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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)

 **越秀交通有限公司**  
GZI Transport Limited  
(Incorporated in Bermuda with limited liability)  
(Stock code: 1052)

## DISCLOSEABLE TRANSACTION ANNOUNCEMENT

### ACQUISITION OF EQUITY INTERESTS IN

天津津富高速公路有限公司 (TIANJIN JINFU EXPRESSWAY CO., LTD.)\*,  
天津朗道高速公路有限公司 (TIANJIN LANGDAO EXPRESSWAY CO., LTD.)\* AND  
天津原鴻高速公路有限公司 (TIANJIN YUANHONG EXPRESSWAY CO., LTD.)\*

Reference is made to the joint announcement of GZI and GZT dated 25 September 2009. Choice Tone, a wholly-owned subsidiary of GZT, entered into the Equity Transfer Deed with Glorious Sun, Kwong Ian and Mr. Ho in respect of the acquisition of the Foreign Interests and the assumption of the Foreign Indebtedness.

The Proposed Acquisition constitutes a discloseable transaction for GZI and GZT under Chapter 14 of the Listing Rules. According to Savills, an independent valuer, the fair value of the Foreign Interests, prepared on a discounted cash flow basis, amounts to RMB540 million (i.e., approximately HK\$614.3 million). This announcement sets out, among other things, the principal assumptions upon which the fair value of the Foreign Interests is determined as required by Rule 14.60A of the Listing Rules.

### 1. THE PROPOSED ACQUISITION

Reference is made to the joint announcement (“**September 25th Announcement**”) of GZI and GZT dated 25 September 2009. Choice Tone, a wholly-owned subsidiary of GZT, entered into the Equity Transfer Deed with Glorious Sun, Kwong Ian and Mr. Ho in respect of the acquisition of the Foreign Interests and the assumption of the Foreign Indebtedness. Capitalised terms used in this announcement shall have the same meanings as those defined in the September 25th Announcement.

## 2. FAIR VALUE OF THE CONSIDERATION

As disclosed in the September 25th Announcement, according to Savills Valuation and Professional Services Limited (“**Savills**”), an independent valuer, the fair value of the Foreign Interests, prepared on a discounted cash flow basis, amounts to RMB540 million (i.e., approximately HK\$614.3 million). In this respect, the fair value of the Foreign Interests constitutes a profit forecast for the purpose of Rule 14.61 of the Listing Rules (“**Profit Forecast**”) and, accordingly, the requirements under Rules 14.60A and 14.62 of the Listing Rules are applicable to the Proposed Acquisition.

For the purpose of complying with Rule 14.62 of the Listing Rules, the principal assumptions upon which the Profit Forecast is based are as follows:

- (a) the future operating and capital expenditure will be in accordance with the expenditure projection provided by GZT and THI Asia Consultants Limited (“**THI Asia**”);
- (b) the projected business according to the forecast of THI Asia (“**THI Asia’s Forecast**”) can be achieved with the effort of the management of the Project Companies (*Note 1*);
- (c) the accuracy of financial and operational information provided to Savills by GZT and reliance to a considerable extent on such information in arriving at Savills’ opinion of value;
- (d) there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value;
- (e) there will be no major changes in existing political, legal, fiscal or economic conditions in the country or district where the Project Companies are in operation;
- (f) there will be no major changes in the current taxation law in the areas in which the Project Companies carry on their business, that the rate of tax payable remains unchanged and that all applicable laws and regulations will be complied with;
- (g) the inflation, interest rates and currency exchange rate will not differ materially from those presently prevailing;
- (h) the Project Companies will retain their management and technical personnel to maintain their ongoing operations;

- (i) there will be no major business disruptions through international crisis, industrial disputes, industrial accidents or severe weather conditions that will affect the existing business;
- (j) the Project Companies will remain free from claims and litigation against the business or its customers that will have a material impact on value;
- (k) the Project Companies are unaffected by any statutory notice and the operation of the business does not, and will not give rise to a contravention of any statutory requirements;
- (l) the business of the Project Companies is not subject to any unusual or onerous restrictions or encumbrances;
- (m) the potential bad debt of the Project Companies will not materially affect their business operations; and
- (n) the valuation was performed on the basis that the Project Companies' right to collect toll fees from Jinbao Expressway will be up to 2030.

