

Statement of Recognised Income and Expense

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

	HK\$'000
Result for the period	(463,348)
Other items of income or expense recognised outside Income Statement	
— Fair value losses on cash flow hedges	(11,281)
Total recognised income and expense for the period	(474,629)

	Amount attributable to Unitholders (excluding hedging reserve) HK\$'000	Hedging reserve HK\$'000	Net assets attributable to Unitholders HK\$'000
Proceeds from issuance of Units ^(Note i)	1,704,377	—	1,704,377
Issuance of Units for acquisition of subsidiaries ^(Note ii)	1,282,275	—	1,282,275
Fair value adjustments ^(Note iii)	—	—	—
Amount to be distributed to Unitholders	40,543	—	40,543
Change in fair value of cash flow hedges	—	(11,281)	(11,281)
Balance at 31 December, 2005	3,027,195	(11,281)	3,015,914

Notes:

- (i) The Group issued 583,000,000 Units on 21 December, 2005 at HK\$3.075 per Unit to the public. The related issuance costs and listing expenses amounting to HK\$88,348,000 have been netted off with the proceeds.
- (ii) The Group issued 417,000,000 Units on 7 December, 2005 (41.7% of the then total Units issued after this issue) to Guangzhou Construction & Development Co. Ltd., a subsidiary of Guangzhou Investment Company Limited ("GZI") ("as part of the purchase consideration for 100% share capital of Partat Investment Limited ("Partat"), Moon King Limited ("Moon King"), Full Estates Investment Limited ("Full Estates") and Keen Ocean Limited ("Keen Ocean"). The fair value of the Units issued at the date of completion of the acquisition amounted to HK\$1,282,275,000 (HK\$3.075 per Unit) (Note 23).
- (iii) The increase in fair value arising from the fluctuation of market capitalisation of Units during the Relevant Period represents an increase in financial liabilities attributable to Unitholders, which is then reduced by the transactions with Unitholders recorded as a deduction from profit after tax in the income statement. Accordingly, fair value adjustments presented as a deduction from profit after tax before transactions with Unitholders have no net impact on the net assets attributable to Unitholders.