders in accordance with the Trust Deed.

Property Portfolio

OVERVIEW OF THE PROPERTIES

The Properties of GZI REIT comprise White Horse Building Units, Fortune Plaza Units, City Development Plaza Units and Victory Plaza Units. The overview of the Properties are as follows:

Property	Type	Location	Year of completion	Area of ownership (sq. m.)	Total rentable area (sq. m.)	Occupancy rate*	Number of lease contract*	Appraised value (HK$'000)
White Horse Building Units	Wholesale shopping center	Yuexiu district	1990	50,199.3	50,128.9	99.2%	1,300	2,990,816
Fortune Plaza Units	Grade A office	Tianhe district	2003	40,356.2	40,356.2	98.8%	80	642,674
City Development Plaza Units	Grade A office	Tianhe district	1997	42,397.4	42,397.4	97.3%	65	457,176
Victory Plaza Units	Retail shopping center	Tianhe district	2003	27,698.1	27,262.3	92.4%	20	604,870
Total				160,651.0	160,144.8	97.4%	1,465	4,695,536

* As at 31 December 2007

LOCATION OF THE PROPERTIES

The Properties of GZI REIT are all located in the core business district of Guangzhou, PRC. Among them, the White Horse Building is located in the Guangzhou train station trade and exhibition region, adjacent to China Import and Export Fair and with a diversity of wholesale markets specialising in clothing, shoes and leatherware concentrated in the surrounding areas. The remaining three properties are located in the emerging Tianhe central business district and are distributed on both sides of the axis of the new town city of Guangzhou. Being the most important region in which grade-A offices are concentrated, Tianhe central business district is the largest modern business trade district in Guangzhou, with highly concentrated metro line networks, convenient transportation, heavy pedestrian traffic and sound ancillary facilities.

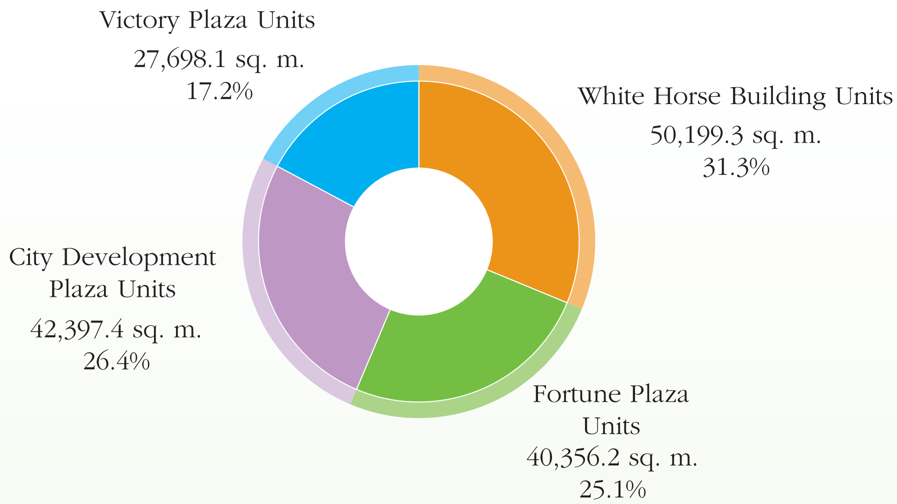
Diagram showing the locations of the Properties in Guangzhou:

*Note: GZI REIT proposed to acquire Yue Xiu Neo Metropolis Plaza Units, located in Zhongshanliu Road, Guangzhou City, PRC (above Ximenkou metro station, No.2 metro line), which is a commercial complex, from GZI. The proposed acquisition has been considered and approved by the Extraordinary General Meeting of the Unitholders of GZI REIT on 26 February 2008.

AREAS OF THE PROPERTIES

The Properties have a total gross floor area of approximately 160,651.0 square meters and a rentable area of approximately 160,144.8 square meters. As at 31 December 2007, the overall occupancy rate of the portfolio was 97.4%.

Diagram of the structure of the areas of the Property portfolio

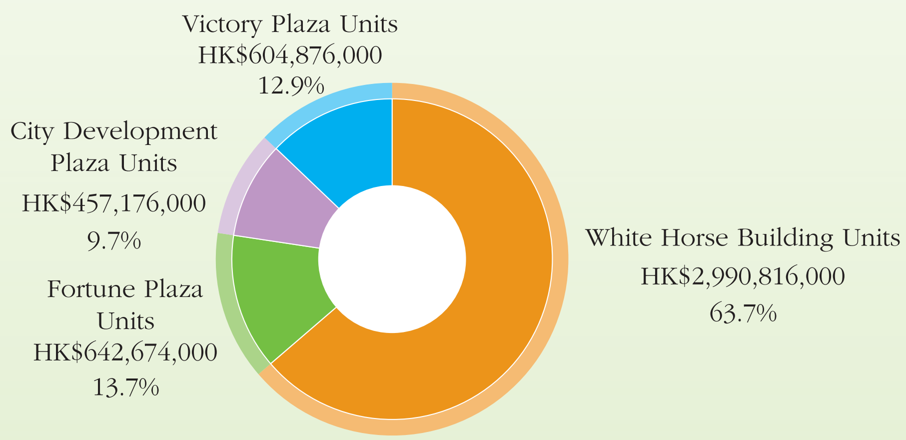


Note: The areas of the Properties referred to above represent the gross floor areas recorded on relevant title documents.

PROPERTY VALUATION

According to valuation opinion issued by Colliers on 31 December 2007, the Properties were valued at a total value of approximately HK$4,695,536,000 million.

Diagram showing the valuation of the Properties portfolio

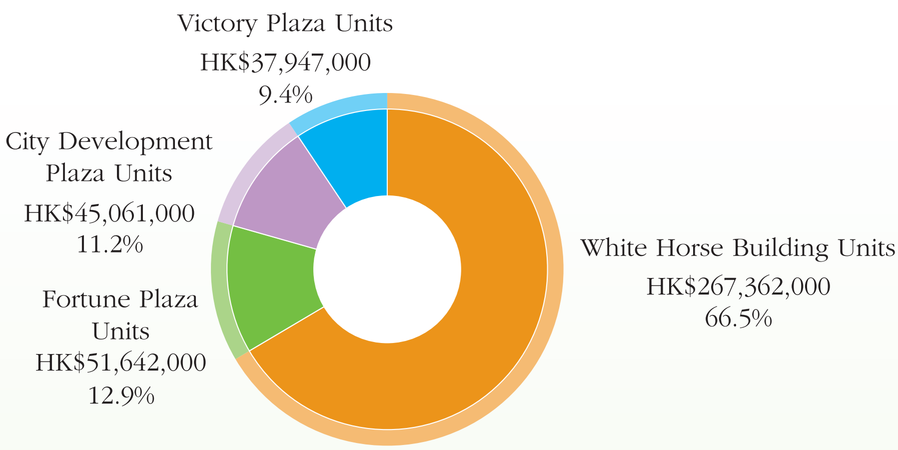


Source of information: The property valuation report on 31 December 2007 issued by Colliers.

OPERATING INCOME GENERATED BY THE PROPERTIES IN 2007

In 2007, GZI REIT recorded a total operating income of HK$402,012 million, an increase of HK$32.537 million, or 8.81%, over the previous year.

Diagram showing the operating incomes of the Properties portfolio



LEASE EXPIRY OF GZI REIT PROPERTIES

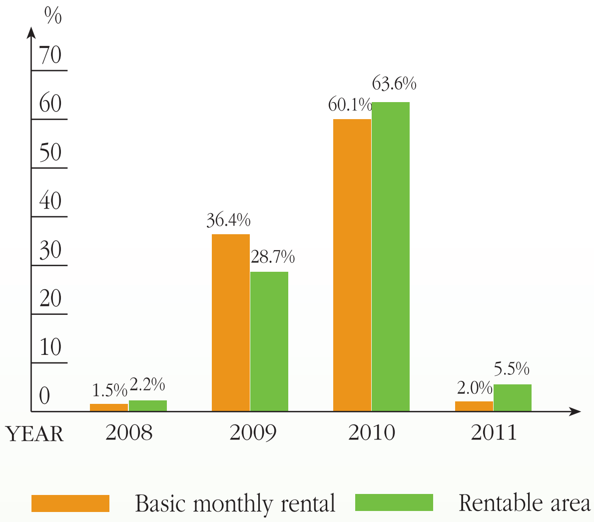
In respect of lease areas, in the next five years, ratios of lease expiry of GZI REIT Properties each year will be 11.2%, 25.4%, 33.7%, 15.4% and 14.3% respectively. In respect of basic monthly rentals, ratios of lease expiries of GZI REIT Properties each year will be 6.8%, 32.2%, 45.2%, 8.3% and 7.5%.

White Horse Building Units
– a famous fashion wholesale and retail centre in the PRC

White Horse Building is located in Liuhua District, a traditional trade and exhibition region in Guangzhou. It is adjacent to the Guangzhou Railway Station, Guangdong and Guangzhou City Long Distance transportation terminal and No.2 metro line, enjoying convenient transportation connections. Many garment wholesale markets are located in the areas surrounding White Horse Building, with a strong regional business atmosphere. Ancillary facilities are sound.

White Horse Building has a total gross floor area of more than 60,000 sq.m. with a total of 10 storeys, including four levels of shopping arcades, five levels of offices and an underground car park. Modern facilities include a 1,500-sq.m. fashion show square, bank, supermarket, business centre, consignment station, fast-food shop, central air conditioning, passenger and cargo lifts, security monitoring system, fire prevention system and broad-band network.

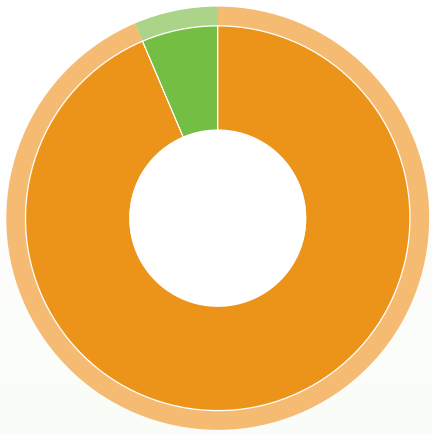
Lease Expiry of White Horse Building Units



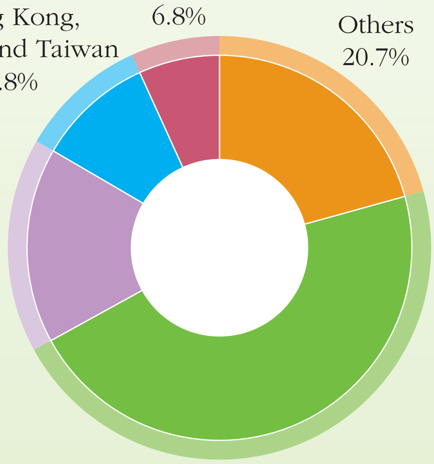
Measured by basic monthly rentals, the Top Ten Tenants of White Horse Building Units represented 6.4% of the total basic monthly rental.

Serial No.	Name of Tenant		Industry
1	Lu Shaoying（盧少英）		Garment
2	Jin Ronghua（金榮花）		Garment
3	Zhao Kechun（趙柯春）		Garment
4	Zhang Lingzhen（章伶珍）		Garment
5	Lin Pei Fang（林佩芳）		Garment
6	Sun Mingyong（孫銘墉）		Garment
7	Bank of Communications Guangzhou Branch	交通銀行 BANK OF COMMUNICATIONS	Finance and insurance
8	Zhu Dixiong（朱狄熊）		Garment
9	Wang Gang（王剛）		Garment
10	Chen Jiaquan（陳家權）		Garment

Top 10 Tenants' Profile of White Horse Building Units* (Measured by Basic Monthly Rental)



Tenants' Profile of White Horse Building Units by geographical areas* (Measured by Rentable Area)



* as at 31 December 2007

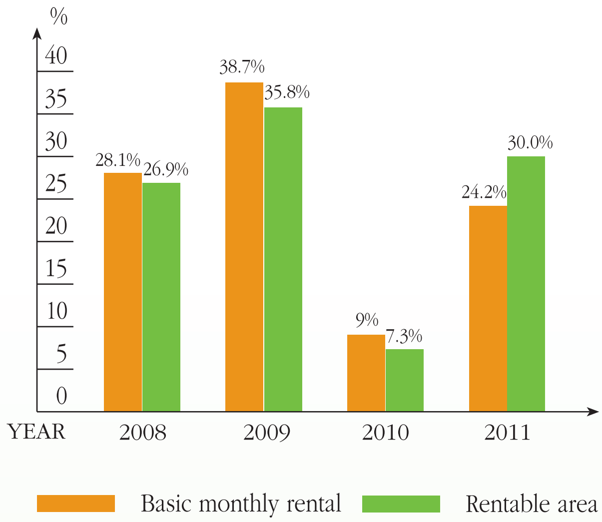
Fortune Plaza Units

—Grade-A commercial building erected above metro station, a wealth centre for multi-national corporations

Fortune Plaza is located in Ti Yu Dong Road, Tien He District, which is known as the "Guangzhou Wall Street" and is an "Intelligent 5A" top-grade office building erected above the stadium metro station, which is the interchange of metro lines Nos.1 and 3 with various public transport station in front of the building.

Fortune Plaza has a total gross floor area of more than 80,000 sq.m. The two office buildings comprise the East Tower and the West Tower, which have 38 and 28 storeys respectively, with ancillary facilities such as a 2,000-sq.m. waterfall plaza, a 1,500-sq.m. luxury business hall, multifunctional convention centre, business centre and western restaurant and two levels of underground car parking space.

Lease Expiry of Fortune Plaza Units

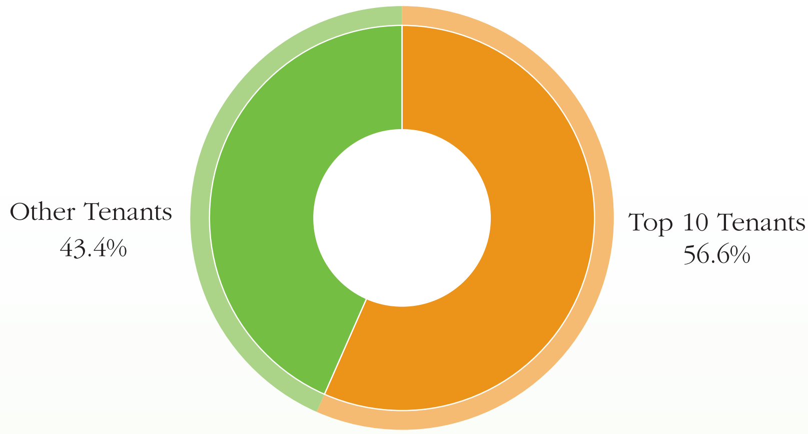


Measured by basic monthly rentals, the Top Ten Tenants of Fortune Plaza Units represented 56.6% of the total basic monthly rental.

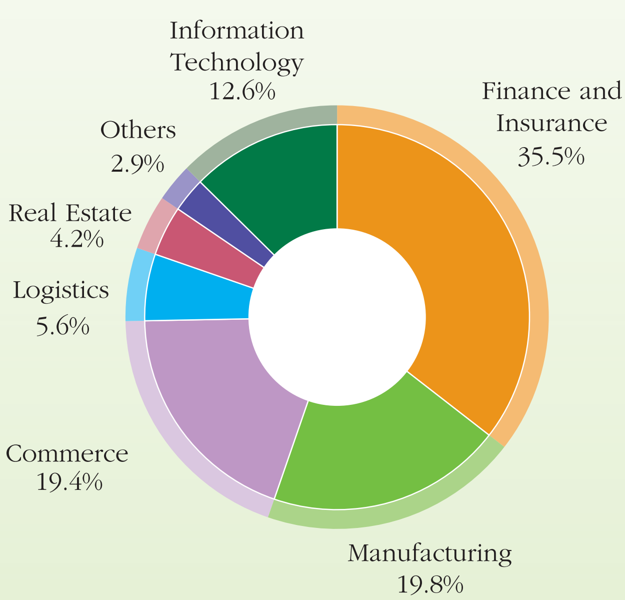
Serial No.	Name of Tenant	Industry
1	HSBC Software Development (Guangdong) Limited	Finance and insurance
2	Alibaba (China) Technology Co., Ltd. Guangzhou Filiable	Information technology
3	Petro China South China Chemicals Marketing Company	Petroleum
4	華爾街英語培訓中心（廣東）有限公司	Commerce
5	Korea National Tourism Organization Guangzhou Office	Tourism
6	Kuehne & Nagel Limited Guangzhou Branch Office	Logistics
7	廣州市真功夫餐飲管理有限公司	Catering
8	Chevron (China) Investment Co., Ltd. Guangzhou Branch	Petroleum
9	Astrazenezu Pharmaceuticals Co. Ltd. Guangzhou Office	Pharmaceutical
10	Guangzhou Haiyi Property Development Co., Ltd.	Real estate

Property Portfolio

Top 10 Tenants' Profile of Fortune Plaza Units*
(Measured by Basic Monthly Rental)



Tenants' Profile of Fortune Plaza Units*
(Measured by Rentable Area)



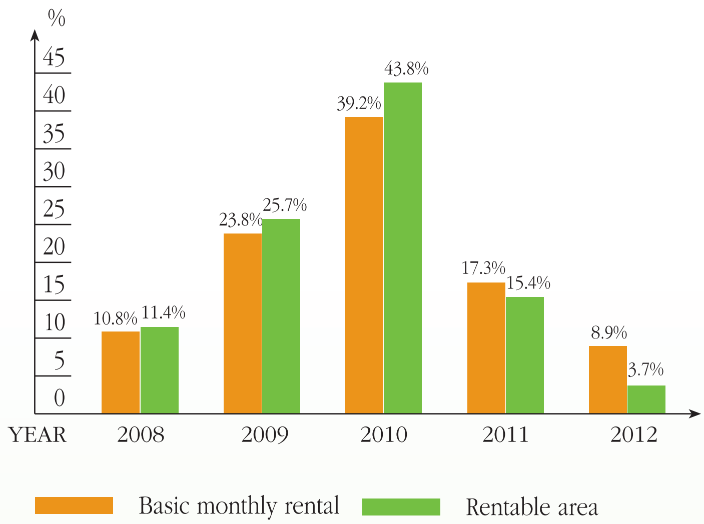
* as at 31 December 2007

City Development Plaza Units —a grade-A commercial building, home of large domestic enterprises

City Development Plaza runs to the west of the axis of new town centre of Guangzhou and is located in the Guangzhou Tianhe central business district, enjoying close proximity about three minutes walk to the Linhe West Station of Metro Line No.3. A number of public transport routes lead directly to the plaza in front of the building. It is also adjacent to the Pearl River Delta shuttle bus station and airport express. Guangzhou Railway East Station is just a five minutes car ride.

City Development Plaza has a total gross floor area of more than 70,000 sq.m., with a 4,000-sq.m. waterscape plaza, a 2,000-sq.m. podium garden, swimming pool, Chinese and western restaurants, multi-functional conference rooms, commercial centre, with ancillary facilities of a two storey large-scale underground car park.

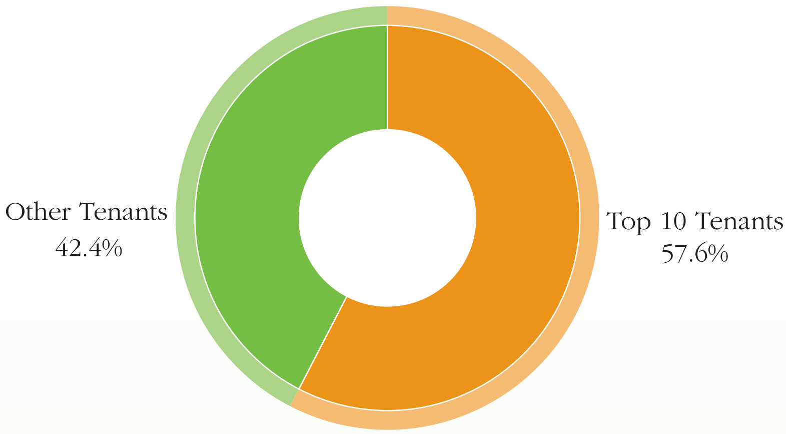
Lease Expiry of City Development Plaza Units



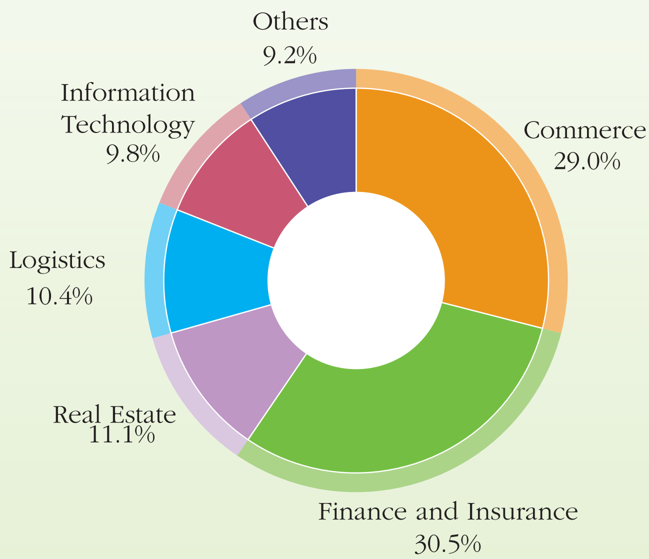
Measured by basic monthly rentals, the Top Ten Tenants of City Development Plaza Units represented 57.6% of the total basic monthly rental.

Serial No.	Name of Tenant		Industry
1	Efund Management Co., Ltd.		Finance and insurance
2	China Mobile Group Guangdong Co., Ltd.		Information
3	Guangzhou Wisevalley Development Co., Ltd.		Commerce
4	Taikanglife Insurance Co., Ltd. Guangdong Branch		Finance and insurance
5	Shenzhen Development Bank Co., Ltd. Guangzhou Branch Yangcheng insurance Sub-Branch		Finance and insurance
6	COSCO Guangzhou International Freight Co., Ltd.		Logistics
7	COSCO South-China International Freight Co., Ltd.		Logistics
8	Guangzhou Investment Co., Ltd.		Real estate
9	金盛人壽保險有限公司廣東分公司		Finance and insurance
10	Guangzhou Xingye Real Estate Agent Co., Ltd.		Real estate

Top 10 Tenants' Profile of
City Development Plaza Units*
(Measured by Basic Monthly Rental)



Tenants' Profile of
City Development Plaza Units*
(Measured by Rentable Area)



* as at 31 December 2007

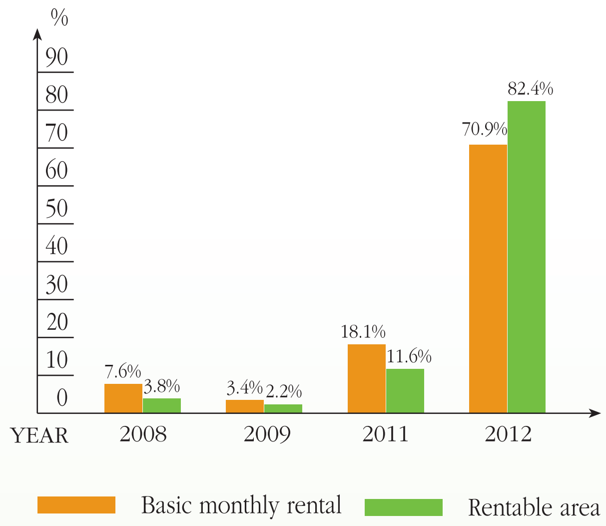
Victory Plaza Units
—a metro concept shopping arcade, a diamond in the core business circle

Victory Plaza is located in the busy Tianhe central business district and is adjacent to the Guangzhou Book Centre and, together with Teem Plaza, Grand City Plaza, Grandview Plaza form the new central business circle of Guangzhou, and is a diamond in the core business circle.

The area surrounding Victory Plaza enjoys convenient transportation. It is also an interchange of metro lines No.1 and No.3 with heavy pedestrian traffic and busy commercial atmosphere.

Victory Plaza comprises two grade-A office towers with 52 and 36 storeys respectively, and a 6-level retail podium. It is a large-scale full facility plaza featuring entertainment, shopping, catering with special features and top-grade offices. It has a large full facility club house and three storey underground car park.

