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If you have sold or otherwise transferred all your shares in Guangzhou Investment Company Limited, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF PROPERTY**

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DEFINITIONS

Unless the context requires otherwise, the following expressions have the following meanings in this circular:

“Agreement”	the conditional sale and purchase agreement dated 14 January 2008 entered into by the Vendor, the Company as a guarantor, the Purchaser and the Manager in relation to the Transaction
“Announcement”	the announcement issued by the Company on 14 January 2008 in relation to the Transaction
“Appraised Value”	the value of the Property as at 31 October 2007, as appraised by the Independent Property Valuer, being RMB685,000,000 (or approximately HK\$706,185,567 at the illustrative exchange rate of RMB97 to HK\$100 on 31 October 2007)
“Board”	the board of Directors
“Building”	Yue Xiu Neo Metropolis Plaza (formerly known as Yue Xiu New Metropolis)
“BVI Company”	Metrogold Development Limited, a company incorporated in the British Virgin Islands
“Company”	Guangzhou Investment Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange and the stock exchange operated by Singapore Exchange Securities Trading Limited
“Completion”	the completion of the sale and purchase of the Sale Shares and the assignment of Shareholder Loans pursuant to the Agreement
“connected person”	has the meaning ascribed to it in the Listing Rules
“Conditions”	the conditions precedent to Completion under the Agreement
“Consideration”	the Disposal Value adjusted to take into account, among others, the combined net assets of the BVI Company and the Property Company as at 30 September 2007 and as at the date of Completion, the payment of which comprises an initial payment of approximately HK\$532.4 million payable upon Completion and an adjustment payment to be settled within 30 days from issuance of the auditors’ adjustment statement as detailed in this circular, being the consideration of the Sale Shares and the Shareholder Loans

DEFINITIONS

“Consideration Units”	the 65,972,687 new Units of GZI REIT to be issued at HK\$3.08 per Unit to the Vendor or its nominated person as part payment of the Consideration
“Deed of Indemnity”	the deed of indemnity against liability (including liability for taxation, the Unsettled Land Premium and the Mortgage Guarantee) to be entered into at Completion by the Company and the Purchaser
“Deed of Right of First Refusal”	the deed dated 8 December 2005 made by the Company in favour of the Trustee and the Manager
“Directors”	the directors of the Company
“Disposal Value”	approximately HK\$677.3 million, (or approximately HK\$10,931 per sq.m. based on the Total Floor Area of 61,964.34 sq.m.), being the disposal value of the Sale Shares and the Shareholder Loans
“Domestic JV Partner”	Guangzhou Hua Qiang Investment Limited 廣州市華強投資有限公司 which, together with its ultimate beneficial owners, is a third party independent of the Company and its connected persons
“Dragon Yield”	Dragon Yield Holding Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“GZI REIT”	GZI Real Estate Investment Trust, a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Property Valuer”	Colliers International (Hong Kong) Limited, being an independent property valuer appointed by the Purchaser, which, together with its ultimate beneficial owners, is a third party independent of the Company and its connected persons
“Lastest Practicable Date”	31 January 2008
“Last Trading Day”	11 January 2008, being the last Trading Day prior to the suspension of trading in the Units on the Stock Exchange on 14 January 2008

