

OFFERING CIRCULAR SUMMARY

The following summary is derived from, and should be read in conjunction with, the full text of this Offering Circular.

Statements contained in this summary that are not historical facts may be forward looking statements. Such statements are based on certain assumptions. While the Manager and the Listing Agent consider such assumptions to be reasonable, there are certain risks and uncertainties which could cause actual results to differ materially from those projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the GZI Group, the Manager, GZI REIT, the Trustee, the Listing Agent, the Underwriters or any person involved in the Global Offering, or that these results will be achieved or are likely to be achieved. Capitalised terms not defined in this summary are defined in the section headed "Definitions" of this Offering Circular.

The Manager and the Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

In this Offering Circular, the most up to date operational data in respect of the Properties have been provided, unless otherwise stated, as at the latest practicable date for the compilation of such data, being 30 September 2005.

An investment in the Units involves risks. Investors' attention is drawn to the section headed "Risk Factors" in this Offering Circular.

Description of a Real Estate Investment Trust

A real estate investment trust is a collective investment scheme constituted as a unit trust that invests primarily in income producing real estate assets and uses the income to provide returns to its unitholders. Purchasing a unit in a real estate investment trust allows investors to share the benefits and risks of owning the real estate assets held by the real estate investment trust. An investment in the units of a real estate investment trust in Hong Kong is governed primarily by the REIT Code and offers the following benefits:

- certainty as to business focus, as a real estate investment trust does not have the discretion to diversify outside of the real estate sector or to own significant non-real estate assets;
- a distribution which is required by the REIT Code to be at least 90.0% of the real estate investment trust's audited net income after tax for each financial year (subject to adjustments allowed under the REIT Code and their trust deed);
- a conservative capital structure with the REIT Code limiting the borrowings of a real estate investment trust to 45.0% of the total gross asset value thereof;

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- enhanced liquidity in comparison to direct investments in real estate;
- a manager licensed and regulated on an ongoing basis by the SFC; and
- a statutory and regulatory corporate governance framework and an internal corporate governance framework overseen by an independent trustee.

Objectives of GZI REIT

The Manager's key objective for GZI REIT is to provide Unitholders with stable distributions per Unit with the potential for sustainable long term growth of such distributions. The Manager intends to accomplish this objective through investing in income producing real estate which is primarily used for office, retail and other commercial purposes, initially in Guangdong province in the PRC.

Paragraph 7 of the Listing Agreement entered into pursuant to the Listing Rules provides that the Trustee and the Manager (as an operator of a collective investment scheme) undertake, so far as it lies within their respective powers, to procure that the investment strategy of GZI REIT, as stated in this Offering Circular, will be adhered to for three years from the date of this Offering Circular, unless otherwise exempted or approved by the SFC.

Investment Objective and Policy

The Manager's investment objective for GZI REIT is to invest in properties in Guangdong province in the PRC. In pursuing its investment objective, the Manager will adopt the following policies:

- unless Unitholders approve otherwise by Special Resolution at a meeting convened by the Manager, investments will initially be in real estate in Guangdong province;
- investments will be in properties for the long term; and
- investments will be in a diverse portfolio of sustainable income producing properties which are used primarily for office, retail and other commercial purposes.

Key Investment Highlights

The Manager believes that an investment in GZI REIT presents Unitholders with an attractive investment proposition by virtue of:

- *Being the first real estate investment trust offering exposure to Guangzhou's economic growth:*

GZI REIT is the first real estate investment trust which invests in Guangzhou. An investment in GZI REIT gives investors the opportunity to access the returns from a portfolio of commercial properties located in Guangzhou, with the additional benefit of liquidity associated with investing in a listed vehicle.

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Guangzhou is located along the Pearl River and is the capital city as well as the economic, scientific and cultural centre of Guangdong province. The Guangzhou economy is the PRC's third largest city level economy and has a growth rate which consistently outperformed both Beijing and Shanghai over the past decade. The Guangzhou economy enjoyed double-digit growth in the past 15 years, averaging 15.3% per annum. In 2004, the city posted a 15.0% year-on-year increase in real term GDP. With continued buoyant fixed asset investment, solid domestic demand, robust trade activities and high inflows of foreign direct investments, the outlook of the economy remains positive.

Although the macroeconomic adjustment measures recently introduced by the PRC Government (such as stiffer rules for bank loans to industries considered to be overheated and, in relation to the PRC property market, a tax on all properties sold within two years of being purchased and occupied, limiting monthly mortgage payments to 50.0% of an individual borrower's monthly income and limiting all debt service payments of an individual borrower to 55.0% of his monthly income) are likely to slow down the rate of expansion across all major cities in the PRC, the Guangzhou Municipal People's Government has projected that the city will maintain its double-digit GDP growth rate for the next five years, with a 12.0% real term increase in 2005. (See Appendix VIII to this Offering Circular for more information about the economy of Guangzhou.)

These factors have combined to increase demand for commercial properties in Guangzhou and the Properties are well positioned to benefit from such demand. The Manager believes that in such an economic environment, GZI REIT has considerable potential for growth.

- *A strategy to provide regular and stable distributions:*

The Manager's policy is to distribute to Unitholders as distributions an amount equal to 100.0% of GZI REIT's Total Distributable Income for each of FY2006 to FY2008 and thereafter at least 90.0% of annual Total Distributable Income.

Under the Trust Deed, the Manager must, subject to applicable law, ensure that at least one distribution shall be made in respect of each Financial Year and paid no later than the date five calendar months following the end of the relevant Financial Year. The Manager's initial distribution policy is that two distributions will be made in respect of each Financial Year, being distributions with respect to the six-month periods ending 30 June and 31 December. The Directors anticipate that the interim and final distributions will be paid in November and May, respectively. However, GZI REIT's distribution for the period from the Listing Date to 31 December 2005 will be paid together with its distribution for the period from 1 January 2006 to 30 June 2006 on or before 30 November 2006.

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In respect of the Forecast Year 2006, Unitholders will be paid, in the absence of unforeseen circumstances, total distributions per Unit of not less than HK\$0.201, representing a distribution yield of 6.54% based on the Maximum Offer Price (excluding other transaction costs) and 7.05% based on the Minimum Offer Price (excluding other transaction costs). Any shortfall in distributions will be disclosed in GZI REIT's audited accounts for the Forecast Year 2006.

The forecast distribution yields above are calculated based on the Maximum Offer Price and the Minimum Offer Price, excluding other transaction costs. The yield obtained by investors who purchase Units in the secondary market at a market price that differs from such prices (excluding other transaction costs), calculated using such secondary market purchase price, will accordingly differ from the distribution yields stated above.

(See the sections headed "Distribution Policy" and "Statement of Distributions" in this Offering Circular.)

- *The Manager's and Leasing Agents' experienced and professional teams:*

The Manager believes that Unitholders will benefit from the experience of key staff members of the Manager in the Guangzhou commercial property market as well as the strengths and experience in leasing, marketing and tenancy management of the Leasing Agents.

The Manager is staffed by experienced professionals who have extensive experience in the real estate industry in Guangzhou. The Manager's key staff members have in-depth real estate investment, asset management, research and equity securities market experience. Moreover, the Manager can tap on the expertise and experience of Jones Lang LaSalle Limited, the Property Adviser. The Property Adviser is a leading global provider of integrated real estate and money management services, with offices in more than 100 markets on five continents.

The Leasing Agents are also staffed by experienced professionals who have extensive experience in the leasing, marketing and tenancy management of commercial space in Guangzhou. Each of the Leasing Agents has a track record of more than seven years in the leasing, marketing and tenancy management business. Moreover, White Horse Property Management Company has been the dedicated leasing agent for White Horse Building since 1998 and was (and continues to be) instrumental in formulating the market positioning of the property. Its in-depth knowledge of White Horse Building as well as its tenants has been key to establishing the successful operations of the property.

