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**越秀投資有限公司**

**GUANGZHOU INVESTMENT COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 123)**

**MAJOR TRANSACTION IN RELATION TO  
THE SEPARATE LISTING OF  
GZI REAL ESTATE INVESTMENT TRUST  
ON THE MAIN BOARD OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED  
AND  
RESUMPTION OF TRADING IN SHARES**

**Financial adviser to Guangzhou Investment Company Limited**



**Goldbond Capital (Asia) Limited**

The Board wishes to announce that the Company intends to transfer the Properties from the GZI Group to GZI REIT as part of an internal restructuring and, subject to attainment of Shareholders' approval at the EGM, the Authorisation and the requirements under PN15 and other relevant provisions of the Listing Rules, to effect the Proposed Spin-off of GZI REIT on the Main Board. The GZI Group's interest in the Properties will be transferred by way of the transfer of its interest in the BVI Companies, which in turn hold the GZI Group's interest in the Properties. The amount of consideration receivable by the GZI Group will be adjusted by reference to (among others) the final Offer Price.

Immediately following the Global Offering and after the Distribution, the Company will retain an interest of between approximately 30% (assuming that the Over-allocation Option is exercised in full) to 40% (assuming that the Over-allocation Option is not exercised) in GZI REIT.

GZI REIT will be a Hong Kong-based unit trust to be formed to invest initially in real estate in Guangdong Province.

An application will be made to the SFC for the Authorisation and a formal application will be made to the Stock Exchange for the proposed listing of the Units on the Main Board. There is proposed to be a Global Offering of Units by GZI REIT in Hong Kong, comprising an offer for subscription by way of public offer in Hong Kong and an international placement to professional, institutional and other investors.

There is also proposed to be a Distribution and, in addition, an Option given to the Qualifying Shareholders. The Directors propose to distribute, by way of a distribution in specie, Units to the Qualifying Shareholders on the basis of 1 Unit for every 400 Shares held as at the close of business on the Record Date. Furthermore, in order to allow each of the Qualifying Shareholders to have a choice as to whether to receive all of the Units to which he/she is entitled pursuant to the Distribution or to receive a Cash Payment in the alternative, it is proposed that each of them will be given an Option. "Qualifying Shareholders" are the holders of the Shares (other than the Ineligible Overseas Shareholders) whose names appear on the register of members of the Company as at the close of business on the Record Date.

Based on the expected timetable, the register of members of the Company will be closed on 9 December 2005 and will be re-opened on 12 December 2005 for the purpose of determining the entitlements of the Shareholders to the Units under the Distribution.

As a result of the issue of the new Units and assuming that the Over-allocation Option is exercised in full, the GZI Group's interest in GZI REIT will be reduced from 100% to approximately 30% immediately following completion of the Global Offering and after the Distribution. Such issue of new Units will give rise to a deemed disposal by the Company under Rule 14.29 of the Listing Rules. It is presently estimated that the consideration ratio under Rule 14.32 of the Listing Rules will exceed 25% but will be less than 75% and thus, the transaction will constitute a major transaction for the Company under Rule 14.06 of the Listing Rules, which will be subject to the approval of the Shareholders under Rule 14.40 of the Listing Rules.

A circular including, among other information, (1) a letter from the Board containing further details of the Proposed Spin-off (together with such other information relating to the Separate Listing as is required by the Listing Rules for a major transaction of the Company) and information on the Reorganisation, the Distribution, the Option and other matters related to the Separate Listing; (2) recommendations of the Independent Board Committee to the Shareholders; (3) a letter from an independent financial adviser containing its advice in connection with the Reorganisation Deed, the Distribution, the Option, the Separate Listing and other matters related to the Separate Listing to the Independent Board Committee and the Shareholders; and (4) a notice of the EGM, will be despatched to the Shareholders as soon as practicable.

**The Proposed Spin-off and the Global Offering are subject to, among other things, the Listing Approval being granted by the Listing Committee. Accordingly, Shareholders should note that the Proposed Spin-off and the proposed Global Offering are, inter alia, dependent on a number of factors and subject to a number of conditions, which may or may not be satisfied. Thus, there can be no assurance that such transactions will proceed. Accordingly, Shareholders or other persons contemplating buying or selling Shares are reminded to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their positions.**

At the request of the Company, the Shares were suspended from trading on the Stock Exchange from 9:30 a.m. on 24 November 2005 pending release of this announcement. The Company has made an application to the Stock Exchange to resume trading of its shares on the Stock Exchange with effect from 9:30 a.m. on 25 November 2005.

## **INTRODUCTION**

The Board wishes to announce that it is currently considering the Proposed Spin-off. The Proposed Spin-off will be effected in compliance with PN15 and the relevant provisions of the Listing Rules.

GZI REIT will be a Hong Kong-based unit trust to be formed to invest initially in real estate in Guangdong Province in the PRC.

An application will be made to the SFC for the Authorisation and a formal application will be made to the Stock Exchange for the proposed listing of the Units on the Main Board. There is proposed to be a Global Offering of Units by GZI REIT in Hong Kong, comprising an offer for subscription by way of public offer in Hong Kong and an international placement to professional, institutional and other investors. There is also proposed to be a Distribution and, in addition, an Option given to the Qualifying Shareholders. "Qualifying Shareholders" are the holders of the Shares (other than the Ineligible Overseas Shareholders) whose names appear on the register of members of the Company as at the close of business on the Record Date.

## **INFORMATION ON THE PROPERTIES**

The Properties proposed to be transferred to Holdco are as follows:-

- (i) the City Development Plaza Units, at City Development Plaza, a 28-storey Grade A commercial building, located at Nos. 185, 187 and 189 Tiyu Road West, Tian He District, Guangzhou's prime business area;
- (ii) the Fortune Plaza Units, at Fortune Plaza, a Grade A commercial complex, is located at Nos. 114, 116 and 118 Tiyu Road East, Tian He District, Guangzhou's prime business area;
- (iii) the Victory Plaza Units, at Victory Plaza, a prime shopping centre, is located at No. 101 Tiyu Road West, Tian He District, Guangzhou's prime business area; and

(iv) the White Horse Units, at White Horse Building, a 10-storey commercial wholesale centre for garment, is located at Nos. 14, 16 and 18 Zhannan Road, Yue Xiu District, Guangzhou City.

