

Overview

GZI REIT must be organised and managed in a manner which is consistent with the provisions and requirements of the REIT Code, subject as described in the section headed “Modifications, Waivers and Authorisation Conditions” in this Offering Circular. The Manager is independent of the Trustee and possesses the skill and resources to discharge its functions in relation to GZI REIT effectively and responsibly. In discharging such functions, the Manager is required to observe high standards of corporate governance. For details of the corporate governance policies and procedures of the Manager, see the section headed “Corporate Governance” in this Offering Circular.

The Manager of GZI REIT

The Manager has responsibility for managing the assets of GZI REIT for the benefit of the Unitholders. The Manager will set the strategic direction and risk management policies of GZI REIT and manage such assets in accordance with the stated investment strategy of GZI REIT and in accordance with compliance procedures set forth herein. The Manager is licensed by the SFC to conduct the regulated activity of asset management, as required by the SFC. See also the section headed “Strategy” in this Offering Circular.

Ownership Structure of the Manager

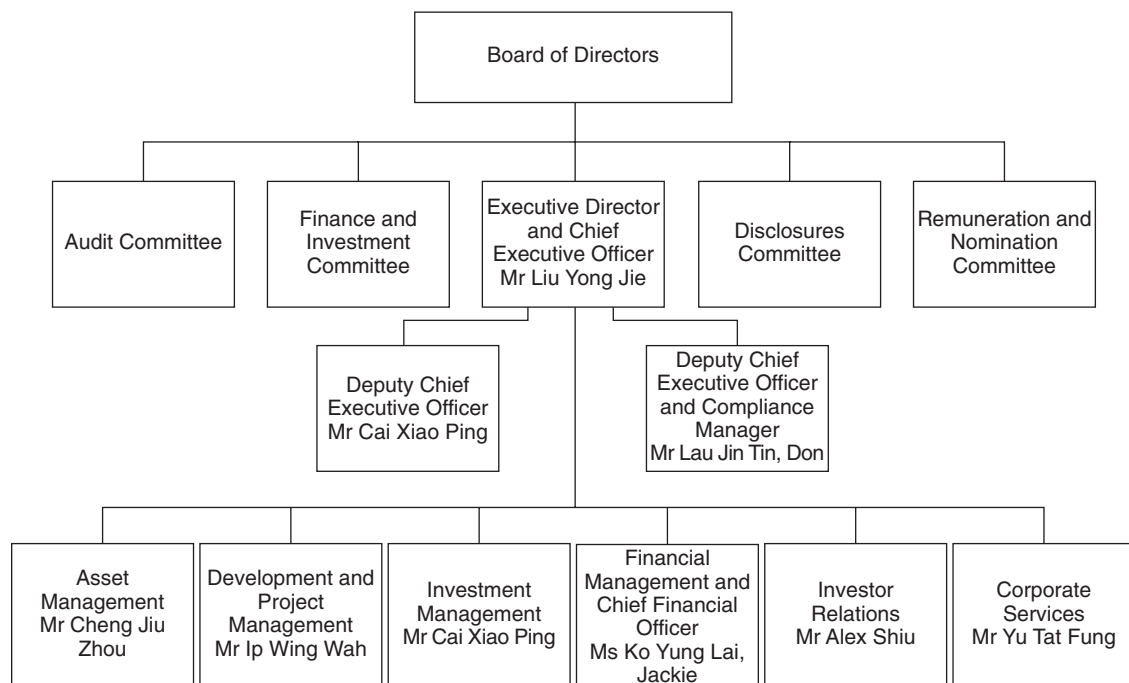
The Manager is a wholly owned subsidiary of GZI, which is part of the Yue Xiu conglomerate. Yue Xiu is the flagship trading and investment vehicle of the Guangzhou Municipal People’s Government in Hong Kong and the conglomerate has interests in a wide range of businesses and industries, including property investment and development, toll roads and bridges, newsprint, cement and ready mix concrete, high technology businesses, dry cell battery manufacturing, financial, stock broking and insurance services as well as hotel operations.