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling six (6) months from the date of the Agreement (or such other date as the parties to the Agreement may agree in writing)
“Macau”	the Macau Special Administrative Region of the PRC
“Manager”	GZI REIT Asset Management Limited, as manager of GZI REIT
“Mortgage Guarantees”	the guarantees provided by the Property Company in favour of certain banks for repayment of mortgage facilities granted to the purchasers of the properties previously owned by the Property Company
“percentage ratios”	has the meaning set out in Rule 14.04(9) of the Listing Rules
“PRC”	The People’s Republic of China
“Property”	approximately 72.3% (based on Total Floor Area) of the Building, Nos. 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256 and 258, Zhongshanliu Road, Yue Xiu District, Guangzhou City, Guangdong Province, The PRC
“Property Company”	Guangzhou Jieyacheng Properties Co., Ltd., a sino-foreign co-operative joint venture established in the PRC
“Purchaser” or “Trustee”	HSBC Institutional Trust Services (Asia) Limited, in its capacity as trustee of GZI REIT
“REIT Code”	the Code on Real Estate Investment Trusts published by the Securities and Futures Commission of Hong Kong as amended, supplemented or otherwise modified for the time being
“Restructuring”	the restructuring or shareholding change exercise relating to the Property Company pursuant to which, among others, the predecessor of the Domestic JV Partner legally designated the right to receive dividends and distribution in relation to the Property Company to the BVI Company
“Sale Shares”	means the 100 issued shares of US\$1.00 each in the capital of the BVI Company, being the entire issued share capital of the BVI Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

DEFINITIONS

“Shareholder(s)”	the shareholder(s) of the Company.
“Shareholder Loans”	the entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to the Vendor by the BVI Company at Completion, being approximately HK\$437 million as at the date of the Announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Floor Area”	in respect of the Property, (a) that portion of area contained within the external faces of the external walls of the Building measured on each floor level, and (b) a pro rata portion of the common areas and area of the mechanical and electrical floors of the Building, including the carparking spaces, clubhouse and common facilities area
“Trading Day”	a day when the Stock Exchange is open for dealing business
“Transaction”	the proposed disposal of the Sale Shares and the Shareholder Loans pursuant to the Agreement and all the transactions contemplated thereunder
“Trust Deed”	the trust deed constituting GZI REIT dated 7 December 2005 and entered into between the Trustee and the Manager, as may be amended and supplemented from time to time
“Unit”	a unit of GZI REIT
“Unitholders”	any person registered as holding a Unit
“Unsettled Land Premium”	any land premium, fees, penalties, costs and expenses payable to Guangzhou Administrative Bureau for Land Resources and Housing and/or other relevant authority for or in relation to the use of the basement of the Property for commercial purpose
“Vendor”	Guangzhou Investment (China Property) Company Limited, a company incorporated in the British Virgin Islands
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

LETTER FROM THE BOARD



越秀投資有限公司

GUANGZHOU INVESTMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 123)

Executive directors:

Mr. OU Bingchang (*Chairman*)

Mr. LIANG Yi

Mr. TANG Shouchun

Mr. WANG Hongtao

Mr. LI Xinmin

Mr. HE Zili

Ms. ZHOU Jin

Registered office:

26th Floor, Yue Xiu Building

160 Lockhart Road

Wanchai

Hong Kong

Independent non-executive directors:

Mr. YU Lup Fat Joseph

Mr. LEE Ka Lun

Mr. LAU Hon Chuen Ambrose

4 February 2008

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
DISPOSAL OF PROPERTY**

1. INTRODUCTION

Reference is made to the Announcement dated 14 January 2008 issued by the Company in which the Directors announced that on 14 January 2008, the Vendor, the Company as a guarantor, the Purchaser (i.e. the Trustee in its capacity as trustee of GZI REIT) and the Manager entered into the Agreement in relation to the Transaction to dispose of the entire issued share capital of and the Shareholder Loans in relation to the BVI Company, which, together with the Domestic JV Partner, holds the Property Company which in turn holds the Property. The Consideration, being the Disposal Value, of approximately HK\$677.3 million adjusted to take into account, among others, the difference between the combined net assets of the BVI Company and the Property Company as at 30 September 2007 and as at the date of Completion, shall be satisfied by an initial payment payable upon Completion and a subsequent adjustment payment, if any.

The Transaction contemplated under the Agreement constitutes a discloseable transaction of the Company under the Listing Rules. The purpose of this circular is to provide the Shareholders with information in relation to the Agreement in compliance with the Listing Rules.