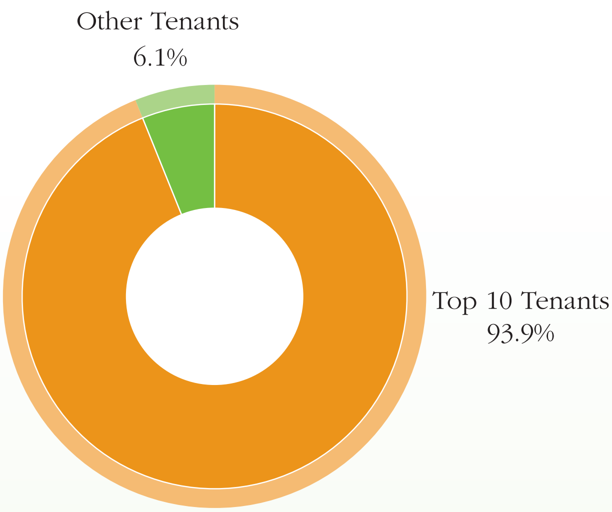
Lease expiry of Victory Plaza Units



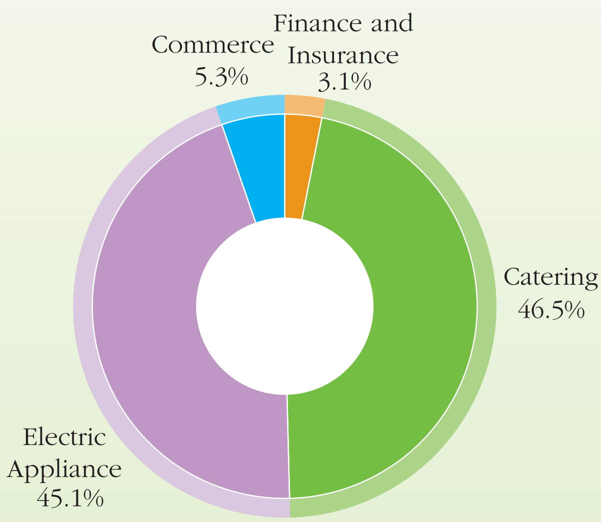
Measured by basic monthly rentals, the Top Ten Tenants of Victory Plaza Units represented 93.9% of the total basic monthly rental.

Serial No.	Name of Tenant	Industry
1	Guangzhou GOME Electrical Electric appliances Appliances Co., Limited	Electric Appliance
2	廣州市天河無國界美食沙龍	Catering
3	陳慧儀	Catering
4	China Merchants Bank Co., Ltd. Guangzhou Branch	Finance and insurance
5	Yum! Restaurants (Guangdong) Co., Ltd.	Catering
6	周彩霞	Catering
7	黃菊蘭	Clothing
8	廣州市佬湘飲食有限公司	Catering
9	廣州市利寶餐飲管理有限公司	Catering
10	新英東外語培訓中心	Commerce

Top 10 Tenants' Profile of Victory Plaza Units*
(Measured by Basic Monthly Rental)



Tenants' Profile of Victory Plaza Units*
(Measured by Rentable Area)



* as at 31 December 2007

TRUSTEE REPORT TO UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of GZI Real Estate Investment Trust has, in all material respects, managed the GZI Real Estate Investment Trust in accordance with the provisions of the Trust Deed dated 7 December 2005, as amended by the First Supplemental Deed dated 25 March 2008 for the financial year ended 31 December 2007.

HSBC Institutional Trust Services (Asia) Limited,
in its capacity as the trustee of GZI Real Estate Investment Trust

Hong Kong, 31 March 2008

Directors' and Senior Executives' Profiles

DIRECTORS

The Directors of the Manager are:

Name	Age	Position
Mr LIANG Ningguang (梁凝光)	54	Chairman and Executive Director
Mr LIU Yongjie (劉永杰)	50	Chief Executive Officer and Executive Director
Mr LIANG Youpan (梁由潘)	52	Non-Executive Director
Mr CHAN Chi On, Derek (陳志安)	44	Independent Non-Executive Director
Mr LEE Kwan Hung, Eddie (李均雄)	42	Independent Non-Executive Director
Mr CHAN Chi Fai, Brian (陳志輝)	53	Independent Non-Executive Director

Chairman

Mr LIANG Ningguang

Mr Liang is the Chairman and an Executive Director of the Manager and as one of the Manager's Responsible Officers. Mr Liang is also currently the Vice Chairman of Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu"), an Executive Director of GZI Transport Limited (a company listed on the Stock Exchange) and a director of Yue Xiu Securities Co. Ltd. Mr Liang was formerly an Executive Director and Deputy General Manager of GZI.

Prior to joining Yue Xiu in 1989, Mr Liang was a Deputy Commissioner of the Guangzhou Municipal Taxation Bureau.

Mr Liang graduated from the Television University (Guangzhou) in the PRC with a major in finance and holds a Master degree in Business Administration from the Murdoch University of Australia. He is a Senior Accountant and a member of the Chinese Institute of Certified Public Accountants and is a Responsible Officer licensed under the Securities and Futures Ordinance of Hong Kong, Cap 571, ("SFO") to carry on regulated activities types 1, 4, 6 and 9.

Executive Director

Mr LIU Yongjie

Mr Liu is an Executive Director and Chief Executive Officer of the Manager as well as one of the Manager's Responsible Officers. He is concurrently Deputy General Manager of Yue Xiu but has devoted, and expected to continue to devote, 100.0% of his time in the management of GZI REIT.

Before joining Yue Xiu, Mr Liu was a Director and Deputy General Manager of Guangzhou City Construction & Development Co. Ltd. ("GCCD"), and was responsible for strategic planning in property development, property management, promotional campaigns, asset acquisition and asset enhancement. Mr Liu has more than 13 years of experience in property investment and management. Prior to joining the property department of GCCD, Mr Liu was an assistant to the director of, and a research fellow in economic studies in, the Economic Research Centre in Guangzhou.

Mr Liu graduated from the University of Hubei (formerly known as Wuhan Teachers' College) in the PRC with a major in science; and obtained an Executive Master degree of Business Administration from Honolulu University.

Non-executive Director

Mr LIANG Youpan

Mr Liang is a non-executive Director of the Manager. He is currently also the Deputy General Manager of GZI.

Prior to joining GZI in 1998, Mr Liang was the Workshop Director of Guangzhou Wen Chong Shipyard Company Limited, which is a subsidiary of China State Shipbuilding Company. Between 1991 and 1998, Mr Liang was a unit head in the administrative supervisory division of the Guangzhou Municipality. Mr Liang has a wide range of experience in PRC corporate governance practices, particularly in the area of internal controls.

Mr Liang graduated in 1986 from Guangzhou Economics Management Cadre's Institute in the PRC with a diploma in corporate governance.

Independent Non-executive Directors

Mr CHAN Chi On, Derek

Mr Chan is an independent non-executive director of the Manager and is also currently the Managing Director of Taifook Capital Limited.

Mr Chan is a Group Executive Director of Taifook Securities Group Limited, a company listed on the Stock Exchange and is in charge of its corporate finance division. Mr Chan graduated from the University of Hong Kong with a Bachelor degree in Social Sciences (majoring in Economics) in 1985 and from the Hong Kong University of Science & Technology with a Master degree in Business Administration in 1994. Between 1989 and 1996, he worked for The Stock Exchange of Hong Kong Limited. He is an adjunct professor of in the School of Accounting and Finance of the Hong Kong Polytechnic University. Mr Chan possesses over 18 years of experience in the financial services industry.

Mr LEE Kwan Hung, Eddie

Mr Lee Kwan Hung, Eddie, aged 42, was appointed an independent non-executive Director on 11 November 2005. He is a partner of Woo, Kwan, Lee & Lo and the chief representative of Woo, Kwan, Lee & Lo's Beijing Office. Mr Lee received his LL.B (Honours) degree and Postgraduate Certificate in Laws from the University of Hong Kong in 1988 and 1989 respectively. He was then admitted as a solicitor in Hong Kong in 1991 and the United Kingdom in 1997. Mr Lee is currently a non-executive director of Mirabell International Holdings Limited and GST Holdings Limited and an independent non-executive director of Embry Holdings Limited and NetDragon Websoft Inc., the shares of these companies are listed on the Stock Exchange. Besides, Mr Lee had been an independent non-executive director of China Mining Resources Group Limited (formerly known as Innomaxx Biotechnology Group Limited), the shares of which are listed on the Stock Exchange. Save as disclosed, in the three years preceding the Latest Practicable Date, Mr Lee did not hold any directorship in other listed public companies or any major appointments.

Mr CHAN Chi Fai, Brian

Mr Chan is an independent non-executive Director of the Manager and is currently also the Chief Financial Officer of the Parkview Group, which comprises two companies listed on the Stock Exchange and a group of other companies with total assets exceeding HK$10.0 billion.

Mr Chan has been heavily involved in the overall development of the Hong Kong Parkview Group since he joined the group in 1990. With projects and investment properties in Hong Kong, the PRC, Singapore and United Kingdom, Hong Kong Parkview Group is principally engaged in property development and hospitality.

Prior to joining the Parkview Group, Mr Chan worked in the banking sector from 1978 to 1989, the first seven years of which was with a reputable international bank. The last position Mr Chan held before leaving banking was as Group Financial Controller of IBI Asia (Holdings) Limited. During his 11 years in banking, Mr Chan was involved in international banking operations, mergers and acquisitions as well as financial and risk management.

Mr Chan has a higher diploma in business studies from the Hong Kong Polytechnic as well as professional accounting qualifications in Hong Kong.

Compensation of Directors of the Manager

All fees and compensation of the Directors and senior executives of the Manager were borne by the Manager and not by GZI REIT or any of its controlled entities.

Independence of Directors

The Manager has received written annual confirmation of independence from each of the three independent non-executive Directors ("INEDs") of the Manager confirming his independence based on the criteria set out in the Compliance Manual and the Manager considered all independent non-executive Directors to be independent.

SENIOR EXECUTIVES OF THE MANAGER

Mr LIU Yongjie

Mr Liu is the Chief Executive Officer and one of the Responsible Officers of the Manager. Information on his business and working experience have been set out in the subsection headed "Directors" above.

Mr LAU Jin Tin, Don

Mr Lau is a Deputy Chief Executive Officer and one of the Responsible Officers of the Manager. He assists the Chief Executive Officer of the Manager to ensure that GZI REIT is operated in accordance with the stated investment strategy of GZI REIT. Mr Lau also serves as the Compliance Manager of the Manager and is responsible for ensuring that the Compliance Manual, the REIT Code, the Trust Deed and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") are adhered to. Additionally, he is responsible for managing GZI REIT's borrowings, cash flow, assets and liabilities and other financial matters. He participates in the Manager's Finance and Investment Committee to review and make recommendations on any financial matters as well as acquisitions and disposals of assets.

Prior to joining Yue Xiu in 1995, he was an executive officer of NatWest Markets for over 10 years and participated in various capital market and corporate finance transactions, including origination, advice and execution of a wide range of PRC project financing activities.

Mr Lau is concurrently the Deputy Group Financial Controller of GZI. During the past 12 years with Yue Xiu and GZI, his main responsibilities included the active structuring, sourcing and management of equity and debt capital to finance the properties and other projects held by the two groups of companies. Mr Lau's experience also includes managing the risk exposures of the Yue Xiu group and the GZI Group as well as hedging their asset and liability portfolios.

Mr Lau obtained a Master degree in Applied Finance from the Macquarie University in Australia and is an Associate of the Chartered Institute of Bankers.

Mr CHENG Jiuzhou

Mr Cheng heads the asset management team of the Manager. He joined the GCCD group in 1996 and worked in Guangzhou Grandcity Development Ltd. and Guangzhou Investment Property Holdings Limited.

In the past ten years, Mr Cheng has conducted extensive market research on the property industry, covering property appraisal, investment strategy planning, feasibility studies, the marketing of the property industry, lease management and cost analysis. He has extensive management experience in the property market. He has also published a book about the property market and written 20 papers in various magazines. Mr Cheng has conducted feasibility studies and investment strategy planning for more than 20 real estate development projects such as Tianhe Grandcity Business Plaza, Huiya Garden, Galaxy City, Fortune Plaza and Victory Plaza.

Mr Cheng obtained a Bachelor of Arts in Law from Hubei University in the PRC in 1993 and a Master of Arts in Economics from Jinan University in the PRC in 1996. He is currently a member of the China Institute of Registered Appraisers.

Mr IP Wing Wah

Mr Ip heads the Manager's development and project management team and has over 20 years of experience in the building industry. He has worked for contractors where his main duty was to manage the staff and to ensure timely completion of building projects for clients such as government departments and private developers.

Mr Ip has also worked for a number of property developers where his main duty was to work closely with the design teams, architects, engineers, quantity surveyors and solicitors to develop and build various properties. Projects he worked on were mainly residential, commercial and industrial developments.

Mr Ip obtained an Endorsement Certificate in Building Studies from Hong Kong Polytechnic in 1986 and is a member of Chartered Institute of Building as well as a member of the Hong Kong Institute of Construction Managers.

Mr LIANG Danqing

Mr Liang Danqing heads the Corporate Services team of the Manager. Prior to joining the Manager, Mr Liang was the general manager of GCCD Marketing Center and was responsible for development strategies, marketing and promotional activities. In 2004-2005, the sales volume of the projects under his direction was among the top five of various Guangzhou developers. Mr Liang has remarkable performance in formulating sales strategies for commercial properties. He was in charge of planning and marketing various projects such as Victoria Plaza and Yue Xiu City Plaza. Mr Liang holds a real estate agent's licence of the PRC and has over 10 years of experience in property investment and planning.

Mr Liang graduated from South China University of Technology, majoring in Corporate Management Engineering. He also obtained a Master degree in Real Estate Administration from the University of Western Sydney.

Ms OU Haijing

Ms OU Haijing heads the Investment Management team of the Manager. Before joining the Yue Xiu group in 2002, she worked in the Guangdong Province Branch of the Industrial and Commercial Bank of China and served in the areas relating to transfer of banking funds and bank credit services, with experience in risk control for funds. After joining the Yue Xiu group, Ms OU was mainly engaged in the capital operations of the Group and had participated in various mergers and acquisitions.

Ms OU was graduated from Jinan University in the PRC with professional studies in international economics and trade and economic law, and obtained a Bachelor degree in Economics and a Bachelor degree in Law (i.e. a double degree). Subsequently, she completed postgraduate studies in finance at the Lingnan College of Sun Yat-Sen University in 2003. She is now a licensed person under the SFO and is authorized to carry out regulated activities of type 4, 6 and 9.

Mr KWAN Chi Fai

Mr Kwan Chi Fai is the Chief Financial Officer of the Manager. Prior to joining Yue Xiu in January 2007, Mr Kwan was the financial contoller of two companies which are listed on the Stock Exchange. He has over 20 years' experience in finance, accounting and taxation.

Mr Kwan is a Certified Management Accountant and a member of both the Hong Kong Institute of Certified Public Accountants and the Association of International Accountants. He obtained a Bachelor degree in Accounting from the University of Hong Kong.

The Leasing Agents

Yicheng was incorporated in the PRC in 1997 and is 85.7% owned by GZI. It was ISO9001:2000 certified in 2003.

White Horse Property Management Company was incorporated in the PRC in 1998 to provide dedicated leasing, marketing, tenancy management and property management services to White Horse Building and has been exclusively managing the property since 1998. It was ISO9001:2000 certified in 2001.

Conflicts of Interest

GZI, its subsidiaries and associates are engaged in, amongst other things, investment in and development and management of commercial properties. Possible conflicts of interest may arise where GZI REIT competes directly with GZI and/or its subsidiaries or associates for property acquisitions and tenants. In order to address such potential conflict of interest, the following arrangements have been made.

Segregation of operational leasing and marketing functions

The GZI Group has effected an internal restructuring which resulted in White Horse Property Management Company and Yicheng (together "Leasing Agents") only being solely responsible for providing leasing and marketing services to GZI REIT's properties and another company within the GZI group ("GZI Property Manager") being solely responsible for providing such services to properties not belonging to GZI REIT.

"Chinese Walls"

"Chinese Wall" procedures have been put in place to ensure that there is segregation of information between the Leasing Agents and the GZI Property Manager. These include having separate operating premises and IT systems, and separate reporting lines, for each of the Leasing Agents and the GZI Property Manager. Both Leasing Agents have on-site premises for its use in connection with its property management functions. The personnel and IT systems of the Leasing Agents and the GZI Property Manager has been physically segregated.

Contractual Protection

Contractual provisions have been included in each of the tenancy services agreements entered into between the Manager and Partat Investment Limited ("Partat"), Moon King Limited ("Moon King"), Full Estates Investment Limited ("Full Estates") or, as the case may be, Keen Ocean Limited ("Keen Ocean"), and the relevant Leasing Agent to provide that:

(i) the Leasing Agents will at all times act in the best interests of GZI REIT and exercise a reasonable standard of care, skill, prudence and diligence under the circumstances then prevailing that a reputable leasing agent would use in providing similar services for comparable commercial properties in Guangzhou;

(ii) the Leasing Agents will adhere to the organisational charts and reporting lines agreed with the Manager and will act in accordance with the directions of the Manager;

(iii) the Leasing Agents will implement the annual business plan and budget approved by the Manager every year and use its best endeavours to achieve the revenue targets in such approved annual business plan and budget; and

(iv) if leasing or marketing opportunities in relation to any of the Properties become available to the Leasing Agents which the Leasing Agents, acting reasonably and in good faith, consider are or are likely to be in competition with the GZI Property Manager, the Leasing Agents will either:

  - refer all such business proposals to the Manager for vetting and confirmation before the relevant Leasing Agent proceeds with such proposals or opportunities; or

  - sub-contract to a third party leasing agent independent of the GZI Group, to devise and implement the relevant business proposal.

GZI, being the parent company of the Leasing Agents, has provided an undertaking to GZI REIT that it will procure that the Leasing Agents will comply with the relevant provisions set out in the tenancy services agreements in this regard.

With the objective of establishing and maintaining high standards of corporate governance, certain policies and procedures have been put in place to promote the operation of GZI REIT in a transparent manner and with built-in checks and balances. Set out below is a summary of the key components of the corporate governance policies that have been adopted and are followed by the Manager and GZI REIT.

Authorisation Structure

GZI REIT is a unit trust authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code. The Manager has been authorised by the SFC under section 116 of the SFO to conduct the regulated activity of asset management. The Manager has three persons who are approved as Responsible Officers pursuant to the requirements of section 125 of the SFO and Rule 5.4 of the REIT Code, and Mr Liang Ningguang and Mr Liu Yongjie, the executive Directors of the Manager are also Responsible Officers of the Manager pursuant to the requirements of section 125 of the SFO.

The Trustee is registered as a trust company under section 77 of the Trustee Ordinance (Chapter 29) and is qualified to act as a trustee for authorised collective investment schemes under the SFO and the REIT Code.

Roles of the Trustee and Manager

The Trustee is responsible under the Trust Deed for, amongst other things, the safe custody of the assets of GZI REIT held by it on behalf of Unitholders. The Manager's role under the Trust Deed is to manage GZI REIT in accordance with the Trust Deed and, in particular, to ensure that the financial and economic aspects of GZI REIT's assets are professionally managed in the sole interests of the Unitholders.

Functions of the Board

The board of Directors of the Manager ("Board") currently comprises six members, three of whom are INEDs.

The Board principally oversees the day-to-day management of the Manager's affairs and the conduct of its business and is responsible for the overall governance of the Manager. The Board's function is largely separate from, and independent of, the executive management function. The Board leads and guides the Manager's corporate strategy and direction. Day-to-day management functions and certain supervisory functions have been delegated to relevant committees of the Board and a schedule of matters specifically reserved to the Board has been formally adopted. The Board exercises its general powers within the limits defined by the Manager's articles of association ("Articles of Association"), with a view to ensuring that management discharges its duties and is compensated appropriately, and that sound internal control policies and risk management systems are maintained. The Board will also review major financial decisions and the performance of the Manager. In accordance with the REIT Code, the Manager is required to act in the best interests of the Unitholders, to whom it owes a fiduciary duty.

Roles of the Key Board Members

The roles of the key members of the Board are as follows:

- Chairman - responsible for the overall leadership of the Board and the Manager generally.
- Chief Executive Officer - responsible for the day-to-day operations of the Manager and supervises the Manager's management team to ensure that GZI REIT is operating in accordance with its stated strategies, policies and regulations.
- INEDs - govern the Manager through the Board and their participation in Board committees.

Board Composition

The composition of the Board is determined using the following principles:

- the Board should comprise Directors with a broad range of commercial experience, including expertise in funds management and the property industry; and
- at least one-third of the Board (and, in any event, not less than three Directors) should comprise INEDs.

The composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

Board Committees

The Board has the power to delegate to committees consisting of such numbers of its body as it thinks fit. Various committees have been established to assist the Board in discharging its responsibilities. The committees of the Board have been set up with clear terms of reference to review specific issues or items and to then submit their findings and recommendations to the full Board for consideration and endorsement. Unless the decision making power has been vested in the relevant committee by the Board, the ultimate responsibility for making final decisions rests with the full Board and not the committees.

The committees of the Board are as follows:

Audit Committee

The Audit Committee comprises INEDs only (at least one of whom must have appropriate professional qualifications or accounting or related financial management expertise) and should have at least three members. Among other matters, it reviews the completeness, accuracy and fairness of GZI REIT's financial statements and considers the scope, approach and nature of internal and external audit reviews, and is responsible for the overall risk management. The Audit Committee appoints external auditors, reviews their reports and guides management to take appropriate actions to remedy faults or deficiencies identified in internal control. The Audit Committee is also responsible for reviewing and monitoring connected party transactions.

Finance and Investment Committee

The Finance and Investment Committee comprises four Directors, including the Chairman, the Chief Executive Officer and at least one INED. It is responsible for, among other matters, evaluating and making recommendations on proposed acquisitions and disposals of assets, approving budgets and reviewing actual expenses on all key expenditures and reviewing the quarterly financial performance, forecasts and annual financial plan of the Manager and GZI REIT. The Finance and Investment Committee also reviews and recommends changes to financial authorities, policies or procedures in areas such as accounting, taxes, treasury, distribution payout, investment appraisal, management and statutory reporting.

Disclosures Committee

The Disclosures Committee comprises the Chief Executive Officer and at least one INED. Among other matters, it is responsible for reviewing matters relating to the regular, urgent and forward looking disclosure of information to Unitholders and public announcements and circulars. The Disclosures Committee also oversees compliance with applicable legal requirements (including those relating to GZI REIT's connected party transactions) and the continuity, accuracy, clarity, completeness and currency of information disseminated by the Manager and GZI REIT to the public and applicable regulatory agencies.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises the Chief Executive Officer and at least three other Directors, one of whom must be an INED. Among other matters, it reviews the terms and conditions of employment of all staff and Directors (other than the members of the Remuneration Committee, whose remuneration is determined by the Board) and recommends the manpower deployment plan (including the succession plan for the management of the Manager and the Board), remuneration and retirement policies and packages. It ensures that no Director is involved in deciding his own remuneration. It is also responsible for reviewing the structure, size and composition of the Board and its committees on an ongoing basis and for nominating, and providing recommendations on, persons for appointment, re-appointment or removal as Directors. If a member of the Remuneration and Nomination Committee is subject to re-appointment or removal, then such Director will abstain from participating in such discussions.

Board Meetings

Board meetings will normally be held at least four times a year at approximately quarterly intervals. To ensure that Directors will be given sufficient time to consider the issues to be tabled at the various Board meetings, details of the venue, time and agenda of the meeting are required to be given at least 10 clear days in advance of the meeting (except if there are exceptional circumstances or if the majority of Directors agree to a shorter period of notice).

No Board meeting, or any adjourned Board meeting, will be quorate unless a simple majority of Directors for the time being (excluding any Directors which the Manager has a right to exclude for that purpose, whether pursuant to a contract or otherwise) are present at the time when the relevant business is transacted. A Director who, whether directly or indirectly, has a material interest in a contract or proposed contract with the Manager, which is of significance to the Manager's business, must declare the nature of his interest either at the earliest Board meeting or by giving a general notice to the Board before the question of entering into the contract is taken into consideration on behalf of the Manager.

A Director who is prohibited from voting by reason of a conflict of interest will not be counted for the purposes of establishing the necessary quorum for the meeting.

Matters to be considered by the Board will be adopted on the basis of a simple majority of votes.

Appointment and Removal of Directors

Directors may be nominated for appointment by the Board following a recommendation made by the Remuneration and Nomination Committee. All Directors will be appointed for specific terms. One-fourth of the INEDs who are subject to retirement by rotation (if necessary, rounded up to the nearest whole number) will retire at every annual general meeting from and including the first annual general meeting and the retiring Directors on each occasion will be those who have been longest in office since their last appointment or re-appointment, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree amongst themselves) be determined by ballot. INEDs may serve up to a maximum term of nine years. There is no maximum term for other Directors.

The Chairman has been appointed for an initial term of three years. Upon the expiration of such initial term, he may be re-appointed as a Chairman for up to a maximum term of six consecutive years (including the initial term).