GZI, Yue Xiu’s principal subsidiary, is listed on both the Hong Kong Stock Exchange and Singapore Exchange Securities Trading Limited. It is actively engaged in the development of commercial and residential properties primarily in Guangzhou and is also engaged in the provision of property management, lease management and marketing services to properties developed by the GZI Group or properties in which it has an interest.

THE MANAGER

Organisational Structure of the Manager

The Manager has separated its operational management functions into the following functional divisions: (i) asset management; (ii) development and project management; (iii) investment management; (iv) financial management; (v) investor relations; and (vi) corporate services, as shown in the organisational structure below:



- Asset management team — This team is primarily responsible for the operational aspects of the Properties, including strategic asset planning, marketing and development, leasing, property and tenancy management and oversight of the Leasing Agents.
- Development and project management team — This team is primarily responsible for overseeing the property maintenance and the asset improvement aspects of the Properties and conducting property due diligence on properties proposed to be acquired by GZI REIT. It also plays a supporting role in formulating the asset enhancement strategies and plans of GZI REIT.
- Investment management team — This team is primarily responsible for formulating and implementing the Manager’s investment management plans (including acquisition and divestment strategies, financing strategies and overall management policies of GZI REIT). It is also responsible for human resources management, procurement, administrative support and for developing a research platform to support the investment management function.

THE MANAGER

- Financial management and compliance team — This team is primarily responsible for accounting, financial management and compliance as well as information technology.
- Investor relations team — This team is primarily responsible for communicating and liaising with Unitholders and other key stakeholders of GZI REIT as well as media and investor relations. It is responsible for the preparation and production of annual and half-yearly reports as well as roadshows, website and other marketing and promotional channels and materials for GZI REIT.
- Corporate services team — This team is primarily responsible for supporting the Manager’s core asset management and investment management functions through the provision of ancillary back office services such as legal and corporate secretarial support.

The Board

The Board is responsible for the overall governance of the Manager, including establishing goals for management and monitoring the achievement of these goals. The Board has established a framework for the management of GZI REIT, including a system of internal controls and business risk management processes.

The Board comprises six Directors, three of whom are independent non-executive Directors. The Chief Executive Officer is also a member of the Board. The Chairman and executive Director (Mr Liang Ning Guang), the Chief Executive Officer and executive Director (Mr Liu Yong Jie) as well as a Deputy Chief Executive Officer and compliance manager (Mr Don Lau) are currently licensed by the SFC as Responsible Officers for the purposes of the SFO.

(For further information on the Board and its committees, see the section headed “Corporate Governance” in this Offering Circular.)

Directors

The Directors are:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mr LIANG Ning Guang (梁凝光)	51	Chairman and Executive Director
Mr LIU Yong Jie (劉永杰)	48	Chief Executive Officer and Executive Director
Mr LIANG You Pan (梁由潘)	50	Non-Executive Director
Mr CHAN Chi On, Derek (陳志安)	42	Independent Non-Executive Director
Mr LEE Kwan Hung, Eddie (李均雄)	40	Independent Non-Executive Director
Mr CHAN Chi Fai, Brian (陳志輝)	50	Independent Non-Executive Director

Information on the business and working experience of the Directors is set out below:

Chairman

Mr LIANG Ning Guang

Mr Liang is the Chairman and an Executive Director of the Manager as well as one of the Manager's Responsible Officers. Mr Liang is also currently the Vice Chairman of Yue Xiu, an Executive Director of GZI Transport Limited (a Hong Kong listed company) and a director of Yue Xiu Securities Co. Ltd. Mr Liang was formerly an Executive Director and Deputy General Manager of GZI but has resigned in order to dedicate more time to the Manager.

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's 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 SFO to carry on regulated activities types 1, 4, 6 and 9.

Executive Director

Mr LIU Yong Jie

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 is expected to spend 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 GCCD, and was responsible for strategic planning in property development, property management and promotional campaigns, asset acquisition and asset enhancement. Mr Liu has more than 11 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 You Pan

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

THE MANAGER

Prior to joining GZL 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 currently also the Managing Director of Tai Fook Capital Limited.