**Note 1:** THI Asia's Forecast is prepared based on, amongst other things, the following assumptions of the traffic and revenue forecast of Jinbao Expressway:

Table 1 Economic growth (GDP %) assumptions — Conservative

<b>Year</b>	<b>Tianjin City</b>	<b>Hebei Province</b>	<b>Shanxi Province</b>	<b>Baoding City</b>
2009-2010	11.0	10.0	10.0	9.0
2010-2015	8.8	8.0	8.0	7.2
2015-2020	7.0	6.4	6.4	5.8
2020-2025	5.6	5.1	5.1	4.6
2025-2030	4.5	4.1	4.1	3.7

Table 2 Economic growth (GDP %) assumptions — Optimistic

<b>Year</b>	<b>Tianjin City</b>	<b>Hebei Province</b>	<b>Shanxi Province</b>	<b>Baoding City</b>
2009-2010	12.1	11.0	11.0	9.9
2010-2015	9.7	8.8	8.8	7.9
2015-2020	7.7	7.0	7.0	6.3
2020-2025	6.2	5.6	5.6	5.1
2025-2030	5.0	4.5	4.5	4.1

Table 3 Annual traffic growth (%) assumptions — Conservative

<b>Year</b>	<b>Passenger and Goods vehicles</b>		
	<b>Passenger Vehicle</b>	<b>Goods Vehicle</b>	<b>Average Growth</b>
2009-2010	8.5	8.2	8.3
2010-2015	6.8	6.5	6.6
2015-2020	5.4	5.2	5.3
2020-2025	4.3	4.2	4.3
2025-2030	3.5	3.4	3.4

Table 4 Annual traffic growth (%) assumptions — Optimistic

<b>Year</b>	<b>Passenger and Goods vehicles</b>		
	<b>Passenger Vehicle</b>	<b>Goods Vehicle</b>	<b>Average Growth</b>
2009-2010	9.3	9.0	9.1
2010-2015	7.4	7.2	7.3
2015-2020	6.0	5.8	5.8
2020-2025	4.8	4.6	4.7
2025-2030	3.8	3.7	3.7

Toll rates are assumed to be increased by 15% for every 5 years starting from year 2013, 2018, 2023 and 2028.

The board of directors of GZI and the board of directors of GZT have reviewed the principal assumptions upon which the Profit Forecast is based and are of the view that the Profit Forecast has been made after due care and enquiry.

PricewaterhouseCoopers, the reporting accountant of GZI and GZT, have also reviewed the calculations of the discounted future estimated cash flows on which the valuation prepared by Savills is based.

A letter from the board of directors of GZI and the board of directors of GZT and a letter from PricewaterhouseCoopers are included in the appendices to this announcement for the purpose of Rules 14.60A and 14.62 of the Listing Rules.

### 3. EXPERTS AND CONSENTS

The qualifications of the experts who have given their opinion and advice in this announcement are as follows:

<b>Name</b>	<b>Qualification</b>
Savills Valuation and Professional Services Limited	Valuer
PricewaterhouseCoopers	Certified Public Accountants

As at the date of this announcement, neither Savills nor PricewaterhouseCoopers has any shareholding, directly or indirectly, in GZI and/or its subsidiaries (“**GZI Group**”) or any member of the GZI Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the GZI Group or the GZI Group.

To the best of the Directors’ knowledge, information and belief, each of Savills and PricewaterhouseCoopers is a third party independent of, and not connected with, GZI Group or GZI Group or the connected persons (as defined in the Listing Rules) of GZI Group or GZI Group.

The valuation report made by Savills was dated 15 October 2009.

Each of Savills and PricewaterhouseCoopers has given and has not withdrawn its written consent to the publication of this announcement with the inclusion of its opinion and advice and all references to its name in the form and context in which it is included.