A Director may also be removed from office if served with a notice of removal signed by all of the other Directors. An outgoing Director must abstain from voting in respect of a resolution proposed at a Board meeting in respect of the appointment of his successor or his re-appointment.

Pursuant to the Articles of Association, a Director will need to vacate his office in certain circumstances, such as in the event that he becomes bankrupt, is convicted of an indictable offence, has been absent from Directors meetings for six months or more without special leave of absence from the Board or fails to comply with the required standard set out in any code of conduct adopted by the Board and the Board resolves that he is thereby disqualified to continue as a Director.

General Meetings

GZI REIT will in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year. The Trustee or the Manager may at any time convene a meeting of Unitholders. The Manager will also convene a meeting if requested in writing by not less than two Unitholders registered as together holding not less than 10.0% of the issued and outstanding Units. Except for annual general meeting where at least 21 days notice of the meeting will be given, at least 14 days' notice of other meetings will be given to the Unitholders and the notice will specify the time and place of the meeting and the resolutions to be proposed.

Two or more Unitholders present in person or by proxy registered as holding not less than 10.0% of the Units for the time being in issue will form a quorum for the transaction of all business, except for the purpose of passing a special resolution. The quorum for passing a special resolution will be two or more Unitholders present in person or by proxy registered as holding not less than 25.0% of the Units in issue. The quorum for an adjourned meeting shall be such number of Unitholders who are present in person or by proxy regardless of the number of Units held by them.

Reporting and Transparency

GZI REIT will prepare its financial statements in accordance with Hong Kong Financial Reporting Standards with a financial year-end of 31 December and a financial half-year of 30 June. In accordance with the REIT Code, the annual report and financial statements for GZI REIT will be published and sent to Unitholders no later than four months following each financial year-end and the interim results no later than two months following each financial half-year. In addition, GZI REIT aims to provide Unitholders with relevant operational information, such as occupancy levels and utilisation rates of the properties that it holds, along with the publication of such financial results following each financial year-end and financial half-year.

As required by the REIT Code, the Manager will ensure that public announcements of material information and developments with respect to GZI REIT will be made on a timely basis in order to keep Unitholders appraised of the position of GZI REIT.

Distribution Payments

In accordance with the Trust Deed, GZI REIT is required to distribute not less than 90% of Total Distributable Income to Unitholders. The Manager's policy is to distribute to 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 GZI REIT's annual Total Distributable Income in each subsequent financial year.

Issues of New Units Post-Listing

To minimise the possible material dilution of holdings of Unitholders, any further issue of Units will need to comply with the pre-emption provisions contained in the REIT Code. Such provisions require that further issues of Units be first offered on a pro rata pre-emptive basis to existing Unitholders except that Units may be issued: (i) free of such pre-emption rights; (ii) as consideration for the acquisition of additional real estate; and (iii) free of pre-emption rights in other circumstances provided that the approval of Unitholders by way of an ordinary resolution is obtained, provided that the number of Units issued under (i) and (ii) shall not exceed an aggregate maximum in any financial year of 20% of the number of Units in issue at the end of the previous financial year.

The Manager and GZI REIT may consider structuring an employee option scheme . The adoption of any such scheme will, however, be subject to approval by the Board and the Unitholders. The Manager and GZI REIT will also observe the restrictions in the REIT Code which prevent issues of new Units to connected persons unless: (i) specifically approved by Unitholders by way of ordinary resolution at a general meeting; and (ii) an announcement, circular or notice is issued, in each case in accordance with the requirements set out in the REIT Code.

Interests of, and Dealings in Units by, the Manager as well as Directors and Senior Management of the Manager

To monitor and supervise any dealings of Units by the Directors and their associates, the Manager has adopted a code containing rules on dealings by the Directors and associated parties ("Code Governing Dealings in Units by Directors") equivalent to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules. Pursuant to this code, Directors wishing to deal in the Units must first have regard to Parts XIII and XIV of the SFO with respect to insider dealing and market misconduct as if these provisions of the SFO applied to the securities of GZI REIT. In addition, there are occasions where Directors cannot deal in the Units even though the requirements of the SFO, if it applied, would not be contravened. A Director must not make any unauthorised disclosure of confidential information or make any use of such information for the advantage of himself or others. The Manager shall be subject to the same disclosure requirements as the Directors, mutatis mutandis.

Directors who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are significant transactions or connected party transactions under the REIT Code or any price-sensitive information must refrain from dealing in the Units as soon as they become aware of them or privy to them until proper disclosure of the information in accordance with the REIT Code and any applicable Listing Rules. Directors who are privy to relevant negotiations or agreements or any price-sensitive information should caution those Directors who are not so privy that there may be unpublished price-sensitive information and that they must not deal in GZI REIT's securities for a similar period.

Interests held by Directors and their associates will be published in the annual and interim reports of GZI REIT. To facilitate this, the Manager has adopted a code containing rules on disclosure of interests by Directors. The Manager shall be subject to the same dealing requirements as the Directors, mutatis mutandis.

The above codes may also be extended to senior executives, officers and other employees of the Manager or GZI REIT as the Board may determine.

The Manager has also adopted procedures for monitoring of disclosure of interests by Directors, the chief executive of the Manager, and the Manager. The provisions of Part XV of the SFO are deemed by the Trust Deed to apply to, among other things, the Manager, the Directors and chief executive of the Manager and each Unitholder and all persons claiming through or under him.

Under the Trust Deed, Unitholders with a holding of 5.0% or more of the Units in issue will have a notifiable interest and will be required to notify the Hong Kong Stock Exchange, the Trustee and the Manager of their holdings in GZI REIT. The Manager shall keep a register for these purposes and it shall record in the register, against a person's name, the particulars provided pursuant to the notification and the date of entry of such record. The said register shall be available for inspection by the public without charge during such hours as the register of Unitholders is available for inspection. In addition, the Manager maintains a website containing all important information concerning GZI REIT. The Manager shall cause copies of all disclosure notices received to be promptly posted to its website.

Furthermore, the Manager shall publish a notice in one leading Hong Kong English language and one Chinese language daily newspaper whenever a disclosure notification is made which, in the opinion of the Manager, is or is likely to require publication in order to keep Unitholders and the public adequately informed of material price sensitive information relating to the ownership of Units.

Matters to be Decided by Unitholders by Special Resolution

Pursuant to the Trust Deed, decisions with respect to certain matters require specific prior approval of Unitholders by way of special resolution. Such matters include, among other things, removing the Trustee, removing the Manager and approving the termination of GZI REIT.

Confirmation of Compliance with Code Governing Dealings in Units by Directors

Specific enquiry has been made of all Directors and Manager and all of them confirmed they had complied with the required standard set out in the Code Governing Dealings in Units by Directors.

Public Float

Based on the information that is publicly available as at the date of this report, the Manager reports there was more than 25% of the Units held in public hands as required under the Listing Rules and the REIT Code.

Compliance with Compliance Manual

The Manager has complied with the provisions of its Compliance Manual.

Auditors

The financial statements of GZI REIT have been audited by PricewaterhouseCoopers. They have been re-appointed for performing the audit for the financial year ending 31 December 2008.

Connected Party Transactions

The connected party transaction rules of the REIT Code govern transactions between the GZI REIT Group and its connected persons (as defined in Rule 8.1 of the REIT Code). Such transactions will constitute connected party transactions for the purposes of the REIT Code.

The Manager and Significant Holder Group

Set out below is the information in respect of the connected party transactions involving GZI REIT and its connected persons:

Leasing Transactions

Certain portions of City Development Plaza Units have been leased to connected persons (as defined in the REIT Code) of GZI REIT in relation to the Manager ("Manager Group"). Details are as follows:

Tenant	Location of unit	Relationship with GZI REIT	GFA (sq.m.)	Lease commencement/ renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income for the Reporting Year (HK$)[5]
Yicheng[1]	1st storey	an associate of the Manager	97.0	1 May 2007	485	5	0	3	6,004
Guangzhou Xingye Real Estate Agent Co., Ltd. ("Xinye")[2, 4]	1st storey	an associate of the Manager	881.2	1 Jan 2006	118,955	135	0	3	1,227,099
Xingye[2, 4]	2nd storey	an associate of the Manager	639.92	1 Jan 2006	45,333	71	0	3	467,640
GZI[3]	16th storey	a significant holder	1,060.5	1 Jan 2005	95,444	90	0	3	1,181,481
Guangzhou office of Yue Xiu[3]	16th storey	a significant holder	46.1	1 Jan 2005	4,150	90	0	3	51,372
Xingye[4]	24th Storey		818.07	1 Nov 2007	77,717	95	0	1.25	160,340
								Total	3,093,936

1. The original lease of Yicheng was expired on 30 April 2007, a new lease was signed at the same rental level.
2. The lease had been terminated on 31 October 2007 and the property unit was leased out to a new tenant on 5 November 2007. The new rental increased by over 30% as compared to the average rental under the original lease.
3. The lease has been renewed for a term of 2 years from 1 January 2008 to 31 December 2009, the average rental per month was increased to RMB 95 per sq. m.
4. These leases are subject to certain right to early termination exercisable by Full Estates if higher rates for the leased units were offered by prospective tenants and such offer not matched by Xingye.
5. Conversion was made at the rate of RMB 0.9694 to HK$1.00.

Property Management Agreements

On 7 December, 2005, Partat, a wholly-owned subsidiary of GZI REIT, Guangzhou White Horse Clothings Market Ltd. ("White Horse JV"), a subsidiary of GZI and an associated company of the Manager, and Guangzhou Li Wan District Xi Jiao Villagers' Committee appointed White Horse Company, a subsidiary of GZI and an associated company of the Manager, to manage the common areas in White Horse Building. On the same day, Partat and White Horse JV entered into another agreement with White Horse Company for the provision of property management services in respect of the portions of White Horse Building owned by Partat and White Horse JV for a period of three years from 19 October, 2005 to 18 October, 2008. Under this agreement, White Horse Company is entitled to collect a monthly property management fee charged at the rate of RMB50 per sq.m. of GFA comprised in the portions of White Horse Building owned by Partat and White Horse JV. The fee is payable by Partat and White Horse JV (in respect of the vacant portions of White Horse Building owned by them) and by the tenants in all other cases. Pursuant to the provisions contained in a tenancy services agreement entered into between Partat and White Horse Company on 7 December, 2005, White Horse Company agreed to bear any management fees payable by Partat in respect of the vacant units under the above property management agreement.

On 7 December, 2005, Keen Ocean, a wholly-owned subsidiary of GZI REIT, and Guangzhou City Construction & Development Co. Ltd., a subsidiary of GZI and an associated company of the Manager, have appointed Yicheng, a subsidiary of GZI and an associated company of the Manager, to manage the common areas in Victory Plaza. Under this agreement, Yicheng is entitled to collect a monthly property management fee charged at the rate of RMB48 per sq.m. of Victory Plaza's GFA. The fee is payable by Keen Ocean in respect of the vacant portions of Victory Plaza and by the tenants in all other cases. Pursuant to the provisions contained in a tenancy services agreement entered into between Keen Ocean and Yicheng on 7 December, 2005, Yicheng agreed to bear any management fees payable by Keen Ocean in respect of the vacant units under the above agreement.

The owners, committees of Fortune Plaza and City Development Plaza (each acting for and on behalf of all the owners and tenants of Fortune Plaza and City Development Plaza respectively) appointed Yicheng to manage the common areas in Fortune Plaza and City Development Plaza respectively. The agreement for Fortune Plaza was entered into on 1 July, 2005 and is for a duration of three years from 1 July, 2005 to 30 June, 2008. The agreement for City Development Plaza had already expired on 18 July, 2007 and a new agreement was entered into on 19 July, 2007 for a term of 3 years with effect from 19 July, 2007 to 18 July, 2010. Under these agreements, Yicheng is entitled to collect a monthly property management fee charged at the rate of RMB25 per sq.m. and RMB35 per sq.m. for the office and commercial portions of Fortune Plaza's GFA and City Development Plaza's GFA repectively.

As the tenants of the Properties (and not the special purpose vehicles (as defined in the Offering Circular ("SPVs")) pay the property management fees of Yicheng and White Horse Property Management Company as property managers of the Properties, therfore, no property management fees were paid by the SPVs to the relevant connected person.

Tenancy Services Agreements

On 7 December, 2005, the Manager and each of Full Estates, Moon King and Keen Ocean have entered into a tenancy services agreement with Yicheng, while the Manager and Partat have entered into a tenancy services agreement with White Horse Property Management Company, all of which are for a term of 3 years until 7 December, 2008, whereby Yicheng and White Horse Property Management Company have agreed to provide leasing, marketing and tenancy services to each of the SPVs holding the relevant Properties.

Each of the tenancy services agreements relating to the Fortune Plaza Units, the City Development Plaza Units and the Victory Plaza Units provides for payment by the relevant SPV to Yicheng of a monthly fee of 4.0% per annum of the gross revenue of the relevant Property. The tenancy services agreement relating to the White Horse Units provides for payment by Partat to White Horse Property Management Company of a monthly fee of 3.0% per annum of the gross revenue of the White Horse Units.

Yicheng and White Horse Property Management Company have agreed that, for so long as they are also the property managers of the relevant Properties, their fees as leasing agent under the tenancy services agreements shall also satisfy the property management fees which they are entitled to receive from the relevant SPVs for any vacant units in the Properties under the various property management arrangements.

During the Reporting Year, the aggregate amount of fees paid/payable by GZI REIT to Yicheng and White Horse Property Management Company under these tenancy services agreements totalled approximately HK$13,407,000.

Trade Mark Licence Agreements

Six licence agreements, each dated 7 December, 2005, have been entered into between Partat and White Horse Property Management Company pursuant to which White Horse Property Management Company has granted Partat the exclusive right to use six of its registered trademarks of different classes in the PRC with effect from the date of the agreement (i.e. 7 December, 2005) until 31 December, 2006 in accordance with the terms of the licence agreements for a nominal fee of RMB1.00 with the right to extend, subject to certain conditions, the term of such licences. Each of these licence agreements has been extended, for a nominal fee of RMB 1.00, for a period of between 9 to 10 years and will expire between 27 November, 2016 and 30 January, 2017.

Connected Party Transactions

Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") and the Manager entered into a licence agreement dated 7 December, 2005 pursuant to which Yue Xiu granted to the Manager the right and licence to use and sub-licence certain "Yue Xiu" trademarks in connection with the business of GZI REIT in the Mainland and Hong Kong for a nominal consideration of approximately HK$1.00 in perpetuity with effect from 21 December, 2005, subject to early termination pursuant to the terms thereof.

Waiver from Strict Compliance

A waiver from strict compliance with the disclosure requirement and Unitholders' approval under Chapter 8 of the REIT Code, in respect of the lease transactions, property management agreements and tenancy services agreements described above, has been granted by the SFC on 8 December, 2005, subject to annual limitations as to the capped value of such transactions, review by the auditors for each relevant financial period, annual review by the Audit Committee and the independent non-executive directors ("INEDs") and other terms and conditions ("Waiver"). Particulars of the Waiver and its detailed terms and conditions have been published in the Offering Circular.

Renovation of Levels 8 and 9 of White Horse Units

Guangzhou City Construction & Development Decoration Limited ("GCCD Decoration"), a 98.62% indirectly-owned subsidiary of GZI and one of the 5 contractors for renovation works, was awarded the renovation contract for certain renovation works on levels 8 and 9 of the White Horse Units through a highly transparent tender process conducted by Guangzhou Construction Works Dealing Centre on 24 January, 2006 in respect of certain renovation works on levels 8 and 9 of the White Horse Units.

Accordingly, the amount payable by Partat to GCCD Decoration pursuant to the terms of the renovation contract dated 26 January, 2006 was RMB 414,148.08 (i.e. approximately HK$420,028.48), representing the difference between the total amount of all renovation works (i.e., RMB 5,176,851.05 (i.e. approximately HK$5,250,356.03)) and the sums directly payable by Partat to two independent sub-contractors (i.e. RMB 4,762,702.97 (i.e. approximately HK$4,830,327.56) in aggregate).

GCCD Decoration and its associates (as defined in the REIT Code) had not entered into any other connected transactions with GZI REIT. The amount payable by Partat to GCCD Decoration under the renovation contract is less than 5% of the net asset value of GZI REIT as per the audited financial statements published in the 2005 annual report. The amount is also less than 15% of the amount of HK$26,700,000 committed to be spent by GZI REIT on renovation and maintenance of the White Horse Building (as disclosed in the Offering Circular). Accordingly, no Unitholders' approval was required for entering into the transaction.

HSBC Group*

(*Note: "HSBC Group" means The Hongkong and Shanghai Banking Corporation Limited ("HSBC") and its subsidiaries and, unless expressly stated, shall not include the Trustee and its proprietary subsidiaries (being the subsidiaries of the Trustee except those subsidiaries formed in its capacity as the trustee of GZI REIT)).

Leasing Transactions

Certain portions of the Fortune Plaza Units have been leased to members of the HSBC Group. Details are as follows:

Tenant	Location of Unit	GFA (sq.m.)	Lease commencement date	Monthly rent (RMB)	rent per sq.m. (RMB)	Monthly Rent free period (days)	Term (years)	Rental income for the Reporting Year (HK$)[1]
HSBC Software	4th storey	4,275.1	1 May 2005	354,833	83	60	3	4,236,539
Development	5th storey	4,275.1	16 Feb 2005	354,833	83	90	2.25	4,236,539
(Guangdong) Limited	3rd storey	2,000	1 Dec 2006	166,000	83	60	4.2	2,122,602
							Total:	10,595,680

1 Conversion at the rate of RMB0.9694 to HK$1.00.

On 31 January 2007, HSBC Software Development (Guangdong) Limited entered into a lease with Moon King. In respect of the 4th and 5th storeys of Fortune Plaza renewing the existing term for another 3 years commencing 1 February, 2008 at a monthly rent of RMB 745,150 for the first year, RMB782,428 for the second year and RMB 821,504 for the third year.

Corporate Finance Transactions

The SPVs (as borrowers) and GZI REIT Holding 2005 Limited ("REIT Holdco")(as guarantor) 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 to be drawn on the Listing Date. For ensuring the performance of the obligations by the SPV under the loan on a pro rata and pari passu basis, a security package, including registered mortgage over each Property and shares of the SPV assignment of rental income and all other proceeds arising from each of the Property and of all tenancy agreements relating to the Properties, has been granted in favour of a security trustee to hold on behalf of the lending banks. On 31 December 2007, HSBC was one of the lending banks and acted as the agent and security agent of the lending banks. The facility of US$63.9 million advanced by HSBC remained outstanding.

In conjunction with the loan facility, each of the SPVs has also entered into agreements with each of the lending banks for US$/RMB non-deliverable swap facilities covering the swap of a floating rate US dollar liability into a synthetic RMB liability with a series of fixed rate cash flows denominated in Rmb, payable in US dollars, with a principal exchange at maturity also settled in US dollars for an aggregate notional principal amount of US$165 million for a minimum tenor of three years. HSBC was one of the swap providers and participated in the swap for US$63.9million/RMB516.5 million.

The SPVs' obligations under the swap agreements are secured, pro rata and pari passu, on the security package described above. They have also granted guarantees in favour of the lending banks (as swap providers) to secure their obligations under the swap agreement. During the Reporting Year, interest payable to HSBC under the facility agreement by GZI REIT was approximately HK$17,187,000.

On 9 November 2007, a contract was signed with HSBC whereby the Manager appointed HSBC as to be the sole placement agent and sole bookrunner with proposed issue and/or placement of a convertible bond in relation to the proposed acquisition and the financial adviser of GZI REIT for the acquisition of Yue Xiu Neo Metropolis Plaza Units.

The proposed acquisition has been approved by the Unitholders at an Extraordinary General Meeting convened after the Reporting Period on 26 February 2008.

Completion of the acquisition is conditional on fulfillment of certain condition precedent, including the obtaining of adequate of financing on satisfactory terms.

Ordinary Banking Services

REIT Holdco, Partat, Keen Ocean, Full Estates and Moon King have maintained interest bearing accounts with HSBC at arm's length and on commercial terms for deposits during the Reporting Year.

Waiver from Strict Compliance

A waiver from strict compliance with the disclosure requirement and Unitholders' approval under Chapter 8 of the REIT Code in respect of the above transactions with connected persons of the Trustee has been granted by the SFC on 8 December, 2005 subject to specific caps on fees payable by GZI REIT for corporate finance services, review by the auditors for each relevant financial period, annual review by the Audit Committee and the INEDs and other terms and conditions. Details of the Waiver and its terms and conditions have been published in the Offering Circular.

Confirmation by the Audit Committee and the INEDs

The INEDs and the Audit Committee of the Manager confirm that they have reviewed the terms of all relevant connected party transactions including those connected party transactions with the Manager Group and the HSBC Group and that they are satisfied that these transactions have been entered into:

(a) in the ordinary and usual course of business of GZI REIT;

(b) on normal commercial terms (to the extent that there are comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to or from GZI REIT than terms available from or to (as appropriate) independent third parties; and

(c) in accordance with the relevant agreement and the Manager's internal procedures governing them (if any) on terms that are fair and reasonable and in the interests of the Unitholders as a whole.

Confirmation by the Manager and Trustee on corporate finance transaction with the HSBC Group

Both the Manager and the Trustee have confirmed that there is no corporate finance transaction nor other connected transaction (save for those disclosed above) with the HSBC Group during the Reporting Year.

Manager's Fees

During the Reporting Year, the aggregate amount of fees payable by GZI REIT to the Manager under the Trust Deed was approximately HK$26,163,000.

Trustee's Fees

During the Reporting Year, the aggregate amount of fees payable by GZI REIT to the Trustee under the Trust Deed was approximately HK$1,558,000.

Principal Valuer's Fees

During the Reporting Year, the aggregate amount of fees payable by GZI REIT to the Principal Valuer was HK$200,000.

Interests held by the Manager and its Directors and Chief Executive Officer

The REIT Code requires that connected persons of GZI REIT shall disclose their interests in Units. In addition, under the provisions of Part XV of the SFO, the Trust Deed is also deemed to be applicable, among other things, to the Manager, the Directors and the Chief Executive of the Manager.

The interests and short positions held by Directors and Chief Executive Officer of the Manager in the Units required to be recorded in the register kept by the Manager under Schedule 3 of the Trust Deed are set out below:

Interests and Short Positions in the Units:

		As at 1 January 2007		As at 31 December 2007		
Name of Director	**Nature of Interest**	**Beneficial interests in Units**	**Approximate % of interest**	**Beneficial interests in Units**	**Approximate % of interest**	**% Change in Holdings**
Mr Liang Ningguang[1]	—	Nil	—	Nil	—	—
Mr Liu Yongjie[2]	—	Nil	—	Nil	—	—
Mr Liang Youpan	—	Nil	—	Nil	—	—
Mr Chan Chi On, Derek	—	Nil	—	Nil	—	—
Mr Lee Kwan Hung, Eddie	—	Nil	—	Nil	—	—
Mr Chan Chi Fai, Brian	—	Nil	—	Nil	—	—

1 Mr. Liang Ningguang is also a director of Yue Xiu and therefore Yue Xiu is deemed to be an associate of Mr. Liang under Rule 8.1 of the REIT Code. Accordingly, the holdings of Yue Xiu as disclosed in "Holdings of Significant Holders" are deemed to be the holdings of Mr. Liang.