Mr Chan is an executive director of Tai Fook Securities Group Limited, a company listed on the Hong Kong Stock Exchange, and is in charge of its corporate finance division. He graduated from the Hong Kong University of Science & Technology with a master's degree in business administration in 1994. Between 1989 and 1996, he had worked for the Hong Kong Stock Exchange. He is an adjunct professor in the School of Accounting and Finance of the Hong Kong Polytechnic University. Mr Chan has over 15 years of experience in the financial services industry.

Mr Chan is currently also a director of the following companies: Billion Venture Limited, Broadtrade Investments Limited, Champion Worldwide Development Limited, Cityscope Limited, Ferguson Hotel Holdings Limited, Golden Union Development Limited, Hotel Nikko Hong Kong Limited, King Choi Company Limited, Lipro Prosper Limited, Queensway Hotel Holdings Limited, Queensway Hotel Limited, Silver Regent Limited, Smart Express Investment Limited, Success International Investment Limited, Tai Fook Capital Limited, Tai Fook Management Consultancy Limited, Wiseson Investments Ltd, Besteam Limited, Chishore Enterprise Inc., Early Days Investments Limited, Ferguson Investment Corp., Fitmond Limited, GST Holdings Limited, Lucky Trio Ltd, New Unity Holdings Ltd, Tai Fook (BVI) Limited, Tai Fook Investment Consultancy (Shanghai) Company Limited, Tai Fook Securities Group Limited and Top Castle Group Limited.

Mr Chan believes that his directorships in the other companies listed above do not affect his abilities to perform his duties as an independent non-executive Director of the Manager.

Mr LEE Kwan Hung, Eddie

Mr Eddie Lee is a Partner 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 joined Woo, Kwan, Lee & Lo in 1989 and handled a number of listing projects in Hong Kong. In 1992, Mr Lee joined the Hong Kong Stock Exchange as a Manager in the Listing Division and was promoted to be a Senior Manager in 1993.

THE MANAGER

Mr Lee is currently also a director of the following companies: Mirabell International Holdings Limited, GST Holdings Limited, Innomaxx Biotechnology Group Ltd, Oriental Ruby Limited, Walcom Bio-Chemicals (Holdings) Limited, Warrina Limited and Polink International Limited.

Mr Lee believes that his directorships in the other companies listed above do not affect his abilities to perform his duties as an independent non-executive Director of the Manager.

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 listed companies 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 engaged in property development, hospitality, trading, ferry operation and shipbuilding.

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 his banking career 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. Mr Chan is currently also a director of the following companies: Bingo Trading Limited, Chyau Fwu (Shenzhen) Development Company Limited, Classic Assets Limited, Corwood Enterprises Inc., Dragon Spirit Limited, Fantasy Island Development Company Limited, FBM Marine International Limited, Gallaria Furnishings International Limited, Gembrook Developments Limited, Hertford Assets Limited, Hong Kong Parkview (China) Limited, Hong Kong Parkview (Finance) Limited, Hong Kong Parkview Estates Security Limited, Hong Kong Parkview Estates Management Limited, Hong Kong Parkview International Limited, Hong Kong Parkview International Management Limited, Hong Kong Parkview Treasury Limited, Jet Propelled Limited, Jiangsu Parkview Hotels & Resorts Limited, Keen Logistics Limited, Korean International Motors Limited, Market Asset Consultants Limited, Master Charm Holdings Limited, MV 2208 Limited, Naviera Universal Espanola, S.L., Newmeadow Limited, Panama Limited, Parkview Ferry Holdings Limited, Parkview Hotel Services Limited, Parkview International Trading Limited, Parkview Management Services Limited, Parkview Marine Holdings Limited, Parkview Property Development Limited, Parkview Treasury Limited, Perfect Lane Limited, Pollex Limited, Primeline International (Holdings) Inc., Primeline Energy Holding Inc., Primeline Energy China Limited, Primeline Energy Operations International Limited, Target Profits Limited, Total Force Investments Limited and Universal Boss Limited.