The Properties have been appraised by an independent property valuer. The abovementioned Properties have a total gross floor area of approximately 160,651 sq.m. and are used for office, retail and other commercial purposes. As at 30 September 2005, the aggregate appraised value of the Properties amounted to approximately HK\$4,005 million. Based on the management accounts of the relevant Properties, the aggregate carrying value of the Properties as at 30 June 2005 amounted to approximately HK\$3,204 million (which amount has been translated into HK\$ at an exchange rate of RMB1.04 = HK\$1 for illustration purpose only).

## **REORGANISATION**

GZI REIT will be a real estate investment trust to be established as part of an internal reorganisation of the GZI Group of part of its real estate portfolio. The reorganisation will be effected in the manner described below.

GZI REIT will be constituted when GZI REIT Asset Management Limited as the manager of GZI REIT and HSBC Institutional Trust Services (Asia) Limited as the trustee of GZI REIT enter into the Trust Deed.

Holdco will be incorporated and will be wholly-owned by the Trustee (acting in its capacity as the trustee of GZI REIT).

### **Reorganisation Deed**

GZI and GCCD BVI will reorganise the interests in the Properties for the purposes of the establishment of GZI REIT with HSBC Institutional Trust Services (Asia) Limited as the trustee and with the Manager as the manager.

The reorganisation deed will be entered into by, among others, GCCD BVI (as vendor and the beneficial owner of the Issued Shares comprising the FE Issued Share, the KO Issued Share, the MK Issued Share and the PI Issued Share) and GZI (as the guarantor of GCCD BVI's obligations under the Reorganisation Deed) to transfer the Issued Shares to Holdco. Full Estates, Keen Ocean, Moon King and Partat are the respective registered owners of the City Development Plaza Units, the Victory Plaza Units, the Fortune Plaza Units and the White Horse Units.

### **Consideration**

The Initial Consideration payable by Holdco under the Reorganisation Deed for the Issued Shares will be determined with reference to, among other things, the Combined Net Assets as at 31 October 2005 (but is subject to Adjustment as described below).

The Initial Consideration shall be satisfied in the following manner:

- (a) by the issue of such Units in GZI REIT as will represent approximately 41.7% of the total Units to be issued immediately following the Global Offering to GCCD BVI or its nominee; and
- (b) as to the balance by the execution and delivery of a promissory note by Holdco to GZI which will be settled on or shortly after the Listing Date.

As at the Latest Practicable Date, the Initial Consideration is expected to be approximately HK\$4,014 million.

In accordance with its rights under the Reorganisation Deed, GCCD BVI intends to nominate Dragon Yield as the company to which the Units forming part of the Initial Consideration are to be issued.

The Adjustment shall, in the event that the Listing Date taking place on or before a date to be agreed between GCCD BVI, Holdco, the Manager, GZI REIT and GZI, be calculated and settled in accordance with the Reorganisation Deed.

## **Adjustment**

### **Initial Adjustment**

The Initial Adjustment shall be calculated as the sum of:

- (a) the IPO proceeds (i.e., the gross proceeds of the issue of the Units under the Global Offering being equal to the number of Units issued under the Global Offering multiplied by the Offer Price);
- (b) such portion of the Initial Consideration as is represented by the issue of Units by GZI REIT to Dragon Yield under the Reorganisation Deed; and
- (c) the Loan Proceeds less any costs relating to the Facility Agreement agreed between GCCD BVI and Holdco

less the sum of:

- (a) the Initial Consideration;
- (b) the IPO Transaction Costs;
- (c) the gross amount collected by White Horse Property Management Company from the tenants of the White Horse Units under their tenancies attributable to Partat in respect of the period from the Listing Date to 31 December 2005 (both dates inclusive) (*Note: Rents under the current lease agreements in the White Horse Units are paid by tenants to White Horse Property Management Company together*

*with their property management fees. After the Listing Date, the rents rightfully belong to GZI REIT and its Unitholders while the property management fees have to be retained by White Horse Property Management Company to meet property management expenses); and*

- (d) HK\$26,700,000, being an amount agreed to be borne by GCCD BVI for proposed renovation works at the White Horse Units.

The amount of the Initial Adjustment shall be paid:

- (a) by Holdco to GCCD BVI or its nominee on the Listing Date, if the Initial Adjustment is a positive figure; and
- (b) by GCCD BVI to Holdco on the Listing Date, if the Initial Adjustment is a negative figure. Payment by GCCD BVI of the amount of the Initial Adjustment to Holdco shall be effected by way of setting off the relevant amount against the principal amount of the promissory note so that the amount payable by Holdco to the Company pursuant to the terms of the promissory note shall be the amount representing the difference between the principal amount of the promissory note and the Initial Adjustment.

### **Combined Net Assets Adjustment**

The Combined Net Assets Adjustment shall be the increase or reduction in the Combined Net Assets in the interval from the date of the Reorganisation Deed until the day immediately preceding the Listing Date, excluding (i) any fluctuations in the value of the Properties; (ii) any costs incurred in connection with the Global Offering and the Facility Agreement; and (iii) any other matter already taken into consideration in calculating the Initial Adjustment, and adopting the same accounting policies, principles, standards and practices.

If there is an increase in the Combined Net Assets, the amount of the increase shall be paid by Holdco to GCCD BVI or its nominee within four months after the Listing Date. If there is a decrease in the Combined Net Assets, the amount of the decrease shall be paid by GCCD BVI to Holdco within four months after the Listing Date.

The main purpose of the Initial Adjustment is to ensure that the Initial Consideration reflects the value of the Properties implied by the Offer Price attributable to GCCD BVI.

### **Final consideration**

The final consideration shall be the Initial Consideration plus the Adjustment (if a positive number) or less the Adjustment (if a negative number). The Manager will announce the Adjustment and the final consideration upon determination thereof.

**Shareholders should note that the implementation of the Reorganisation described above is not conditional upon the Separate Listing or the proposed Global Offering.**

## STRUCTURE OF THE PROPOSED SPIN-OFF AND DISTRIBUTION

### Structure of the Proposed Spin-off

There is proposed to be a Global Offering of the Units by GZI REIT, comprising an offer for subscription by way of public offer in Hong Kong and an international placement to professional, institutional and other investors.

### Distribution

In order to satisfy the assured entitlement requirement under PN15, on 23 November 2005, the Board conditionally declared a special dividend of a sum to be determined by the Directors, being part of the amount standing to the credit of the Company's reserves, and which shall represent the value of such number of Units as will represent approximately 2.5% (assuming that the Over-allocation Option is exercised in full) to 2.9% (assuming that the Over-allocation Option is not exercised) of the Global Offering and approximately 1.7% of the total number of Units of GZI REIT immediately upon the Separate Listing to the Shareholders whose names appear on the register of members of GZI as at the close of business on the Record Date.