2 Mr. Liu is also the Chief Executive Officer of the Manager.

HOLDINGS OF SIGNIFICANT HOLDERS

The following persons have interests or short position in the Units required to be recorded in the register kept by the Manager under Schedule 3 of the Trust Deed:

Long position in the Units:

		As at 1 January 2007		As at 31 December 2007		
Name of Substantial Unitholder	**Nature of Interest**	**Interests in Units**	**Approximate % of interest**	**Interests in Units**	**Approximate % of interest**	**% Change of interest**
Yue Xiu Enterprises	Beneficial	27,320	0%	27,320	0%	—
(Holdings) Limited	Deemed	321,326,760	32.13%	325,959,760	32.60%	0.47%
("Yue Xiu")[1, 3]	**Total**	**321,354,080**	**32.14%**	**325,987,080**	**32.60%**	**0.46%**
GZI[2, 3]	Beneficial	—	—	—	—	
	Deemed	313,280,495	31.32%	313,280,495	31.32%	0.00%
	Total	**313,280,495**	**31.32%**	**313,280,495**	**31.32%**	**0.00%**
Dragon Yield Holdings	Beneficial	313,280,495	31.32%	313,280,495	31.32%	0.00%
Limited ("Dragon	Deemed	—	—	—	—	
Yield")	**Total**	**313,280,495**	**31.32%**	**313,280,495**	**31.32%**	**0.00%**

1. Further information in relation to interests of corporations controlled by Yue Xiu:

Name of Controlled Corporation	Name of Controlling Shareholder	% Control	Direct interest (Y/N)	Number of Shares Long Position	Short Position
Excellence Enterprises Co., Ltd.	Yue Xiu	100.00	N	321,215,530	Nil
Bosworth International Limited	Excellence Enterprises Co., Ltd.	100.00	N	313,280,495	Nil
Bosworth International Limited	Excellence Enterprises Co., Ltd.	100.00	Y	5,698,282	—
Guangzhou Investment Company Limited	Bosworth International Limited	34.98	N	313,280,495	Nil
Dragon Yield	GZI	100.00	Y	313,280,495	Nil
Sun Peak Enterprises Ltd.	Excellence Enterprises Co., Ltd.	100.00	N	1,414,207	—
Novena Pacific Limited	Sun Peak Enterprises Ltd.	100.00	Y	1,414,207	—
Shine Wah Worldwide Limited	Excellence Enterprises Co., Ltd.	100.00	N	395,122	—
Morrison Pacific Limited	Shine Wah Worldwide Limited	100.00	Y	395,122	—
Perfect Goal Development Co., Ltd.	Excellence Enterprises Co., Ltd	100.00	N	339,342	—
Greenwood Pacific Limited	Perfect Goal Development	100.00	Y	339,342	—
Seaport Development Limited	Excellence Enterprises Co., Ltd.	100.00	N	88,082	—
Goldstock International Limited	Seaport Development Limited	100.00	Y	88,082	—
Yue Xiu Finance Company Limited	Yue Xiu	100.00	Y	4,744,230	—

2. The deemed interest in 313,280,495 Units were held through Dragon Yield, a 100% owned subsidiary..

3. After the Reporting Period, the Trustee as trustee of GZI REIT, the Manager as manager, GZI and Guangzhou Investment (China Property) Company Limited entered into a sale and purchase agreement relating to the entire issued share capital and the shareholder loans of Metrogold Development Limited dated 14 January 2008 whereby the Trustee agreed to purchase on behalf of GZI REIT for the acquisition price of HK$677,319,587.63, subject to adjustments. As partial satisfaction of the consideration payable, 65,972,687 units will be issued to the Vendor or its nominee upon completion of the transaction.

HOLDINGS OF OTHER CONNECTED PERSONS

Senior Executives of the Manager

Interests in the Units held by senior executives of the Manager, being connected persons of GZI REIT, are set out below:

Name of Senior Executive	Nature of interest	As at 1 January 2007 Interests in Units	As at 1 January 2007 Approximate % of interest	As at 31 December 2007 Interests in Units	As at 31 December 2007 Approximate % of interest	% Change of interest
Mr. Cheng Jiuzhou	Personal	480	0%	480	0%	—
Mr. Ip Wing Wah	Personal	1,900	0%	1,900	0%	—
Ms. Ou Hai Jing[1]	Personal	1,000	0%	1,000	0%	—

1. Ms. Ou Hai Jing was appointed as Head of Finance and Invesment of the Manager on 12 July, 2007.

Save as disclosed above, the Manager is not aware of any connected persons of GZI REIT, including the Trustee and Colliers International (Hong Kong) Ltd. holding any Units as at 31 December, 2007.

Unit Options

During the Reporting Year, GZI REIT or any of its controlled entities was not a party to any arrangements enabling the Directors of the Manager (including, their spouses and children under 18 years of age) to benefit through acquiring the Units in GZI REIT or any fund units of other legal entities or any derivatives of equities.

COLLIERS INTERNATIONAL

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31 March, 2008

GZI REIT Asset Management Limited ("Manager")
24th Floor, Yue Xiu Building
160 - 174 Lockhart Road
Wanchai, Hong Kong

HSBC Institutional Trust Services (Asia) Limited ("Trustee")
1 Queen's Road Central
Central, Hong Kong

Dear Sirs,

Re: Valuations of various units of the properties (the "Subject Properties") held by GZI Real Estate Investment Trust ("GZI REIT") located in White Horse Building, Fortune Plaza, City Development Plaza and Victory Plaza, Guangzhou, Guangdong Province, The People's Republic of China (the "PRC")

With reference to the instruction of the Manager on behalf of GZI REIT, we have prepared a report setting out our opinion of the value of the Subject Properties for annual accounting purposes.

We confirm that our valuation report is prepared on a fair and unbiased basis and we have carried out external and internal inspections, made relevant enquiries and obtained such further information as we consider necessary to allow us to provide you with our opinion of values of the Subject Properties as at 31 December, 2007 (the "Date of Valuation").

The summary of market values of the Subject Properties is as follows:

		Market Value as at 31 December 2007 *RMB*	Market Value as at 31 December 2007 *HK$*
1.	White Horse Building	2,800,600,000	2,990,816,000
2.	Fortune Plaza	601,800,000	642,674,000
3.	City Development Plaza	428,100,000	457,176,000
4.	Victory Plaza	566,400,000	604,870,000
	Total:	**4,396,900,000**	**4,695,536,000**

This report is for the use of the above addressee and for the purposes indicated and no liability to any third party can be accepted for the whole or any part of the contents of the document. Neither the whole nor any part of this valuation report nor any reference thereto may be included in any other published documents, circular or statement, nor published in any way whatsoever without prior written approval of Colliers International (Hong Kong) Limited as to the form and context in which it may appear.

We hereby confirm that:

i) We have no present or prospective interest in the Subject Properties and are not a related corporation of nor have a relationship with the Manager, the Trustee or any other party or parties whom GZI REIT is contracting with;

ii) We are authorised to practice as valuer and have the necessary expertise and experience in valuing similar types of properties;

iii) The valuations have been prepared on fair and unbiased basis; and

iv) The valuer is acting as an Independent Valuer as defined in the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors ("HKIS").

We hereby certify that the valuer undertaking these valuations is authorised to practice as valuer.

The valuation report is enclosed herewith.

Yours faithfully,
For and on behalf of
Colliers International (Hong Kong) Limited
David Faulkner
BSc (Hons) FRICS FHKIS RPS (GP) MAE
Regional Director
Consultancy and Valuation

Note: David Faulkner is a Chartered Surveyor who has 19 years experience in the valuation of properties in the PRC and 23 years of property valuation experience in Hong Kong and the Asia Pacific region.

Property Valuation Report

1. EXECUTIVE SUMMARY

1.1 Qualification of the Valuers

The valuations have been prepared by David Faulkner who is a Fellow of the Royal Institution of Chartered Surveyors, a Fellow of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong Special Administrative Region ("Hong Kong").

He is suitably qualified to carry out the valuation and has over 27 years experience in the valuation of properties of this magnitude and nature, and over 19 years experience in the PRC.

We have no pecuniary interest that could reasonably be regarded as being capable of affecting our ability to give a fair and an unbiased opinion of the values or that could conflict with a proper valuation of the Subject Properties.

1.2 Information Sources

All investigations have been conducted independently and without influence from any third parties in any way. The information provided in this report has been obtained from the Manager, relevant bureaux, the Guangzhou Municipal People's Government and other public sources.

1.3 Instructions

We accepted instructions to conduct valuations of the Subject Properties as at the Date of Valuation from the Manager on behalf of GZI REIT for the annual accounting purposes.

Our valuations have been carried out in accordance with Chapter 6 of the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission ("SFC") in August 2003 and amended in June 2005 and the HKIS Valuation Standards on Properties (First Edition 2005) published by the HKIS. We have also made reference to the International Valuation Standards (7th Edition) published by the International Valuation Standards Committee in 2005.

Inspections of the Subject Properties were carried out in January 2008. We confirm that we have made relevant enquiries and obtained such information as we consider necessary to conduct the valuations.

2. BASIS OF VALUATION

Market Value

The valuations have been carried out in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the HKIS.

Our valuations are made on the basis of Market Value which we would define as intended to mean "the estimated amount for which a property should exchange on the dates of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the Subject Properties in their existing state based on the assumption that the Subject Properties can be freely transferred, mortgaged and let in the market and all proper title certificates have been obtained and land premiums have been fully settled.

3. VALUATION RATIONALE

In our valuations, we have valued the Subject Properties for which the areas are based on the proper title documents. In arriving at our opinion of values, we have considered prevailing market conditions, especially those related to the office, wholesale and retail property market sectors. We have also looked at lease reversionary potential such as future rent renewal rate, lease cycle duration and lease expiry profile. The valuation method adopted to arrive at our opinion of values is the Income Capitalisation Approach including Discounted Cash Flow Analysis.

The Income Capitalisation Approach reflects the specific characteristics of the Subject Properties such as lease expiry profile, existing tenant covenants and level of passing and reversionary rents. We therefore consider that this method is particularly relevant for REIT based purchasers.

The Discounted Cash Flow Analysis reflects additional property specific characteristics of the Subject Properties such as leases duration and potential rental income growth, renewed rates, vacancy rates and all outgoings.

In valuing the Subject Properties, we have used an average of the values derived using the Income Capitalisation Approach and the Discounted Cash Flow Analysis.

3.1 Income Capitalisation Approach

Income Capitalisation Approach estimates the values of the Subject Properties on an open market basis by capitalising net rental income on a fully leased basis having regard to the current passing rental income from existing tenancies and potential future reversionary income at the market level. In calculating the net rental income, no deduction has been made from the net passing rental income which is exclusive of property management fee.

In this valuation method, the total rental income is divided into a current passing rental income over the existing lease term (the term income) and a potential future reversionary rental income over the residual land use term (the reversionary income). The term value involves the capitalisation of the current passing rental income over the existing lease term. The reversionary value is taken to be current market rental income upon the expiry of the lease over the residual land use rights term and is capitalised on a fully leased basis. It is then discounted back to the Date of Valuation.

In this approach, we have considered the term yield and reversionary yield. The term yield is used for capitalisation of the current passing rental income as at the date of valuation whilst the reversionary yield is used to convert reversionary rental income.

3.2 Discounted Cash Flow Analysis

This is defined in the International Valuation Standards (7th Edition) as a financial modeling technique based on explicit assumptions regarding the prospective cash flow to properties. This analysis involves the projection of a series of periodic cash flows to an operating property. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the properties. In the operating real properties, periodic cash flow is typically estimated as gross income less vacancy and operating expenses and other outgoings. The series of periodic net operating incomes, along with an estimate of the terminal value, anticipated at the end of the projection period, is then discounted at the discount rate, being a cost of capital or a rate of return used to convert a monetary sum, payable or receivable in the future, into present value.

3. VALUATION RATIONALE *(Continued)*

3.2 Discounted Cash Flow Analysis *(Continued)*

We have undertaken a discounted cash flow analysis on a monthly basis over a 10-year investment horizon. The net income in the Year 11 is capitalised at an appropriate yield for the remainder of the ownership term. This analysis allows an investor or owner to make an assessment of the long term return that is likely to be derived from a property with a combination of both rental income and capital growth over an assumed investment horizon. This analysis is generally used in valuing income producing properties.

In our assessment, we have assumed the Subject Properties are sold at the end of year 10 at a price based upon the forecast year 11 income, and capitalised by the terminal capitalisation rate for the remaining property lease term. The analysis is based on the assumption of a cash purchase. No allowance for interest and other funding costs have been incurred.

4. TITLE PARTICULARS

We have been provided with extracts from title documents relating to the Subject Properties. We have not, however, searched the original documents to verify ownership or to verify the existence of any lease amendments which do not appear on the copies handed to us. We have relied on the Manager, concerning the validity of the titles to the Subject Properties.

5. EXCHANGE RATE

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB). For reference purposes, we have also prepared the summary of values in Hong Kong Dollars in the cover letter. The exchange rate adopted as at the Date of Valuation was HK$1 = RMB0.9364.

6. CAVEATS AND ASSUMPTION

The valuations are subject to the following caveats and assumptions.

(a) We have inspected the exterior and interior of the Subject Properties. No tests were carried out on any of the services.

(b) We have assumed that the Subject Properties are free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect their values, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the Subject Properties and our valuation assumes that none exists.

(c) We have assumed that the Subject Properties have been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Subject Properties upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.

(d) Our valuations have been made on the assumption that the owners sell the Subject Properties on the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of Subject Properties. In addition, no forced sale situation in any manner is assumed in our valuations.

6. CAVEATS AND ASSUMPTION *(Continued)*

(e) No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Subject Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Subject Properties are free from encumbrances including material building defects, restrictions and outgoings of an onerous nature which could affect their values.

(f) We have relied to a very considerable extent on the property information, including rent roll, floor plans, property particulars, etc. by the Manager.

(g) We have not carried out detailed site measurements to verify the correctness of the site and floor areas in respect of the Subject Properties but have assumed that the site and floor areas shown on the documents and official site plans handed to us are correct. Based on our experience of valuation of similar properties in the PRC, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

(h) We have had no reason to doubt the truth and accuracy of the information provided to us by the Manager. We have sought confirmation from the Manager that no material factors have been omitted from the information supplied. We take no responsibility for inaccurate data provided by the Manager and subsequent conclusions derived from such data and information.

(i) The study of possible alternative development options and the related economics are not within the scope of this report.

Part A - White Horse Building

Valuation of various units of the property (the "Property") held by GZI REIT located in White Horse Building, Nos. 14, 16 and 18 Zhan Nan Road, Yue Xiu District, Guangzhou, Guangdong Province, the PRC.

1. SUMMARY OF THE PROPERTY

According to the information provided by the Manager, 9 Building Ownership Certificates have been issued in respect of the Property. The details of the Property are summarised as follows:

1.	Current Registered Owner	:	Partat Investment Limited
2.	Type of Land Use Right	:	Granted
3.	Town Plan Zoning	:	According to the State-owned Land Use Right Grant Contract dated 28 June, 2005, the zoning of the underlying land of White Horse Building is described as "commercial/office"
4.	Interest Valued	:	Leasehold interest of the Property
5.	Property Description	:	The Property forms a portion of a 10-storey wholesale garment shopping centre, including eight levels above ground, a lower ground level and a basement accommodating a car park.
6.	Gross Floor Area ("GFA") of the Property	:	Total - 50,199.3 sq.m. Retail - 46,279.3 sq.m. Office - 3,920.0 sq.m. Lower Ground Level - 1,121.7 sq.m. Level 1 - 7,667.0 sq.m. Level 2 - 7,199.8 sq.m. Level 3 - 7,684.9 sq.m. Level 4 - 7,695.6 sq.m. Level 5 - 7,466.4 sq.m. Level 6 - 7,443.9 sq.m. Level 7 - 2,003.5 sq.m. Level 8 - 1,916.5 sq.m. Levels 1, 2, 3, 4, 5, 6, 7, 8 correspond to 2nd, 3rd, 4th, 5th, 6th, 7th, 8th and 9th storey in White Horse Building respectively.
7.	Lease Term	:	Lower Ground Level - 50 years from 7 June, 2005 Level 1 - 40 years from 7 June, 2005 Level 2 - 40 years from 7 June, 2005 Level 3 - 40 years from 7 June, 2005 Level 4 - 7,164.2 sq.m. - 40 years from 7 June, 2005 Level 4 - 531.4 sq.m. - 50 years from 7 June, 2005 Level 5 - 50 years from 7 June, 2005 Level 6 - 50 years from 7 June, 2005 Level 7 - 50 years from 7 June, 2005 Level 8 - 50 years from 7 June, 2005

1. SUMMARY OF THE PROPERTY *(Continued)*

8.	Usage	:	Lower Ground Level - Storage Level 1 - Commercial Level 2 - Commercial Level 3 - Commercial Level 4 - Commercial Level 5 - Commercial Level 6 - Commercial Level 7 - Commercial Level 8 - Commercial
9.	Internal Floor Area of the Property	:	48,100.6 sq.m.
10.	Gross Rentable Area of the Property	:	50,128.9 sq.m.
11.	Construction Completion Date	:	1990 with extension and renovation thereafter between 1995 and 1997 as well of White Horse Building as between 1998 and 2000
12.	Market Value in existing state as at the Date of Valuation	:	RMB2,800,600,000
13.	Net Passing Income as at the Date of Valuation	:	RMB 21,187,270 per month
14.	Discount Rate adopted for Discounted Cash Flow Analysis only	:	11.0%
15.	Term Yield	:	9.0%
16.	Reversionary Yield	:	9.5%
17.	Occupancy Rate as at the Date of Valuation	:	99.16%
18.	Vacancy Allowance	:	1.0%
19.	Estimated Current Net Yield	:	9.1%
20.	Remarks:	:	The property is subject to a mortgage.

2. TITLE INVESTIGATION

There is a Gongan Building erected on the south side of White Horse Building with a gross floor area of 2,700 sq.m. There was an agreement signed on 7 February, 1994 between Guangzhou City Construction & Development Group Co. Ltd. and Guangzhou City Gongan Bureau. Guangzhou City Construction & Development Group Co. Ltd. was responsible for the design, obtaining approval and construction of the Gongan Building. Guangzhou City Gongan Bureau was responsible for paying the construction cost as well as land premium of RMB950,000 to Guangzhou City Construction & Development Group. Guangzhou City Gongan Bureau could use the Gongan Building for the residual land use rights term. As advised by the Manager, we understand that the owner of the Property does not have the right to use and the title ownership of Gongan Building but this will not affect Partat Investment Limited's title to the Property.

3. THE PROPERTY

3.1 Situation, Locality and Zoning

White Horse Building, a 10-storey commercial wholesale centre for garment, including eight levels above ground, a lower ground level and a basement car park, is located at No. 14, 16 and 18 Zhan Nan Road, Yue Xiu District, Guangzhou, Guangdong Province, the PRC. It is close to the Guangzhou Railway station, bus terminal and No.2 Metro Line.

The Property is located in Yue Xiu District and its accessibility is considered to be good. The main garment wholesale area of Guangzhou is situated around Zhan Nan Road, Yue Xiu District. The area is very popular among wholesalers because of its location (close to the Guangzhou Railway Station and major expressways).

According to the State-owned Land Use Rights Grant Contract signed on 28 June, 2005, the zoning of the underlying land of White Horse Building is described as "commercial/office".

3.2 Surrounding Development and Environmental Issues

The Property is located in Yue Xiu District. Developments in the area comprise mainly commercial buildings and retail shopping and wholesale centres, interspersed with some older medium-rise residential buildings.

The pedestrian flow along that section of Zhan Nan Road West is heavy as it is opposite to the bus terminal and close to the Guangzhou Railway Station.

We have no knowledge of any environmental concerns or contamination of the subject site and surrounding sites. Due to the land registration system in the PRC, we cannot trace any information regarding to the previous development erected upon the subject site, therefore, we cannot comment on the likelihood of contamination and its effect on value nor ascertain the past use of the site.

3.3 Availability of and Access to Public Transport

General accessibility of White Horse Building is considered good as public transportation such as taxis, buses and No. 2 Metro Line are available along Zhan Nan Road. Bus stops are located at 2 minutes walking distance from White Horse Building.

3.4 Car Accessibility and Road Frontage

White Horse Building is directly accessible from Zhan Nan Road. A pedestrian footbridge adjacent to the Property allows access to the Guangzhou Railway Station. The Guangzhou Railway Station is also connected to No. 2 Metro Line.

3. THE PROPERTY *(Continued)*

3.5 Description of the Development

White Horse Building, a 10-storey commercial wholesale centre for garment, including eight levels above ground, a lower ground level and a basement car park, is located at No. 14, 16 and 18 Zhan Nan Road, Yue Xiu District, Guangzhou's traditional wholesale business area. According to the information provided by the Manager, the development has a gross floor area of 61,703.0 sq.m.

The floor area breakdown of White Horse Building is summarized as below:

Level	Usage	Gross Floor Area *(sq.m.)*
Basement 1	Carpark, Machinery Room	5,690.9
Lower Ground Level	Storage	6,934.5
Level 1	Commercial	7,667.0
Level 2	Commercial	7,199.8
Level 3	Commercial	7,684.9
Level 4	Commercial	7,695.6
Level 5	Commercial	7,466.4
Level 6	Commercial	7,443.9
Level 7	Commercial	2,003.5
Level 8	Commercial	1,916.5
	Total:	61,703.0

The site of the wholesale centre comprises a regular and level plot with its main frontage on Zhan Nan Road. White Horse Building was first completed in 1990 and then underwent two separate phase extensions in between 1995 and 1997 as well as between 1998 and 2000.

General accessibility of White Horse Building is considered good as public transportation such as buses and taxis are available along Zhan Nan Road which is a main roadway.

Car parking facilities are located on basement level 1.

The layout and design of White Horse Building is reasonable in comparison with other wholesale centres of similar scale and grade in the locality.

3. THE PROPERTY *(Continued)*

3.6 Portion of Interest Held by GZI REIT

GZI REIT holds a portion of the development and the details of the interest are listed below:

Level	Usage	Gross Floor Area *(sq.m.)*	Internal Floor Area *(sq.m.)*
Lower Ground Level	Storage	1,121.7	1,081.1
Level 1	Commercial	7,667.0	7,342.6
Level 2	Commercial	7,199.8	6,892.2
Level 3	Commercial	7,684.9	7,359.8
Level 4	Commercial	7,695.6	7,370.0
Level 5	Commercial	7,466.4	7,149.2
Level 6	Commercial	7,443.9	7,127.5
Level 7	Commercial	2,003.5	1,931.0
Level 8	Commercial	1,916.5	1,847.2
	Total:	50,199.3	48,100.6

Upon our site inspection, we noted that Levels 1 to 8 were occupied as retail shops and ancillary office. As advised by the Manager, the Lower Ground Level comprises mainly common area including staircases and storage area, which is regarded as non-lettable area.

3.7 Specification, Services and Finishes of the Development

White Horse Building is constructed of reinforced concrete with partly glazed and partly mosaic tiling to the exterior elevations and is decorated with marble or granite wall and floor tiles at the main lobby. Main services comprise electricity, water and telecommunications.

The building is subdivided into various units on all levels and is served by 8 passenger lifts and 2 cargo lifts serving Levels 1 to 6, 2 passenger lifts and 1 cargo lift serving Levels 7 to 8, 12 escalators serving Levels 1 to 4 and 17 staircases serving Levels 1 to 8.

The standard of services and finishes within the development is considered to be reasonable, commensurating to other wholesale centres in the neighbourhood.

The building is maintained in a reasonable condition commensurate with its age.

The fire safety measures include the installation of automatic sprinkler heads, smoke detectors, a fire alarm system, fire extinguishers etc throughout the building.

3. THE PROPERTY *(Continued)*

3.8 Current Rental Income

As at the Date of Valuation, about 0.84% of the Property was vacant.

According to the supplied rent roll as at the Date of Valuation, the existing net monthly rental income and equivalent annual net rental income was as follows:

Leased Gross Floor Area *(sq.m.)*	Monthly Net Rental Income *(RMB)*	Annual Net Rental Income *(RMB)*
49,709.71	21,187,270	254,247,240

According to the supplied information, we understand that rental income is exclusive of property management fee and other outgoings such as water, electricity, town gas, telephone and air-conditioning charges and etc.

The Property comprises various tenants from various industries such as a bank, food & restaurants, garment, etc.

We are not aware of any material options or rights of pre-emption which may affect the value of the Property.

3.9 Occupancy Rate

According to the information provided by the Manager, the Property was leased to various tenants as at the Date of Valuation. This equates to an occupancy rate of 99.16% of the Property held by GZI REIT. The Property is occupied by various tenants such as the Bank of Communication, Guangzhou Branch and various other individual tenants.

3.10 Lease Cycle Duration and Expiry Profile

In general, the typical lease terms of the wholesales tenancies are on normal commercial term.

The details of the duration lease terms are shown below:

Lease term greater than *(year)*	Lease term less than or equal to *(year)*	By Area *(%)*
0	1	1.02
1	2	0.79
2	3	5.74
3	4	32.03
4	5	60.41
		100.0

3. THE PROPERTY *(Continued)*

3.10 Lease Cycle Duration and Expiry Profile *(Continued)*

According to the renewed leases, the details of the lease expiry profile are shown below:

% of tenancies due to expire in each year	**By Area** *(%)*
2008	2.19
2009	28.69
2010	63.59
2011	5.53
	100.0

3.11 Summary of Material Rent Review Provisions

We understand that the Property has no material rent review provisions. According to the supplied documents and tenancy agreements, all the leases have been renewed commencing from January 2007 and the typical lease terms vary between 4 to 5 years.

The Manager is not aware of any sub-leases or tenancies in the Property.

We are not aware of any sub-leases or tenancies or any material options or rights of pre-emption which may affect the value of the Property.

3.12 Historic Outgoings

As advised by the Manager, the total property management income covers the total property management expenses.