Mr Chan believes that his directorships in the other companies listed above do not affect his abilities to perform his duties as an independent non-executive Director of the Manager.

Independence of Directors

In assessing the independence of a non-executive Director, the Board will take into account the following factors, none of which is necessarily conclusive. Independence is more likely to be questioned if the Director:

- (i) holds more than 1.0% of the total issued Units or more than 1.0% of the total issued share capital of the Manager or GZI. Any candidate for appointment as an independent non-executive Director who holds an interest of more than 1.0% must satisfy the Board, prior to such appointment, that the candidate is independent. A candidate holding an interest of 5.0% or more will normally not be considered to be independent. When calculating the 1.0% limit, the Board must take into account the total number of Units or shares (as the case may be) held legally or beneficially by the Director, together with the total number of Units which may be issued to the Director or his nominee upon the exercise of any outstanding options, convertible securities and other rights (whether contractual or otherwise) to call for the issue of Units;
- (ii) has received an interest in Units as a gift, or by means of other financial assistance, from a connected person or GZI REIT itself (however, subject to paragraph (i) above). The Director will still be considered independent if he receives Units as part of his Director's fee or pursuant to any option schemes established by the Manager or GZI);
- (iii) is a director, partner or principal of a professional adviser which currently provides (or has, within one year immediately prior to the date of his proposed appointment, provided) services, or is an employee of such professional adviser who is or has been involved in providing such services during the same period, to GZI REIT or any connected person of GZI REIT or the Manager or any person who was a significant holder or, where there was no such significant holder, any person who was the Chief Executive Officer or a Director (other than an independent non-executive Director) of the Manager or of any connected person of the Manager within one year immediately prior to the date of the proposed appointment, or any of their associates;
- (iv) has a material interest in any principal business activity of, or is involved in any material business dealings with, GZI REIT or with any connected person of GZI REIT, the Manager or GZI;
- (v) is on the Board specifically to protect the interests of an entity whose interests are not the same as those of the Unitholders as a whole;
- (vi) is or was connected with a Director or the Chief Executive Officer of the Manager or with a significant holder (as defined in the REIT Code) of GZI REIT, within two years immediately prior to the date of his proposed appointment;
- (vii) is, or has at any time during the two years immediately prior to the date of his proposed appointment been, an executive or Director (other than an independent non-executive Director) of the Manager or of any connected person of GZI REIT;

(viii) is financially dependent on GZI REIT or any connected person of GZI REIT; or

(ix) is closely related to either Yue Xiu and/or GZI.

For the purpose of this section, any reference to the Manager shall include the Manager's direct and indirect holding companies and substantial shareholders.

The factors set out in this section are included for guidance only and are not intended to be exhaustive. The Board may take account of any factors relevant to a particular case in assessing independence.

Investors should refer to the full details of the assessment of the independence of non-executive Directors set out in the corporate governance policy of the Manager (a copy of which is available for inspection in accordance with Appendix XI to this Offering Circular).

Senior Executives

Information on the business and working experience of the senior executives of the Manager is set out below:

Mr LIU Yong Jie (劉永杰)

Mr Liu Yong Jie 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 (劉展天)

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 adopted by the Manager, the REIT Code, the Trust Deed and the 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 will be invited to participate 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 General Manager of the Finance and Accounts Department of both Yue Xiu and GZI. During the past 10 years with Yue Xiu and GZI, his main responsibilities

THE MANAGER

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 included 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 masters degree in applied finance from the Macquarie University in Australia and is an Associate of the Chartered Institute of Bankers.

Mr CAI Xiao Ping (蔡小平)

Mr Cai is a Deputy Chief Executive Officer of the Manager, and also heads its investment management team.

Mr Cai joined GCCD in 1993 and, prior to joining the Manager, was the Deputy General Accountant of GCCD Group and a director of GCCD. He had previously assumed a number of roles in the GCCD Group, such as General Manager of the Finance and Accounting Department.