LETTER FROM THE BOARD

2. THE AGREEMENT

The details of the Transaction are set out below:

(a) Date

The Company executed the Deed of Right of First Refusal in favour of the Trustee and the Manager under which GZI REIT was granted a right of first refusal to acquire certain properties (including the Property) in accordance with the term and conditions therein. Notice of the proposed offer to sell the Property was given to GZI REIT on 20 November 2007 pursuant to the Deed of Right of First Refusal.

On 14 January 2008, the Vendor, the Company as a guarantor, the Purchaser (i.e. the Trustee in its capacity as trustee of GZI REIT) and the Manager entered into the Agreement pursuant to which the Vendor has agreed to dispose of the entire issued share capital and the Shareholder Loans of the BVI Company which, together with the Domestic JV Partner, holds the Property Company which in turn holds the Property. As at the Latest Practicable Date, both the Vendor and the Manager are wholly-owned subsidiaries of the Company and the Company through Dragon Yield holds an aggregate indirect interest in 313,280,495 Units, representing approximately 31.3% of the total number of Units in issue. The Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

(b) Parties

- Vendor : The Vendor, an indirectly wholly-owned subsidiary of the Company.
- Purchaser : The Trustee, as trustee of GZI REIT.
- Guarantor : The Company, as guarantor of the Vendor's obligations and performance under the Agreement.
- Manager : The Manager, a wholly-owned subsidiary of the Company.

(c) BVI Company

Metrogold Development Limited, which is a company incorporated in the British Virgin Islands solely for the purpose of holding the Property Company.

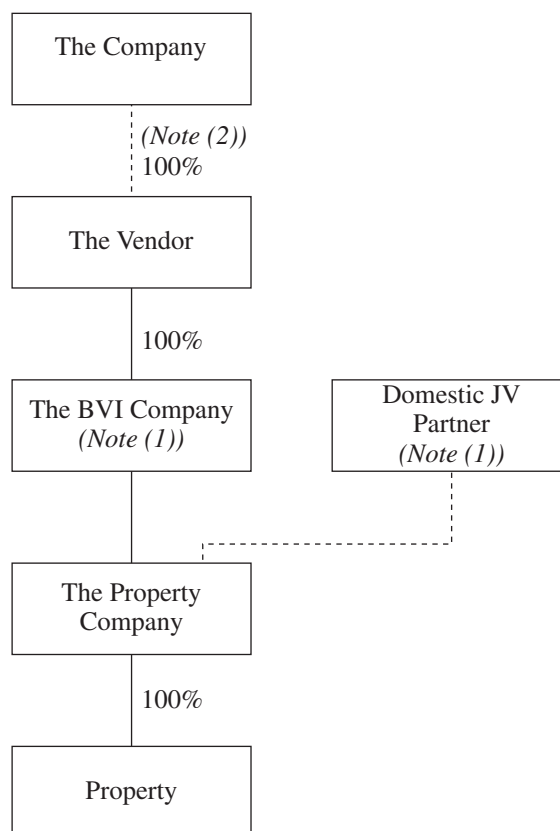
(d) Property Company

Guangzhou Jieyacheng Properties Co., Ltd., a sino-foreign co-operative joint venture established in the PRC with an approved business term up to 24 January 2031, which is formed solely for the purpose of holding and developing the Property. The Property Company is the sole registered, legal and beneficial owner of the Property with good marketable legal and beneficial title.

LETTER FROM THE BOARD

(e) Structure diagram

Set out below is an ownership structure diagram of the Property before Completion



Note (1): Pursuant to the Restructuring, (i) the predecessor of the Domestic JV Partner has legally designated the right to receive dividends and distribution in relation to the Property Company to the BVI Company; and (ii) the Domestic JV Partner has given an irrevocable undertaking in favour of the BVI Company to vote in accordance with the BVI Company's direction.

Note (2): The Company holds a 100% indirect interest in the Vendor.

(f) Assets Involved

The Property, which represents approximately 72.3% (based on Total Floor Area) of the Building, is a newly completed development located at Nos. 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256 and 258, Zhongshanliu Road, Yue Xiu District, Guangzhou City, Guangdong Province, the PRC. The remaining 27.7% (based on Total Floor Area) of the Building is owned by independent third parties which are not connected persons of the Company or its associates.