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- *Opportunities and a strategy for future growth through active asset management:*

The Manager will endeavour to increase the property yield of GZI REIT's property portfolio and, correspondingly, the NAV per Unit by actively managing the portfolio. The measures which the Manager intends to take include:

- optimising rental and occupancy rates through managing lease renewals effectively, diligently pursuing leasing opportunities and maximising tenant retention;
- strengthening the Properties' competitive positions through:
 - in the case of the White Horse Units, capitalising on and continuing to develop White Horse Building's status as one of the premier garment wholesale and retail markets in the PRC; and
 - developing cost synergies and exploiting economies of scale in the operations of the Properties to offer tenants and shoppers better services and facilities at lower costs;
- developing and promoting a sought after position for the Properties by leveraging on their prime locations as well as their good access to major roads and public transportation facilities; and
- capitalising on Guangzhou's position as one of the economic centres of southern PRC to attract financial institutions, multi-national corporations and reputable PRC companies to set up offices and shops in the Properties.

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- *Opportunities and a strategy for future growth through acquisitions:*

The Manager will focus on properties which are primarily used for office, retail and other commercial purposes, initially in Guangdong province. It will seek to acquire properties that will provide attractive cash flows and yields together with opportunities for further revenue growth through operational optimisation. Portfolio growth opportunities for GZI REIT are underpinned by:

- the right of first refusal granted by GZI to GZI REIT, conditional on listing of the Units on the Hong Kong Stock Exchange, to acquire any completed Grade A office or commercial buildings in Guangzhou that (i) fulfils (or would reasonably be regarded as fulfilling) the investment criteria and property characteristics, and is consistent (or would reasonably be regarded as being consistent) with the investment strategy of the Manager, for property investments by GZI REIT (as stated in this Offering Circular); (ii) is owned or developed by the GZI Group and in which the GZI Group has an ownership interest of 95.0% or more (and, in circumstances in which GZI is able to negotiate and agree terms with the relevant joint venture party so as to extend the coverage of the right of first refusal granted by GZI to include the relevant property that is the subject of that joint venture, that relevant property); (iii) has a value of US\$20.0 million or more (as determined by an independent property valuer); and (iv) GZI proposes to dispose of to a third party or parties. This right of first refusal will commence on the Listing Date and continue until the earliest of the following occurring: (a) the expiry of five years after the Listing Date; (b) the Units ceasing to be listed on the Hong Kong Stock Exchange; and (c) the entity which is the asset manager of GZI REIT ceasing for whatever reason to be a subsidiary of any member of the GZI Group or the Yue Xiu Group (see the section headed “Material Agreements and Other Documents Relating to GZI REIT — Deed of Right of First Refusal” in this Offering Circular”);
- the flexibility of GZI REIT to seek investment opportunities from property developers or vendors other than GZI; and
- the scale of the Manager’s existing network of relationships in Guangdong province, which helps it to identify and source acquisition targets.

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As at the Latest Practicable Date, the portfolio of properties which fall within the parameters of the right of first refusal granted by GZI include:

Property	Description ⁽¹⁾	Expected completion
Yue Xiu New Metropolis	A commercial property of approximately 86,000 sq.m. being developed above the underground metro station on the No. 1 metro line in Guangzhou.	2006
The two office tower blocks currently being constructed above the Victory Plaza podium	Victory Plaza is an integrated retail and office complex located at Ti Yu Xi Road in the Tian He District in Guangzhou. The East tower will have an area of approximately 58,823 sq.m. and the West tower will have an area of approximately 30,772 sq.m. GZI is currently in negotiations with a prospective purchaser of the East tower. As such, the East tower will fall within the parameters of the right of first refusal only to the extent that it is not sold prior to the completion of its construction.	2007
Asian-Pacific Century Plaza	An integrated hotel and commercial property of approximately 223,900 sq.m. under development at Tian He North Road in Guangzhou. Only the commercial portion of this development falls within the parameters of the right of first refusal.	2008
West tower of Mega-Twin Commercial Tower	An integrated office, retail and hotel complex of approximately 400,000 sq.m. to be developed in the Pearl River New City in Guangzhou near the No.3 metro line. Only the commercial portion of this development falls within the parameters of the right of first refusal.	2009-2010

Note:

- (1) The descriptions of the properties are based on GZI's current plans and are subject to finalisation in due course.

The acquisition of any of these properties pursuant to the right of first refusal is subject to the satisfaction of the terms and conditions thereunder and compliance with applicable requirements of the REIT Code at the relevant time (including, where relevant, the requirement for Unitholders' approval).

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- *Substantial alignment of the Manager's interest with the interests of public Unitholders:*

The fees payable to the Manager have an element which is designed to align the interests of the Manager with those of the public Unitholders, and which provides the Manager with an incentive to grow revenues and minimise operating costs. Under the Trust Deed, the Manager is entitled to receive, among others, a service fee of 3.0% per annum of Net Property Income. (See the sub-section headed "Certain Fees — Manager's Fees" below.)

- *Substantial alignment of GZI's interests with the interests of public Unitholders:*

On the Listing Date, GZI will hold approximately 40.0% of the Units in issue (or approximately 31.3% if the Over-allocation Option is exercised in full). GZI has agreed to a six-month lock-up period from and including the Listing Date in respect of the disposal of Units, subject to certain exceptions (see the sections headed "Ownership of Units" and "Underwriting — Lock-up Arrangements" in this Offering Circular). GZI has informed the Manager that GZI currently intends to be a long term investor in GZI REIT beyond the expiry of its lock-up period.


GZI's interests are further aligned with the interests of public Unitholders given that GZI is the parent company of the Manager.

- *A regulatory structure which requires GZI REIT:*
 - to invest primarily in real estate, with the aim of providing returns to Unitholders derived from the rental income from such real estate;
 - to distribute at least 90.0% of its audited net income after tax for each Financial Year (subject to adjustments allowed under the REIT Code and the Trust Deed);
 - to maintain a prudent capital structure with a ratio of aggregate borrowings to total gross assets not exceeding 45.0%;
 - not to trade actively in real estate; and
 - not to invest in vacant land or engage in property development.

See also the sections headed "Strategy", "The Manager", "The Leasing Agents" and "Corporate Governance" in this Offering Circular for further details of these key investment highlights.

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The Properties

White Horse Units ⁽¹⁾	
Address of White Horse Building (白馬大廈)	Nos. 14, 16 and 18 Zhan Nan Road, Yue Xiu District, Guangzhou, the PRC (中華人民共和國廣州市越秀區站南路14, 16及18號)
Description	<p>The White Horse Building is a multi-storey commercial building with a total of eight levels above ground, a lower ground level and a basement comprising a car park.</p> <p>The White Horse Units consist of nine strata units in part of the lower ground level as well as the 2nd to 9th storeys of the building, accounting, in aggregate, for 81.4% of the total Gross Floor Area of White Horse Building. Of the remaining Gross Floor Area, 9.2% (comprising the car park) is owned by White Horse JV (a subsidiary of GZI, and therefore a connected person of GZI REIT) and 9.4% (comprising the lower ground level) is owned by an unrelated third party.</p>
	