Prior to joining GCCD, Mr Cai worked in the 4th Harbour Engineering Bureau of the Ministry of Communications from 1969 to 1993 where he had been a section member, Head of Finance Section and Manager of Finance Department. During his employment with the bureau, he had been in charge of the financial and accounting management of numerous major projects undertaken by the bureau, which were some of the key national projects of the Ministry of Communications.

Mr Cai has over 20 years of experience in finance management as well as investment, development and operation of real estate and property management, specialising in restructuring, mergers and acquisitions, planning and use of capital, analysis and decision making in relation to major corporate business, finance organisation and implementation, credit plans and cash application, and exploring new financial resources and preservation and appreciation of guaranteed assets.

Mr Cai is a Senior Accountant and the Vice Chairman of the Real Estate Development Accounting Committee of the Construction Accounting Society of China and a member of the Guangzhou Senior Accountant Review Committee.

Mr CHENG Jiu Zhou (程九洲)

Mr Cheng heads the asset management team of the Manager. He joined the GCCD group of companies in 1997 and worked in Guangzhou Grandcity Development Ltd. and Guangzhou Investment Property Holdings Limited.

In the past nine years, Mr Cheng has conducted extensive market research in the property industry, covering property appraisal, investment strategy planning, feasibility study, the marketing of the property industry, lease management and cost analysis. He has extensive management

THE MANAGER

experience in the property market. He has also published a book about the property market and delivered 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 (葉永華)

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 few 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.

Ms KO Yung Lai, Jackie (高鏞麗)

Ms Ko is the Chief Financial Officer of the Manager and is concurrently the Director and Financial Controller of Yue Xiu Securities Co. Ltd. She is expected to spend the majority of her time in the management of GZI REIT.

She has been the Deputy General Manager of the Finance and Accounts Department of GZI.

During her nine years with the Yue Xiu group, she has been mainly responsible for overseeing the group's financial management functions and enhancement of management accounting systems that support strategic and operational requirements of the group.

Ms Ko is licensed by the SFC as a Responsible Officer of Yue Xiu Securities Co. Ltd. for regulated activities of both dealing and advising on securities under the SFO. She is registered with the Hong Kong Stock Exchange as a dealing director and is also a member of the Hong Kong Securities Institute.

THE MANAGER

Prior to joining the Yue Xiu group in 1997, Ms Ko worked for Arthur Andersen & Co., Certified Public Accountants for several years in their Hong Kong and Sydney offices.

She is a fellow member of both the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) and the Chartered Institute of Management Accountants (United Kingdom) and has obtained a Professional Diploma in Management Accountancy from the Hong Kong Polytechnic University.

Mr Alex SHIU (蕭少滔)

Mr Shiu, who heads the Manager's investor relations team, received his Bachelor in Business Administration from the Chinese University of Hong Kong (International Business Management) and further obtained a post graduate degree from Huate Etudes Commerciales of Paris (Finance) pursuant to a French Government scholarship. He has worked in the field of corporate finance for over 10 years, and is currently a Director and Responsible Officer for Corporate Finance of Yue Xiu Securities Co. Ltd. His experience covers a wide range of industry including property development in the PRC, and has previously worked at multinational corporations. Mr Shiu has been in charge of investor relations services at GZI since 2004.

Mr YU Tat Fung (余達峯)

Mr Yu Tat Fung is the company secretary of the Manager. He is also the legal counsel of GZI and, from October 2004, the company secretary of both GZI and GZI Transport Limited. Mr Yu obtained a bachelor's degree in Social Sciences from the University of Hong Kong in 1981. He attained the Solicitors Final Examination in England in 1983. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1986. He was also admitted to the Bar of the Province of British Columbia in Canada in 1995. Prior to joining GZI in 1997, he was engaged in private practice with an emphasis on corporate and commercial law.

Compensation of Directors

The Directors who are also the Manager's employees receive compensation in the form of salaries, allowances and benefits in kind, including the Manager's contribution to the pension plans for its Directors. The non-executive Director and the independent non-executive Directors receive fees from the Manager. The Manager has entered into service contracts with its executive Directors. The fees and compensation of the Directors are borne by the Manager and not by GZI REIT.