The Directors propose to distribute, by way of a distribution in specie, Units to the Qualifying Shareholders on the basis of 1 Unit for every 400 Shares held as at the close of business on the Record Date. The Units will be credited as fully paid and will rank *pari passu* in all respects with the Units in issue at the time of the Global Offering. Fractional entitlements to the Units will not be transferred under the Distribution but will be retained by the Company for sale in the market upon commencement of dealings in the Units on the Stock Exchange. The net proceeds derived therefrom after deduction of expenses will be retained for the benefit of the Company.

In order to alleviate the difficulties arising from the existence of odd lots of the Units, the Company has agreed to make arrangements for a broker to stand in the market to purchase and sell odd lots of Units held by the Qualifying Shareholders at the relevant market price per Unit. HSBC Securities (Asia) Limited will be appointed as the broker and will open a securities trading account for this purpose. Holders of odd lots of the Units who wish to take advantage of this facility should contact HSBC Securities (Asia) Limited during a period of three weeks, dates of which will be separately announced in due course. Qualifying Shareholders should note that successful matching of the sale and purchase of odd lots of Units is not guaranteed. Further details of the arrangement will be announced in due course.

For Ineligible Overseas Shareholders, if any, who will not be transferred any Units under the Distribution, the Units which such Shareholders would have been otherwise entitled to receive will be offered for sale by the Joint Global Coordinators under the International Offering. The net proceeds of the sale of such Units, after deducting applicable taxes, stamp duty, SFC transaction levy, Stock Exchange trading fee and investor compensation levy, if any, will be used to fund Cash Payments to the Ineligible Overseas Shareholders on the basis of the number of Units which the relevant Ineligible Overseas Shareholders would otherwise have been entitled to receive under the Distribution and the Offer Price.



The Distribution is subject to the satisfaction of the conditions of the proposed Separate Listing as set out in the paragraph headed “Conditions” below.

### **Option**

To allow each of the Qualifying Shareholders to have a choice as to whether to receive all of the Units to which he/she is entitled pursuant to the Distribution or to receive a Cash Payment in the alternative, it is proposed that each of them will be given an Option. **Each Qualifying Shareholder may only exercise the Option in respect of the whole of (but not part) (save in the case of HKSCC Nominees Limited, which may exercise the Option in respect of the whole or part of) his/her Units proposed to be transferred to him/her pursuant to the Distribution in consideration of a Cash Payment.** A form of election in respect of the Option (the “Form of Election”) will be despatched to each Qualifying Shareholders on or after the date of the EGM.

Any Qualifying Shareholder who holds the Shares as a nominee, trustee or registered holder in any other capacity will not be treated differently from any other registered holder. Any beneficial owner of the Shares whose Shares are registered in the name of a nominee, trustee or registered holder in any other capacity should make arrangements with such nominee, trustee or registered holder in relation to the Distribution. Any such person may consider whether it wishes to arrange for the registration of the relevant Shares in the name of the beneficial owner prior to the Record Date.

The Qualifying Shareholders should also note the instructions and terms printed on the Form of Election.

#### **1. Indicative price range**

The indicative price range per Unit will be determined at a time closer to the Listing Date and will be made available by way of announcement (the “Announcement”) around the despatch date of the Offering Circular. The calculation of the Cash Payment and any material changes, if any, to the information set out in this announcement will also be set out in the Announcement. **You are advised to make your election only at a time when you are fully aware of the indicative price range and other information, if any, set out in the Announcement and/or the Offering Circular. If you choose to return the Form of Election prior to the Announcement and choose to make the election without the benefit of the indicative price range and other information, if any, it will nonetheless be valid and binding on you. You are also reminded to read through the Offering Circular before making any decision in relation to the election.** For the avoidance of doubt, the final price that you will receive per Unit, as a result of exercising the Option, will not be determined until after you have exercised your Option. Cheques for the Cash Payment (after deducting applicable taxes, stamp duty, SFC transaction levy, Stock Exchange trading fee and investor compensation levy, if any) are expected to be despatched within approximately 1 week following the commencement of trading in Units.



## **2. Conditions of the exercise of the Option**

The exercise of the Option is conditional upon: (a) the Distribution becoming unconditional; (b) the due execution and return of the Form of Election by the Qualifying Shareholders strictly in accordance with the instructions set out herein and on the Form of Election; and (c) the terms and conditions contained in the Form of Election.

The Option is not granted to the Shareholders in relation to whom the Directors, after reasonable enquiries, consider that the exclusion of such Shareholder is necessary or expedient either due to the legal restrictions under the laws of the relevant places or the requirements of the relevant body or stock exchange in those places in granting the Option. The exercise of the Option is therefore also conditional upon GZI being satisfied that the Shareholder(s) do not fall within the abovementioned category.

It is the responsibility of anyone outside Hong Kong wishing to exercise the Option to satisfy himself/herself, before so exercising the Option, as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents and to pay any taxes and duties required to be paid in such territory in connection therewith. GZI reserves the right to refuse to accept a Form of Election if it believes that the exercise of the Option by the relevant Shareholder would violate the applicable securities or other laws or regulations of any jurisdiction.

GZI's decision in relation to whether all of the conditions of the exercise of the Option have been fulfilled will be conclusive. If, in the sole discretion of GZI, a Form of Election does not satisfy all of the conditions of the exercise of the Option, then the return of a Form of Election and, the Form of Election, will be treated as null and void and the relevant Shareholders will be deemed not to have elected to receive a Cash Payment instead of the Units proposed to be transferred to him/her pursuant to the Distribution. GZI will use its reasonable endeavours to inform the Shareholders if he/she falls within the abovementioned category.

## **3. Procedure of the exercise of the Option**

If you are a Qualifying Shareholder and you wish to exercise the Option and receive a Cash Payment instead of the Units proposed to be transferred to you pursuant to the Distribution, please sign the Form of Election to be despatched on or after the date of the EGM and return it at the address and before the date and time set out in the Form of Election. If you wish to receive and retain such Units, please ignore the Form of Election and take no further action with them.

If the Registrar does not receive the Form of Election from you by the aforesaid date and time or if the Form of Election is not completed in accordance with the instructions printed herein and therein, you will be deemed not to have elected to receive a Cash Payment instead of the Units proposed to be transferred to you pursuant to the Distribution and hence not to receive a Cash Payment.

The Joint Global Coordinators will allocate any Units not taken up by Qualifying Shareholders and the Units which the Ineligible Overseas Shareholders would otherwise have been entitled to receive under the Distribution to the International Offering.