*In this announcement, unless otherwise specified, amounts in RMB are converted to HK\$ at a conversion rate of HK\$1.00 = RMB0.8791 for illustration only. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at such rate or any other rates.*

By order of the board of  
**Guangzhou Investment Company Limited**  
**LU Zhifeng**  
*Chairman*

By order of the board of  
**GZI Transport Limited**  
**ZHANG Zhaoxing**  
*Chairman*

Hong Kong, 15 October 2009

As at the date of this announcement, the board of GZI comprises:

Executive Directors: LU Zhifeng (Chairman), ZHANG Zhaoxing, LIANG Yi, TANG Shouchun, WANG Hongtao, ZHOU Jin and LI Xinmin

Independent Non-executive Directors: YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose

As at the date of this announcement, the board of GZT comprises:

Executive Directors: ZHANG Zhaoxing (Chairman), LI Xinmin, QIAN Shangning, LIANG Ningguang, LIANG Yi, LIU Yongjie, CAI Tielong, CHEN Guanzhan, YUAN Hongping, ZHANG Siyuan, LUO Jinbiao and ZHANG Huping

Independent Non-executive Directors: FUNG Ka Pun, LAU Hon Chuen Ambrose and CHEUNG Doi Shu

\* *For identification purpose only*

**A. LETTER FROM THE BOARD OF DIRECTORS OF GUANGZHOU  
INVESTMENT COMPANY LIMITED AND THE BOARD OF  
DIRECTORS OF GZI TRANSPORT LIMITED**

15 October 2009

The Stock Exchange of Hong Kong Limited  
12th Floor, One International Finance Centre  
1 Harbour View Street  
Central, Hong Kong

Dear Sirs,

**DISCLOSEABLE TRANSACTION**

We refer to the valuation of the fair value of a 60% interest in each of 天津津富高速公路有限公司 (Tianjin Jinfu Expressway Co., Ltd.)\*, 天津朗道高速公路有限公司 (Tianjin Langdao Expressway Co., Ltd.)\* and 天津原鴻高速公路有限公司 (Tianjin Yuanhong Expressway Co., Ltd.)\*, all being sino-foreign joint venture companies established in the People's Republic of China, prepared by Savills Valuation and Professional Services Limited (“**Valuer**”) as at 15 October 2009 (the “**Valuation**”).

We understand that in accordance with Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the discounted cash flow basis adopted by the Valuer has rendered the Valuation a profit forecast (the “**Profit Forecast**”) under the Listing Rules.

We hereby confirm that the Profit Forecast has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of the board of directors of  
**Guangzhou Investment Company Limited**

**LU Zhifeng**  
*Chairman*

For and on behalf of the board of directors of  
**GZI Transport Limited**

**ZHANG Zhaoxing**  
*Chairman*

\* For identification purpose only

## B. LETTER FROM THE REPORTING ACCOUNTANT



羅兵咸永道會計師事務所

PricewaterhouseCoopers  
22/F, Prince's Building  
Central, Hong Kong

The board of directors of Guangzhou Investment Company Limited  
The board of directors of GZI Transport Limited

Dear Sirs,

**REPORT FROM REPORTING ACCOUNTANT ON DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF TIANJIN JINFU EXPRESSWAY CO., LTD., TIANJIN LANGDAO EXPRESSWAY CO., LTD. AND TIANJIN YUANHONG EXPRESSWAY CO., LTD. TO THE DIRECTORS OF GZI TRANSPORT LIMITED AND GUANGZHOU INVESTMENT COMPANY LIMITED**

We have been engaged to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “**Valuation**”) dated 15 October 2009 prepared by Savills Valuation and Professional Services Limited in respect of the appraisal of the fair value of the 60% equity interests in Tianjin Jinfu Expressway Co., Ltd., Tianjin Langdao Expressway Co., Ltd. and Tianjin Yuanhong Expressway Co., Ltd. (the “**Target Companies**”) is based. The Valuation is set out in the announcement of GZI Transport Limited (“**GZT**”) and Guangzhou Investment Company Limited (“**GZI**”) dated 15 October 2009 (the “**Announcement**”) in connection with the acquisition by GZT of 60% equity interests in the Target Companies by Choice Tone Limited, a wholly owned subsidiary of GZT. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

**Directors’ Responsibility for the Discounted Future Estimated Cash Flows**

The directors of GZT and GZI are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors as set out in Section 2 of the Announcement. This responsibility



includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

### **Reporting Accountant's Responsibility**

It is our responsibility to report, as required by Rule 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Companies.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the bases and assumptions as set out in Section 2 of the Announcement. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under Rule 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

### **Opinion**

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in all material respects in accordance with the bases and assumptions made by directors of GZT and GZI as set out in Section 2 of the Announcement.

### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 15 October 2009