Fees, Costs and Expenses of the Manager

The Manager's remuneration shall, at the maximum, comprise:

- (i) In each Financial Year, a base fee of 0.3% per annum of the value of the Deposited Property payable semi-annually in arrears on the first Business Day following the end of the relevant six month period and calculated as at the last day of each six-month period, during that Financial year as follows:

$$\text{SAF} = \left(\frac{0.3\% \times \text{VDP}^{\text{s}}}{2} \right)$$

where:

SAF = semi-annual fees

VDP^s = the value of the Deposited Property as per the published audited annual financial statements of GZI REIT for the immediately preceding Financial Year, provided that the value of VDP^s for the first Financial Year shall be the value of consolidated gross assets of GZI REIT as disclosed in this Offering Circular.

The base fee calculated in accordance with the formula above is subject to adjustment as follows:

$$\text{adjustment} = 0.3\% \times \text{VDP}^{\text{E}} - \text{SSAF}$$

where:

VDP^E = the value of Deposited Property as per published audited annual financial statements of GZI REIT for the Financial Year; and

SSAF = the sum of the semi-annual base fees actually received by the Manager in respect of the relevant Financial Year.

Where the above adjustment is positive, GZI REIT shall pay the difference to the Manager following publication of the audited annual financial statements of GZI REIT. Where the above adjustment is negative, the Manager shall pay the difference to GZI REIT following publication of audited annual financial statements of GZI REIT for the relevant Financial Year.

- (ii) In each Financial Year, a service fee of 3.0% per annum of Net Property Income as shown in the last published audited annual financial statements of GZI REIT, which shall accrue on a daily basis and be calculated as at the last day of a calendar month, and be payable monthly in arrears, subject to adjustment as follows:

$$\text{adjustment} = 3.0\% \times \text{NPI} - \text{EMP}$$

where:

NPI = net property income as per audited financial statements for the relevant Financial Year; and

EMP = sum of all monthly payments of service fee received by the Manager in that year.

Where the above adjustment is positive, GZI REIT shall pay the difference to the Manager following publication of audited financial statements for the relevant Financial Year. Where the above adjustment is negative, the Manager shall pay the difference to GZI REIT following publication of audited financial statements for the relevant Financial Year.

- (iii) 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 Deposited Property (except where the vendor of such real estate is the Manager or any of its connected persons, which would include where property is 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.
- (iv) 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 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.

The base fee and the service fee payable to the Manager for the first Financial Year shall be pro-rated according to the number of days between the Listing Date and 31 December 2005.

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.

Manager’s Powers and Duties

The Trust Deed provides that the Manager is responsible for, and has the power to manage and operate GZI REIT, which includes managing and investing the Deposited Property. The Manager may (to the extent permitted by applicable regulatory requirements) delegate to any person as it thinks fit specific aspects (but not the whole) of the management and the administration of GZI REIT’s investments and any of the rights, trusts and discretions granted to

THE MANAGER

the Manager by the Trust Deed. Notwithstanding the foregoing, the Manager shall be fully liable for all losses, liabilities, damages, costs and expenses suffered or incurred by GZI REIT as a result of the appointment of any such delegate or agent as if the relevant act or omission had been performed by the Manager itself.

The Manager shall, among other things, by itself or through its delegates:

- manage GZI REIT and the Deposited Property in accordance with the Trust Deed in the sole interests of Unitholders;
- fulfil its duties under applicable law;
- ensure that in managing GZI REIT, it has sufficient oversight of the daily operations and financial conditions of GZI REIT and the Deposited Property, and shall remain to be the key decision-maker of all material matters relating to the management of GZI REIT; and
- ensure that the financial and economic aspects of the Deposited Property are professionally managed in the sole interests of Unitholders in accordance with the Trust Deed.