#### 4. Ineligible Overseas Shareholders

The Offering Circular and the accompanying application forms will not be registered or filed under the securities or equivalent legislation of any jurisdiction other than Hong Kong. The Directors are of the view that it may, in the absence of compliance with registration or other special formalities in other jurisdictions, be unlawful or impracticable for GZI to distribute the Units to Ineligible Overseas Shareholders and/or to offer them the Option and/or to make the Cash Payment thereto, in each case pursuant to the Distribution.

GZI has used its reasonable endeavours to identify the Ineligible Overseas Shareholders in an effort to ensure that the Form of Election will only be despatched to the Qualifying Shareholders. However, no assurance is and can be given by GZI that by virtue of receiving the Form of Election, you are a Qualifying Shareholder.

If you are an Ineligible Overseas Shareholder and return a Form of Election, your Form of Election will be treated as null and void. GZI will use its reasonable endeavours to inform you should this arise.

Please note that arrangements will be made for the Units which the Ineligible Overseas Shareholders would otherwise have been entitled to receive under the Distribution, if any, to be offered for sale under the International Offering. The net proceeds of the sale, after deducting applicable taxes, stamp duty, SFC transaction levy, Stock Exchange trading fee and investor compensation levy, if any, will be used to fund the Cash Payments.

#### Conditions

The Separate Listing will be conditional on, among other things, the following:

- (a) Shareholders passing an ordinary resolution by way of poll at the EGM to approve the Separate Listing and other matters relating to the Separate Listing;
- (b) the Listing Committee granting the Listing Approval;
- (c) the obligations of the underwriters under the underwriting agreements to be entered into between, among other things, the Company and the underwriters in respect of the Global Offering becoming and remaining unconditional and neither underwriting agreement being terminated in accordance with its terms or otherwise, on or before the dates and times to be specified therein, details of which will be set out in the Offering Circular;
- (d) the condition precedents to draw down of the Facility Agreement<sup>(Note)</sup> being fulfilled or waived; and
- (e) the receipt of the Authorisation.

*Note:* It is expected that the BVI Companies will fully draw down on the Loan Facility on the Listing Date and onward lend the funds to Holdco to fund the payment of the promissory note.

**If the foregoing and any other applicable conditions are not fulfilled or waived prior to the dates and times to be specified in the Offering Circular, the Global Offering will lapse and a notice will be published by the Company and/or GZI REIT as soon as practicable following such lapse.**

**The Separate Listing pursuant to the Proposed Spin-off and the Global Offering are subject to the foregoing conditions and are dependent on a number of factors (including, but without limitation, the entering into of definitive underwriting agreements and other legal documentation in respect of the Global Offering as well as market conditions at the relevant time). Shareholders should note in particular that, as of the date of this announcement, no underwriting agreement has been signed. It is further expected that such underwriting agreements, if signed, will be subject to, inter alia, customary conditions precedent. There is, therefore, no assurance that the Separate Listing and the proposed Global Offering will proceed.**

## **BUSINESS OF THE GZI GROUP**

The principal businesses of the GZI Group are property development, management and investment, newsprint manufacturing and operation of toll roads and bridges.

Based on the audited accounts of the GZI Group for the three years ended 31 December 2004 and the unaudited accounts for the six months ended 30 June 2005, the profit and loss of the GZI Group is as follows:-

	<b>Six months ended</b>		<b>Financial year ended 31 December</b>	
	<b>30 June 2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>(HK\$ million)</i>			
Profit/(loss) attributable to shareholders	132.4	330.8	300.7	(960.2)

## **INTENDED USE OF PROCEEDS**

It is the present intention of the Directors to use all the anticipated net cash proceeds (subject to the Offer Price and relevant expenses) to be received by GZI from the Separate Listing for reducing gearing level and interest expenses of the GZI Group, thereby improving the liquidity and financial position of the GZI Group. Based on the estimation of the Directors and with reference to the valuation of the Properties, the net cash proceeds (subject to the Offer Price and relevant expenses) to be received by GZI from the Separate Listing is expected to be approximately HK\$2,400 million to HK\$3,200 million.

Should the final net cash proceeds from the Separate Listing be more than the abovementioned amount, such excess will also be applied for reducing gearing level and interest expense of the GZI Group.

## **REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF**

The Directors consider that the Proposed Spin-off will be beneficial for both the Company and GZI REIT based on the following reasons:

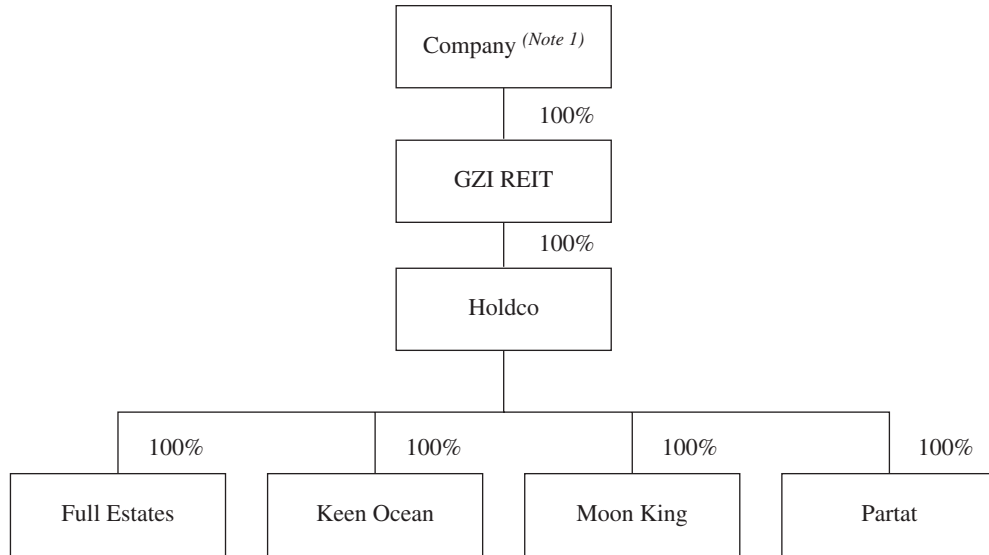
- (a) the Separate Listing will increase the operational and financial transparency of GZI REIT and provide the investors, the investment market and rating agencies with greater clarity on the businesses and financial status of the Company and GZI REIT;
- (b) the Separate Listing will substantially reduce the gearing and enhance the financial conditions of the Company;
- (c) the Separate Listing will provide additional and diversified funding sources (and maybe on better terms as a result of the greater clarity referred to above) for GZI REIT to finance its future expansion. The Directors believe this will provide financial resources for GZI REIT's continuing expansion, thereby avoiding the Company having to increase their gearing to fund the expansion;
- (d) the Separate Listing will also allow GZI REIT to establish a higher profile as a separate listed entity with the ability to access the debt and equity capital markets to fund future investments; and
- (e) the Separate Listing will allow GZI REIT to achieve its valuation potential which in turn will be beneficial to the Shareholders as a whole.

