

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



越 秀 投 資 有 限 公 司

GUANGZHOU INVESTMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 123)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF PROPERTIES**

The Board wishes to announce that on 9 December 2005, Raybeach Investment Limited and Front Riches Limited, both being wholly-owned subsidiaries of the Company, separately entered into the Tsuen Wan International Centre Agreement and the Lung Wah International Godown Agreement for the sale of the Tsuen Wan Property and the Lung Wah Property to Independent Third Parties for a total consideration of HK\$545 million.

The Disposals contemplated under the Tsuen Wan International Centre Agreement and the Lung Wah International Godown Agreement together constitute a discloseable transaction of the Company under the Listing Rules. A circular containing details of the Disposals will be sent to shareholders of the Company as soon as possible.

THE AGREEMENTS

1. Tsuen Wan International Centre Agreement

Date: 9 December 2005

Vendor: Raybeach Investment Limited, an investment holding company, and a wholly-owned subsidiary of the Company.

Purchaser: MG Tsuen Wan A, a corporation which, the Directors confirm that to the best of their knowledge, information and belief, after having made all reasonable enquiry, is and its ultimate beneficial owner is an Independent Third Party.

Asset: Tsuen Wan Property, being Unit on G/F, Unit A on 3/F, Unit A, B, C & D on 4/F, 6/F, 7/F, 8/F, 10/F, and 11/F, Unit E on 11/F, Units A, B, C, D and E on 12/F, 13/F, 17/F, 18/F, 23/F, 25/F, 26/F, 27/F, 28/F and 30/F, Units A and B on 19/F, all roofs, container parking spaces Nos. C1, C2, C3, C4, C5, C6 and C7 on 1/F, private parking spaces Nos. P2, P3, P4, P5, P6, P7, P8, P9, P10, P11, P12, P13, P14, P15, P16, P17 and P18 on 1/F, lorry parking spaces Nos. L1, L3, L4 and L5 on 1/F, private parking spaces P19, P20, P21, P22, and P23 on 2/F, and lorry parking spaces Nos. L7, L8, L9, L10, L11, L12, L13, L14, L15 and L16 on 2/F of Tsuen Wan International Centre.

The Tsuen Wan Property is currently leased out to various tenants. Total area of the Tsuen Wan Property is 394,251 sq. feet

Consideration: HK\$365 million which was agreed after arm's length negotiations between Raybeach and MG Tsuen Wan A by reference to the general market value of similar properties and shall be payable in cash as follows:

- (i) HK\$36.5 million upon the signing of the Tsuen Wan International Centre Agreement; and
- (ii) HK\$328.5 million on completion, which is expected to be two months from the date of the Tsuen Wan International Centre Agreement, or as agreed between Raybeach and MG Tsuen Wan A in writing

According to the audited balance sheet of Raybeach as at 31 December 2004, the book value of the Tsuen Wan Property was HK\$260 million. A valuation of the Tsuen Wan Property was carried out on 30 June 2005 and the value of the Tsuen Wan Property remained at HK\$260 million. The carrying value of the Tsuen Wan Property as at 30 November 2005 was HK\$260 million. The expected gain to the Group from the Disposal with reference to the consideration to be received and the book value of the Tsuen Wan Property is approximately HK\$105 million.

For the two financial years ended 31 December 2003 and 2004, the net profit before taxation in relation to the Tsuen Wan Property was HK\$8,645,211 and HK\$7,970,907 respectively.

Terms:

- Raybeach shall show and give a good and marketable title to the Tsuen Wan Property and MG Tsuen Wan A shall be deemed to have accepted Raybeach's title to the Tsuen Wan Property upon the signing of the Tsuen Wan International Centre Agreement.
- The Tsuen Wan Property is sold to MG Tsuen Wan A on an "as is" basis in its present state and condition and MG Tsuen Wan A declares and confirms that it has inspected and accepts and purchase with full knowledge of the existing user, physical state, condition and finishes of the Tsuen Wan Property.

- The Tsuen Wan Property is sold to and with the benefit of the existing lettings, tenancies and licences.
- Completion of the Tsuen Wan International Centre Agreement is conditional upon the Lung Wah International Godown Agreement being completed simultaneously.
- Raybeach and MG Tsuen Wan A shall enter into a formal sale and purchase agreement on or before 8 January 2006, if for any reason a formal sale and purchase agreement shall not be signed by the parties, the Tsuen Wan International Centre Agreement shall become the formal sale and purchase agreement and shall be binding on the parties in all respects fully and effectively.

2. Lung Wah International Godown Agreement

Date: 9 December 2005

Vendor: Front Riches Limited, an investment holding company, and a wholly-owned subsidiary of the Company

Purchaser: MG Tsuen Wan B, a corporation which, the Directors confirm that to the best of their knowledge, information and belief, after having made all reasonable enquiry, is and its ultimate beneficial owner is an Independent Third Party.