Manager's Right to Reimbursement

The Manager is, to the extent permitted by the REIT Code, entitled to apply, or to be reimbursed from, the assets of GZI REIT (at such times and over such periods as the Trustee and the Manager may determine in any particular case) for all liabilities, as agreed with the Trustee, that may be properly suffered or incurred by the Manager in the performance of its obligations or the exercise of its powers under, among other things, the Trust Deed.

Limitation of Manager's Liability

The Manager shall not be under any liability except such liability as may be assumed by it under the Trust Deed, nor shall the Manager be liable for any act or omission of the Trustee, the Unit Registrar or the Approved Valuer. In the absence of fraud, negligence, wilful default or breach of, among other things, the Trust Deed, the REIT Code, applicable laws and regulations by the Manager (including its directors, employees, agents and delegates), it shall not incur any liability by reason of any error of judgment or any matter or thing done or suffered or omitted to be done by it in good faith under the Trust Deed.

Manager's Right of Indemnity

The Manager and any director, employee and servant of the Manager shall be indemnified out of, and shall be entitled for the purpose of indemnity to have recourse to, the Deposited Property or any part thereof against any actions, costs, claims, damages, expenses or demands to which it may be put as Manager and as director, employee and servant of the Manager save

THE MANAGER

where such action, cost, claim, damage, expense or demand is occasioned by the fraud, negligence, wilful default or breach of, among other things, the Trust Deed, the REIT Code and any applicable law by the Manager and any director, employee, servant, agent or delegate of the Manager.

In particular, the Trustee shall, on demand, indemnify in full and hold harmless the Manager out of, and shall be entitled for the purpose of indemnity to have recourse to, the Deposited Property or any part thereof, from and against all and any claims (whether or not successful, compromised or settled), actions, liabilities, demands, proceedings or judgments which may be instituted, made, threatened, alleged, asserted or established in any jurisdiction against or otherwise involving the Manager and from all losses, costs, damages, charges or expenses which the Manager may suffer or incur from time to time in any case arising out of, based upon or in connection with, whether directly or indirectly, any underwriting agreements in respect of an issue of Units (including the Global Offering) entered into by the Manager (in its capacity as manager of GZI REIT), provided that any such claims or expenses are not occasioned by fraud, negligence, wilful default or breach of, among other things, the Trust Deed, the REIT Code or the applicable law by the Manager or any director, employee, servant, agent or delegate of the Manager.

Retirement or Removal of the Manager

The Manager may retire as manager of GZI REIT at any time after giving 90 days' written notice, or any other period of notice as agreed to by the Trustee, to the Trustee provided that, and subject to:

- the Manager selecting a new manager duly qualified under the REIT Code, licensed under the SFO and acceptable to the Trustee, the SFC and the Hong Kong Stock Exchange; and
- the requirement in the REIT Code that such retirement will not adversely affect the interests of the Unitholders in any material respect.

The Manager shall be subject to removal by prior notice in writing given by the Trustee in any of the following events:

- if the Manager fails, or neglects after reasonable notice from the Trustee, to carry out or satisfy any material obligation imposed on the Manager by this Deed provided that such removal shall not adversely affect the interests of the Unitholders in any material respect pursuant to this paragraph and that 30 days' prior written notice is given to the Manager by the Trustee;
- if for good and sufficient reason(s), the Trustee is of the opinion, and so states in writing such reason and opinion, that a change of Manager is desirable in the interests of the Unitholders;

THE MANAGER

- if the Unitholders representing at least 75.0% in value of the Units issued and outstanding (excluding those held or deemed to be held by the Manager, as well as by any Unitholder who may have an interest in retaining the Manager) deliver to the Trustee a written request, or a Special Resolution is passed, to dismiss the Manager;
- if the Manager goes into liquidation becomes bankrupt or if a receiver is appointed over any of its assets or a judicial manager is appointed in respect of the Manager (or any such analogous process occurs or any analogous person is appointed in respect of the Manager);
- if the Manager ceases to carry on business;
- if the SFC revokes the Manager's licence to conduct the regulated activity of asset management in respect of GZI REIT; or
- if the Manager is required by law or the REIT Code to retire.