Following the Separate Listing and assuming the Over-allocation Option is not exercised, the Company will retain an interest of approximately 40% of the total Units after the Distribution while continuing to receive diversified mix of income flow from its existing business (property development, management and investment, newsprint manufacturing and the operation of toll roads and bridges).

## EFFECT OF THE SEPARATE LISTING

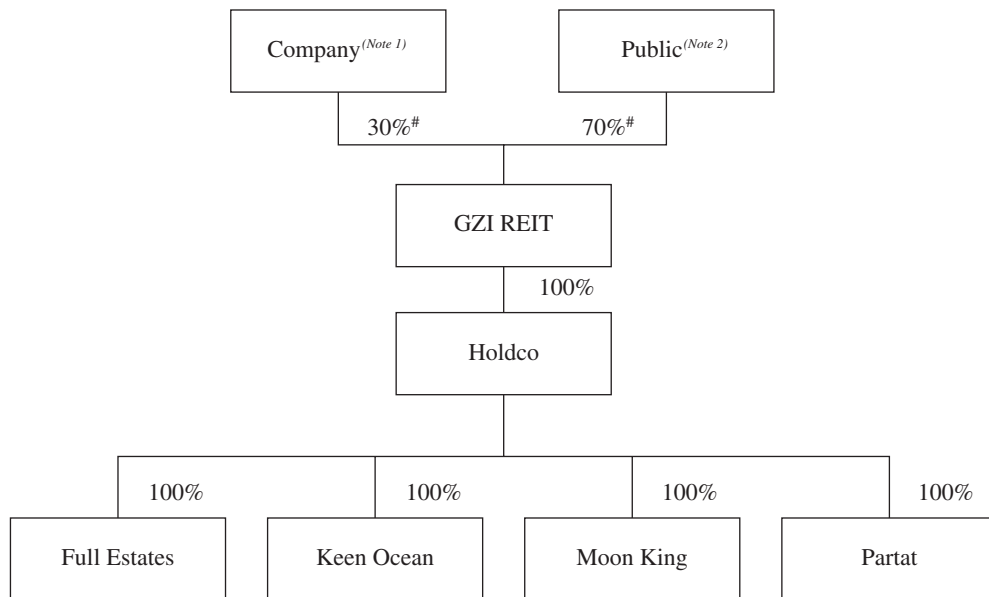
### (i) Unitholding structure of GZI REIT prior to the Separate Listing

The simplified unitholding structure of GZI REIT immediately after the Reorganisation but prior to the Separate Listing will be as follows:



### (ii) Proposed unitholding structure of GZI REIT upon completion of the Separate Listing

A simplified unitholding structure of GZI REIT immediately following completion of the Separate Listing and after the Distribution (assuming that the Over-allocation Option is exercised in full) will be as follows:



# approximate figures

*Notes:*

1. The Company's interest in GZI REIT is held via its wholly owned subsidiary.
2. Public includes Qualifying Shareholders who receive the Units pursuant to the Distribution.

(iii) *Financial effects of the Separate Listing*

As mentioned in the paragraph headed "Intended use of proceeds" above, net cash proceeds (subject to the Offer Price and relevant expenses) to be received by GZI is expected to be approximately HK\$2,400 million to HK\$3,200 million. It is the present intention of the Directors to use such net cash proceeds from the Separate Listing for repayment of bank borrowings, thereby reducing gearing level and interest expenses of GZI Group and improving the liquidity and financial position of GZI.

As at 30 September 2005, the aggregate appraised value of the Properties amounted to approximately HK\$4,005 million. The aggregate carrying value of the Properties as at 30 June 2005 amounted to approximately HK\$3,204 million (which amount has been translated into HK\$ at an exchange rate of RMB1.04 = HK\$1 for illustration purpose only).

Immediately upon completion of the Separate Listing, GZI will be able to recognise a gain on disposal of the Properties determined upon, among other things, the final Offer Price of the Units, of approximately HK\$1,500 million to HK\$2,100 million. Such gain will be derived mainly from the fair value gain from the revaluation of the Properties (as at 30 September 2005) with reference to the aggregate carrying value of the Properties prior to the Proposed Spin-off and the release of deferred taxation on the Properties upon completion of the Separate Listing.

Upon completion of the Separate Listing, the GZI Group's interest in GZI REIT will be equity accounted for in the GZI Group's accounts. The results of the BVI Companies will no longer be consolidated into those of the GZI Group.

**RIGHT OF FIRST REFUSAL**

Since the GZI Group and GZI REIT are both engaged in businesses in the real estate industry, therefore, potential business conflicts may arise when, due to certain market conditions, the GZI Group has no other feasible options but to hold certain properties that are of similar nature and quality to those of GZI REIT for investment purposes. As mentioned above, the principal businesses of the GZI Group are, among other things, property development, management and investment while GZI REIT will engage in investments in income-producing real estate assets.

Having balanced the interests of the Shareholders and those of the Unitholders, in order to address the potential business conflicts which may arise and to provide support to GZI REIT in its initial years of establishment, GZI proposes to grant to GZI REIT, conditional on the Proposed Spin-off, a right of first refusal to acquire certain properties from the GZI Group which fall under certain pre-agreed circumstances. Details of the Right of First Refusal will be set out in the circular to be despatched to the Shareholders and the Offering Circular.

**In the event that GZI REIT elects to exercise such Right of First Refusal to acquire any property from the Company, the Company will comply with the requirements of Chapter 14 and other applicable requirements of the Listing Rules at the relevant time and will issue a separate announcement to disclose details of such a disposal at the relevant time (if so required by the Listing Rules).**

## **BUSINESS OF GZI REIT**

GZI REIT will be formed to invest in real estate initially in Guangdong Province that meet its investment criteria, with a view to generating a yield for its Unitholders in the process.

## **MANAGEMENT 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 therein. The Manager will seek to be licensed by the SFC to conduct the regulated activity of asset management, as required by the SFC.

The Manager is a wholly-owned subsidiary of GZI. GZI is listed on both the 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.