Year of completion of original construction of White Horse Building	1990 (The building was renovated and expanded thereafter between 1995 and 1997 as well as between 1998 and 2000.) ⁽²⁾
Term of land use right	40 years (till 2045) or 50 years (till 2055), depending on the use to which each of the strata units is put ⁽³⁾ .
Occupancy - as at 30 September 2005 - average for the nine months ended 30 September 2005	- Wholesale/retail 100.0% - Office/warehouse 100.0% - Wholesale/retail 100.0% - Office/warehouse 100.0%
Gross Rentable Area (as at 30 September 2005) - Wholesale/retail - Office/warehouse - Total	- 45,157.6 sq.m. - 3,849.6 sq.m. - 49,007.2 sq.m.
Number of tenants (as at 30 September 2005)	969 (with 1,311 leases)
Top five tenants in terms of monthly base rent for September 2005	徐新 (Xu Xin), 陳雙霞 (Chen Shuang Xia), 謝麗娜 (Xie Li Na), 姚瞻豪 (Yao Zhan Hao) and 吳華英 (Wu Hua Ying). ⁽⁴⁾ Together, these tenants accounted for 3.4% of the total monthly base rent of the White Horse Units for September 2005.
Appraised Value (as at 30 September 2005) ⁽⁵⁾	HK\$2,541.5 million
Gross Turnover - FY2004 - Six months ended 30 June 2005	- HK\$104.7 million - HK\$65.9 million

Notes:

- (1) Unless otherwise indicated, information in this table relates to the White Horse Units rather than to White Horse Building as a whole.
- (2) See the section headed “The Properties and Business — White Horse Units — Description” in this Offering Circular for further information of such renovation and expansion works.
- (3) See the section headed “The Properties and Business — Terms of Land Use Rights” in this Offering Circular for a further explanation.
- (4) None of these persons are connected persons of GZI REIT.
- (5) As determined by the Independent Property Valuer in its valuation report dated 12 December 2005 (see Appendix VI to this Offering Circular).


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Fortune Plaza Units ⁽¹⁾	
Address of Fortune Plaza (財富廣場)	Nos. 114, 116 and 118 Ti Yu Dong Road, Tian He District, Guangzhou, the PRC (中華人民共和國廣州市天河區體育東路114, 116 及118號)
Description	<p>Fortune Plaza Building is a mixed use Grade A commercial building with two tower blocks above a six-storey podium and two levels of underground car parks.</p> <p>The Fortune Plaza Units comprise 35 strata units in the West tower, 43 strata units in the East tower and five strata units in the six-storey podium, together accounting for 50.2% of the total Gross Floor Area of Fortune Plaza. Of the remaining Gross Floor Area, 15.5% (comprising certain units in the podium⁽²⁾ and the West tower, a clubhouse and the car park) is owned by GCCD (a subsidiary of GZI, and therefore a connected person of GZI REIT) and 34.3% is owned by unrelated third parties.</p>
	
Year of completion of construction of Fortune Plaza	2003
Term of land use right	40 years (till 2042) or 50 years (till 2052), depending on the use to which each of the strata units is put ⁽³⁾ .
Occupancy - as at 30 September 2005 - average for the nine months ended 30 September 2005	- Retail 14.9% ⁽⁴⁾ - Office 83.5% - Retail 90.5% - Office 63.3%
Gross Rentable Area (as at 30 September 2005) - Retail - Office - Total	- 3,853.1 sq.m. - 36,503.1 sq.m. - 40,356.2 sq.m.
Number of tenants (as at 30 September 2005)	48 (with 53 leases)
Top five tenants in terms of monthly base rent for September 2005	<p>匯豐電子資料處理(廣東)有限公司 (HSBC Electronic Data Processing (Guangdong) Limited), 阿里巴巴(中國)網絡技術有限公司 (Alibaba (China) Technology Co., Ltd.), 內蒙古億霖木業有限責任公司北京諮詢分公司 (Nei Meng Gu Yi Lin Mu Ye Co., Ltd.), 中國石油天然氣有限公司化工與銷售華南分公司 (China National Petroleum Co., Ltd.) and 加德士(中國)投資有限公司廣州分公司 (Jia De Shi (China) Investment Co., Ltd.).⁽⁵⁾</p> <p>These tenants are located in the office component of the Fortune Plaza Units and together accounted for 43.0% of the total monthly base rent of the Fortune Plaza Units for September 2005.</p>
Appraised Value (as at 30 September 2005) ⁽⁶⁾	HK\$545.0 million
Gross Turnover - FY2004 - Six months ended 30 June 2005	- HK\$9.0 million - HK\$13.3 million

Notes:

- (1) Unless otherwise indicated, information in this table relates to the Fortune Plaza Units rather than to Fortune Plaza as a whole.
- (2) GCCD has signed a memorandum of understanding with a third party to sell these podium units (which account for 0.6% of the total Gross Floor Area of Fortune Plaza).
- (3) See the section headed "The Properties and Business — Terms of Land Use Rights" in this Offering Circular for a further explanation.
- (4) The occupancy rate as at 30 September 2005 was lower than the average occupancy rate for the nine months ended 30 September 2005 due to the early termination of a large lease in September 2005. As at 31 October 2005, the occupancy rate was 82.0% due to two new tenants taking up part of the vacated space.
- (5) Save for HSBC Electronic Data Processing (Guangdong) Limited, an associate of the Trustee, none of these persons are connected persons of GZI REIT.
- (6) As determined by the Independent Property Valuer in its valuation report dated 12 December 2005 (see Appendix VI to this Offering Circular).


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City Development Plaza Units ⁽¹⁾	
Address of City Development Plaza (城建大廈)	Nos. 185, 187 and 189, Ti Yu Xi Road, Tian He District, Guangzhou, the PRC (中華人民共和國廣州市天河區體育西路185, 187及189號)
Description	 <p>City Development Plaza is a mixed used Grade A commercial building with a single tower block above a five-storey podium and two levels of underground car parks.</p> <p>City Development Plaza Units comprise six strata units in the first three storeys of the podium as well as 159 strata units in the single tower block, together accounting for 57.3% of the total Gross Floor Area of City Development Plaza. Of the remaining Gross Floor Area, 36.8% (comprising space used for GCCD's offices as well as a clubhouse, a restaurant and the car park) is owned by GCCD (a subsidiary of GZI, and therefore a connected person of GZI REIT) and 5.9% is owned by unrelated third parties.</p>
Year of completion of construction of City Development Plaza	1997
Term of land use right	40 years (till 2037) or 50 years (till 2047), depending on the use to which each of the strata units is put ⁽²⁾ .
Occupancy - as at 30 September 2005 - average for the nine months ended 30 September 2005	 - Retail 85.5% - Office 93.0% - Retail 85.5% - Office 91.6%
Gross Rentable Area (as at 30 September 2005) - Retail - Office - Total	 - 11,757.6 sq.m. - 30,639.8 sq.m. - 42,397.4 sq.m.
Number of tenants (as at 30 September 2005)	60 (with 68 leases)
Top five tenants in terms of monthly base rent for September 2005	廣東移動通信有限公司 (Guangdong Mobile Communication Co., Ltd.), 易方達基金管理有限公司 (Efund Management Co. Ltd.), 廣州智慧谷發展有限公司 (Guangzhou Wisdom Valley Development Company Limited), 廣州中遠國際貨運有限公司 (Cosco Guangzhou International Freight Co. Ltd.) and 泰康人壽保險股份有限公司廣州分行 (Taikang Life Insurance Co. Ltd.). ⁽³⁾ These tenants are located in the office component of the City Development Plaza Units and together accounted for 48.4% of the total monthly base rent of the City Development Plaza Units for September 2005.
Appraised Value (as at 30 September 2005) ⁽⁴⁾	HK\$385.5 million
Gross Turnover - FY2004 - Six months ended 30 June 2005	 - HK\$33.9 million - HK\$17.5 million

Notes:

- (1) Unless otherwise indicated, information in this table relates to the City Development Plaza Units rather than to City Development Plaza as a whole.
- (2) See the section headed "The Properties and Business — Terms of Land Use Rights" in this Offering Circular for a further explanation.
- (3) None of these persons are connected persons of GZI REIT.
- (4) As determined by the Independent Property Valuer in its valuation report dated 12 December 2005 (see Appendix VI to this Offering Circular).