3.13 Property Management

3.13.1 Tenancy Services Agreement

A tenancy services agreement was entered into between the Manager, Partat Investment Limited (the "Property Company") and White Horse Property Management Co. Ltd. (the "Leasing Agent") on 7 December, 2005 for an initial term of three years. Under this agreement the Leasing Agent (who is also the property manager of White Horse Building) will be paid a remuneration of 3% per annum of the gross revenue ("Service Fees") receivable by the Property Company from the operation of the Property. The Leasing Agent, as the property manager of the building is entitled to retain 10% of any contributions made by the tenants towards the operating expenses of the building. The Leasing Agent agrees that, for so long as it is the property manager of White Horse Building, the Service Fees paid to the Leasing Agent shall also be in satisfaction of the property management fees which it is entitled to receive from the Property Company for any vacant units of the Property under the property management agreement.

3.13.2 Property Management Fee

As advised by the Manager, the monthly management fees are payable by the tenants to the Leasing Agent.

4. VALUATION

4.1 Income Capitalisation Approach

This approach converts the actual and anticipated net income from the Property into a value through the process of capitalization. The most common method of converting net income into value is by the "term and reversion" method.

This approach estimates the value of the Property on an open market basis by capitalising net rental income on a fully leased basis having regard to the current passing rental income and potential future income from existing vacancies.

In preparing our valuations, we have had regard to asking or transacted rental income comparables within similar retail/wholesale developments in the locality.

As advised by the Manager, improvement works for Levels 8 and 9 of the Property have been completed. Since 16 April 2006, these 2 levels were occupied for retail/office uses (originally used as warehouses and offices).

For the purposes of market comparables compositions, we have identified a number of comparables from our own database (which is based on the most recent data available to us). Due to the limited number of actual transaction available, we have analysed lettings from a variety of buildings in the locality.

In our assessment, the term yield adopted is 9.0% and reversionary yield is 9.5%. The term yield adopted is lower than the market yield because the current passing rental income of the Property is lower than the estimated current market rental income.

4.2 Discounted Cash Flow Analysis

For the Property, the terminal capitalisation rate within our calculation is 8%. This is based on our analysis of the term yields applicable in the marketplace with a discount to allow for the fact that we are capitalising a net rental income in year 11. The discount reflects the difference between the rental income stream before deductions and the net rental income together with an allowance for the security that a net rental income provides over the rental income before deduction.

In our calculation, we have adopted the discount rate of 11% for the Property. The discount rate is a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it reflects the opportunity cost of capital. In arriving at the discount rate, we have studied the current market situation for an investment return over a 10-year period from a commercial property. We have also investigated the return required by active property investors in the market as purchasers of shopping centres and office buildings.

In arriving at the periodic cash flow prepared by us, we have considered the annual rental income growth rate to assess the projected rental income, which is applied to the cash flow upon the expiry of the leases.

We have estimated the rental income growth per annum during next 10 years for the Property. Rental income growth patterns for each tenancy reflect the rent review provisions of each lease, including staged rent increase where applicable. We have assumed that upon expiry of the tenancies, we will follow the terms of the renewed tenancies which are typically for four or five years. Upon expiry of such tenancies new leases will be granted or renewed on three years terms at the then existing market rentals.

No deduction has been made for the expected repair and maintenance costs as we understand from the Manager that the repair and maintenance costs, for maintaining the current condition of the Property, are covered by the management fees paid by tenants.

We have also deducted amounts for business tax, stamp duty, urban real estate tax, flood prevention fee, insurance and service fees.

4. VALUATION *(Continued)*

4.2 Discounted Cash Flow Analysis *(Continued)*

In our assessment, we have valued the Property using the following assumptions:

Items	Percent
Terminal Capitalisation Rate	8.0%
Discount Rate	11.0%
Growth Rate - Year 1	0.0%
Growth Rate - Year 2	2.0%
Growth Rate - Year 3	2.0%
Growth Rate - Year 4	2.0%
Growth Rate - Year 5	4.0%
Growth Rate - Years 6 to 10	4.0%
Vacancy loss	1.0%
Bad Debts	1.0%

Vacancy loss is based on our local market knowledge on the supply and demand of the relevant property market in Guangzhou.

In our Discounted Cash Flow Analysis, based on the information provided by the Manager, we have projected the following outgoings to be expended for the next 10 years on the building at the following amount:

Projected Outgoings Items	Projected Outgoings
Service Fees based on the tenancy	3.0% of gross rental income services agreement
Cost of Large Scale Repair and Maintenance as advised by the Manager	None
Sundry Expenses	0.5% of rental income
Insurance	Fixed Amount
Business Tax	5.0% of rental income
Flood Prevention Fee	0.09% of rental income
Urban Real Estate Tax	original value of building x 70% x 1.2%
Stamp Duty	0.1% of gross rental income

5. VALUATION SUMMARY

We have summarised the calculation results of each approach in the table below:

Valuation Method	**Value** *(RMB)*
Income Capitalisation	2,882,200,000
Discounted Cash Flow	2,718,900,000

Based on our valuation method of Income Capitalisation Approach including Discounted Cash Flow Analysis, we are of the opinion that the Market Value of the Property in its existing state as at the Date of Valuation was **RENMINBI TWO THOUSAND EIGHT HUNDRED MILLION AND SIX HUNDRED THOUSAND ONLY (RMB2,800,600,000)** assuming it is available for sale in the market with the benefit of existing tenants and its property title is free from all material encumbrances or defects. The Market Value of the Property is an average of values derived using by the Income Capitalisation Approach and Discounted Cash Flow Analysis.

Part B - Fortune Plaza

Valuation of various units of the Property (the "Property") held by GZI REIT located in Fortune Plaza, Nos. 114, 116 and 118 Ti Yu Dong Road, Tian He District, Guangzhou, Guangdong Province, the PRC.

1. SUMMARY OF THE PROPERTY

According to the information provided by the Manager, 83 Building Ownership Certificates have been issued in respect of the Property. The details of the Property are summarised as follows:

1.	Current Registered Owner	:	Moon King Limited
2.	Type of Land Use Right	:	Granted
3.	Town Plan Zoning	:	The zoning of the underlying land of Fortune Plaza was described as "commercial/office".
4.	Interest Valued	:	Leasehold interest of the Property.
5.	Property Description	:	The Property comprises a portion of a 6-storey commercial podium and two office towers erected above it.
6.	Gross Floor Area ("GFA") of the Property	:	Total - 40,356.2 sq.m. Office- 36,503.1 sq.m. Retail - 3,853.1 sq.m.
7.	Lease Term	:	Levels 1-5, Level 37 of East Tower and Level 27 of West Tower - 40 years from 26 November, 2002 Levels 8-9, 11-14, 19, 25-28, 34-36 of East Tower and Levels 8-19, 24-26 of West Tower - 50 years from 26 November, 2002
8.	Usage	:	Levels 1-5, Level 37 of East Tower and Level 27 of West Tower - Commercial Levels 8-9, 11-14, 19, 25-28, 34-36 of East Tower and Levels 8-19, 24-26 of West Tower - Office
9.	Internal Floor Area of the Property	:	30,752.3 sq.m.
10.	Gross Rentable Area of the Property	:	40,356.2 sq.m.
11.	Construction Completion Date of Fortune Plaza	:	2003
12.	Market Value in existing state as at the Date of Valuation	:	RMB601,800,000
13.	Net Passing Income as at the Date of Valuation	:	RMB4,324,782 per month

1. SUMMARY OF THE PROPERTY *(Continued)*

14.	Discount Rate adopted for Discounted Cash Flow Analysis only	:	11.0%
15.	Term Yield	:	Office: 8.0% Retail: 11.0%
16.	Reversionary Yield	:	Office: 9.0% Retail: 11.5%
17.	Occupancy Rate as at the Date of Valuation	:	98.78%
18.	Vacancy Allowance	:	Office: 5.0% Retail: 1.0%
19.	Estimated Current Net Yield	:	8.6%
20.	Remarks:	:	The property is subject to a mortgage.

2. THE PROPERTY

2.1 Situation and Locality

Fortune Plaza is located at Nos. 114, 116 and 118 Ti Yu Dong Road, Tian He District, Guangzhou, Guangdong Province, the PRC. It is in close proximity to the Guangzhou East Train Station and Metro Station with interchange of Nos. 1 and 3 Metro Line.

Tian He District is a rapidly developing area in Guangzhou and is the present focus of new Grade A office developments. Located on the eastern side of Guangzhou, the majority of major developments in the area are situated around and overlook the Tian He stadium. This district has emerged as the new CBD of Guangzhou within the last few years and its increasing popularity with the business community has led to rapid development of commercial buildings around the stadium area, with new developments initially located near the central square but gradually expanding outwards from it.

2.2 Surrounding Development and Environmental Issues

The Property is located in Tian He District. Developments in the area comprise mainly modern high-rise commercial buildings and low-rise retail shopping centres, interspersed with older medium-rise residential buildings.

The pedestrian flow along the section of where the Property is located is heavy as it is located at the busier side of the Tian He stadium.

We have no knowledge of any environmental concerns or contamination of the subject site and surrounding areas. Due to the land registration system in the PRC, we cannot trace any information regarding previous developments erected upon the subject site, therefore, we cannot comment on the likelihood of contamination and its effect on value nor ascertain the past use of the site.

2. THE PROPERTY *(Continued)*

2.3 Availability of and Access to Public Transport

General accessibility of Fortune Plaza is considered good as public transportation such as taxis and buses are available along Ti Yu Dong Road, a major roadway in Guangzhou. Bus stops and a metro station are located adjacent to Fortune Plaza.

Fortune Plaza is located in approximately 5 minutes driving distance from the Guangzhou East Train Station.

2.4 Car Accessibility and Road Frontage

Fortune Plaza is directly accessible from Ti Yu Dong Road. A pedestrian subway adjacent to the Property allows access to the Tian He Stadium.

2.5 Description of the Development

Fortune Plaza, a Grade A commercial complex, is located at Nos. 114, 116 and 118 Ti Yu Dong Road, Tian He District, in Guangzhou's prime business area. According to the information provided by the Manager, the development has a gross floor area of 80,419.1 sq.m.

The floor area breakdown of Fortune Plaza is summarized as below:

Level	Usage	Gross Floor Area *(sq.m.)*
Basement	Carpark and Machinery Plant Room	8,561.6
Podium: Level 1 to 6 – Commercial	Podium: Levels 1 to 6 – Commercial	23,993.0
Level 7	Level 7 - Machinery Plant Room	
East Tower	Level 8-36 – Office	28,900.3
	Level 37 – Commercial	
West Tower	Level 8-26 – Office	18,964.2
	Level 27 – Commercial	
	Total:	80,419.1

The site of the building comprises a regular and level plot with its main frontage on Ti Yu Dong Road upon which a 6-storey commercial podium with two office towers have been erected and were completed in 2003. The East Tower is above the podium from the 8th to 37th storey and the West Tower from the 8th to 27th storey.

The main entrance of Fortune Plaza is on Ti Yu Dong Road. General accessibility of Fortune Plaza is good as public transportation such as the metro system, buses and taxis are available along Ti Yu Dong Road which is a main roadway in Guangzhou.

Car parking facilities are provided by 2 basement level carparks while a platform garden, a club and other ancillary facilities are located on Level 7.

The layout and design of Fortune Plaza is reasonable in comparison with other office buildings of similar scale and grade in the locality.

2. THE PROPERTY *(Continued)*

2.6 Portion of Interest Held by GZI REIT

GZI REIT holds a portion of the development and the details of the interest are listed below:

No.	Property	Usage	Gross Floor Area *(sq.m.)*	Internal Floor Area *(sq.m.)*
Podium, Ti Yu Dong Road				
1.	No. 118, Unit 109	Commercial	1,007.4	968.9
2.	No. 118, Level 2	Commercial	2,845.7	2,275.8
3.	No. 118, Level 3	Commercial	4,275.1	3,593.0
4.	No. 118, Level 4	Commercial	4,275.1	3,593.0
5.	No. 118, Level 5	Commercial	4,275.1	3,593.0
East Tower, Ti Yu Dong Road				
6.	No. 116, Unit 801	Office	180.2	115.0
7.	No. 116, Unit 802	Office	124.7	79.5
8.	No. 118, Unit 803	Office	188.8	120.5
9.	No. 116, Unit 805	Office	191.7	122.3
10.	No. 116, Unit 806	Office	124.8	79.6
11.	No. 116, Unit 808	Office	188.8	120.5
12.	No. 116, Unit 903	Office	188.8	120.5
13.	No. 116, Unit 905	Office	191.7	122.3
14.	No. 116, Unit 906	Office	124.8	79.6
15.	No. 116, Unit 908	Office	188.8	120.5
16.	No. 116, Unit 1101	Office	180.2	115.0
17.	No. 116, Unit 1102	Office	124.7	79.6
18.	No. 116, Unit 1108	Office	188.8	120.5
19.	No. 116, Unit 1201	Office	179.7	115.2
20.	No. 116, Unit 1202	Office	125.0	80.2
21.	No. 116, Unit 1203	Office	188.7	121.0
22.	No. 116, Unit 1205	Office	191.7	122.9
23.	No. 116, Unit 1206	Office	125.1	80.2
24.	No. 116, Unit 1208	Office	188.7	121.0
25.	No. 116, Unit 1301	Office	179.7	115.2
26.	No. 116, Unit 1302	Office	125.0	80.2
27.	No. 116, Unit 1303	Office	188.7	121.0
28.	No. 116, Unit 1306	Office	191.7	122.9
29.	No. 116, Unit 1305	Office	125.1	80.2
30.	No. 116, Unit 1308	Office	188.7	121.0
31.	No. 116, Unit 1401	Office	179.7	115.2
32.	No. 116, Unit 1402	Office	125.0	80.2
33.	No. 116, Unit 1403	Office	188.7	121.0

2. THE PROPERTY *(Continued)*

2.6 Portion of Interest Held by GZI REIT *(Continued)*

No.	Property	Usage	Gross Floor Area *(sq.m.)*	Internal Floor Area *(sq.m.)*
34.	No. 116, Unit 1405	Office	191.7	122.9
35.	No. 116, Unit 1406	Office	125.1	80.2
36.	No. 116, Unit 1408	Office	188.7	121.0
37.	No. 116, Unit 1901	Office	180.2	115.0
38.	No. 116, Unit 1902	Office	124.7	79.5
39.	No. 116, Unit 1903	Office	188.8	120.5
40.	No. 116, Unit 1905	Office	191.7	122.3
41.	No. 116, Unit 1906	Office	124.8	79.6
42.	No. 116, Unit 1908	Office	188.8	120.5
43.	No. 116, Units 2501 & 2601	Office	1,586.4	1,240.8
44.	No. 116, Unit 2705	Office	188.7	121.8
45.	No. 116, Unit 2801	Office	180.3	115.4
46.	No. 116, Unit 3401	Office	180.4	115.0
47.	No. 116, Units 3501 & 3601	Office	1,392.2	1,029.3
48.	No. 116, Level 37	Commercial	302.2	181.0
West Tower, Ti Yu Dong Road				
49.	No. 114, Level 8	Office	997.7	779.6
50.	No. 114, Level 9	Office	997.7	779.6
51.	No. 114, Level 10	Office	997.7	779.6
52.	No. 114, Unit 1101	Office	189.3	120.5
53.	No. 114, Unit 1102	Office	125.0	79.5
54.	No. 114, Unit 1103	Office	179.7	114.4
55.	No. 114, Unit 1105	Office	189.3	120.5
56.	No. 114, Unit 1106	Office	125.0	79.6
57.	No. 114, Unit 1108	Office	189.3	120.5
58.	No. 114, Unit 1201	Office	189.0	122.0
59.	No. 114, Unit 1202	Office	125.7	81.1
60.	No. 114, Unit 1203	Office	179.4	115.8
61.	No. 114, Unit 1205	Office	189.0	122.0
62.	No. 114, Unit 1206	Office	125.7	81.1
63.	No. 114, Unit 1208	Office	189.0	122.0
64.	No. 114, Unit 1301	Office	189.0	122.0
65.	No. 114, Unit 1302	Office	125.7	81.1
66.	No. 114, Unit 1303	Office	179.4	115.8
67.	No. 114, Unit 1305	Office	189.0	122.0
68.	No. 114, Unit 1306	Office	125.7	81.1
69.	No. 114, Unit 1308	Office	189.0	122.0
70.	No. 114, Unit 1401	Office	189.0	122.0

2. THE PROPERTY *(Continued)*

2.6 Portion of Interest Held by GZI REIT *(Continued)*

No.	Property	Usage	Gross Floor Area *(sq.m.)*	Internal Floor Area *(sq.m.)*
71.	No. 114, Unit 1402	Office	125.7	81.1
72.	No. 114, Unit 1403	Office	179.4	115.8
73.	No. 114, Level 15	Office	997.7	779.6
74.	No. 114, Level 16	Office	997.7	779.6
75.	No. 114, Level 17	Office	997.7	779.6
76.	No. 114, Level 18	Office	997.7	779.6
77.	No. 114, Unit 1902	Office	125.9	81.6
78.	No. 114, Unit 1903	Office	179.3	116.2
79.	No. 114, Unit 1905	Office	188.8	122.4
80.	No. 114, Unit 1906	Office	125.9	81.6
81.	No. 114, Units 2401&2501	Office	1,591.4	1,243.6
82.	No. 114, Level 26	Office	646.8	446.0
83.	No. 114, Level 27	Office	335.8	180.4
		Total	40,356.2	30,752.3

2.7 Specification, Services and Finishes of the Development

Fortune Plaza is constructed of reinforced concrete with glazed tiling to the exterior elevations and is decorated with marble or granite wall and floor tiles in the main lobby. The specification of the building includes central air-conditioning system. Main services of the building comprise electricity, water and telecommunications.

The building is subdivided into various units on all levels and is served by 10 passenger lifts and 2 cargo lifts serving all levels.

The standard of services and finishes within the development is considered to be reasonable commensurate to other office buildings in the neighbourhood.

The building is maintained in a reasonable condition commensurate with its age.

The fire safety measures include the installation of automatic sprinkler heads, smoke detectors, a fire alarm system and fire extinguishers throughout the building.

2. THE PROPERTY *(Continued)*

2.8 Current Rental Income

As at the Date of Valuation, about 1.22% of the Property was vacant.

According to the supplied rent roll, as at the Date of Valuation, the existing net monthly rental income and equivalent annual net rental income was as follows:

Leased Gross Floor Area (sq.m.)	Monthly Net Rental Income (RMB)	Annual Net Rental Income (RMB)
39,865.85	4,324,782	51,897,384

According to the supplied information, we understand that rental income is exclusive of property management fees and other outgoings such as water, electricity, town gas, telephone, air-conditioning charges and etc.

The Property houses various tenants from various industries such as banking/finance, property agency, information technology, manufacturing/engineering, transportation, shipping etc.

2.9 Occupancy Rate

According to the information provided by the Manager, most of the Property was leased to various tenants as at the Date of Valuation. This equates to an occupancy rate of about 98.78% of the Property held by GZI REIT. Existing tenants include HSBC, and Alibaba (China) Technology Co., Ltd.

2.10 Lease Cycle Duration and Expiry Profile

In general, the typical lease terms of all tenancies are on normal commercial terms.

The details of the lease term duration are shown belows:

Lease term greater than (year)	Lease term less than or equal to (year)	By Area (%)
0	1	2.88
1	2	19.24
2	3	56.03
3	4	8.99
4	5	7.00
5	6	4.72
6	7	1.14
		100.0

2. THE PROPERTY *(Continued)*

2.10 Lease Cycle Duration and Expiry Profile *(Continued)*

The details of the lease expiry profile are shown below:

% of tenancies due to expire in each year	**By Area** *(%)*
Year	
2008	26.91
2009	35.76
2010	7.30
2011	30.03
	100.0

2.11 Summary of Material Rent Review Provisions

As advised by the Manager, there are no sub-leases or tenancies in the Property except for the lease of Level 15 of West Tower. We consider that this sub-lease does not affect the value of the Property.

We are not aware of any material options or rights of pre-emption which may affect the value of the Property. We have considered the right to renew in our valuation.

2.12 Historic Outgoings

As advised by the Manager, the property management income covers all property management expenses.

2.13 Property Management

2.13.1 Tenancy Services Agreement

A tenancy services agreement was entered into between the Manager, Moon King Limited (the "Property Company") and Guangzhou Yicheng Property Management Ltd. (the "Leasing Agent") on 7 December, 2005 for an initial term of three years. Under this agreement the Leasing Agent (who is also the property manager of Fortune Plaza) will be paid a remuneration of 4% of the gross revenue per annum ("Service Fees") receivable by the Property Company from the operation of the Property. The Leasing Agent, as the property manager of the building is entitled to retain 10% of any contributions made by the tenants towards the operating expenses of the building. The Leasing Agent agrees that, for so long as it is the property manager of Fortune Plaza, the Service Fees paid to the Leasing Agent shall also be in satisfaction of the property management fees which it is entitled to receive from the Property Company for any vacant units of the Property under the property management agreement.

2.13.2 Property Management Fee

As advised by the Manager, the monthly management fees are payable by the tenants to the Leasing Agent.

3. VALUATION

3.1 Income Capitalisation Approach

This approach converts the actual and anticipated net income from the Property into a value through the process of capitalization. The most common method of converting net income into value is by the "term and reversion" method.

This approach estimates the values of the Property on an open market basis by capitalising net rental income on a fully leased basis having regard to the current passing rental income and potential future income from existing vacancies.

In preparing our valuations, we have had regard to asking or transacted rental income comparables within similar prime office and retail developments in the locality.

For the purposes of market comparables compositions, we have identified a number of comparables from our own database (which is based on the most recent data available to us). Due to the limited number of actual transactions available to us, we have analysed transactions from a variety of similar types of buildings in the locality.

In our assessment, the term yields adopted are 11.0% for the retail component and 8.0% for the office component. The term yields adopted are lower than the market yields because the current passing rental income of the Property is lower than the estimated current market rental income. The reversionary yields adopted are 11.5% for the retail component and 9.0% for the office component. We have applied individual yields to the retail and office components of the Property, with a higher yield for the retail component to reflect the perceived higher levels of risk associated with the retail property market in Guangzhou which is less mature and more volatile compared to the office market.

3.2 Discounted Cash Flow Analysis

For the Property, the terminal capitalisation rate for office portion within our calculation is 8.0% and the terminal capitalisation rate for retail portion is 8.0%. This is based on our analysis of the term yields applicable in the marketplace with a discount to allow for the fact that we are capitalising a net rental income in year 11. The discount reflects the difference between the rental income stream before deductions and the net rental income together with an allowance for the security that a net rental income provides over the rental income before deduction.

In our calculation, we have adopted the discount rate of 11.0% for the Property. The discount rate is a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it reflects the opportunity cost of capital. In arriving at the discount rate, we have studied the current market situation for an investment return over a 10-year period from a commercial property. We have also investigated the return required by active property investors in the market as purchasers of shopping centres and office buildings.

In arriving at the periodic cash flow, we have considered the annual rental income growth rate to assess the projected rental income, which is applied to the cash flow upon the expiry of the leases.

3. VALUATION *(Continued)*

3.2 Discounted Cash Flow Analysis *(Continued)*

We have estimated the rental income growth per annum during next 10 years for the Property. Rental income growth patterns for each tenancy reflect the rent review provisions of each lease, including staged rent increase where applicable. We have assumed that upon expiry of the tenancies, typically new or existing two to five years leases will be granted or renewed on the basis of three years leases and the then prevailing market rentals.

No deduction has been made for the expected cost for small scale, routine repairs and maintenance as we understand from the Manager that such small scale, routine repair and maintenance costs, for maintaining the current condition of the Property, are covered by the management fee paid by tenants.

We have also deducted amounts for business tax, stamp duty, urban real estate tax, flood prevention fee, insurance, cost for large scale repair and maintenance, and service fees.

In our assessment, we have valued the Property using the following assumptions:

Property	**Office Portion**	**Retail Portion**
Terminal Capitalisation Rate	8.0%	8.0%
Discount Rate	11.0%	11.0%
Growth Rate - Year 1	0%	0%
Growth Rate - Year 2	2.0%	2.0%
Growth Rate - Year 3	2.0%	2.0%
Growth Rate - Year 4	2.0%	2.0%
Growth Rate - Year 5	4.0%	4.0%
Growth Rate - Years 6 to 10	4.0%	4.0%
Vacancy loss	5.0%	1.0%
Bad Debts	1.0%	1.0%

Vacancy loss is based on our local market knowledge on the supply and demand of the relevant property market in Guangzhou.