## SUMMARY OF INCOME AND EXPENSES FOR THE PROPERTIES (UNAUDITED)

The table below sets out the unaudited financial information of the Properties for the two years ended 31 December 2004 and the six months ended 30 June 2005:

<i>For the year ended</i> <i>31 December 2003</i>	<b>White Horse Plaza</b> <i>HK\$'000</i>	<b>Fortune Development Plaza</b> <i>HK\$'000</i>	<b>City Development Plaza</b> <i>HK\$'000</i>	<b>Victory Plaza</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Turnover — rental income and management fee income					
— Retail	88,263	—	6,754	7,580	102,597
— Office	<u>1,491</u>	<u>150</u>	<u>25,157</u>	<u>—</u>	<u>26,798</u>
	89,754	150	31,911	7,580	129,395
Other gains - net	11,154	10	476	91	11,731
Direct outgoings	(31,796)	(1,205)	(3,194)	(3,881)	(40,076)
Other operating expenses	—	(608)	(1,065)	(1,254)	(2,927)
Fair value gains/(losses) on investment properties	<u>(3,154)</u>	<u>205,914</u>	<u>(27,103)</u>	<u>70,684</u>	<u>246,341</u>
Profit before taxation	65,958	204,261	1,025	73,220	344,464
Income tax expenses					<u>(109,608)</u>
Profit for the year					<u>234,856</u>

<i>For the year ended</i> <i>31 December 2004</i>	<b>White Horse Plaza</b> <i>HK\$'000</i>	<b>Fortune Plaza</b> <i>HK\$'000</i>	<b>City Development Plaza</b> <i>HK\$'000</i>	<b>Victory Plaza</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Turnover — rental income and management fee income					
— Retail	103,175	979	6,977	24,397	135,528
— Office	<u>1,562</u>	<u>8,063</u>	<u>26,927</u>	<u>—</u>	<u>36,552</u>
	104,737	9,042	33,904	24,397	172,080
Other gains - net	8,072	255	648	506	9,481
Direct outgoings	(35,309)	(6,623)	(4,187)	(4,891)	(51,010)
Other operating expenses	—	(705)	(730)	(1,364)	(2,799)
Fair value gains/(losses) on investment properties	<u>53,705</u>	<u>8,411</u>	<u>(119,626)</u>	<u>62,617</u>	<u>5,107</u>
Profit before taxation	131,205	10,380	(89,991)	81,265	132,859
Income tax expenses					<u>(44,273)</u>
Profit for the year					<u>88,586</u>

<i>For the six months ended</i> <i>30 June 2005</i>	<b>White Horse Plaza</b> <i>HK\$'000</i>	<b>Fortune Plaza</b> <i>HK\$'000</i>	<b>City Development Plaza Units</b> <i>HK\$'000</i>	<b>Victory Plaza</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Turnover — rental income and management fee income					
— Retail	65,105	4,145	2,471	3,363	75,084
— Office	<u>811</u>	<u>6,175</u>	<u>10,574</u>	<u>—</u>	<u>17,560</u>
	65,916	10,320	13,045	3,363	92,644
Other gains - net	5,385	127	163	188	5,863
Direct outgoings	(16,050)	(4,546)	(2,787)	(3,664)	(27,047)
Other operating expenses	—	(1,026)	(748)	(672)	(2,446)
Fair value gains on investment properties	<u>437,944</u>	<u>143,899</u>	<u>12,444</u>	<u>—</u>	<u>594,287</u>
Profit before taxation	493,195	148,774	22,117	(785)	663,301
Income tax expenses					<u>(209,083)</u>
Profit for the period					<u>454,218</u>

The BVI Companies only became the beneficial owners of the Properties (for accounting purposes) in September and October 2005 and none of the BVI Companies commenced operation before then, accordingly, financial information on the Properties for the two years ended 31 December 2004 and the six months ended 30 June 2005 is included in this announcement and the circular to be issued by the Company to the Shareholders in respect of, among other things, the Proposed Spin-off.

## **LISTING AND DEALINGS**

The Shares will continue to be listed on the Stock Exchange after the implementation of the Separate Listing.

An application will be made to the SFC for the Authorisation and a formal application will be made to the Stock Exchange for the listing of, and permission to deal in, the Units to be issued pursuant to the Reorganisation Deed and to be issued in connection with the Global Offering.

## **CLOSURE OF REGISTER OF MEMBERS**

Based on the expected timetable, the register of members of the Company will be closed on 9 December 2005 and will be re-opened on 12 December 2005 for the purpose of determining the entitlements of the Shareholders to the Units under the Distribution. No transfer of the Shares may be registered during such book close period. In order to qualify for the Distribution, all transfers must be lodged with the Registrar by no later than 4:00 p.m. on 8 December 2005. However, if the Separate Listing is postponed, the Board may then determine another date(s) for closure of the register of members of the Company for the purpose of determining the entitlement to the Distribution and further announcement(s) will be made to inform the Shareholders and other investors in due course.

**Shareholders should note that the implementation of the Distribution and Option shall be conditional upon the satisfaction of the conditions set out in the paragraph headed “Conditions” above. If any of such conditions is not fulfilled by such time as is set out therein, the whole of the special dividend will lapse absolutely and unconditionally.**

**Shareholders should further note that the actual number of the Units distributed which are subject to the Distribution will vary depending on the actual number of issued Shares as at the Record Date.**

## **GENERAL INFORMATION**

As a result of the issue of the new Units and assuming the Over-allocation Option is exercised in full, the GZI Group’s interest in GZI REIT will be reduced from 100% to approximately 30% immediately following the Global Offering and after the Distribution. Such issue of new Units will give rise to a deemed disposal by the Company under Rule 14.29 of the Listing Rules. It is presently estimated that the consideration ratio under Rule

14.32 of the Listing Rules will exceed 25% but will be less than 75% and thus, the transaction will constitute a major transaction for the Company under Rule 14.06 of the Listing Rules, which will be subject to the approval by the Shareholders under Rule 14.40 of the Listing Rules.

Yue Xiu, the controlling shareholder (as defined in the Listing Rules) of the Company, which (through intermediate holding companies) holds approximately 50.2% of the issued share capital of the Company, has no material interest in the proposed transactions (for the purpose of Rule 2.16 of the Listing Rules) and thus, is entitled to vote on, and has given irrevocable undertaking to vote for such resolution in connection with the Distribution, the Option, the Separate Listing and other matters related to the Separate Listing.