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Victory Plaza Units ⁽¹⁾	
Address of Victory Plaza (維多利廣場)	No. 101 Ti Yu Xi Road, Tian He District, Guangzhou, the PRC (中華人民共和國廣州市天河區體育西路101號)
Description	<p>Victory Plaza comprises a six-storey retail podium and four levels of underground car parks in the first phase of an integrated office and retail complex. Two tower blocks above the podium are currently under construction and are expected to be completed in 2007. Basement 1 of the building comprises partly car park space and partly retail space.</p> <p>The Victory Plaza Units consist of nine strata units comprising the six levels above ground in the podium and the retail space in basement 1. They account for 52.7% of the combined Gross Floor Area of the podium and the four levels of underground car parks, and will account for approximately 19.5% of the total Gross Floor Area of the entire development when the two tower blocks are completed. The car park in Victory Plaza is owned by GCCD, a subsidiary of GZI and therefore a connected person of GZI REIT.</p>
	
Year of completion of construction of the Victory Plaza podium	2003
Term of land use right	40 years (till 2044) ⁽²⁾ .
Occupancy	
- as at 30 September 2005	- 100.0% (all retail)
- average for the nine months ended 30 September 2005	- 85.2% (all retail)
Gross Rentable Area (as at 30 September 2005)	27,262.3 sq.m.
Number of tenants (as at 30 September 2005)	22 (with 24 leases)
Top five tenants in terms of monthly base rent for September 2005	<p>廣州新大新有限公司 (Guangzhou Xindaxin Co., Ltd.), 廣州市國美電器有限公司 (Guangzhou GOME Electrical Appliances Co., Ltd.), 招商銀行廣州分行 (China Merchants Bank Guangzhou Branch), 百勝餐飲(廣東)有限公司 (Yum! Restaurants (Guangdong) Co., Ltd.) and 廣州僑美發展有限公司 (Guangzhou Qiao Mei Fa Zhan Company Limited).⁽³⁾</p> <p>Together, these tenants accounted for 72.6% of the total monthly base rent of the Victory Plaza Units for September 2005.</p>
Appraised Value (as at 30 September 2005) ⁽⁴⁾	HK\$533.0 million
Gross Turnover	
- FY2004	- HK\$24.4 million
- Six months ended 30 June 2005	- HK\$12.8 million

Notes:

- (1) Unless otherwise indicated, information in this table relates to the Victory Plaza Units rather than to Victory Plaza as a whole.
- (2) See the section headed “The Properties and Business — Terms of Land Use Rights” in this Offering Circular for a further explanation.
- (3) None of these persons are connected persons of GZI REIT.
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As at 30 September 2005, the Properties comprised 89,588.1 sq.m. of Gross Floor Area used for wholesale or retail activities and 71,062.9 sq.m. of Gross Floor Area used as office or warehouse space. Upon the expiry of the current leases on the 8th and 9th storeys of the White Horse Units on 31 December 2005, the Manager intends to renovate those two storeys for wholesale/retail use. This renovation is expected to cost HK\$5.8 million (which will be funded from an aggregate amount of HK\$26.7 million retained from the proceeds of the Global Offering, see the section headed “Material Agreements and Other Documents Relating to GZI REIT — The Reorganisation Deed” in this Offering Circular) and to be completed before May 2006. After the renovation, the Properties will have 93,508.1 sq.m. of Gross Floor Area used for wholesale or retail activities (i.e. an increase of 4.4%) as well as 67,142.9 sq.m. of Gross Floor Area used as office or warehouse space (i.e. a decrease of 5.5%).

For the nine months ended 30 September 2005, the wholesale/retail component of the Properties had an average occupancy rate of 93.1% while the office component had an average occupancy rate of 77.5%.

Competitive Strengths of the Properties

The Manager believes that the Properties enjoy the following competitive strengths:

- **Quality properties in prime locations** — The White Horse Building is one of the top 10 centres of the garment wholesale and retail trades in the PRC (having been awarded the “10 Largest Garment Wholesale Market Award” in 2005 by the 經濟日報報業集團服裝時報社 (Economic Daily News Group — Fashion Times), 中華全國商業信息中心 (China Centre for Commercial Information) and 中國商業聯合會市場專業委員會 (the Professional Market Committee of the China Commerce Association)) and attracts tenants and visitors not just from Guangdong province but also from the rest of the PRC. A key success factor for wholesale markets is being located near superior transport systems. White Horse Building is situated in the Liu Hua commercial zone, next to the exhibition hall for the Guangzhou Trade Fair, and is in Guangzhou’s main garment wholesale district. It is a short walk from Guangzhou Huo Che Zhan underground metro station (廣州火車站地鐵站) on the No. 2 metro line. White Horse Building is also located directly across from a bus station which operates both local and inter-provincial services. The Property is also in close proximity to the Guangzhou railway station, which facilitates long distance transportation of large quantities of clothing purchased by traders from other parts of the PRC who visit White Horse Building.

The Guangzhou Municipal People’s Government decided in the 1990’s to develop the Tian He area into Guangzhou’s CBD. Since then, many high quality commercial buildings (including Fortune Plaza, City Development Plaza and Victory Plaza) have been built in the Tian He area. Fortune Plaza and City Development Plaza are Grade A office buildings and the Victory Plaza podium is a new shopping centre.

The new underground metro system in Guangzhou has transformed the Tian He CBD into a central hub and an important interconnection point for the entire city. The Ti Yu

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Zhong Xin underground metro station (體育中心地鐵站) on the No. 1 metro line exits directly to Fortune Plaza, while City Development Plaza and Victory Plaza are both within short walking distance of the Ti Yu Xi Road station (體育西路地鐵站). When the No. 3 metro line is completed and commences operations (its first section is estimated to open by the end of 2005), shoppers travelling to the Tian He CBD on the No. 1 and No. 3 metro lines will enjoy direct underground access to basement 1 of Victory Plaza from the metro station and the Manager anticipates that human traffic through Victory Plaza will increase significantly as a result. These three Properties are also in close proximity to the East Station of Guangzhou Railway Station (which serves the railway line between Guangzhou and Hong Kong) and the future airport express line.

Over the years, White Horse Building and City Development Plaza have both received numerous awards in recognition of their excellence of construction and management.

- **High occupancy** — Both White Horse Building and City Development Plaza are well-established commercial properties. For the nine months ended 30 September 2005, the White Horse Units enjoyed full occupancy. As at 30 September 2005, 1,246 (95.3%) of the 1,307 leases (signed with 966 tenants) which are due to expire on 31 December 2005 have been renewed for four or five years until 31 December 2009 or 31 December 2010, as the case may be. In the same period, the City Development Plaza Units enjoyed an average occupancy rate of 89.9% and experienced a renewal rate (in terms of the total Gross Rentable Area covered by the expired leases) of 55.5%. The Manager believes that these two Properties will continue to enjoy high, consistent and stable occupancy rates.

Although Fortune Plaza is a relatively new property (having been opened in the second half of 2003), the Fortune Plaza Units have nevertheless achieved an average occupancy rate of 65.9% for the nine months ended 30 September 2005. Similarly, the Victory Plaza podium was opened only in the second half of 2003 but the Victory Plaza Units achieved an average occupancy rate of approximately 85.2% for the nine months ended 30 September 2005.