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The Property comprises basement 1, ground floor to 4th floor of a commercial podium, a clubhouse on the 6th floor and an 18-storey office building with a 2-storey basement of carparking spaces. The Total Floor Area and gross rentable area of the Property are set out below:-

Use	Total Floor Area (sq. m.)	Gross Rentable Area (sq. m.)
Commercial (Basement 1 — 4th Floor)	15,445.50	15,445.50
Office (5th Floor — 23rd Floor) excluding a clubhouse on the 6th Floor	34,441.75	34,441.75
Carparking spaces (Basement 2 — Basement 3) (<i>Note (1)</i>) (<i>Note (2)</i>)	7,549.03	—
Others (including clubhouse and common facilities area) (<i>Note (3)</i>)	<u>4,528.06</u>	<u>—</u>
Total	<u>61,964.34</u>	<u>49,887.25</u>

Note (1): The Total Floor Area of the carparking spaces is approximately 7,621 sq.m. including approximately 72 sq.m. to be distributed to the predecessor of the Domestic JV Partner.

Note (2): The area of carparking spaces has not been included in the calculation of gross rentable area of the Property. As at the date of this announcement, there are a total of 106 carparking spaces available for rental purpose.

Note (3): Until a land premium is paid to the Guangzhou Administrative Bureau for Land Resources and Housing to change the relevant usage, the clubhouse and common facilities area should remain common facilities / areas and the Property Company holding such facilities / areas is not able to transfer or mortgage them. Change in control of the Property Company will not affect the Property Company's right and interest in relation to such facilities / areas.

(g) Property Valuation

As at 31 October 2007, the Appraised Value of the Property is RMB685,000,000 (or approximately HK\$706,185,567) whereas the carrying value of the Property was approximately HK\$670,103,093 as shown in the management accounts of the Group for the period of 9 months ended 30 September 2007 prepared in accordance with Hong Kong Financial Reporting Standards.

(h) Consideration

The Consideration was determined after arm's length negotiations between the parties with reference to the valuation report on the Property issued by the Independent Property Valuer. The Consideration (assuming no adjustment to the Disposal Value) represents a 4.1% discount to the Appraised Value of the Property at the illustrative exchange rate of RMB97 = HK\$100 as at 31 October

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2007. As at the date of the Announcement, the illustrative exchange rate is RMB93.23 = HK\$100 and the Consideration (assuming no adjustment to the Disposal Value) represents a 7.8% discount to the Appraised Value of the Property. An initial payment of approximately HK\$532.4 million payable upon Completion will be satisfied in the manner set out below:

- (i) as to approximately HK\$203.2 million, by way of the issue and allotment of the Consideration Units to the Vendor or its nominated person; and
- (ii) as to the remaining balance thereof by way of payment in cash to the Vendor.

Pursuant to the Agreement, adjustment payment reflecting, inter alia, the difference between the combined net assets of the BVI Company and the Property Company as at 30 September 2007 and as at the Completion, will be determined in accordance with the auditors' adjustment statement to be produced no later than 104 days from the date of Completion. The adjustment payment, if any, by the Purchaser or the Vendor (as the case may be) to the other party shall be paid within 30 days from the auditors' adjustment statement.

The Consideration Units will, upon issue, be credited as fully paid, free from all encumbrances and rank pari passu in all respects with the existing Units. The issue price of HK\$3.08 per Consideration Unit is based on the market price which represents:

- (i) the closing price of HK\$3.08 per Unit as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a 0.2% premium to the average closing price of HK\$3.075 per Unit as quoted on the Stock Exchange for the 10 Trading Days up to and including the Last Trading Day;
- (iii) a premium of approximately 5.5% to the closing price of HK\$2.92 per Unit as quoted on the Stock Exchange on the Latest Practicable Date; and
- (iv) a discount of approximately 7.8% to the unaudited consolidated net asset value per Unit as at 30 June 2007 of HK\$3.34.