A circular including, among other information, (1) a letter from the Board containing further details of the Proposed Spin-off (together with such other information relating to the Separate Listing as is required by the Listing Rules for a major transaction of the Company) and information on the Reorganisation, the Distribution, the Option and other matters related to the Separate Listing; (2) recommendations of the Independent Board Committee to the Shareholders; (3) a letter from an independent financial adviser containing its advice in connection with the Reorganisation Deed, the Distribution, the Option, the Separate Listing and other matters related to the Separate Listing to the Independent Board Committee and the Shareholders; and (4) a notice of the EGM, will be despatched to the Shareholders as soon as practicable.

**The Proposed Spin-off and the Global Offering are subject to, among other things, the Listing Approval being granted by the Listing Committee. Accordingly, Shareholders should note that the Proposed Spin-off and the proposed Global Offering, are, inter alia, dependent on a number of factors and subject to a number of conditions, which may or may not be satisfied. Thus, there can be no assurance that such transactions will proceed. Accordingly, Shareholders or other persons contemplating buying or selling the Shares are reminded to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position.**

## **RESUMPTION OF TRADING IN SHARES**

At the request of the Company, the Shares were suspended from trading on the Stock Exchange from 9:30 a.m. on 24 November 2005 pending release of this announcement. The Company has made an application to the Stock Exchange to resume trading of its shares on the Stock Exchange with effect from 9:30 a.m. on 25 November 2005.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Adjustment”	the Initial Adjustment and the Combined Net Assets Adjustment
“Authorisation”	the authorisation of GZI REIT by the SFC under section 104 of the SFO
“Board”	the board of Directors
“BVI”	British Virgin Islands
“BVI Companies”	Partat, Moon King, Full Estates and Keen Ocean, being the respective owners of the White Horse Units, the Fortune Plaza Units, the City Development Plaza Units and the Victory Plaza Units, and “BVI Company” means any one of them
“Cash Payment”	a cash payment in an amount to be determined by reference to the Offer Price (after deducting applicable taxes, stamp duty, SFC transaction levy, Stock Exchange trading fee and investor compensation levy, if any), which is to be paid to (i) the Qualifying Shareholders who elect to exercise the Option and (ii) the Ineligible Overseas Shareholders
“City Development Plaza Units”	total of 165 strata units in City Development Plaza ( 城建大厦 ) (located at Nos. 185, 187 and 189, Ti Yu Xi Road, Tian He District, Guangzhou, the PRC)
“Combined Net Assets”	the combined net assets of the BVI Companies
“Combined Net Assets Adjustment”	the adjustment to the Initial Consideration due to an increase or reduction (as the case may be) in the Combined Net Assets in the interval from the date of the Reorganisation Deed until the day immediately preceding the Listing Date, calculated and made in accordance with the Reorganisation Deed
“Company” or “GZI”	Guangzhou Investment Company Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board and Singapore Exchange Securities Trading Limited
“Director(s)”	the director(s) of the Company

“Distribution”	<p>the conditional payment of a special dividend by the Company to the Shareholders to be satisfied:</p> <p>(a) by way of a distribution in specie of the Units to the Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date (other than the Ineligible Overseas Shareholders); and</p> <p>(b) by way of cash payment (after deducting applicable taxes, stamp duty, SFC transaction levy, Stock Exchange trading fee and investor compensation (if any)) to the Ineligible Overseas Shareholders,</p> <p>in either case, on the terms and conditions contained herein this announcement</p>
“Dragon Yield”	Dragon Yield Holding Limited, a company incorporated in the BVI and is a wholly-owned subsidiary of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong on 10 December 2005 at 9:30 a.m. for the purpose of approving the resolution in relation to, among others, the Separate Listing
“Facility Agreement”	the facility agreement to be entered into between the BVI Companies, Holdco and the Lending Banks in respect of the Loan Facility
“FE Issued Share”	the one Full Estates share in issue, representing the entire issued share capital of Full Estates
“Fortune Plaza Units”	total of 83 strata units in Fortune Plaza (財富廣場) (located at Nos. 114, 116, 118 Ti Yu Dong Road, Tian He District, Guangzhou, the PRC)
“Full Estates”	Full Estates Investment Limited, a company incorporated in the BVI and is a wholly-owned subsidiary of the Company
“GCCD”	Guangzhou City Construction & Development Co. Ltd. (廣州市城市建設開發有限公司), a company incorporated in the PRC and is 95% indirectly owned by the Company

“GCCD BVI”	Guangzhou Construction & Development Holdings (China) Limited, a company incorporated in the BVI and is the beneficial owner of the entire issued shares of Full Estates, Keen Ocean, Moon King and Partat, which are the respective registered owners of the City Development Plaza Units, the Victory Plaza Units, the Fortune Plaza Units and the White Horse Units. GCCD BVI is a wholly-owned subsidiary of the Company.
“Global Offering”	the Hong Kong Public Offering and the International Offering
“GZI Group”	GZI and its subsidiaries
“GZI REIT”	GZI Real Estate Investment Trust, a collective investment scheme which will be constituted as a unit trust and which will be subject to authorisation by the SFC under section 104 of the SFO
“Holdco”	GZI REIT (Holding) 2005 Company Limited, a company to be incorporated in Hong Kong and will be wholly-owned by the Trustee in trust for GZI REIT upon completion of the Reorganisation
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Public Offering”	the proposed public offer of the Units in Hong Kong for cash at the Offer Price, on and subject to the terms and conditions to be further described in the Offering Circular and the application forms relating thereto
“Independent Board Committee”	Messrs. Yu Lup Fat, Joseph, Lee Ka Lun and Lau Hon Chuen, Ambrose, all independent non-executive Directors, have been appointed as the members of the independent board committee of the Company to advise the Shareholders on how to vote on the resolution to approve the Distribution, the Option, the Separate Listing and other matters related to the Separate Listing
“Ineligible Overseas Shareholders”	Shareholders whose addresses on the register of members of GZI were outside Hong Kong on the Record Date and have to be excluded from the Distribution and Option on the account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place which the Directors, after reasonable enquiries, consider such exclusion to be necessary or expedient