Valuation

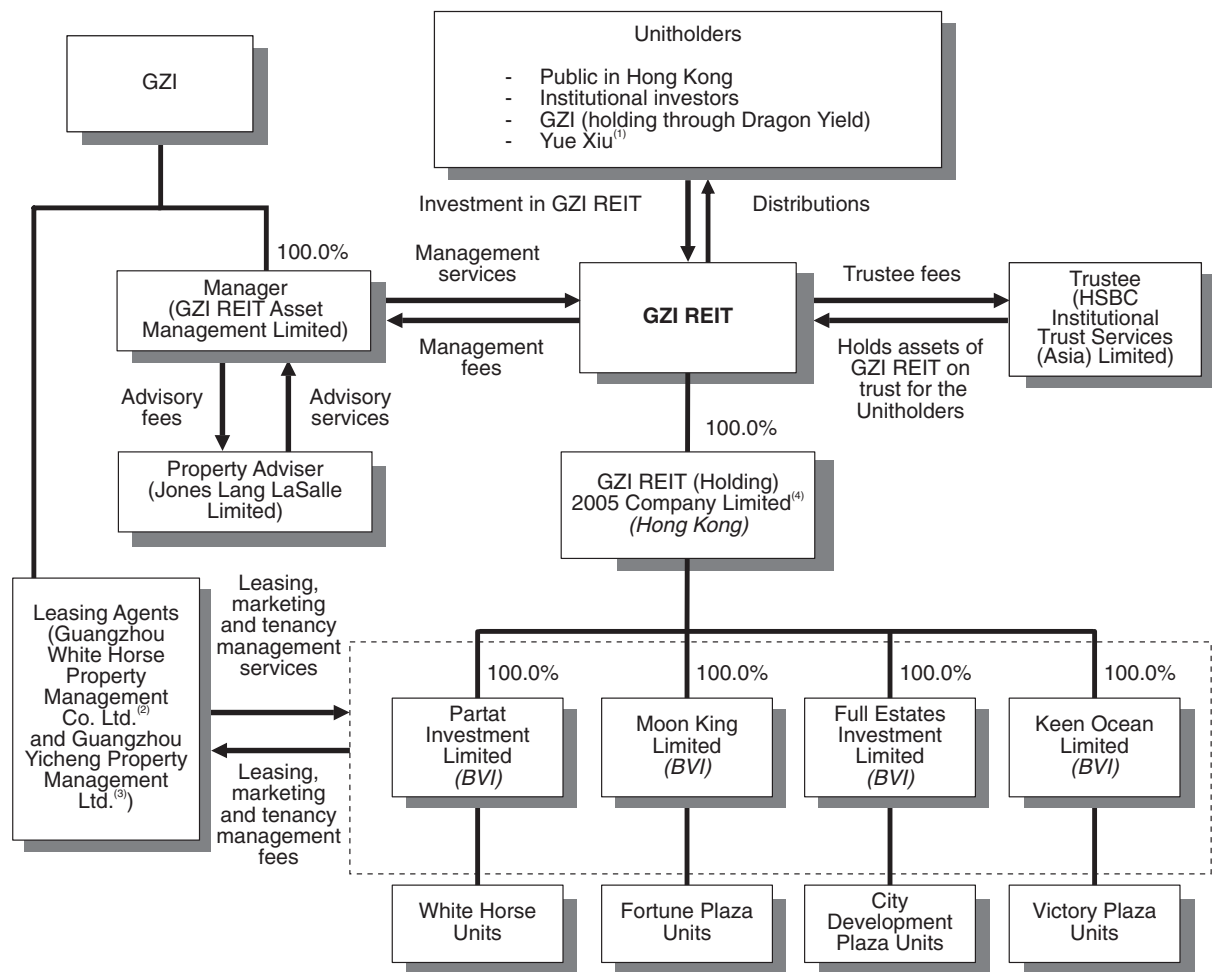
The Properties have been valued by Colliers International (Hong Kong) Ltd, the Independent Property Valuer. As at 30 September 2005, the aggregate market value of the Properties was HK\$4,005.0 million. These valuations were made by the Independent Property Valuer in accordance with the requirements contained in Chapter 6 of the REIT Code and the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors in January 2005. In carrying out its valuations, the Independent Property Valuer has also made reference to the International Valuation Standards (7th Edition) published by the International Valuation Standards Committee in 2005.

The Properties were valued using the income capitalisation approach, including discounted cash flow analysis. These values were cross checked with available market comparables using the sales comparison approach. For further details of the valuations of the Properties, see Appendix VI to this Offering Circular.

OFFERING CIRCULAR SUMMARY

Overview of GZI REIT Structure

The following diagram illustrates the primary structural and contractual relationships between, among others, the Manager, the Trustee and the Leasing Agents.



Notes:

- (1) To the extent that Yue Xiu and its subsidiaries (other than the members of the GZI Group) receive Units by way of distribution in their capacity as GZI Qualifying Shareholders.
- (2) White Horse Property Management Company, which is 96.8% owned by GZI (with the remaining 3.2% owned by GCCD Group), will provide leasing, marketing and tenancy management services to Partat in respect of the White Horse Units and will receive a fee from Partat.
- (3) Yicheng, which is 85.7% owned by GZI (with the remaining 14.3% owned by GCCD Group), will provide leasing, marketing and tenancy management services to Moon King, Full Estates and Keen Ocean for the Fortune Plaza Units, the City Development Plaza Units and the Victory Plaza Units respectively, and will receive a fee from each of these BVI Companies.
- (4) Currently known as King Profit Holdings Limited, which is in the process of changing its name to GZI REIT (Holding) 2005 Company Limited. The change of name is currently expected to be effected by 31 December 2005.

OFFERING CIRCULAR SUMMARY

The Manager

The Manager, GZI REIT Asset Management Limited, was incorporated in Hong Kong under the Companies Ordinance on 3 October 2005. As at the Latest Practicable Date, the Manager had paid-up share capital of HK\$10,000,000. The Manager is licensed by the SFC to conduct the regulated activity of asset management. The Manager is responsible for GZI REIT's investment and financing strategies, asset enhancement, acquisition and disposal policies and overall management of the Properties. See the section headed "The Manager" in this Offering Circular for further details about the Manager.

Corporate Governance

Detailed corporate governance policies and procedures have been established to promote the operation of GZI REIT in a transparent manner and with built-in checks and balances. The Manager has adopted a compliance manual which sets out the key processes, systems and measures the Manager will apply to ensure compliance with, among other things, the REIT Code and the Trust Deed. The Trustee and the Manager are functionally independent of each other, with their respective roles in relation to GZI REIT set out in the REIT Code and the Trust Deed. The Manager is required by the REIT Code to act in the best interests of the Unitholders, to whom both the Manager and the Trustee also owe fiduciary duties.

The Board comprises six members, three of whom are independent non-executive Directors. The Board has also established various committees to assist it in discharging its responsibilities and which operate under clear terms of reference.

Policies and procedures have been established for, among other things, monitoring and supervising dealings in Units by the Manager as well as the Directors and senior management of the Manager. For further details, see the section headed "Corporate Governance" in this Offering Circular.

The Trustee

The Trustee of GZI REIT is HSBC Institutional Trust Services (Asia) Limited, a wholly owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited. The Trustee is a company incorporated in Hong Kong and registered as a trust company under section 77 of the Trustee Ordinance. The Trustee is qualified to act as a trustee for collective investment schemes authorised under the SFO. As at the Latest Practicable Date, the Trustee had a paid-up share capital of HK\$50,000,000.

For details of the Trustee's obligations under the Trust Deed and the REIT Code, see the section headed "The Trust Deed" in this Offering Circular.