The Consideration Units represent (i) 6.6% of GZI REIT's Unit base as at the Last Trading Day, (ii) 6.2% of GZI REIT's Unit base as enlarged by the Consideration Units and (iii) 5.5% of GZI REIT's Unit base as enlarged by the maximum number of new Units pursuant to the general mandate of GZI REIT. The Consideration Units are not subject to any lock up or any restrictions from disposal. Immediately after the issue and allotment of the Consideration Units, GZI's unitholding in GZI REIT will increase to 35.6% from 31.3%.

(i) Completion

Subject to the provisions of the Agreement and the fulfilment of the Conditions, Completion shall take place on a date to be specified in a notification notice from the Manager to the Vendor at least five (5) Business Days before such date, or such other date as the parties may mutually agree but in any event being a date no later than the Long Stop Date.

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At Completion, the Company as indemnifier and the Purchaser will enter into the Deed of Indemnity pursuant to which the Company will covenant to indemnify the Purchaser (for itself and on behalf of the BVI Company and the Property Company) against certain liabilities of the BVI Company and the Property Company (including liability for deferred taxation, the Unsettled Land Premium and the Mortgage Guarantee). The maximum aggregate liability of the Company as indemnifier under the Deed of Indemnity and the Agreement (other than losses which the Purchaser and/or the Manager may suffer as a result of or in connection with the breach of certain warranties under the Agreement and any claim under the Deed of Indemnity for deferred taxation) shall not exceed the Disposal Value.

(j) Conditions Precedent

Completion is subject to and conditional upon satisfaction of certain conditions (including but not limited to the following Conditions):

- (i) the obtaining of approval of the Unitholders in respect of the Transaction in accordance with the REIT Code;
- (ii) the obtaining of all necessary corporate and regulatory approvals for or in respect of the Transaction including, without limitation, those required under the REIT Code and the Listing Rules which include the granting of approval for the listing of and permission to deal in the Consideration Units;
- (iii) satisfactory due diligence to be carried out by the Purchaser (acting through the Manager as well as its professional advisers) on the Property (including the Tenancy Agreements (as defined in the Agreement)), the BVI Company and the Property Company in accordance with the REIT Code and the compliance manual of the Manager, including but not limited to a good, marketable, legal and beneficial title to the Property having been shown by the Vendor;
- (iv) the obtaining of a valuation report of the Property to be prepared by the Independent Property Valuer in accordance with the REIT Code;
- (v) the obtaining of financing for the acquisition of the Sale Shares and the Shareholder Loans;
- (vi) the obtaining of the requisite consents and/or approvals for the amendments of the Trust Deed from the relevant lenders; and
- (vii) the obtaining of the requisite consents and/or approval (if any) in relation to the Restructuring, including, without limitation, the approvals of the Development and Reform Commission and Foreign Trade and Economic Cooperation Bureau of Guangzhou and completion of the relevant registration procedures and such other consents and/or approval as may be required under any relevant law or regulation.

As at the Latest Practicable Date, only item (iv) of the above Conditions has been fulfilled. If the Conditions are not satisfied or waived by the Purchaser on or before the Long Stop Date (which date may be extended by the parties to the Agreement), the Agreement shall lapse and no party

LETTER FROM THE BOARD

shall have any claim against any other party to the Agreement, save for any claim arising from breach of certain undertakings. Pursuant to the Deed of Right of First Refusal, if the Transaction is not completed in accordance with the Agreement, the Company may, at its election, have the right either:

- (i) to sell the Property to any third party within 12 calendar months after the lapse event, at a price and on such terms in accordance with the Deed of Right of First Refusal; or
- (ii) to retain the Property for investment purposes.