“Initial Adjustment”	the initial adjustment to the Initial Consideration calculated and made in accordance with terms as stated in the Reorganisation Deed
“Initial Consideration”	the initial consideration payable by Holdco for the Issued Shares under the Reorganisation Deed, as detailed in the paragraph headed “Reorganisation” in this announcement
“International Offering”	the proposed offering of the Units (including the Units proposed to be transferred to the Qualifying Shareholders, who elect to exercise the Option and the Units which the Ineligible Overseas Shareholders would otherwise have been entitled to receive under the Distribution) outside of Hong Kong Public Offering of Units for cash at the Offer Price to institutional, professional and other investors to be further described in the Offering Circular
“IPO Transaction Costs”	all the costs and expenses incurred by the Manager or the Trustee for the account of GZI REIT in connection with the Global Offering
“Issued Shares”	the FE Issued Share, the KO Issued Share, the MK Issued Share and the PI Issued Share, representing the entire issued share capital of the BVI Companies
“Joint Global Coordinators”	The Hongkong and Shanghai Banking Corporation Limited, Citigroup Global Markets Asia Limited and DBS Bank Ltd., Hong Kong Branch
“Keen Ocean”	Keen Ocean Limited (京澳有限公司), a company incorporated in the BVI and is a wholly-owned subsidiary of the Company
“KO Issued Share”	the one Keen Ocean share in issue, representing the entire issued share capital of Keen Ocean
“Latest Practicable Date”	21 November 2005, being the latest practicable date for the purposes of ascertaining certain information contained in this announcement
“Lending Banks”	Citibank, N.A., Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited and DBS Bank Ltd., Hong Kong Branch
“Listing Approval”	the approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, all the Units to be issued pursuant to the Reorganisation Deed and to be issued in connection with the Global Offering

“Listing Committee”	listing committee of the Stock Exchange
“Listing Date”	the date on which the Units are first listed and from which dealings are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facility”	the US\$165.0 million (equivalent to approximately HK\$1,287.0 million) three-year floating rate term loan facility to be granted to the BVI Companies by the Lending Banks
“Loan Proceeds”	the gross amount borrowed under the Loan Facility
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market operated by the Stock Exchange
“Manager”	GZI REIT Asset Management Limited
“MK Issued Share”	the one Moon King share in issue, representing the entire issued share capital of Moon King
“Moon King”	Moon King Limited, a company incorporated in the BVI and is a wholly-owned subsidiary of the Company
“Offer Price”	the final Hong Kong dollar price per Unit (exclusive of brokerage of 1.0%, Hong Kong Stock Exchange trading fee of 0.005%, SFC transaction levy of 0.005% and investor compensation levy of 0.002% (if any)) at which the Units are to be issued and allocated pursuant to the Global Offering to be further described in the Offering Circular
“Offering Circular”	the offering circular proposed to be issued by GZI REIT in relation to the Global Offering
“Option”	an option to be granted to and exercisable by each of the Qualifying Shareholders to elect to receive the Cash Payment in lieu of the whole of (in the case of HKSCC Nominees Limited, the whole or part of) the Units proposed to be transferred to him/her pursuant to the Distribution on and subject to the terms and conditions herein and in the forms of election for exercising the Option which will be despatched to Qualifying Shareholders on or after the date of the EGM

“Over-allocation Option”	the option proposed to be granted by GZI to the Joint Global Coordinators to make available up to a certain number of Units solely to cover over-allocation of Units (if any), to be offered to investors as part of the International Offering
“Partat”	Partat Investment Limited, a company incorporated in the BVI and is a wholly-owned subsidiary of the Company
“PI Issued Share”	the one Partat share in issue, representing the entire issued share capital of Partat
“PN15”	practice note 15 of the Listing Rules
“PRC” or “China”	the People’s Republic of China; except where the context requires, references in this announcement to the PRC or China do not apply to Hong Kong, the Macau Special Administrative Region of the PRC or Taiwan
“Properties”	the White Horse Units, the Fortune Plaza Units, the City Development Plaza Units and the Victory Plaza Units, and “Property” means any one of them
“Proposed Spin-off”	the proposed spin-off of GZI REIT and Separate Listing
“Qualifying Shareholders”	holders of the Shares (other than Ineligible Overseas Shareholders), whose names appear on the register of members of GZI as at the close of business on the Record Date
“Record Date”	9 December 2005 (or such other date as the Board may determine), being the record date for determining entitlements of Shareholders to participate in the Distribution
“Registrar”	the share registrar of the Company, Abacus Share Registrars Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong
“REIT Code”	Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being
“Reorganisation”	the internal reorganisation involving the transfer of the Issued Shares from GCCD BVI to Holdco

“Reorganisation Deed”	the reorganisation deed to be entered into between GCCD BVI, GZI, Holdco, the Manager and the Trustee, which is more particularly described in the paragraph headed “Reorganisation” in this announcement
“Right of First Refusal”	right of first refusal proposed to be granted by the Company to GZI REIT
“Separate Listing”	the proposed separate listing of the Units on the Main Board
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified for the time being
“Shares”	shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto in section 2 of the Companies Ordinance
“Unit(s)”	unit(s) of GZI REIT
“Unitholder(s)”	the registered holder for the time being of a Unit including persons so registered as joint holders
“Victory Plaza Units”	total of 9 strata units in Victory Plaza (維多利廣場) (located at No. 101 Ti Yu Xi Road, Tian He District, Guangzhou, the PRC)
“White Horse Property Management Company”	Guangzhou White Horse Property Management Co., Ltd. (廣州白馬物業管理有限公司), a company incorporated in the PRC and is 96.8% owned by the Company
“White Horse Units”	total of 9 strata units in White Horse Building (白馬大廈) (located at Nos. 14, 16 and 18 Zhan Nan Road, Yue Xiu District, Guangzhou, the PRC)
“Yue Xiu”	Yue Xiu Enterprises (Holdings) Limited, a company incorporated in Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB” or “Renminbi”	Renminbi, being the lawful currency of the PRC

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

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

Hong Kong, 24 November 2005

*In this announcement, unless otherwise stated, certain amounts denominated in HK\$ have been translated into US\$ at an exchange rate of HK\$7.80 = US\$1.00 and certain amounts relating to periods on or before 30 June 2005 denominated in RMB have been translated into HK\$ at an exchange rate of RMB1.07 = HK\$1 and certain amounts relating to periods after 30 June 2005 denominated in RMB have been translated into HK\$ at an exchange rate of RMB1.04 = HK\$1 for illustration purpose only. Such conversions shall not be construed as representations that amounts in HK\$ were or may have been converted into US\$, or that amounts in RMB were or may have been converted in HK\$, at such rates or any other exchange rates.*

*Unless otherwise stated, the unaudited figures contained in this announcement are prepared under accounting principles generally accepted in Hong Kong.*

*As at the date of this announcement, the Board comprises:*

*Executive Directors: Ou Bingchang, Liang Yi, Chen Guangsong, Liang Ningguang and Li Fei.*

*Independent non-executive Directors: Yu Lup Fat Joseph, Lee Ka Lun and Lau Hon Chuen Ambrose.*

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