OFFERING CIRCULAR SUMMARY

The Leasing Agents

The Leasing Agents will provide leasing, marketing and tenancy management services to GZI REIT on an exclusive basis.

Yicheng was incorporated in the PRC in 1997 and is 85.7% owned by GZI, with the remaining 14.3% owned by GCCD Group, which is a state owned enterprise in the PRC separate from the Yue Xiu Group and the GZI Group. As at 30 September 2005, Yicheng managed more than 470,000 sq.m. of commercial space in Guangzhou and was ISO9001:2000 certified in 2003. Yicheng has historically been managed and operated independently of the Guangzhou Municipal People's Government and the Manager believes that it will continue to be so managed and operated.

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 is 96.8% owned by GZI with remaining 3.2% owned by GCCD Group. White Horse Property Management Company was ISO9001:2000 certified in 2001.

The Property Adviser

The Property Adviser, Jones Lang LaSalle Limited, is a leading global provider of integrated real estate and money management services, with offices in more than 100 markets on five continents.

The Property Adviser has been engaged by the Manager to provide certain property consultancy services to the Manager for a three-year period commencing on 3 October 2005. When requested by the Manager, the Property Adviser will provide advice in relation to, among other things:

- identifying and evaluating, and assisting in the execution of, acquisitions and disposals of properties;
- training the Manager's staff in relation to asset management and property management related matters; and
- development of the Manager's IT capabilities and infrastructure.

The Property Adviser's fees for such services will be borne by the Manager and not by GZI REIT.

OFFERING CIRCULAR SUMMARY

Summary Historical Financial Information

Audited Financial Statements of the Properties

Combined Income Statements

	Period from			Six months ended	
	20 December			30 June	
	2002 ⁽¹⁾ to			2004 ⁽²⁾	
	31 December			(Unaudited)	
	2002	FY2003	FY2004	(Unaudited)	2005
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Turnover — Rental Income and property management fees	3,274	129,395	172,080	79,610	92,644⁽³⁾
Other gains — net	203	11,731	9,481	4,406	5,863
Property management fees	(27)	(1,221)	(5,700)	(1,814)	(3,597)
Promotional and agency expense	(195)	(5,495)	(5,160)	(1,986)	(3,436)
Fitting out and maintenance expenses	(14)	(1,474)	(2,116)	(1,077)	(1,204)
Business tax and flood prevention fee	(184)	(8,632)	(10,715)	(4,972)	(7,056)
Bad debts	—	(430)	(611)	(167)	(443)
Employment benefit expense	(440)	(14,757)	(17,488)	(6,199)	(7,153)
Depreciation expenses	(41)	(1,664)	(1,285)	(688)	(611)
Miscellaneous expenses	(212)	(6,403)	(7,935)	(2,863)	(3,547)
Direct outgoings	(1,113)	(40,076)	(51,010)	(19,766)	(27,047)
Other operating expenses	(30)	(2,927)	(2,799)	(1,495)	(2,446)
Operating Income	2,334	98,123	127,752	62,755	69,014⁽³⁾
Finance costs ⁽⁴⁾	—	—	—	—	—
Fair value gains on investment properties	— ⁽⁵⁾	246,341	5,107	— ⁽⁵⁾	612,044
Profit before taxation	2,334	344,464	132,859	62,755	681,058
Income tax expenses	(770)	(109,608)	(44,273)	(20,709)	(214,650)
Profit for the period/year	1,564	234,856	88,586	42,046	466,408
Profit for the period/year before fair value gains on investment properties and related tax impact⁽⁶⁾	1,564	65,742	85,594	42,046	46,239

OFFERING CIRCULAR SUMMARY

Notes:

- (1) Being the date on which the transfer of the Properties from GCCD Group to GCCD was completed (see the section headed “The Properties and Business — Past Transactions of the Properties” in this Offering Circular).
- (2) The figures for the six months ended 30 June 2004 have only been reviewed and not audited.
- (3) In order to present the Rental Income and Operating Income on a comparable basis and to reflect the historical performance of the Properties over the two and one-half years ended 30 June 2005, the non-recurring item in the financial statements for the six months ended 30 June 2005 (namely, the accelerated amortisation of deferred assets amounting to approximately HK\$17.0 million (see the section headed “Manager’s Discussion and Analysis of Financial Condition and Results of Operations — Audited Financial Statements of the Properties — Key Items in the Combined Income Statements — Gross Turnover” in this Offering Circular for an explanation of the nature of this item)) has been excluded from the discussion in the section headed “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Offering Circular, and the adjusted turnover and operating income are as follows:

	Six months ended 30 June 2005
	(HK\$'000)
Gross Turnover	109,595
Operating Income	85,965

- (4) Interest charges incurred at the central treasury of GCCD are not reflected as a part of the basis of preparation of the Audited Financial Statements of the Properties as there were no direct bank borrowings in respect of the Fortune Plaza Units, the City Development Plaza Units and the Victory Plaza Units.

There were no finance costs incurred for the White Horse Units during the relevant period.

- (5) No revaluation of the Properties was carried out during the six months ended 30 June 2004. There was no revaluation gain or loss during the period from 20 December 2002 to 31 December 2002.
- (6) Assuming the direct application of enterprise income tax of 33.0% on Operating Income.

OFFERING CIRCULAR SUMMARY

Audited Financial Statements of the Properties

Combined Balance Sheets

	As at 31 December			As at
	2002	2003	2004	30 June
	(HK\$'000)	(HK\$'000)	(HK\$'000)	2005
				(HK\$'000)
ASSETS				
Non-current assets				
Property, plant and equipment	118,128	11,165	10,598	7,169
Land use rights	252,929	—	—	1,230 ⁽¹⁾
Investment properties ⁽²⁾	1,576,633	2,437,384	2,444,859	3,114,286
	1,947,690	2,448,549	2,455,457	3,122,685
Current assets				
Deferred assets	6,521	9,344	16,641	4,995
Prepayments, deposits and other receivables	3,653	4,350	5,400	6,093
Cash and cash equivalents	31,978	41,878	39,695	18,329
	42,152	55,572	61,736	29,417
Total assets	1,989,842	2,504,121	2,517,193	3,152,102
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	387,269	467,640	473,536	669,736
Rental deposits, non-current portion	23,715	27,170	10,051	15,097
	410,984	494,810	483,587	684,833
Current liabilities				
Rental deposits, accruals and other payables	10,291	18,758	43,841	43,873
Current tax payable	7,721	4,720	6,151	5,550
	18,012	23,478	49,992	49,423
Total liabilities	428,996	518,288	533,579	734,256
Net assets	1,560,846	1,985,833	1,983,614	2,417,846
Financed by:				
Accounts with Subsidiaries of GZI				
- Arising from accumulated profits	1,564	236,420	325,006	791,414
- Others	1,559,282	1,749,413	1,658,608	1,626,432
	1,560,846	1,985,833	1,983,614	2,417,846

Notes:

- (1) This amount represented pre-paid operating lease payments for the land use rights of the units in the White Horse Units used by White Horse Property Management Company as its on-site property management office (see the section headed "The Leasing Agents — Property Management Offices" in this Offering Circular) and was classified as investment properties when Partat became the beneficial owner of the White Horse Units.
- (2) Investment property is carried at fair value under the relevant accounting policies. The valuer appointed historically (Greater China Appraisal Limited) is different from the one appointed by the Manager for GZI REIT. In the past, Greater China Appraisal Limited had primarily relied on the income capitalisation approach in valuing the Properties.