3. VALUATION *(Continued)*

3.2 Discounted Cash Flow Analysis *(Continued)*

In our Discounted Cash Flow Analysis, based on the information provided by the Manager, we have projected the following outgoings to be expended for the next 10 years on the building at the following amount:

Projected Outgoings Items	Projected Outgoings
Service Fees based on the tenancy services agreement	4.0% of gross rental income
Cost of Large Scale Repair and Maintenance as advised by the Manager	RMB256,000 in 2008
	RMB366,400 in 2009
	RMB85,300 in 2010
	RMB125,500 in 2011
	RMB145,600 in 2012
	RMB145,600 in 2013
	RMB376,400 in 2014
	RMB291,000 in 2015
Sundry Expenses	0.2% of rental income
Insurance	Fixed Amount
Business Tax	5.0% of rental income
Flood Prevention Fee	0.09% of rental income
Urban Real Estate Tax	original value of building x 70% x 1.2%
Stamp Duty	0.1% of gross rental income

4. VALUATION SUMMARY

We have summarised the calculation results of each approach in the table below:

Valuation Method	Value *(RMB)*
Income Capitalisation	629,600,000
Discounted Cash Flow	573,900,000

Based on our valuation method of Income Capitalisation Approach including Discounted Cash Flow Analysis, we are of the opinion that the Market Value of the Property in its existing state as at the Date of Valuation was **RENMINBI SIX HUNDRED ONE MILLION AND EIGHT HUNDRED THOUSAND ONLY (RMB601,800,000)** assuming it is available for sale in the market with the benefit of existing tenants and its property title is free from all material encumbrances or defects. The Market Value of the Property is an average of the values derived using the Income Capitalisation Approach and Discounted Cash Flow Analysis.

Valuation of various units of the property (the "Property") held by GZI REIT located in City Development Plaza, Nos. 185, 187 and 189 Ti Yu Xi Road, Tian He District, Guangzhou, Guangdong Province, the PRC.

1. SUMMARY OF THE PROPERTY

According to the information provided by the Manager, 165 Building Ownership Certificates have been issued in respect of the Property. The details of the Property are summarised as follows:

1.	Current Registered Owner	:	Full Estates Investment Limited
2.	Type of Land Use Right	:	Granted
3.	Town Plan Zoning	:	The zoning of the underlying land of City Development Plaza was described as "commercial/residential".
4.	Interest Valued	:	Leasehold interest of the Property
5.	Property Description	:	The Property forms a portion of a 28-storey Grade A commercial building.
6.	Gross Floor Area ("GFA") of the Property	:	Total: 42,397.4 sq.m. Office: 30,639.8 sq.m. Retail: 11,757.6 sq.m.
7.	Lease Term	:	Levels 1-3 - 40 years from 27 January, 1997 Levels 6-11, 16-28 - 50 years from 27 January, 1997
8.	Usage	:	Levels 1-3 - Commercial Levels 6-11,16-28 – Office
9.	Internal Floor Area of the Property	:	30,752.3 sq.m.
10.	Gross Rentable Area of the Property	:	42,397.4 sq.m.
11.	Construction Completion Date of City Development Plaza	:	1997
12.	Market Value in existing state as at the Date of Valuation	:	RMB428,100,000
13.	Net Passing Income as at the Date of Valuation	:	RMB3,842,453 per month
14.	Discount Rate adopted for Discounted CashFlow Analysis only	:	11.0%
15.	Term Yield	:	Office: 9.0% Retail: 11.5%

1. SUMMARY OF THE PROPERTY *(Continued)*

16.	Reversionary Yield	:	Office: 9.5% Retail: 12.0%
17.	Occupancy Rate as at the Date of Valuation	:	97.31%
18.	Vacancy Allowance	:	Office: 4.0% Retail: 2.0%
19.	Estimated Current Net Yield	:	10.8%
20.	Remarks:	:	The property is subject to a mortgage.

2. THE PROPERTY

2.1 Situation and Locality

City Development Plaza is situated on the western side of Ti Yu Xi Road in Tian He District, Guangzhou, Guangdong Province, the PRC. The Property is in close proximity to the Guangzhou East Train Station and Lin He Xi Zhan Metro Station (about 3 minutes walk from the Property). Ti Yu Xi Road forms one axis of the square surrounding the Tian He Stadium and has become one of the main CBDs in Guangzhou.

Tian He District is a rapidly developing area and is the present focus of new Grade A office developments. Located on the eastern side of Guangzhou, the majority of major developments in the area are situated around and overlook the Tian He stadium. This district has emerged as the new CBD of Guangzhou within the last few years and its increasing popularity with the business community has led to rapid development of commercial buildings around the stadium area, with new developments initially located near the central square but gradually expanding outwards from it.

2.2 Surrounding Development and Environmental Issues

The Property is located in Tian He District. Developments in the area comprise mainly modern high-rise commercial buildings and low-rise retail shopping centres, interspersed with older medium-rise residential buildings.

The pedestrian traffic flow along that section of Ti Yu Xi Road is moderate as it is located in the quieter side of the Tian He stadium.

We have no knowledge of any environmental concerns or contamination of the subject site and surrounding sites. Due to the land registration system in the PRC, we cannot trace any information regarding previous developments erected upon the subject site, therefore, we cannot comment on the likelihood of contamination and its effect on value nor ascertain the past use of the site.

2. THE PROPERTY *(Continued)*

2.3 Availability of and Access to Public Transport

General accessibility of City Development Plaza is considered good as public transportation such as taxis, buses and Nos. 1 and 3 Metro Line are available along Ti Yu Xi Road. Bus stops are located at 2 minutes walk from City Development Plaza.

2.4 Car Accessibility and Road Frontage

City Development Plaza is directly accessible from Ti Yu Xi Road which is a major roadway.

2.5 Description of the Development

City Development Plaza, a 28-storey Grade A commercial building plus a 2-storey basement carpark, is located at Nos. 185, 187 and 189 Ti Yu Xi Road, Tian He District, in Guangzhou's prime business area. The building comprises a 5-storey commercial podium and office areas from Levels 6 to 28. According to the information provided by the Manager, the development has a gross floor area of approximately 74,049.2 sq.m.

The area breakdown of City Development Plaza is summarized as below:

Level	**Usage**	**Gross Floor Area** *(sq.m.)*
Basement 1 and 2	Carpark, Machinery Room	12,500.6
Level 1-3	Commercial	11,757.5
Level 4	Restaurant	4,639.3
Level 5	Club House	1,724.5
Level 6-28	Office	43,427.3
	Total:	74,049.2

The commercial portion is situated behind the main entrance lobby serving the office levels, and is divided into separate retail units arranged around an atrium. The ground level of the atrium is used for exhibition purposes.

The site of the building comprises a regular and level plot with its main frontage on Ti Yu Xi Road on which a 5-Storey commercial portion with an office tower (rising from the 6th to 28th storey) has been built. The building was completed in 1997.

The building's facilities include an exclusive clubhouse, restaurants, a conference centre and car parking spaces.

The layout and design of the Property is square in shape.

2. THE PROPERTY *(Continued)*

2.6 Portion of Interest Held by GZI REIT

GZI REIT holds a portion of the development and the details of the interest are listed below:

Property	Usage	Gross Floor Area *(sq.m.)*	Remarks
Portion of Level 1	Commercial	1,580.2	Including management office
Portion of Level 1	Commercial	1,707.4	This portion is the atrium of Level 1 which is not a retail unit and not for permanent lease
The whole of Level 2	Commercial	3,977.0	
The whole of Level 3	Commercial	4,493.0	
Portion of Level 6	Office	1,487.3	
Portion of Level 7	Office	818.1	
Portion of Level 8	Office	922.2	
Portion of Level 9	Office	795.7	
Portion of Level 10	Office	1,383.3	
The whole of Level 11	Office	1,844.3	
The whole of Level 16	Office	1,844.3	
Portion of Level 17	Office	1,717.9	
The whole of Levels 18 and 19	Office	3,688.7	1,844.34 sq.m. for each level
Portion of Level 20	Office	1,613.8	
Portion of Level 21	Office	1,613.8	
The whole of Levels 22 to 28	Office	12,910.4	1,844.34 sq.m. for each level
	Total	42,397.4	

2.7 Specification, Services and Finishes of the Development

City Development Plaza is constructed of reinforced concrete and is decorated with marble or granite wall and floor tiles at the main lobby and with gypsum false ceiling. The specification of the building includes central air-conditioning system. Main services comprising electricity, water and telecommunications are provided to the building.

The office portion of the building is generally decorated with carpeted floors or homogenous floor tile, wallpaper and false ceilings.

The retail podium is served by 2 passenger lifts, 10 escalators and 4 staircases. The office lifts serve all floors.

The office portion is served by 6 passenger lifts, 2 service lifts and 2 staircases.

The building is maintained in a reasonable condition commensurate with its age.

The fire safety measures include the installation of automatic sprinkler heads, smoke detectors, a fire alarm system and fire extinguishers throughout the building.

2. THE PROPERTY *(Continued)*

2.8 Current Rental Income

As at the Date of Valuation, about 2.69% of the Property was vacant.

According to the supplied rent roll as at the Date of Valuation, the existing net monthly rental income and equivalent annual net rental income was as follows:

Leased Gross Floor Area *(sq.m.)*	Monthly Net Rental Income *(RMB)*	Annual Net Rental Income *(RMB)*
41,255.34	3,842,453	46,109,436

According to the supplied information, we understand that rental income is exclusive of property management fee and other outgoings such as water, electricity, town gas, telephone, air-conditioning charges and etc.

The Property is occupied by various tenants from various industries such as finance/insurance, property, information technology, telecommunications, manufacturing/ engineering, shipping, etc.

2.9 Occupancy Rate

According to the information provided by the Manager, the majority portion of the Property was leased to various tenants as at the Date of Valuation. This equates to an occupancy rate of about 97.31% of the Property held by GZI REIT. The Property is occupied by various tenants such as Taikang Life Insurance Co. Ltd., Shenzhen Development Bank, AXA-Minmetals Assurance Co. Ltd. Guangzhou Branch and Guangdong Mobile Communication Co., Ltd.

2.10 Lease Cycle Duration and Expiry Profile

In general, the typical lease terms of all tenancies are on normal local commercial terms.

The details of the lease term duration are shown belows:

Lease term greater than *(year)*	Lease term less than or equal to *(year)*	By Area *(%)*
0	1	3.91
1	2	21.02
2	3	31.67
3	4	9.81
4	5	0.31
5	6	14.30
9	10	18.98
		100.0

2. THE PROPERTY *(Continued)*

2.10 Lease Cycle Duration and Expiry Profile *(Continued)*

The details of the lease expiry profile are shown belows:

% of tenancies due to expire in each year	**By Area**
	(%)
2008	11.43
2009	25.69
2010	43.80
2011	15.39
2012 and beyond	3.69
	100.0

2.11 Summary of Material Rent Review Provisions

As advised by the Manager, there are no sub-leases or tenancies in the Property except for the leases of Units 202 and 301. We consider that this sub-lease does not affect the value of the Property.

We are not aware of any material options or rights of pre-emption which may affect the value of the Property. We have considered the right to renew in our valuation.

2.12 Historic Outgoings

As advised by the Manager, the property management income covers the total property management expenses.

2.13 Property Management

2.13.1 Tenancy Services Agreement

A tenancy services agreement was entered into between the Manager, Full Estates Investment Limited (the "Property Company") and Guangzhou Yicheng Property Management Co., Ltd. (the "Leasing Agent") on 7 December, 2005 for an initial term of three years. Under this agreement the Leasing Agent (who is also the property manager of City Development Plaza) will be paid a remuneration of 4% per annum of the gross revenue ("Service Fees") receivable by the Leasing Agent from the operation of the Property. The Leasing Agent agrees that, for so long as it is the property manager of City Development Plaza, the Service Fees paid to the Leasing Agent shall also be in satisfaction of the property management fees which it is entitled to receive from the Property Company for any vacant units of the Property under the property management agreement.

2. THE PROPERTY *(Continued)*

2.13 Property Management *(Continued)*

2.13.2 Property Management Fee

As advised by the Manager, the monthly management fees are payable by the tenants to the Leasing Agent.

3. VALUATION

3.1 Income Capitalisation Approach

This approach converts the actual and anticipated net income from the Property into a value through the process of capitalization. The most common method of converting net income into value is by the "term and reversion" method.

This approach estimates the value of the Property on an open market basis by capitalising net rental income on a fully leased basis having regard to the current passing rental income and potential future income from existing vacancies.

In preparing our valuations, we have had regard to asking or transacted rental income comparables within similar prime office and retail developments in the locality.

For the purposes of market comparables compositions, we have identified a number of comparables from our own database (which is based on the most recent data available to us). Due to the limited number of actual transaction available to us, we have analysed lettings from a variety of similar type of buildings in the locality.

In our assessment, the term yields adopted are 11.5% for the retail component and 9.0% for the office component. The term yields adopted are lower than the market yields derived below because the current passing rental income of the Property is lower than the estimated current market rental income. The reversionary yields adopted are 12.0% for the retail component and 9.5% for the office component. We have applied individual yields to the retail and office components of the Property, with a higher yield for the retail components to reflect the perceived higher levels of risk associated with the retail property market which is less mature and more volatile compared to the office market in Guangzhou.

3. VALUATION *(Continued)*

3.2 Discounted Cash Flow Analysis

For the Property, the terminal capitalisation rate for office portion within our calculation is 9.0% and the terminal capitalisation rate for retail portion is 8.0%. This is based on our analysis of the term yields applicable in the marketplace as with a discount to allow for the fact that we are capitalising a net rental income in year 11. The discount reflects the difference between the rental income stream before deductions and the net rental income together with an allowance for the security that a net rental income provides over the rental income before deduction.

In our calculation, we have adopted the discount rate of 11.0% for the Property. The discount rate is a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it reflects the opportunity cost of capital. In arriving at the discount rate, we have studied the current market situation for an investment return over a 10-year period from a commercial property. We have also investigated the return required by active property investors in the market as purchasers of shopping centres and office buildings.

In arriving at the periodic cash flow prepared by us, we have considered the annual rental income growth rate to assess the projected rental income, which is applied to the cash flow upon the expiry of the leases.

We have estimated that the rental income growth per annum during next 10 years for the Property. Rental income growth patterns for each tenancies reflect the rent review provisions of each lease, including staged rent increase where applicable. We have assumed that upon expiry of the tenancies, typically new or existing two to five years leases will be granted or renewed on the basis of three years leases at the then prevailing market rentals.

No deduction has been made for the expected cost for small scale, routine repair and maintenance as we understand from the Manager that such small scale, routine repair and maintenance costs, for maintaining the current condition of the Property, are covered by the management fee paid by tenants.

We have also deducted amounts for business tax, stamp duty, urban real estate tax, flood prevention fee, insurance, cost for large scale repair and maintenance, and service fees.

3. VALUATION *(Continued)*

3.2 Discounted Cash Flow Analysis *(Continued)*

In our assessment, we have valued the Property using the following assumptions:

Property	Office Portion	Retail Portion
Terminal Capitalisation Rate	9.0%	8.0%
Discount Rate	11.0%	11.0%
Growth Rate - Year 1	0.0%	0.0%
Growth Rate - Year 2	1.0%	2.0%
Growth Rate - Year 3	1.0%	2.0%
Growth Rate - Year 4	1.0%	2.0%
Growth Rate - Year 5	3.0%	4.0%
Growth Rate - Years 6 to 10	3.0%	4.0%
Vacancy loss	4.0%	2.0%
Bad Debts	1.0%	1.0%

Vacancy loss is based on our local market knowledge on the supply and demand of the relevant property market in Guangzhou.

In our Discounted Cash Flow Analysis, based on the information provided by the Manager, we have projected the following outgoings to be expended for the next 10 years on the building at the following amount:

Projected Outgoings Items	Projected Outgoings
Service Fees based on the tenancy services agreement	4.0% of gross rental income
Cost of Large Scale Repair and Maintenance as advised by the Manager	RMB1,065,900 in 2008 RMB461,700 in 2009 RMB666,900 in 2010 RMB148,200 in 2011 RMB399,000 in 2012 RMB159,600 in 2013 RMB79,800 in 2014 RMB210,900 in 2015
Sundry Expenses	0.2% of rental income
Insurance	Fixed Amount
Business Tax	5.0% of rental income
Flood Prevention Fee	0.09% of rental income
Urban Real Estate Tax	original value of building x 70% x 1.2%
Stamp Duty	0.1% of gross rental income

4. VALUATION SUMMARY

We have summarised the calculation results of each approach in the table below:

Valuation Method	**Value** *(RMB)*
Income Capitalisation	456,300,000
Discounted Cash Flow	399,800,000

Based on our valuation method of Income Capitalisation Approach including Discounted Cash Flow Analysis, we are of the opinion that the Market Value of the Property in its existing state as at the Date of Valuation was **RENMINBI FOUR HUNDRED TWENTY EIGHT MILLION AND ONE HUNDRED THOUSAND ONLY (RMB428,100,000)** assuming it is available for sale in the market with the benefit of existing tenants and its property title is free from all material encumbrances or defects. The Market Value of the Property is an average of values derived using the Income Capitalisation Approach and Discounted Cash Flow Analysis.

Valuation of various units of the property (the "Property") held by GZI REIT located in Victory Plaza, No. 101 Ti Yu Xi Road, Tian He District, Guangzhou, Guangdong Province, the PRC.

1. SUMMARY OF THE PROPERTY

According to the information provided by the Manager, 9 Building Ownership Certificates have been issued in respect of the Property. The details of the Property are summarised as follows:

1.	Current Registered Owner	:	Keen Ocean Limited
2.	Type of Land Use Right	:	Granted
3.	Town Plan Zoning	:	According to the State-owned Land Use Rights Grant Contract dated 27 January, 1997, the zoning of the underlying land of Victory Plaza was described as "commercial/tourism".
4.	Interest Valued	:	Leasehold interest of the Property
5.	Property Description	:	The Property comprises a portion of a 6-storey retail shopping centre with 1 basement level.
6.	Gross Floor Area ("GFA") of the Property	:	27,698.1 sq.m.
7.	Lease Term	:	Basement Level 1 - 40 years from 8 March, 2004 Unit 101 - 40 years from 8 March, 2004 Unit 102 - 40 years from 8 March, 2004 Level 1 (架空層) - 40 years from 8 March, 2004 Level 2 - 40 years from 8 March, 2004 Level 3 - 40 years from 8 March, 2004 Level 4 - 40 years from 8 March, 2004 Level 5 - 40 years from 8 March, 2004 Level 6 - 40 years from 8 March, 2004
8.	Usage	:	Basement Level 1 - Non-residential/Commercial Unit 101 - Non-residential Unit 102 - Non-residential Level 1 (架空層) - Non-residential Level 2 - Non-residential Level 3 - Non-residential Level 4 - Non-residential Level 5 - Non-residential Level 6 - Non-residential
9.	Internal Floor Area of the Property	:	22,847.9 sq.m.
10.	Gross Rentable Area of the Property	:	27,262.3 sq.m.

1. SUMMARY OF THE PROPERTY *(Continued)*

11.	Construction Completion Date of Victory Plaza	:	2003
12.	Market Value in existing state as at the Date of Valuation	:	RMB566,400,000
13.	Net Passing Income as at the Date of Valuation	:	RMB3,348,878 per month
14.	Discount Rate adopted for Discounted Cash Flow Analysis only	:	11.0%
15.	Term Yield	:	8.5%
16.	Reversionary Yield	:	9.5%
17.	Occupancy Rate as at the Date of Valuation	:	92.41%
18.	Vacancy Allowance	:	1.0%
19.	Estimated Current Net Yield	:	7.1%
20.	Remarks:	:	The property is subject to a mortgage.

2. THE PROPERTY

2.1 Situation and Locality

Victory Plaza, a 6-storey commercial retail centre with 4 basement levels, is located at No. 101 Ti Yu Xi Road, Tian He District, Guangzhou, Guangdong Province, the PRC. Victory Plaza features a 6-storey glass atrium over its entrance and a paved pedestrian mall in front of the building. As at the time of inspection, there are two office towers being constructed on top of the retail centre. As advised by the Manager, the two office towers, 52 and 36 storey high, will be completed in the second half of 2007.

Victory Plaza is located at the junction of Tian He Road and Ti Yu Xi Road and the intersection of Nos. 1 and 3 Metro Line. It is in close proximity to the Guangzhou Book Centre and Teem Plaza. Ti Yu Xi Road forms one axis of the square surrounding the Tian He Stadium and has become one of the main CBDs in Guangzhou.

2.2 Surrounding Development and Environmental Issues

The Property is located in Tian He District. Developments in the area comprise mainly modern high-rise commercial buildings and low-rise retail shopping centres, interspersed with older medium-rise residential buildings.

The pedestrian traffic flow along that section of Ti Yu Xi Road is moderate as it is located in the quieter side of the Tian He stadium.

We have no knowledge of any environmental concerns or contamination of the subject site and surrounding sites. Due to the land registration system in the PRC, we cannot trace any information regarding previous developments erected upon the subject site, therefore, we cannot comment on the likelihood of contamination and its effect on value nor ascertain the past use of the site.

2.3 Availability of and Access to Public Transport

General accessibility of Victory Plaza is good as public transportation such as taxis and buses are available along Ti Yu Xi Road. Bus stops are located within a 2 minutes walk from Victory Plaza.

Victory Plaza is located within an approximately 3 minutes walk from Ti Yu Xi Road Station on the No. 1 Metro Line. Nos. 1 and 3 Metro Line are planned to build a direct underground access to the basement level 1 of Victory Plaza, which will enhance the accessibility of Victory Plaza upon its completion.

2.4 Car Accessibility and Road Frontage

Victory Plaza, situated at the junction of Tian He Road and Ti Yu Xi Road, is directly accessible from Ti Yu Xi Road.

2. THE PROPERTY *(Continued)*

2.5 Description of the Development

Victory Plaza, a 6-storey commercial and retail centre and 4 levels of basement, is located at No. 101 Ti Yu Xi Road, Tian He District, in Guangzhou's prime business area. According to the information provided by the Manager, the development has a total gross floor area of 52,568.6 sq.m.

The area breakdown of Victory Plaza is summarised as below:

Level	**Usage**	**Gross Floor Area** *(sq.m.)*
Basement 1 to 4	Car park	24,870.5
Basement 1	Commercial	1,809.2
Level 1	Commercial (includes 架空層)	3,033.5
Level 2	Commercial	3,968.9
Level 3	Commercial	4,756.7
Level 4	Commercial	4,756.7
Level 5	Commercial	4,769.9
Level 6	Commercial	4,603.2
	Total	52,568.6

Upon our site inspection, there were two office towers being constructed on top of the retail centre. As advised by the Manager, the two office towers, 52 and 36 storeys high, were completed at the end of 2007. The two new office towers will add an estimated floor area of 58,823.0 sq.m. and 30,772.0 sq.m. upon completion.

The site area of Victory Plaza is approximately 10,477.0 sq.m. The site of the shopping centre comprises a regular and level plot with its main frontage on Ti Yu Xi Road on which a 6-storey commercial retail centre with 4 basement levels has been erected and was completed in 2003.

The main entrance of Victory Plaza is on Ti Yu Xi Road. General accessibility of Victory Plaza is considered good as public transportation such as buses and taxis are available along Ti Yu Xi Road.

The layout and design of Victory Plaza is reasonable in comparison with the other shopping centres of similar scale and grade in the locality.

2. THE PROPERTY *(Continued)*

2.6 Interest Held by GZI REIT

GZI REIT holds a portion of the development and the details of the interest are listed below:

Property	**Usage**	**Gross Floor Area** *(sq.m.)*	**Internal Floor Area** *(sq.m.)*
Part of Basement 1	Commercial	1,809.2	1,503.6
Level 1 (101)	Commercial	473.7	442.3
Level 1 (102)	Commercial	1,553.5	1,451.0
Level 1	Commercial (架空層)	1,006.3	978.2
Level 2	Commercial	3,968.9	3,058.1
Level 3	Commercial	4,756.7	3,833.0
Level 4	Commercial	4,756.7	3,833.0
Level 5	Commercial	4,769.9	3,875.8
Level 6	Commercial	4,603.2	3,872.9
	Total	27,698.1	22,847.9

2.7 Specification, Services and Finishes of the Development

Victory Plaza is constructed of reinforced concrete structures. The common parts from Levels 1 to 4 are finished with granite homogenous floor and wall tiles and on Levels 5 to 6 with granite floor tiles and plastic or painted and wallpapered walls. Main services comprising electricity, water and telecommunications are provided to the building.

The building is subdivided into various units on all levels and is served by 4 passenger lifts, 20 escalators serving from the basement to Level 6.

The standard of services and finishes within the development is considered to be reasonable, commensurately to other shopping centres in the neighbourhood.

The building is maintained in a reasonable condition commensurate with its age.

The fire safety measures include the installation of automatic sprinkler heads, smoke detectors, a fire alarm system and fire extinguishers throughout the building.

2. THE PROPERTY *(Continued)*

2.8 Current Rental Income

As at the Date of Valuation, about 7.59% of the Property was vacant.

