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越秀投資有限公司
GUANGZHOU INVESTMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

**PLACING OF EXISTING SHARES
AND
RESUMPTION OF TRADING**

Yue Xiu Enterprises (Holdings) Limited (the “**Vendor**”) is the controlling shareholder of Guangzhou Investment Company Limited (the “**Company**”).

The Company has been informed that the Vendor has appointed Citigroup Global Markets Hong Kong Futures Limited (the “**Placing Agent**”) as the placing agent to procure the sale by Bosworth International Limited, a wholly-owned subsidiary of the Vendor, of an aggregate of 500,000,000 existing shares (the “**Placing Shares**”) of HK\$0.10 each (“**Shares**”) in the capital of the Company at a price of HK\$0.95 per Share to independent investors (the “**Placing**”).

The Placing is fully underwritten by the Placing Agent.

The Vendor currently holds approximately 58.5% of the Company’s existing issued Shares. Upon completion of the Placing, the shareholding of the Vendor will be reduced to approximately 50.6% of the existing issued Shares.

At the request of the Company, the Shares have been suspended from trading on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) effective from 9:30 a.m. on 28 January 2004 pending the release of this announcement. Application will be made by the Company for the resumption of trading of the Shares with effect from 9:30 a.m. on 29 January 2004.

PLACING AGREEMENT DATED 28 JANUARY 2004

Vendor: Yue Xiu Enterprises (Holdings) Limited, the controlling shareholder of the Company, who has appointed the Placing Agent to procure the sale by Bosworth International Limited, a wholly-owned subsidiary of the Vendor, of the Placing Shares. The Vendor currently holds approximately 58.5% of the Company’s existing issued Shares. Upon completion of the Placing, the shareholding of the Vendor will be reduced to approximately 50.6% of the existing issued Shares.

Placing Agent and underwriter: Citigroup Global Markets Hong Kong Futures Limited.

Number of Shares to be placed:	500,000,000 existing Shares on a fully underwritten basis, representing approximately 7.9% of the Company's existing issued share capital.
Placing to:	Independent investors (within the meaning of "professional investors" as defined under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and its subsidiary legislation). The Placing is fully underwritten by the Placing Agent.
Independence of placees and Placing Agent:	The placees and their respective ultimate beneficial owners and the Placing Agent are independent of and are not connected persons of the Company (as defined in the Rules Governing the Listing of Securities on the Stock Exchange).
Placing price:	HK\$0.95 per Share, which represents a discount of approximately 4.0% to the closing price of HK\$0.99 per Share as quoted on the Stock Exchange on 27 January 2004, being the last trading day immediately prior to the suspension of trading of the Shares on the Stock Exchange. It also represents a discount of approximately 0.6% to the average closing price of HK\$0.956 per Share for the last ten trading days up to and including 27 January 2004. The cost and expenses in connection with the Placing will be borne by the Vendor.
Rights:	The Placing Shares will be sold free from all liens, charges and encumbrances, claims, options and third party rights and together with all rights attaching thereto at the date of the Placing Agreement.
Conditions of the Placing:	The Placing is conditional upon, inter alia, there having been, prior to completion of the Placing, no breach of the representations, warranties or undertakings given by the Vendor and no occurrence of an event of force majeure.
Completion of Placing:	Expected to take place on 30 January 2004, or such other time or date as may be agreed by the Vendor and the Placing Agent in writing.

Lock-up:

(A) The Vendor has undertaken to the Placing Agent that (except for the sale of the Placing Shares pursuant to the Placing Agreement) from the date of the Placing Agreement and on or prior to the date being three months after the date of the Placing Agreement it will not and will procure that none of its nominees or companies controlled by it (other than the Company) or trusts associated with it (whether individually or together and whether directly or indirectly) will (without the prior written consent of the Placing Agent) (i) offer, issue, sell, contract to sell, sell any contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (excluding the Placing Shares) or any interests therein or any securities convertible into or exercisable or exchangeable for any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; and

(B) The Vendor has undertaken to the Placing Agent that it will procure the Company (except for any Shares or other securities or rights issued or granted to shareholders by way of bonus or on the exercise of rights existing at the date of the Placing Agreement or the issue of Shares pursuant to employee share options which have been granted by the Company and which are outstanding as at the date of this announcement) not to, from the date of the Placing Agreement and on and prior to the date being three months after the date of the Placing Agreement, (without the prior written consent of the Placing Agent) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for any Shares or interest in Shares.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, the Shares have been suspended from trading on the Stock Exchange effective from 9:30 a.m. on 28 January 2004 pending the release of this announcement. Application will be made by the Company for the resumption of trading of the Shares with effect from 9:30 a.m. on 29 January 2004.

By order of the Board
Guangzhou Investment Company Limited
Ou Bingchang
Chairman

Hong Kong, 28 January 2004

Please also refer to the published version of this announcement in The Standard.