OFFERING CIRCULAR SUMMARY

Audited Financial Statements of the Properties

Combined Cash Flow Statements

	Period from 20 December 2002 ⁽¹⁾ to 31 December 2002		Six months ended 30 June		
	FY2003	FY2004	2004 ⁽²⁾ (Unaudited)		2005
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Cash flows from operating activities					
Net cash inflow generated from operations	8,966	107,919	128,009	51,042	88,047
PRC enterprise income tax	—	(32,238)	(36,946)	(18,153)	(19,051)
Net cash inflow from operating activities	8,966	75,681	91,063	32,889	68,996
Net cash inflow/(outflow) from investing activities	(1,536,270)	(255,912)	(2,441)	72	(58,186)
Net advances from/(to) subsidiaries of GZI	1,559,282	190,131	(90,805)	(34,210)	(32,176)
Increase/(decrease) in the cash and cash equivalents ⁽³⁾	31,978	9,900	(2,183)	(1,249)	(21,366)
Balances at beginning of year/period					
— Cash and cash equivalents ⁽³⁾	—	31,978	41,878	41,878	39,695
— Accounts with subsidiaries of GZI ⁽⁴⁾	—	(1,559,282)	(1,749,413)	(1,749,413)	(1,658,608)
Balances at end of year/period					
— Cash and cash equivalents ⁽³⁾	31,978	41,878	39,695	40,629	18,329
— Accounts with subsidiaries of GZI ⁽⁴⁾	(1,559,282)	(1,749,413)	(1,658,608)	(1,715,203)	(1,626,432)

OFFERING CIRCULAR SUMMARY

Notes:

- (1) Being the date on which the transfer of the Properties from GCCD Group to GCCD was completed (see the section headed “The Properties and Business — Past Transactions of the Properties” in this Offering Circular).
- (2) The figures for the six months ended 30 June 2004 have only been reviewed and not audited.
- (3) Changes in cash and cash equivalents are attributable to the operations of the White Horse Units.
- (4) The treasury and cash disbursement functions of the GCCD Properties were centrally administered by GCCD. Cash flows such as receipt of rental income, settlement of expense payable and the acquisitions of assets were handled by GCCD centrally and therefore reflected herein.

OFFERING CIRCULAR SUMMARY

Profit Forecast for the Forecast Period 2005 and the Forecast Year 2006

The Manager forecasts that, in the absence of unforeseen circumstances and on the principal bases and assumptions set out in the section headed "Profit Forecast" in this Offering Circular, the net profit after tax of GZI REIT (reflecting the consolidated income statements of GZI REIT, comprising those of Holdco and the BVI Companies) will be not less than HK\$1.6 million for the Forecast Period 2005 and not less than HK\$201.0 million for the Forecast Year 2006.

	Audited combined income statements of the Properties		Forecast consolidated results of GZI REIT	
	Year ended 31 December 2004 ⁽¹⁾	6 months ended 30 June 2005 ⁽¹⁾	Period from the Listing Date to 31 December 2005	Year ending 31 December 2006
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Rental Income	172,080	92,644	6,694	363,702
Other income	9,481	5,863	10	337
Total Gross Income	181,561	98,507	6,704	364,039
Leasing Agents' fees	(10,860)	(7,033)	(235)	(12,125)
Property related taxes	(10,782)	(7,100)	(640)	(28,678)
Other property expenses	(32,167)	(15,360)	(269)	(7,045)
Total property operating expenses	(53,809)	(29,493)	(1,144)	(47,848)
Net property income	127,752	69,014	5,560	316,191
Withholding tax	—	—	(637)	(34,705)
Manager's fees	—	—	(538)	(21,935)
Trustee's fees	—	—	(37)	(1,245)
Other trust expenses	—	—	(1,212)	(7,904)
Total non-property expenses	—	—	(2,424)	(65,789)
Fair value gains on investment properties ⁽²⁾	5,107	612,044	—	—
Net profit before finance costs, interest income and tax	132,859	681,058	3,136	250,402
Interest income	—	—	—	2,743
Finance costs	—	—	(1,542)	(52,138)
Net profit before tax	132,859	681,058	1,594	201,007
Income tax expenses	(44,273)	(214,650)	—	—
Net profit after tax	88,586	466,408	1,594	201,007
Net profit after tax before fair value gains on investment properties and related tax impact⁽³⁾	85,594	46,239	1,594	201,007

OFFERING CIRCULAR SUMMARY

	Year ending 31 December 2006	
	Maximum Offer Price of HK\$3.075	Minimum Offer Price of HK\$2.850
Total Distributable Income (HK\$'000)	201,007	201,007
No. of Units in issue	1,000,000,000	1,000,000,000
Distribution per Unit ⁽⁴⁾ (HK\$)	0.201	0.201
Distribution yield ⁽⁴⁾	6.54%	7.05%

Notes:

- (1) Historical numbers are extracted and reclassified from the Audited Financial Statements of the Properties set out in Appendix I to this Offering Circular.
- (2) In accordance with HKAS 40 "Investment Property", future changes in the valuation of the Properties will be reflected in GZI REIT's consolidated income statement. However the extent of any changes in the valuation of the Properties in the future will be established by reference to the market at that time. The Manager has not made any assumption as to property valuation movements in arriving at the forecast consolidated net profit after tax for the period from the Listing Date to 31 December 2006. (See the section headed "Profit Forecast — Sensitivity Analysis" in this Offering Circular for certain illustrations of the potential sensitivity of the Manager's profit forecast to movements in the fair value of the Properties.)
- (3) Assuming the direct application of enterprise income tax of 33.0% on Operating Income.
- (4) The distribution per Unit is equal to the Total Distributable Income divided by the total number of Units in issue. Given the short period comprised in the Forecast Period 2005, the Manager believes that the distribution per Unit and yield figures would not be representative of the future performance of GZI REIT. As such, the distribution yields disclosed above do not include distributions in respect of the Forecast Period 2005.

Certain Fees

The following is a summary of certain fees payable by GZI REIT in connection with the establishment and on-going management of GZI REIT:

Manager's Fees

Base fee

In each Financial Year, a base fee of 0.3% per annum of the value of the Deposited Property, payable semi-annually in arrears.

Service fee

In each Financial year, a service fee of 3.0% per annum of Net Property Income payable monthly in arrears.

OFFERING CIRCULAR SUMMARY

Acquisition fee

A transaction fee of 1.0% of the consideration for the acquisition of any real estate (which, for the avoidance of doubt, shall not include any taxes, withholdings, out-of-pocket expenses or deductions incurred by GZI REIT in connection with any such acquisition) to form part of the Deposited Property (except where the vendor of such real estate is the Manager or any of its connected persons, which would include property acquired under the right of first refusal granted by GZI to GZI REIT as described in the section headed “Material Agreements and Other Documents Relating to GZI REIT — Deed of Right of First Refusal” in this Offering Circular), which shall be paid as soon as practicable after the relevant acquisition.

Disposal fee

A transaction fee of 0.5% of the gross sale price (which, for the avoidance of doubt, shall not include any taxes, withholdings, out-of-pocket expenses or deductions incurred by GZI REIT in connection with any such sale) of the disposal of any part of the Deposited Property comprising of real estate (except where the purchaser of such real estate is the Manager or any of its connected persons), which shall be paid as soon as practicable after the relevant sale of real estate.

Any increase in the base fee, service fee, acquisition fee and disposal fee over the percentages set out above or any change to the structure of the Manager’s remuneration will require Unitholders’ approval by Special Resolution.

(See the section headed “The Manager — Fees, Costs and Expenses of the Manager” in this Offering Circular for further details on the Manager’s remuneration.)

Trustee’s Fees

Inception fee

A one-off inception fee as agreed between the Trustee and the Manager of not more than HK\$200,000.

