

Consolidated Income Statement

For the year ended 31 December, 2006

	Note	For the year ended 31 December 2006 HK\$'000	For the period from 7 December 2005 (date of establishment of GZI REIT) to 31 December 2005 HK\$'000
Revenue - rental income		369,475	6,835
Operating expenses	17	(118,131)	(5,981)
Operating profit		251,344	854
Interest income from bank deposits		5,696	41,209
Fair value gain on investment properties		37,753	—
Finance costs - excluding net assets attributable to Unitholders	19	(50,357)	(1,520)
Profit before tax and transactions with Unitholders		244,436	40,543
Income tax expenses	20	—	—
Profit after tax before transactions with Unitholders		244,436	40,543
Finance cost attributable to Unitholders	16	(220,109)	(29,262)
Result for the year/period (i)		24,327	11,281

Notes:

- (i) In accordance with the Trust Deed dated 7 December 2005 (the "Trust Deed"), GZI REIT is required to distribute to Unitholders not less than 90% distributable income for each financial period. GZI REIT has a limited life of 80 years from the date of establishment. Accordingly, the Units contain contractual obligations to pay cash dividends and, upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of GZI REIT less any liabilities, in accordance with Unitholders' proportionate interests in GZI REIT at the date of the termination of GZI REIT. The Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32: Financial Instruments: Disclosure and Presentation. Consistent with Unitholders' funds being classified as a financial liability, the distributions to Unitholders are part of finance costs which are recognised in the income statement. The classification does not have an impact on the net assets attributable to the Unitholders. It only affects how Unitholders' funds are disclosed in the balance sheet and how distributions are disclosed in the income statement. Distributable income is determined in the Distribution Statement on page 113.
- (ii) Earnings per Unit based upon profit after tax before transactions with Unitholders and the average number of Units in issue, is presented in note 21.

The notes on pages 116 to 141 are an integral part of these financial statements.