(k) Guarantee

The Company as a guarantor unconditionally and irrevocable guarantees, by way of continuing obligation, to the Purchaser and the Manager, in accordance with the Agreement of all amounts payable by the Vendor under the Agreement and the due and punctual performance and observance by the Vendor of its obligations, commitments, undertakings, warranties and indemnities under and pursuant to the Agreement and agrees to indemnify (as principal debtor and not merely as surety) the Purchaser against all losses which the Purchaser may suffer as a result of or in connection with any breach by the Vendor of the said obligations.

(l) Other Issues

(i) *Unsettled Land Premium*

According to the implementation rules promulgated by Guangzhou Municipal People's Government and two supplemental agreements entered into between the Property Company and Guangzhou Administrative Bureau for Land Resources and Housing, payment of land premium in relation to the use of basement floors and parts of the common facilities and areas of the Building have been deferred. To indemnify the Purchaser from losses which it may suffer as a result of or in connection with the Unsettled Land Premium, the Company will enter into the Deed of Indemnity upon Completion in favour of the Purchaser.

(ii) *Mortgage Guarantees*

The Property Company has provided the Mortgage Guarantees in favour of certain banks for repayment of mortgage facilities granted to the purchasers of the properties previously owned by the Property Company. The Mortgage Guarantees shall, under normal circumstance, be terminated 9 months after the issuance of the relevant land title certificates. As at 30 September 2007, the amount of the Mortgage Guarantees is estimated to be approximately HK\$13.56 million. To indemnify the Purchaser from losses which it may suffer as a result of or in connection with the Mortgage Guarantees, the Company will enter into the Deed of Indemnity upon Completion in favour of the Purchaser.

LETTER FROM THE BOARD

(iii) *Deferred Taxation relating to the Property*

To indemnify the Purchaser from certain losses which it may suffer as a result of or in connection with taxation in respect of profit resulting from any sale or deemed sale of the Property, the Company will enter into the Deed of Indemnity upon Completion in favour of the Purchaser.

REASONS FOR, AND BENEFITS OF, THE TRANSACTION

Presently the Group is principally engaged in (i) property development, management and investment, (ii) operation of toll roads and bridges and (iii) manufacture and sale of newsprint.

GZI REIT is a Hong Kong collective investment scheme which, subject to the amendments to the Trust Deed, is principally engaged in real estate investment in the PRC (including Hong Kong and Macau).

The Board considers that the Agreement provides a good opportunity to realize its investment in the Property, which is consistent with one of the core business strategies of the Group. GZI REIT will issue and allot the Consideration Units to the Company as part of the Consideration, which allows the Company to share the benefits and growth of GZI REIT. The cash consideration of the Transaction will be used by the Group for partial repayment of bank borrowings and working capital purpose.

The Board considers that the terms of the Agreement have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE TRANSACTION

The consolidated net profits (before taxation and extraordinary items) attributable to the BVI Company for the two financial years ended 31 December 2005 and 31 December 2006 were a net loss of HK\$1.4 million and a net profit of HK\$98 million and the consolidated net profits (after taxation and extraordinary items) attributable to the BVI Company for the two financial years ended 31 December 2005 and 31 December 2006 were a net loss of HK\$1 million and a net profit of HK\$66 million. Subject to Completion, the Group is expected to record a gain on the Transaction of approximately HK\$30 million based on the difference between the Consideration (assuming no adjustment to the Disposal Value) and the aggregate of (i) the consolidated net assets of the BVI Company, (ii) the Shareholder Loans and (iii) the estimated expenses as at the date of Completion. (The unaudited consolidated net assets of the BVI company as at 30 September 2007 was approximately HK\$139 million and the Shareholder Loans as at 30 September 2007 was approximately HK\$299 million. The Shareholder Loans increased to approximately HK\$437 million as at the date of the Announcement).

All the Transaction costs (the estimated expenses being approximately HK\$22 million) shall be borne by the Vendor and the Manager (acting in its capacity as manager of GZI REIT and paying out of the assets of GZI REIT) in equal shares, whether or not the Transaction is completed.