Assets: Lung Wah Property, being, all that piece or parcel of ground registered in the Land Registry as The Remaining Portion of Tsuen Wan Town Lot No.135 together with the messuages erections and buildings thereon now known as Nos. 72-76 Wang Lung Street, Tsuen Wan, New Territories, Hong Kong and All That piece or parcel of land registered in the Land Registry as Section A of Tsuen Wan Town lot No.135

The Lung Wah Property is currently leased out to various tenants. Total area of the Lung Wah Property is 235,599 sq. feet

Consideration: HK\$180 million which was agreed after arm's length negotiations between Front Riches and MG Tsuen Wan B by reference to the general market value of similar properties and shall be payable in cash as follows:

- (i) HK\$18 million on the signing of the Lung Wah International Godown Agreement; and
- (ii) HK\$162 million on completion, which is expected to be two months from the date of the Lung Wah International Godown Agreement, or as agreed between Front Riches and MG Tsuen Wan B in writing

According to the audited balance sheet of Front Riches, as at 31 December 2004, the book value of the Lung Wah Property was HK\$125 million. A valuation of the Lung Wah Property was carried out on 30 June 2005 and the value of the Lung Wah Property remained at HK\$125 million. The carrying value of the Lung Wah Property as at 30 November 2005 was also HK\$125 million. The expected gain to the Group from the Disposal with reference to the consideration to be received and the book value of the Lung Wah Property is approximately HK\$55 million.

For the two financial years ended 31 December 2003 and 2004, the net profit before taxation in relation to the Lung Wah Property was HK\$3,403,558 and HK\$3,366,887 respectively.

Terms:

- Front Riches shall show and give a good and marketable title to the Lung Wah Property and MG Tsuen Wan B shall be deemed to have accepted Front Riches' title to the Lung Wah Property upon the signing of the Lung Wah International Godown Agreement.
- The Lung Wah Property is sold to MG Tsuen Wan B on an "as is" basis in its present state and condition and MG Tsuen Wan B declares and confirms that it has inspected and accepts and purchase with full knowledge of the existing user, physical state, condition and finishes of the Lung Wah Property.
- The Lung Wah Property is sold to and with the benefit of the existing lettings, tenancies and licences.
- Completion of this Lung Wah International Godown Agreement is conditional upon the Tsuen Wan International Centre Agreement being completed simultaneously.
- Front Riches and MG Tsuen Wan B shall enter into a formal sale and purchase agreement on or before 8 January 2006, if for any reason a formal sale and purchase agreement shall not be signed by the parties, the Lung Wah International Godown Agreement shall become the formal sale and purchase agreement and shall be binding on the parties in all respects fully and effectively.

BUSINESS OF THE GROUP

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

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board considers that the Disposals will enable the Group to free up capital for the Group's operations, any potential new investment opportunities that might arise in the future, and improve the Group's gearing. Approximately HK\$205 million of the proceeds

will be reserved for the Group's operations and any potential new investment opportunities, and HK\$340 million will be used to repay bank loans. The amount of outstanding mortgage loans for the Tsuen Wan Property and Lung Wah Property are HK\$160 million and HK\$180 million respectively.

The Board, including the Independent Non-executive Directors of the Company, consider the Disposals to be on normal commercial terms, and that the terms are fair and reasonable and the Disposals are in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION

MG Tsuen Wan A and MG Tsuen Wan B are both investment holding companies under the Macquarie Goodman Group, which the Directors confirm that to the best of their knowledge, information and belief, after having made all reasonable enquiry, is an Independent Third Party. The Macquarie Goodman Group is involved in property investment, funds management, property development and property services.

The Disposals together constitute a discloseable transaction for the Company under the Listing Rules. A circular containing details of the Disposals will be sent to the shareholders of the Company as soon as possible.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Guangzhou Investment Company Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“Disposal”	the disposal of the Properties pursuant to the Tsuen Wan International Centre Agreement and Lung Wah International Godown Agreement
“Front Riches”	Front Riches Limited, a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People's Republic of China
“Independent Third Party”	a party and its ultimate beneficial owner are third parties which are independent of the Company and connected persons of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Lung Wah International Godown Agreement”	the sale and purchase agreement dated 9 December 2005, entered into between Front Riches Limited as the vendor, and MG Tsuen Wan B as the purchaser for the disposal of the Properties
“Lung Wah Property”	The property being the subject matter of the Lung Wah International Godown Agreement, which is more particularly set out in the paragraph headed “The Agreements — 2. Lung Wah International Godown Agreement — Assets” in this Announcement
“Raybeach”	Raybeach Investment Limited, a wholly owned subsidiary of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tsuen Wan International Centre Agreement”	the provisional sale and purchase agreement dated 9 December 2005, entered into between Raybeach Investment Limited as the vendor, and MG Tsuen Wan A as the purchaser for the disposal of the Properties
“Tsuen Wan Property”	the property being the subject matter of the Tsuen Wan International Centre Agreement, which is more particularly set out in the paragraph headed “The Agreements — 1. Tsuen Wan International Centre Agreement — Assets” in this Announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 9 December 2005

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

Executive Directors: Ou Bingchang, Liang Yi, Chen Guangsong 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.