Ongoing fee

In each Financial Year, an ongoing fee of 0.03% per annum of the value of the Deposited Property (which may be increased to a maximum of 0.06% per annum of the value of the Deposited Property), subject to a minimum amount of HK\$50,000 per month. Such remuneration of the Trustee shall be payable out of the Deposited Property semi-annually in arrears.

OFFERING CIRCULAR SUMMARY

Pursuant to the Trust Deed, the Trustee and the Manager may increase the rate of the Trustee's ongoing fee up to and including 0.06% per annum of the value of the Deposited Property, subject to three months' prior written notice being given to the Unitholders.

Any increase of the ongoing fee beyond 0.06% per annum or any change to the structure of the Trustee's remuneration requires Unitholders' approval by Special Resolution. (See the section headed "The Trust Deed — Trustee's Fee" in this Offering Circular for further details on the Trustee's remuneration.)

Leasing Agents' Fees

Leasing, marketing and tenancy management fees

In the case of Yicheng, a monthly fee of 4.0% per annum of the gross revenue of each of the City Development Plaza Units, the Victory Plaza Units and the Fortune Plaza Units, calculated at the end of each month and payable monthly in arrears.

In the case of White Horse Property Management Company, a monthly fee of 3.0% per annum of the gross revenue of the White Horse Units.

(See the section headed "Material Agreements and Other Documents Relating to GZI REIT — Tenancy Services Agreements" in this Offering Circular for further details.)

Others

Other expenses

GZI REIT will also need to pay certain other ongoing fees and expenses for the daily operations of GZI REIT (including reimbursement of the Trustee's and the Manager's out-of-pocket expenses), such as interest expenses, annual listing fees, financial report printing fees, auditors fees, legal advisers fees, fees of its appointed independent property valuer and fees of other professional advisers, but excluding the Property Adviser's fees (which will be borne by the Manager).

Acquisition Terms

The Properties were acquired by GZI REIT on 7 December 2005 pursuant to the Reorganisation Deed under which the BVI Company Shares were transferred from GCCD BVI to Holdco for an initial consideration of HK\$4,014,180,000, which is subject to adjustments as described in the section headed "Material Agreements and Other Documents Relating to GZI REIT — Reorganisation Deed".

OFFERING CIRCULAR SUMMARY

Assuming that the acquisition of the BVI Company Shares by Holdco and the issuance of Units in the Global Offering take place on the same day, the NTA per Unit on the Listing Date is expected to be HK\$2.775. The Maximum Offer Price of HK\$3.075 and the Minimum Offer Price of HK\$2.850 respectively represent premiums of 10.8% and 2.7% to the NTA per Unit. Based on the Maximum Offer Price of HK\$3.075, the final consideration will be adjusted to HK\$4,089,416,000 taking into account an assumed adjustment of HK\$75,236,000 in accordance with the Reorganisation Deed while based on the Minimum Offer Price of HK\$2.850, the final consideration will be adjusted to HK\$3,961,520,000 taking into account an assumed adjustment of HK\$52,660,000. (See the section headed “Unaudited Pro Forma Balance Sheets of GZI REIT” in this Offering Circular for further details.)

Unaudited Pro Forma Balance Sheets of GZI REIT

The following table sets out the unaudited pro forma balance sheets of GZI REIT as at the date of the establishment of GZI REIT assuming that the acquisition of the BVI Companies by Holdco and the issuance of the Units in the Global Offering take place on the same day, and adjusted for the US\$165.0 million to be drawn down on the Loan Facility. The table is based on the unaudited pro forma balance sheets of GZI REIT in Appendix III to this Offering Circular and should be read in conjunction with the basis of preparation, the pro forma adjustments and the letter from the Reporting Accountants therein, as well as the section headed “The Reorganisation” in this Offering Circular.

Unaudited Pro Forma Balance Sheets of GZI REIT

	Based on Maximum Offer Price of HK\$3.075 (HK\$ million)	Based on Minimum Offer Price of HK\$2.850 (HK\$ million)
Assets		
Investment properties ⁽¹⁾	4,005.0	4,005.0
Property, plant and equipment	3.0	3.0
Other assets ⁽²⁾	6.0	6.0
Cash and cash equivalents ⁽³⁾	88.0	88.0
Goodwill ⁽⁴⁾	78.0	—
Liabilities		
Rental deposits, accruals and other payables	(62.0)	(62.0)
Amount drawn down under the Loan Facility ⁽⁵⁾	(1,265.0)	(1,265.0)
	2,853.0	2,775.0
Unitholders' equity		
Issued capital ⁽⁶⁾	2,930.0	2,798.0
Retained earnings ⁽⁴⁾	—	51.0
Global Offering expenses ⁽⁷⁾	(77.0)	(74.0)
	2,853.0	2,775.0

OFFERING CIRCULAR SUMMARY

Notes:

- (1) Investment properties are stated at market valuation based on the valuations performed by the Independent Property Valuer as at 30 September 2005. The Directors of the Manager and GZI consider that there is no material change in the fair value of the Properties in the period from 1 October 2005 to 31 October 2005.
- (2) Other assets include deferred assets, trade receivables, other receivables and prepayments.
- (3) Cash and cash equivalents represent cash and bank deposits of HK\$12,653,000 acquired from the BVI Companies, additional cash of HK\$47,146,000 injected by GZI into the BVI Companies before the Global Offering in accordance with the Reorganisation Deed (in order to reach a cash balance of HK\$59,799,000 to match the amount of all current and all non-current liabilities, including rental deposits for all existing tenancies as of 31 October 2005 but excluding bank loans), cash of HK\$26,700,000 retained from the proceeds of the Global Offering for proposed renovation works at the White Horse Units and cash of HK\$2,085,600 (also retained from the proceeds of the Global Offering) for the Rental Income attributable to Partat for the period from the Listing Date to 31 December 2005 (both dates inclusive), as provided for in the Reorganisation Deed.
- (4) Goodwill is the excess of the final consideration payable under the Reorganisation Deed (as described in the section headed "Material Agreements and Other Documents Relating to GZI REIT — Reorganisation Deed" in this Offering Circular) over the aggregate fair values of the assets and liabilities assumed in the acquisition of the BVI Companies.

Based on the Maximum Offer Price, the market value of the Properties as at 30 September 2005 (as determined by the Independent Property Valuer) and the amounts of assets and liabilities listed in the table above, there will be an estimated goodwill of HK\$78.0 million.

Retained earnings represent the excess of the aggregate fair values of the assets and liabilities assumed in the acquisition of the BVI Company Shares (i.e. the Initial Consideration) over the final consideration payable under the Reorganisation Deed.

Based on the Minimum Offer Price, the market value of the Properties as at 30 September 2005 (as determined by the Independent Property Valuer) and the amounts of assets and liabilities listed in the table above, the excess of the aggregate fair values of the assets and liabilities assumed in the acquisition of the BVI Company Shares over the final consideration payable under the Reorganisation Deed amounted to HK\$51.0 million, which is recognised in retained earnings.

- (5) This refers to the amount of HK\$1,287.0 million drawn down under the Loan Facility on the Listing Date, net of capitalised debt related expenses in respect of the Loan Facility of HK\$21.6 million.
- (6) This represents the issued capital arising from the issuance of 417,000,000 Units (amounting to HK\$1,137,234,060) to GZI as partial consideration for the transfer of the BVI Company Shares to Holdco and the offering of 583,000,000 Units (amounting to HK\$1,792,725,000 based on the Maximum Offer Price and HK\$1,661,550,000 based on the Minimum Offer Price) under the Global Offering.
- (7) This represents the expenses of the Global Offering (which includes, among other things, underwriting fees and commissions, professional fees and expenses as well as printing fees) of HK\$77,158,000 based on the Maximum Offer Price and HK\$73,879,000 based on the Minimum Offer Price.