According to the supplied rent roll as at the Date of Valuation, the existing net monthly rental income and equivalent annual net rental income was as follows:

Leased Gross Floor Area *(sq.m.)*	Monthly Net Rental Income *(RMB)*	Annual Net Rental Income *(RMB)*
25,192.59	3,348,878	40,186,536

According to the supplied information, we understand that rental income is exclusive of property management fee and other outgoings such as water, electricity, town gas, telephone, air-conditioning charges and etc.

The Property is occupied by various tenants from various industries such as food & beverages, electricity, banking/financing, retail, etc.

2.9 Occupancy Rate

According to the information provided by the manager, the Property was leased to various tenants as at the Date of Valuation. This equates to an occupancy rate of 100% of the Property held by GZI REIT. The Property is occupied by various tenants such as Guangzhou Qiao Mei Fa Zhan Company Limited, Guangzhou Laoxiang Diet Co. Ltd., Yum! Restaurants (Guangdong) Co., Ltd. and China Merchants Bank Guangzhou Branch.

2.10 Lease Cycle Duration and Expiry Profile

In general, the typical lease terms of all tenancies are on normal local commercial terms.

The details of the lease term duration are shown belows:

Lease term greater than *(year)*	Lease term less than or equal to *(year)*	By Area *(%)*
2	3	0.40
3	4	8.66
4	5	0.88
5	6	7.61
6	7	9.27
7	8	38.93
8	9	34.25
		100.0

2. THE PROPERTY *(Continued)*

2.10 Lease Cycle Duration and Expiry Profile *(Continued)*

The details of the lease expiry profile are shown belows:

% of tenancies due to expire in each year	**By Area** *(%)*
2008	3.78
2009	2.15
2011	11.63
2012 and beyond	82.45
	100.0

2.11 Summary of Material Rent Review Provisions

As advised by the Manager, there are no sub-leases or tenancies in the Property.

We are not aware of any material options or rights of pre-emption which may affect the value of the Property. We have considered the right to renew in our valuation.

2.12 Historic Outgoings

As advised by the Manager, the total property management income covers the total property management expenses.

We are of the opinion that the current property management fee is in line with the market level of similar developments in the locality.

2.13 Property Management

2.13.1 Tenancy Services Agreement

A tenancy services agreement was entered into between between the Manager, Keen Ocean Limited (the "Property Company") and Guangzhou Yicheng Property Management Co., Ltd. (the "Leasing Agent") on 7 December, 2005, for an initial term of three years. Under this agreement the Leasing Agent (who is also the property manager of Victory Plaza) will be paid a remuneration of 4% per annum of the gross revenue ("Service Fees") receivable by the Property Company from the operation of the Property. The Leasing Agent, as the property manager of the building is entitled to retain 10% of any contributions made by the tenants towards the operating expenses of the building. The Leasing Agent agrees that, for so long as it is the property manager of Victory Plaza, the Service Fees paid to the Leasing Agent shall also be in satisfaction of the property management fees which it is entitled to receive from the Property Company for any vacant units of the Property under the property management agreement.

2.13.2 Property Management Fee

As advised by the Manager, the monthly management fees are payable by the tenants to the Leasing Agent.

3. VALUATION

3.1 Income Capitalisation Approach

This approach converts the actual and anticipated net income from the Property into a value through the process of capitalization. The most common method of converting net income into value is by the "term and reversion" method.

This approach estimates the value of the Property on an open market basis by capitalising net rental income on a fully leased basis having regard to the current passing rental income and potential future income from existing vacancies.

In preparing our valuations, we have had regard to asking or transacted rental income comparables within similar prime retail developments in the locality.

For the purposes of market comparables compositions, we have identified a number of comparables from our own database (which is based on the most recent data available to us). Due to the limited number of actual transaction available to us, we have analysed lettings from a variety of similar type of buildings in the locality.

In our assessment, the term yield and reversionary yield adopted are 8.5% and 9.5% respectively. The term yield adopted is lower than the market yield derived below because the current passing rental income of the Property is lower than the estimated current market rental income.

3.2 Discounted Cash Flow Analysis

For the Property, the terminal capitalisation rate adopted within our calculation is 7.5%. This is based on our analysis of the term yields applicable in the marketplace with a discount to allow for the fact that we are capitalising a net rental income in year 11. The discount reflects the difference between the rental income stream before deductions and the net rental income together with an allowance for the security that a net rental income provides over the rental income before deduction.

In our calculation, we have adopted the discount rate of 11.0% for the Property. The discount rate is a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it reflects the opportunity cost of capital. In arriving at the discount rate, we have studied the current market situation for an investment return over a 10-year period from a commercial property. We have also investigated the return required by active property investors in the market as purchasers of shopping centres and office buildings.

In arriving at the periodic cash flow provided by us, we have considered the annual rental income growth rate to assess the projected rental income, which is applied to the cash flow upon the expiry of the leases.

We have estimated that the rental income growth per annum during next 10 years for the Property. Rental income growth patterns for each tenancy reflect the rent review provisions of each lease, including staged rent increase where applicable. We have assumed that upon expiry of the tenancies, typically new or existing three to ten leases will be granted or renewed on the basis of three years leases and the then existing market rentals.

No deduction has been made for the expected cost for small scale, routine repair and maintenance as we understand from the Manager that such small scale, routine repair and maintenance costs, for maintaining the current condition of the Property, are covered by the management fee paid by tenants.

We have also deducted amounts for business tax, stamp duty, urban real estate tax, flood prevention fee, insurance, cost for large scale repair and maintenance, and service fees.

3. VALUATION *(Continued)*

3.2 Discounted Cash Flow Analysis *(Continued)*

In our assessment, we have valued the Property using the following assumptions:

Items	**Percent**
Terminal Capitalisation Rate	7.5%
Discount Rate	11.0%
Growth Rate - Year 1	0.0%
Growth Rate - Year 2	4.0%
Growth Rate - Year 3	4.0%
Growth Rate - Year 4	4.0%
Growth Rate - Year 5	5.0%
Growth Rate - Years 6 to 10	5.0%
Vacancy loss	1.0%
Bad Debts	1.0%

Vacancy loss is based on our local market knowledge on the supply and demand of the relevant property market in Guangzhou.

In our Discounted Cash Flow Analysis, based on the information provided by the Manager, we have projected the following outgoings to be expended for the next 10 years on the building at the following amount:

Projected Outgoings Items	**Projected Outgoings**
Service Fees based on the tenancy services agreement	4.0% of gross rental income
Cost of Large Scale Repair and Maintenance as advised by the Manager	RMB427,600 in 2008 RMB410,000 in 2009 RMB380,000 in 2010 RMB230,000 in 2011 RMB820,000 in 2012 RMB181,000 in 2013 RMB598,000 in 2014 RMB1,221,900 in 2015
Sundry Expenses	0.2% of rental income
Insurance	Fixed Amount
Business Tax	5.0% of rental income
Flood Prevention Fee	0.09% of rental income
Urban Real Estate Tax	original value of building x 70% x 1.2%
Stamp Duty	0.1% of gross rental income

4. VALUATION SUMMARY

We have summarised the calculation results of each approach in the table below:

Valuation Method	**Value** *(RMB)*
Income Capitalisation	537,400,000
Discounted Cash Flow	595,300,000

Based on our valuation method of Income Capitalisation Approach including Discounted Cash Flow Analysis, we are of the opinion that the Market Value of the Property in its existing state as at the Date of Valuation was **RENMINBI FIVE HUNDRED SIXTY-SIX MILLION AND FOUR HUNDRED THOUSAND ONLY (RMB566,400,000)** assuming it is available for sale in the market with the benefit of existing tenants and its property title is free from all material encumbrances or defects. The Market Value of the Property is an average of values derived using the Income Capitalisation Approach and Discounted Cash Flow Analysis.

OFFICE

In order to improve the Pearl River New City development, Tianhe Government issued a policy to encourage financial enterprises to locate their offices in the financial sector of Pearl River New City. The policy provides favorable perks to employee's children, priority to the enterprise and preferential medical benefits for those finance companies relocating.

Four prime office buildings including Skyfame Tower, International Finance Place and R&F Centre in Tianhe District and China International Plaza in Yuexiu District were completed at the end of 2007, thus adding 348,413 square meters of new office space to the total stock in Guangzhou. Due to the increase in new supply outpacing the growth of demand, the average vacancy rate rose to 18.93% in the fourth quarter of 2007. Meanwhile, due to the Renminbi revaluation, the average rental of office buildings in Guangzhou has also been on an upward trend. Looking forward, the level of new supply will be tapering off in 2008. In total, there will be only 130,000 square meters of new supply coming into the market for lease. Given the projection of a steady demand growth, prime office rentals are expected to increase 5 to 8% in 2008.

RETAIL

Major prime shopping areas are situated in the Yue Xiu District, Tian He District and Li Wan District. These three areas accounted for majority portion of the total stock in the city. The majority of retail developments in Guangzhou City are shopping centres. In the past 10 years, the growth in the development of shopping malls and hypermarkets has increased rapidly.

The retail sales and leasing market in Guangzhou City remained active in 2007. According to government's statistic, the total amount of consumption goods in Guangzhou City is RMB 259.5 billion, representing an annual growth of 18.9%. Of which, Yue Xiu District and Tian He District accounted for about 20.1% and 18.6% respectively of the total amount of consumption goods in Guangzhou City, representing a year-on-year growth of 16.3% and 17.7% respectively. We expect that the demand for retail space in the city will further be strengthened in the short to medium term due to the short of supply in the prime locations. Looking forward, the rentals and capitals are expected to rise gradually.

Independent Auditor's Report

TO THE UNITHOLDERS OF 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 law of Hong Kong)

We have audited the consolidated financial statements of GZI Real Estate Investment Trust ("GZI REIT") and its subsidiaries (together, the "Group") set out on pages 109 to 145, which comprise the consolidated and GZI REIT balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Manager of GZI REIT is responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the relevant provisions of the trust deed dated 7 December 2005 (the "Trust Deed"), the relevant disclosure requirements set out in Appendix C of the Code on Real Estate Investment Trust established by the Securities and Future Commission of Hong Kong (the "REIT Code"), and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of GZI REIT, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of GZI REIT and of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the relevant provisions of the Trust Deed, the relevant disclosure requirements set out in Appendix C of the REIT Code and the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2008

Consolidated Balance Sheet

As at 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	5	**8,897**	9,775
Investment properties	6	**4,695,536**	4,240,071
Deferred assets	8	**21,123**	9,610
Goodwill	9	**169,835**	158,290
		4,895,391	4,417,746
Current assets			
Rental receivables	10	**—**	19
Prepayments, deposits and other receivables	10	**6,277**	5,829
Cash and cash equivalents	11	**290,153**	253,846
		296,430	259,694
Total assets		**5,191,821**	4,677,440
Current liabilities			
Rental deposits, current portion	13	**12,716**	9,919
Receipts in advance	13	**13,809**	12,721
Accruals and other payables	13	**34,791**	23,939
Derivative financial instruments	14	**221,945**	—
Bank borrowings, secured	15	**1,280,605**	—
Due to related companies	23	**15,463**	22,144
		1,579,329	68,723
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	13	**77,948**	64,963
Bank borrowings, secured	15	**—**	1,266,469
Derivative financial instruments	14	**—**	77,578
		77,948	1,409,010

Consolidated Balance Sheet

As at 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
Total liabilities, other than net assets attributable to unitholders		**1,657,277**	1,477,733
Net assets attributable to unitholders	16	**3,534,544**	3,199,707
Total liabilities		**5,191,821**	4,677,440
Net assets		**—**	—
Equity			
Hedging reserve	12	**(83,841)**	(35,608)
Retained earnings		**83,841**	35,608
Total equity		**—**	—
Net current (liabilities)/assets		**(1,282,899)**	190,971
Total assets less current liabilities		**3,612,492**	4,608,717
Units in issue ('000)		**1,000,000**	1,000,000
Net assets attributable to unitholders per unit		**HK$3.53**	HK$3.20

The notes on pages 116 to 145 are an integral part of these financial statements.

On behalf of the Board of Directors of
GZI REIT Asset Management Limited
as the manager of GZI REIT

Liang Ningguang
Director

Liu Yongjie
Director

Balance Sheet

As at 31 December 2007

	Note	**2007** **HK$'000**	2006 HK$'000
Non-current asset			
Investment in a subsidiary	7	**2,986,652**	2,986,652
Net asset		**2,986,652**	2,986,652

The notes on pages 116 to 145 are an integral part of these financial statements.

On behalf of the Board of Directors of
GZI REIT Asset Management Limited
as the manager of GZI REIT

Liang Ningguang
Director

Liu Yongjie
Director

Consolidated Income Statement

For the year ended 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
Revenue – rental income		**402,012**	369,475
Operating expenses	17	**(130,753)**	(118,131)
Operating profit		**271,259**	251,344
Interest income from bank deposits		**7,466**	5,696
Fair value gain on investment properties	6	**138,416**	37,753
Finance costs – excluding amounts attributable to unitholders	19	**(52,858)**	(50,357)
Profit before tax and transactions with unitholders		**364,283**	244,436
Income tax expenses	20	**—**	—
Profit after tax before transactions with unitholders		**364,283**	244,436
Change in net assets attributable to unitholders	16	**316,050**	220,109
Amount arising from cash flow hedging reserve movement	12	**48,233**	24,327
		364,283	244,436

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 also 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 on page 113.

(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 21.

The notes on pages 116 to 145 are an integral part of these financial statements.

Distribution Statement

For the year ended 31 December 2007

	2007 HK$'000	2006 HK$'000
Profit after tax before transactions with unitholders	**364,283**	244,436
Adjustments for the total distributable income (i)		
– Fair value gain on investment properties	**(138,416)**	(37,753)
Total distributable income	**225,867**	206,683
Distributable amount at 1 January	**103,426**	40,543
Distribution paid during the year (ii) – Note 16	**(214,100)**	(143,800)
Distributable amount at 31 December	**115,193**	103,426
Final distribution proposed	**115,100**	103,400
Distribution per unit, proposed	**HK$0.1151**	HK$0.1034

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.

(ii) A distribution of HK$0.1034 per unit and HK$0.1107 per unit, totaling HK$214,100,000 (2006: HK$143,800,000), was paid to unitholders on 25 May 2007 and 30 October 2007 respectively.

Statement of Changes in Equity

For the year ended 31 December 2007

	Hedging reserve HK$'000	Retained earnings HK$'000	Total equity HK$'000
Balance at 1 January 2006	(11,281)	11,281	—
Change in fair value of cash flow hedges	(24,327)	—	(24,327)
Result for the year	—	24,327	24,327
Balance at 31 December 2006	(35,608)	35,608	—
Balance at 1 January 2007	(35,608)	35,608	—
Change in fair value of cash flow hedges	(48,233)	—	(48,233)
Result for the year	—	48,233	48,233
Balance at 31 December 2007	(83,841)	83,841	—

The notes on pages 116 to 145 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
Cash flows from operating activities			
Cash generated from operations	22	**274,317**	257,657
Interest paid		**(42,680)**	(42,225)
Net cash generated from operating activities		**231,637**	215,432
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,046)**	(7,643)
Additions of investment properties		**(2,805)**	(5,233)
Interest received		**7,466**	5,696
Net cash generated from/(used in) investing activities		**3,615**	(7,180)
Cash flows from financing activities			
Decrease in amounts due to a related company		**—**	(55,000)
Distribution paid		**(214,100)**	(143,800)
Net cash used in financing activities		**(214,100)**	(198,800)
Net increase in cash and cash equivalents		**21,152**	9,452
Exchange difference		**15,155**	8,477
Cash and cash equivalents at the beginning of the year		**253,846**	235,917
Cash and cash equivalents at the end of the year		**290,153**	253,846

The notes on pages 116 to 145 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

GZI Real Estate Investment Trust ("GZI REIT") and its subsidiaries (collectively referred to as the "Group") are mainly engaged in the leasing of commercial properties in Mainland China ("China").

GZI REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed entered into between GZI REIT Asset Management Limited, as the manager of GZI REIT (the "Manager"), and HSBC Institutional Trust Services (Asia) Limited, as the trustee of GZI REIT (the "Trustee") on 7 December 2005 and authorised under section 104 of the Securities and Futures Ordinance ("SFO") subject to the applicable conditions imposed by Securities and Futures Commission ("SFC") from time to time. The address of its registered office is 24/F, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong.

GZI REIT was listed on The Stock Exchange of Hong Kong Limited. These financial statements are presented in thousands of units of HK dollars (HK$'000), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors of the Manager on 31 March 2008.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, except that investment properties, financial assets and financial liabilities at fair value through profit or loss are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

At 31 December 2007, the Group's current liabilities exceed its current assets by HK$1,282,899,000 (2006: Nil) mainly as the bank borrowings of HK$1,280,605,000 and the derivative financial instruments of HK$221,945,000 fall due within twelve months of the balance sheet date. The Manager believes that the Group will continue as a going concern and consequently prepared the financial statements on a going concern basis. This basis assumes that the Group is able to refinance the bank borrowings before or upon the due date.

Effect of adoption of new standards, amendments to standards and interpretations

Standards, amendments and interpretations that have become effective in 2007:

- HKFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to HKAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables;

- HK (IFRIC) - Int 8, 'Scope of HKFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. It currently has no impact on the Group's financial statements as there are no such transactions;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

- HK (IFRIC) - Int 9, 'Reassessment of Embedded Derivatives', requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As none of the group companies have changed the terms of their contracts, and the Group already assesses if embedded derivative should be separated using principles consistent with HK (IFRIC) - Int 9, the adoption of this interpretation does not have any impact on the Group's financial statements; and

- HK (IFRIC) - Int 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

Standards, amendments and interpretations that have become effective in 2007 but not relevant to the Group's operations:

- HK (IFRIC) - Int 7, Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies.

The change in accounting policy does not have any impact on the net assets attributable to unitholders as at 31 December 2007 and 2006.

Standards, amendments to standards and interpretations that have been issued but are not effective

The following new standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted:

- HKAS 1 (Revised), "Presentation of Financial Statements" (effective from 1 January 2009). HKAS 1 (Revised) requires all owner changes in equity to be presented in at statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. The Group will apply HKAS 1 (Revised) from 1 January 2009.

- HKFRS 8 – Operating Segments (effective for annual periods beginning on or after 1 January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 January 2009. HKFRS 8 is not relevant to the Group's operations because the Group has only one business and geographical segment for the Group's operations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

- HKAS 23 (Revised) – Borrowing Costs (effective for annual periods beginning on or after 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) from 1 January 2009, but it is not expected to have any impact on the Group's financial statements.

- HK (IFRIC) - Int 11 – HKFRS 2 – Group and Treasury Share Transfer (effective for annual periods beginning or after 1 March 2007). It provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. The Group will apply HK (IFRIC) - Int 11 from 1 January 2008 but it is currently not applicable to the Group as there are no share-based transactions.

- HK (IFRIC) - Int 12 – Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008). It applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. HK (IFRIC) - Int 12 is not relevant to the Group's operations because none of the Group's companies engages in the provision of public sector services.

- HK (IFRIC) - Int 13 – Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008). It clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK (IFRIC) - Int 13 from 1 January 2009 is not relevant to the Group's operations because none of the Group's companies offers customer loyalty programmes.

- HK (IFRIC) - Int 14 – HKAS 19 - The Limitation on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008). It provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply HK (IFRIC) - Int 14 from 1 January 2008, but it is not expected to have any impact on the Group's financial statements.

The Manager does not expect the adoption of the above to have a material impact to the consolidated financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation

The consolidated financial statements include the financial statements of GZI REIT and all of its subsidiaries made up to 31 December.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In GZI REIT's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by GZI REIT on the basis of dividend received and receivable.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

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

(d) Translation of foreign currencies

Transactions in foreign currencies are translated into Renminbi, the functional currency of the Group, at exchange rates prevailing at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated to Renminbi, at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the income statement.

Hong Kong dollars are used as the presentational currency of the consolidated financial statements for the convenience of the financial statement readers. For the purpose of translating the consolidated financial statements from Renminbi to Hong Kong dollars, all assets and liabilities of the Group are translated into Hong Kong dollars at the applicable rates of exchange in effect at the balance sheet date, and all income and expense items at the average applicable rates during the period. All resulting exchange differences are dealt with as movements of reserves.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Machinery and tools	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(f) Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment or investment properties.

(g) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee. These valuations are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investment properties (Continued)

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Changes in fair values are recognised in the income statement.

(h) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(i) Impairment of non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates its derivatives as hedges of a particular risk associated with a recognised liability as cash flow hedge.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Derivative financial instruments and hedging activities (Continued)

The fair values of the derivative financial instruments used for hedging purposes are disclosed in Note 14. Movements on the hedging reserve in shareholders' equity are shown in Note 12. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than 12 months. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other gains/(losses) - net'.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other gains/(losses) – net'.

(k) Rental and other receivables

Rental and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of rental and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the rental receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(l) Rental deposits

Rental deposits are financial liabilities with fixed or determinable repayments. They arise when the Group enters into lease agreement directly with tenants. They are included in current liabilities, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current liabilities.

Rental deposits are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. At initial recognition, the difference between the carrying amount of the financial liability and the actual consideration received are treated as initial premiums and recognised as rental income over the lease term, on a straight-line basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(n) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

(p) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue recognition

Revenue comprises the fair value for the consideration received or receivable for rental income in the ordinary course of the Group's activities. Revenue is recognised as follows:

(i) Operating lease rental income is recognised on a straight-line basis over the period of the lease. When the Group provides incentives to its tenants, the cost of incentives will be recognised over the lease term, on a straight-line basis, as a reduction of rental income. The difference between the gross receipt of rental and operating lease rental recognised over the lease term is recognised as deferred assets.

(ii) Interest income is recognised on a time-proportion basis using the effective interest method.

(r) Distributions to unitholders

In accordance with the Trust Deed, GZI REIT is required to distribute to unitholders not less than 90% of the Group's profit for each financial year subject to adjustments allowed under the REIT Code and the Trust Deed. These units are therefore classified as financial liabilities in accordance with HKAS 32 and, accordingly, the distributions paid to unitholders represent finance costs and are therefore presented as an expense in the income statement. Consequently, GZI REIT has recognised distributions as finance costs in the income statement.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Manager of GZI REIT identifies, evaluates and hedges financial risks. The Manager provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group operates in China with most of the transactions denominated in Renminbi. The Group's exposure to foreign exchange risk relates principally to its cash and cash equivalents, short-term bank deposits and other payables denominated in foreign currencies.

At 31 December 2007, for each percentage increase/decrease in exchange rate of Renminbi against the United States Dollars and Hong Kong Dollars with all other variables held constant, the profit for the year ended 31 December 2007 would have been approximately HK$110,245 higher/lower as a result of foreign exchange gains/losses on translation of United States Dollars and Hong Kong Dollars denominated cash and cash equivalents, short-term bank deposits and other payables.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

At 31 December 2006, for each percentage increase/decrease in exchange rate of Renminbi against the United States Dollars and Hong Kong Dollars with all other variables held constant, the profit for the year ended 31 December 2006 would have been approximately HK$210,857 higher/lower as a result of foreign exchange gains/losses on translation of United States Dollars and Hong Kong Dollars denominated cash and cash equivalents, short-term bank deposits and other payables.

Also, the Group has entered into a Facility Agreement in connection with a loan facility denominated in United States Dollars with a maturity period of three years. To manage the foreign currency risk arising from this foreign currency borrowing, the Group entered into a United States Dollars/Renminbi non-deliverable swap facility to hedge its foreign exchange risk arising from the borrowings.

At 31 December 2007 and 2006, exchange rate changes on United States Dollars denominated borrowings would have no impact on profit for the years ended 31 December 2007 and 2006 with all other variable held constant under such hedging arrangement.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group managed its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

At 31 December 2007 and 2006, interest rates changes on United States Dollars denominated borrowings would have no impact on profit for the years ended 31 December 2007 and 2006 with all other variable held constant under such hedging arrangement.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to tenants, including outstanding receivables and committed transactions.

The Group has no significant concentrations of credit risk. The carrying amount of rental receivables included in the consolidated balance sheet represents the Group's maximum exposure to credit risk in relation to its financial assets. The Manager is of the opinion that credit risk of rental receivables are fully covered by the rental deposits from corresponding tenants.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(b) Credit risk (Continued)

The table below shows the bank deposits balance of the two major banks at the balance sheet date. Management does not expect any losses from non-performance by these banks.

The Group has no policy to limit the amount of credit exposure to any financial institution.

Counterparty	**2007** **HK$'000**	2006 HK$'000
Shenzhen Development Bank	**205,431**	184,741
Hongkong and Shanghai Banking Corporation Limited	**84,722**	69,105
	290,153	253,846

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the nature of the underlying businesses, the Manager maintains flexibility by adjusting the amount of dividend to be paid for the percentage in excess of 90% of the distributable income.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
As at 31 December 2006					
Rental deposits	9,919	64,963	—	—	74,882
Accruals and other payables	23,939	—	—	—	23,939
Amounts due to related companies	22,144	—	—	—	22,144
Bank borrowings, secured	—	1,266,469	—	—	1,266,469
Derivative financial instruments	—	77,578	—	—	77,578
Interest payables	44,354	43,017	—	—	87,371
Total liabilities, other than net assets attributable to unitholders	100,356	1,452,027	—	—	1,552,383
As at 31 December 2007					
Rental deposits	**12,716**	**77,948**	—	—	**90,664**
Accruals and other payables	**34,791**	—	—	—	**34,791**
Amounts due to related companies	**15,463**	—	—	—	**15,463**
Bank borrowings, secured	**1,280,605**	—	—	—	**1,280,605**
Derivative financial instruments	**221,945**	—	—	—	**221,945**
Interest payables	**43,017**	—	—	—	**43,017**
Total liabilities, other than net assets attributable to unitholders	**1,608,537**	**77,948**	—	—	**1,686,485**

(b) Fair value estimation

The carrying amounts of the Group's financial assets including cash and cash equivalents, deferred assets, rental receivables, prepayments, deposits and other receivables and financial liabilities including receipts in advance, accruals and other payables and amounts due to related companies approximate their fair values due to their short maturities.

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders.

Consistent with others in the industry, the Manager monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by unitholders' funds. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet and excluding net assets attributable to unitholders) less cash and cash equivalents. Unitholder's funds are represented by 'net assets attributable to unitholders', as shown in the consolidated balance sheet.

During 2007, the Group's strategy, which was unchanged from 2006, was to maintain a gearing ratio not exceeding 50%. The gearing ratios at 31 December 2007 and 2006 were as follows:

	2007	2006
Total borrowings (Note 15)	**1,280,605**	1,266,469
Less: Cash and cash equivalents (Note 11)	**(290,153)**	(253,846)
Net debt	**990,452**	1,012,623
Total net assets attributable to unitholders	**3,534,544**	3,199,707
Gearing ratio	**28%**	32%

4 CRITICAL ACCOUNTING ESTIMATES

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the directors of the Manager determine the amount within a range of reasonable fair value estimates. In making its judgement, the directors of the Manager consider information from a variety of sources including:

a) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

b) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

4 CRITICAL ACCOUNTING ESTIMATES (Continued)

(a) Estimate of fair value of investment properties (Continued)

c) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The directors of the Manager use assumptions that are mainly based on market conditions existing at each balance date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the directors of the Manager and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition. These valuations are reviewed annually by external valuers.

(b) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(h). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(c) Fair value of derivative financial instruments

The fair value of derivative financial instruments that are not traded in an active market is determined by using valuation techniques. The Manager relies on valuation report provided by licensed financial institutions to estimate the fair value of its derivative financial instruments. The Manager understands that the licensed financial institutions adopt a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

5 PROPERTY, PLANT AND EQUIPMENT - GROUP

	Construction In progress HK$'000	Machinery and tools HK$'000	Total HK$'000
For the year ended 31 December 2006			
Opening net book amount	—	3,395	3,395
Additions	12,876	—	12,876
Transfer upon completion	(12,876)	7,643	(5,233)
Depreciation	—	(1,503)	(1,503)
Exchange difference	—	240	240
Closing net book amount	—	9,775	9,775
At 31 December 2006			
Cost	—	11,298	11,298
Accumulated depreciation	—	(1,523)	(1,523)
Net book amount	—	9,775	9,775
For the year ended 31 December 2007			
Opening net book amount	—	9,775	9,775
Additions	3,851	—	3,851
Transfer upon completion	(3,851)	1,046	(2,805)
Depreciation	—	(2,583)	(2,583)
Exchange difference	—	659	659
Closing net book amount	—	8,897	8,897
At 31 December 2007			
Cost	—	13,003	13,003
Accumulated depreciation	—	(4,106)	(4,106)
Net book amount	—	8,897	8,897

6 INVESTMENT PROPERTIES - GROUP

	2007	2006
	HK$'000	HK$'000
Beginning of the year	**4,240,071**	4,053,800
Transfer from property, plant and equipment	**2,805**	5,233
Fair value gain	**138,416**	37,753
Exchange difference	**314,244**	143,285
End of the year	**4,695,536**	4,240,071

The investment properties were located in China held on land use rights of 40 years to 50 years, expiring in 2047 through 2055.

The investment properties were revalued at 31 December 2007 by Colliers International (Hong Kong) Limited, independent professional qualified valuers. Valuations were performed using discounted cash flow projections based on estimates of future cash flows, derived from the terms of any existing lease and other contracts, and from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

In the consolidated income statement, direct operating expenses include HK$719,180 (2006: HK$342,646) relating to investment properties that were vacant.

As at 31 December 2007, all investment properties were pledged as collateral for the Group's bank borrowings (Note 15).

7 INVESTMENT IN SUBSIDIARIES

	2007	2006
	HK$'000	HK$'000
Investments, at cost:		
Unlisted shares	2,986,652	2,986,652

The following is a list of the principal subsidiaries at 31 December 2007:

Name	**Place of establishment and kind of legal entity**	**Principal activities and place of operations**	**Particulars of issued share capital**	**Interest held** (Note)
GZI REIT (Holding) 2005 Company Limited ("HoldCo")	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK$1 each	100%
Partat Investment Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of US$1 each	100%
Moon King Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of US$1 each	100%
Full Estates Investment Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of US$1 each	100%
Keen Ocean Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of US$1 each	100%

Note: Share of HoldCo is held directly by GZI REIT. Shares of all the other subsidiaries are held indirectly by GZI REIT.

8 DEFERRED ASSETS - GROUP

Rental income is recognised on an accrual basis by averaging out the impact of rent-free periods, contracted rental escalations and such other terms affecting the cash received from rental income under each tenancy agreement. Thus, rental income is recognised on a straight-line basis for the entire lease term of each tenancy agreement, which effectively amortises the impact of rent-free periods, contracted rental escalations and other relevant terms on the rental income over the relevant lease periods. The temporary difference between the rental income as set out in the lease agreements and accounting rental income is reflected as deferred assets.

9 GOODWILL - GROUP

	HK$'000
For the year ended 31 December 2006	
Opening net book amount	**152,917**
Exchange difference	**5,373**
Closing net book amount	**158,290**
At 31 December 2006	
Cost	**158,290**
Accumulated impairment	**—**
	158,290
At 1st January 2007	
Opening net book amount	**158,290**
Exchange difference	**11,545**
Closing net book amount	**169,835**
At 31 December 2007	
Cost	**169,835**
Accumulated impairment	**—**
	169,835

Impairment test for goodwill

For the purpose of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations. These calculations use pretax cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budget.

Key assumptions used for in the cash flow projections are as follows:

	2007
Growth rate	**5%**
Discount rate	**6.26%**

These assumptions have been used for the analysis of the CGU. Management prepared the financial budgets reflecting actual and prior year performance and market development expectations. Management estimates the discount rate using pre-tax rates that reflect market assessments of the time value of money and the specific risks relating to the cash-generating unit. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections.

10 RENTAL RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES - GROUP

	2007	2006
	HK$'000	HK$'000
Rental receivables	**—**	19
Less: provision for impairment of receivables	**—**	—
Rental receivables – net	**—**	19
Prepayments, deposits and other receivables	**6,277**	5,829
	6,277	5,848

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

All the prepayments, deposits and other receivables are denominated in Renminbi.

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.

	2007	2006
	HK$'000	HK$'000
0 – 30 days	**—**	19

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

11 CASH AND CASH EQUIVALENTS - GROUP

As at 31 December 2007, included in the cash and cash equivalents of the Group are bank deposits of approximately HK$205,381,000 (2006: HK$184,712,000) denominated in Renminbi, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China. The remittance of these funds out of the China is subject to exchange control restrictions imposed by the Chinese government.

	2007	2006
	HK$'000	HK$'000
Cash at bank	**205,659**	185,412
Short-term bank deposits	**84,494**	68,434
	290,153	253,846

The effective interest rate on short-term bank deposits was 3.06% (2006: 4.15%); these deposits have an average maturity of 7 days (2006: 7 days).

11 CASH AND CASH EQUIVALENTS - GROUP (Continued)

Cash and cash equivalents are denominated in the following currencies:

	2007	2006
	HK$'000	HK$'000
Hong Kong dollar	**41,488**	47,428
Renminbi	**205,381**	184,712
United States dollar	**43,284**	21,706
	290,153	253,846

The credit quality of cash and cash equivalents has been assessed by reference to external credit ratings (if available) or to historical information about the counterparty default rates as disclosed in Note 3(a). The existing counterparties do not have defaults in the past.

12 HEDGING RESERVE - GROUP

	HK$'000	**HK$'000**
At 1 January 2006		11,281
Cash flow hedges:		
– Fair value losses (Note 14)	64,665	
– Recognise as finance costs (Note 19)	(40,338)	24,327
At 31 December 2006		35,608
At 1 January 2007		35,608
Cash flow hedges:		
– Fair value losses (Note 14)	133,986	
– Recognise as finance costs (Note 19)	(85,753)	48,233
At 31 December 2007		83,841

13 RENTAL DEPOSITS, RECEIPTS IN ADVANCE, ACCRUALS AND OTHER PAYABLES - GROUP

	2007 HK$'000	2006 HK$'000
Rental deposits, current portion	**12,716**	9,919
Receipts in advance	**13,809**	12,721
Provision for withholding tax	**6,440**	5,172
Provision for business tax and flood prevention fee	**4,022**	3,257
Accruals for operating expenses	**24,329**	15,510
Accruals and other payables	**34,791**	23,939
	61,316	46,579

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

All rental deposits, receipts in advance and part of accruals and other payables are denominated in Renminbi.

Non-current rental deposits of the Group were HK$77,948,000 (2006: HK$64,963,000) as at 31 December 2007.

14 DERIVATIVE FINANCIAL INSTRUMENTS - GROUP

	HK$'000
Interest rate and currency swaps - cash flow hedges	
At 1 January 2006	**11,231**
Fair value losses (Note 12)	**64,665**
Exchange difference	**1,682**
At 31 December 2006	**77,578**
At 1 January 2007	**77,578**
Fair value losses (Note 12)	**133,986**
Exchange difference	**10,381**
At 31 December 2007	**221,945**

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.

14 DERIVATIVE FINANCIAL INSTRUMENTS - GROUP (Continued)

Interest rate and currency swaps

The notional principal amounts of the outstanding interest rate and currency swap contracts at 31 December 2007 were US$165,000,000 (2006: US$165,000,000).

At 31 December 2007, the fixed interest rate for the bank borrowings vary from 3.18% to 3.28% (2006: 3.18% to 3.28%) and the floating rates are LIBOR plus 1.35% (2006: LIBOR plus 1.35%). The exchange rate for the bank borrowings is 7.3046 (2006: 7.8087) 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 (Note 12) on interest rate and currency swap contracts as of 31 December 2007 will be continuously released to the income statement until the repayment of the secured bank borrowings (Note 15).

15 BANK BORROWINGS, SECURED - GROUP

	2007	2006
	HK$'000	HK$'000
Current	**1,280,605**	—
Non-current	—	1,266,469

On 7 December 2005 (date of establishment of GZI REIT), the subsidiaries of GZI REIT and the lending banks (the "Lending Banks") entered into a Facility Agreement in connection with a loan facility of US$165,000,000 (equivalent to HK$1,280,000,000) with a maturity period of three years for the financing of the acquisition of subsidiaries from Guangzhou Construction & Development Co. Ltd. The loans were fully drawn down by the Group on 21 December 2005. The subsidiaries of GZI REIT also entered into an interest rate and US$/RMB currency non-deliverable swap facility with the Lending Banks on 21 December 2005. Pursuant to this arrangement, the interest rate under the above loan facility is fixed at 3.18% to 3.28% per annum for the entire three year tenure of the loan under the facility and the exchange rate will be fixed at 8.07847 Renminbi per one US dollar for repayment of interest and principal of the borrowings.

Bank borrowings are guaranteed on a joint and several basis by Trustee and HoldCo and also secured by the following:

— investment properties of HK$4,695,536,000 (Note 6)

— assignment of rental income and all other proceeds arising from each of the investment properties and of all tenancy agreements relating to each of the investment properties

— equity interests of Partat Investment Limited, Moon King Limited, Full Estates Investment Limited and Keen Ocean Limited, subsidiaries of the Group

15 BANK BORROWINGS, SECURED - GROUP (Continued)

The maturity of borrowings at the balance sheet date is as follows:

	2007 HK$'000	2006 HK$'000
Within 1 year	**1,280,605**	—
Between 2 and 5 years	**—**	1,266,469

The effective interest rate of the bank borrowings at the balance sheet date was 6.26% (2006: 6.72%).

The carrying amounts of the borrowings approximate their fair value.

The Group has no undrawn borrowing facilities as at 31 December 2007 (2006: Nil).

16 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	2007 HK$'000	2006 HK$'000
Beginning of the year	**3,199,707**	3,015,914
Transfer from income statement	**316,050**	220,109
Distribution paid during the year	**(214,100)**	(143,800)
Exchange difference	**232,887**	107,484
End of the year	**3,534,544**	3,199,707

17 EXPENSES BY NATURE

	2007 HK$'000	2006 HK$'000
Property management fee (i)	**13,407**	12,279
Urban real estate tax	**10,616**	10,043
Business tax and flood prevention fee	**20,462**	18,806
Withholding tax (ii)	**38,470**	35,387
Depreciation expenses of property, plant and equipment	**2,583**	1,503
Asset management fee	**26,163**	23,765
Trustee's remuneration	**1,558**	1,403
Valuation fee	**200**	153
Legal and professional fee	**2,071**	2,007
Auditors' remuneration	**1,500**	1,340
Others	**13,723**	11,445
Total operating expenses	**130,753**	118,131

Note:

(i) The Group received leasing, marketing and tenancy management services from two leasing agents, namely, Guangzhou YiCheng Property Management Ltd. and Guangzhou White Horse Property Management Co. Ltd (Note 23).

(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.

18 EMPLOYEE BENEFIT EXPENSE

GZI REIT did not appoint any directors and the Group did not engage any employees during the year. As such, it has not incurred any employee benefit expense.

19 FINANCE COSTS

	2007 HK$'000	2006 HK$'000
Interest expense:		
– bank borrowings wholly repayable within five years	**51,184**	50,674
Net foreign exchange transaction gains	**(84,079)**	(40,655)
Fair value losses on financial instruments:		
– interest rate and currency swaps: cash flow hedge, transfer from reserve (Note 12)	**85,753**	40,338
	52,858	50,357

20 INCOME EXPENSES

Pursuant to the PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007, the new enterprise income tax rates for domestic and foreign enterprises are unified at 25%, which became effective from 1 January 2008 onwards.

Furthermore, unlike the Income Tax Law of the People's Republic of China for Foreign-invested Enterprises and Foreign Enterprises, which specifically exempted withholding tax on any dividends payable to non-PRC enterprises investors, the PRC Enterprise Income Tax Law provides that an income tax rate of 20% will normally be applicable to dividends payable to non-PRC enterprise investors which are derived from sources within the PRC, unless there exists a tax treaty between the PRC and the relevant jurisdictions in which such non-PRC enterprise shareholders reside whereupon the relevant tax may be reduced or exempted. In accordance with the PRC Enterprise Income Tax Law and the "Implementation Rules of the People's Republic of China on the Enterprise Income Tax Law" promulgated by the State Council on 6 December 2007 and effective 1 January 2008, a reduced income tax rate of 10% shall be applicable to any dividends payable to non-PRC enterprise investors from foreign invested enterprises.

As the China enterprise income tax of the Group was paid by way of withholding tax as disclosed in Note 17(ii), this change does not have any impact on the Group's operation.

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 2007 (2006: Nil).

21 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 2007 is HK$0.36 (2006: HK$0.24). The calculation of earnings per unit is based on profit after tax before transactions with unitholders of HK$364,283,000 (2006: HK$244,436,000) and on 1,000,000,000 units (2006: 1,000,000,000 units) in issue during the year.

Diluted earnings per unit is not presented as there is no dilutive instrument for the years ended 31 December 2007 and 2006.

22 NOTE TO THE CASH FLOW STATEMENT

	2007 HK$'000	2006 HK$'000
Profit before taxation and transactions with unitholders	**364,283**	244,436
Adjustments for:		
– Depreciation expenses	**2,583**	1,503
– Amortisation of bank loan	**8,504**	8,448
– Fair value gain on investment properties	**(138,416)**	(37,753)
– Interest income	**(7,466)**	(5,696)
– Finance costs	**44,354**	41,909
Changes in working capital:		
– Deferred assets	**(10,813)**	(3,701)
– Rental receivables	**20**	306
– Prepayments, deposits and other receivables	**(23)**	(1,170)
– Rental deposits	**10,321**	2,546
– Receipts in advance	**160**	(9,695)
– Accruals and other payables	**9,106**	12,747
– Amounts with related companies	**(8,296)**	3,777
Cash generated from operations	**274,317**	257,657

23 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

As at 31 December 2007, the Group was significantly influenced by Guangzhou Investment Company Limited (incorporated in Hong Kong), which owns approximately 30% of GZI REIT's units. The remaining 70% of the units are widely held.

The table set forth below summarised the names of significant parties and nature of relationship with GZI REIT as at 31 December 2007:

Connected party	**Relationship with GZI REIT**
Guangzhou Investment Company Limited ("GZI")[1]	A major unitholder of GZI REIT
GZI REIT Asset Management Limited (the "Manager")[1]	A subsidiary of GZI
Guangzhou Construction & Development Holdings (China) Limited ("GCD Holding")[1]	A subsidiary of GZI
Guangzhou City Construction & Development Ltd. ("GCCD")[1]	A subsidiary of GZI
Guangzhou White Horse Clothings Market Ltd. ("White Horse JV")[1]	A subsidiary of GZI
Guangzhou Yicheng Property Management Ltd. ("Yicheng")[1]	A subsidiary of GZI
Guangzhou White Horse Property Management Co. Ltd[1]	A subsidiary of GZI
Guangzhou City Construction & Development Xingye Property Agent Ltd.[1]	A subsidiary of GZI
Guangzhou City Construction and Development Decoration Ltd. ("GCCD Decoration")[1]	A subsidiary of GZI
Yue Xiu Enterprises (Holdings) Limited+	A major shareholder of GZI
HSBC Institutional Trust Services (Asia) Limited (the "Trustee")	The trustee of GZI REIT
Colliers International (Hong Kong) Limited (the "Valuer")	The principal valuer of GZI REIT
The Hongkong and Shanghai Bankng Corporation Limited and its subsidiaries (the "HSBC Group")	Related parties of the Trustee

[1] These connected parties are also considered as related parties of the Group, transactions and balances carried out with these related parties are disclosed in notes (a) and (b) below.

23 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The following transactions and balances were carried out with connected parties and related parties:

(a) Transactions with related parties

	2007 HK$'000	2006 HK$'000
Asset management fee paid/payable to the Manager (ii)	**(26,163)**	(23,765)
Decoration expenses paid/payable to GCCD Decoration	**—**	(371)
Management fee paid/payable to Yicheng	**(5,387)**	(4,779)
Management fee paid/payable to White Horse Property Management Co. Ltd	**(8,020)**	(7,500)
Rental income received/receivable from Guangzhou City Construction & Development Xingye Property Agent Ltd.	**1,855**	1,924
Rental income received/receivable from GZI	**1,181**	1,118
Rental income received/receivable from Yue Xiu Enterprises (Holdings) Limited	**51**	49
Rental income received/receivable from Yicheng	**6**	6
Trustee fee paid/payable to the Trustee	**(1,558)**	(1,403)
Valuation fee paid/payable to the Valuer	**(200)**	(153)
Transactions with the HSBC Group		
Interest expense paid/payable to the HSBC Group (iii)	**(17,187)**	(16,334)
Annual arrangement fees on borrowings paid to the HSBC Group	**(359)**	(190)
Rental income received/receivable from the HSBC Group	**10,596**	8,186
Interest income from the HSBC Group	**4,791**	2,815
Rental income received from the Manager	**—**	44

Note:

(i) All transactions with connected parties/related parties were carried out in accordance with the terms of the relevant agreement governing the transactions.

(ii) The asset management fee is calculated as the aggregate of a base fee of 0.3% per annum of the value of the Deposited Property, as defined in the Trust Deed and a service fee of 3% per annum of Net Property Income, as defined in the Trust Deed.

(iii) The Group also entered into an interest rate and US$/RMB currency non-deliverable swap facility with the HSBC Group on 21 December 2005. Details of the swap arrangement are disclosed in Note 14.

23 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Balances with related parties

	2007	2006
	HK$'000	HK$'000
Balance with GCCD		
Amount due to GCCD	**—**	(901)
Balance with Yicheng		
Amount due to Yicheng	**(496)**	(724)
Balance with White Horse Property Management Co. Ltd		
Amount due to White Horse Property Management Co. Ltd	**(687)**	(857)
Balance with GCCD Decoration		
Amount due to GCCD Decoration	**—**	(371)
Balance with the Manager		
Amount due to the Manager	**(14,280)**	(17,065)

Note:

All balances with related parties are unsecured, interest-free and repayable on demand.

(c) Key management compensation

There was no key management compensation for the year ended 31 December 2007 (2006: Nil).

24 CAPITAL COMMITMENTS

	2007	2006
	HK$'000	HK$'000
Capital commitments in respect of property, plant and equipment, contracted but not provided for	**476**	864
Capital commitments in respect of investment properties, contracted but not provided for	**2,056**	2,316
	2,532	3,180

25 FUTURE MINIMUM RENTAL RECEIVABLE

At 31 December 2007, the Group had future minimum rental receivable under non-cancellable leases as follows:

	2007	2006
	HK$'000	HK$'000
Not later than one year	**394,428**	372,491
Later than one year and not later than five years	**667,070**	858,224
Later than five years	**50,052**	21,503
	1,111,550	1,252,218

26 EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the year end, the Trustee and the Manager of GZI REIT entered into a sales and purchase agreement with GZI to acquire the entire issued share capital and the shareholder loans of Metrogold Development Limited at a consideration of HK$677,319,587. Metrogold Development Limited is a wholly owned subsidiary of GZI.

Performance table

	2007	2006
Net assets attributable to unitholders	**HK$3,534,544,000**	HK$3,199,707,000
Net assets attributable to unitholders per unit	**HK$3.53**	HK$3.2
The highest premium of the traded price to net asset value (i)	**NA**	HK$0.500
The highest discount of the traded price to net asset value (i)	**HK$0.695**	HK$0.350
Net yield per unit (ii)	**11.83%**	7.96%
Number of units in issue	**1,000,000,000 units**	1,000,000,000 units

Note:

(i) The highest premium is calculated based on the highest traded price of HK$3.31 (2006: HK$3.775) on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2007. The highest discount is calculated based on the lowest traded price of HK$2.84 (2006: HK$2.85) on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2007.

(ii) Net yield per unit is calculated based on profit after tax before transactions with unitholders per unit for the year ended 31 December 2007 over the traded price of HK$ 3.08 (2006: HK$3.07) as at 31 December 2007.

BOARD OF DIRECTORS OF THE MANAGER

Executive directors

Mr Liang Ningguang *(Chairman)*
Mr Liu Yongjie

Non-executive director

Mr Liang Youpan

Independent non-executive directors & audit committee members

Mr Chan Chi On, Derek
Mr Lee Kwan Hung, Eddie
Mr Chan Chi Fai, Brian

Responsible Officers of the Manager

Mr Liang Ningguang
Mr Liu Yongjie
Mr Lau Jin Tin Don

COMPANY SECRETARY OF THE MANAGER

Mr Yu Tat Fung

TRUSTEE

HSBC Institutional Trust Services (Asia) Limited

AUDITOR OF GZI REIT

PricewaterhouseCoopers
Certified Public Accountants

PRINCIPAL VALUER

Colliers International (Hong Kong) Ltd.

HONG KONG LEGAL ADVISOR

Baker & McKenzie
Paul, Hastings, Janofsky & Walker

Corporate and Investor Relations Information

PRINCIPAL BANKERS OF GZI REIT

Citigroup N. A., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
DBS Bank Ltd.

WEBSITES TO ACCESS INFORMATION IN RELATION TO GZI REIT

http://www.gzireit.com.hk
http://www.hkex.com.hk

REGISTERED OFFICE OF THE MANAGER

24th Floor
Yue Xiu Building
160 Lockhart Road
Wanchai, Hong Kong

UNIT REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East, Wanchai, Hong Kong

UNIT LISTING

GZI REIT's Units are listed on:
The Stock Exchange of Hong Kong Limited

The stock code is: 405

INVESTOR RELATIONS

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