LETTER FROM THE BOARD

Upon Completion, the BVI Company will no longer be a subsidiary of the Company. The assets and liabilities of the BVI Company will not be consolidated into the Group and after taking into account the repayment of bank loans from the proceeds, the total assets of the Group will have a net decrease of approximately HK\$244 million, which is approximately 0.65% of the unaudited total consolidated assets of the Group as at 30 June 2007 and the total liabilities of the Group will also decrease by approximately HK\$334 million, which is approximately 1.7% of the unaudited total consolidated liabilities of the Group as at 30 June 2007.

GENERAL

As at the Latest Practicable Date, the Company is deemed to be interested in 313,280,495 Units (representing approximately 31.3% of the Units in issue) which are directly held by its wholly-owned subsidiary, Dragon Yield. Thus GZI REIT is an associate of the Company. In addition, both the Vendor and the Manager are wholly owned subsidiaries of the Company. The Transaction constitutes a discloseable transaction of the Company under the Listing Rules. As the applicable percentage ratios of the Transaction exceed 5% but are less than 25%, the Transaction is only subject to the notification and publication requirements but is exempt from the shareholders' approval requirement under the Listing Rules.

The Consideration will be subject to adjustments in accordance with the auditors' adjustment statement to be produced no later than 104 days from the date of Completion (as set out in this circular), which to the Directors' knowledge, information and belief, each of the applicable percentage ratios of the Transaction after taking the possible adjustments into account will not exceed 25% and hence the Transaction will only constitute a discloseable transaction under the Listing Rules.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

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

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS IN THE COMPANY

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executives (if any) of the Company had, or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO including interests and short positions which they were taken or deemed to have under such provisions of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

(a) Long positions in shares of the Company and its associated corporations

Directors	Interests in the Company or its associated corporation	Capacity in holding interest	Approximate % of shareholding in the same class of securities	Number and class of securities
Mr. Lee Ka Lun	The Company	Beneficial owner	0.049	3,500,000 shares
Mr. Wang Hongtao	The Company	Beneficial owner	0.002	160,000 shares
Ms. Zhou Jin	The Company	Beneficial owner	0.001	100,000 shares

(b) Long positions in underlying shares of equity derivatives of the Company and its associated corporations

Directors	Interests in the Company or its associated corporation	Capacity in holding interest	Date of grant <i>(Note)</i>	Exercise price per share <i>HK\$</i>	Number of outstanding share options
Mr. Tang Shouchun	The Company	Beneficial owner	23/06/2004	0.63	1,560,000

Note: The share options are exercisable from 23 June 2004 to 22 June 2014, of which a maximum of up to (i) 30 per cent.; and (ii) 60 per cent. (inclusive of any options exercised under (i)) are exercisable during the period (i) up to the first anniversary; and (ii) up to the second anniversary of the date of grant, respectively.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors and their respective associates had any competing interest with the Group.

3. DISCLOSEABLE INTERESTS OF SHAREHOLDERS OF THE COMPANY

Save as disclosed below, as at the Latest Practicable Date, so far as is known to any Director or chief executive (if any) of the Company, no person (not being a Director or chief executive (if any) of the Company nor any member of the Group), had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO) or who was directly or indirectly interested in 10 per cent. or more of the nominal value of any class of shares carrying rights to vote in all circumstances at general meetings of the Company.

Name	Interests in which member of the Group	Capacity in holding interest	Long/short position	Approximate % of shareholding in the same class of securities	Number and class of securities held
Yue Xiu Enterprises (Holdings) Limited (Note)	The Company	Interest of controlled corporations	Long position	46.81	3,333,935,248 shares
J. P. Morgan Chase & Co.	The Company	Beneficial owner, investment manager and approved lending agent	Long position Lending pool	5.97 5.81	424,849,061 shares 413,616,000 shares

Note:

- Yue Xiu Enterprises (Holdings) Limited is deemed by the SFO to be interested in 3,333,935,248 shares in the Company as a result of its indirect holding of such shares through its wholly-owned subsidiaries, details of which were as follows:

Name	Capacity in holding interest	Long/short position	Number and class of securities held
Excellence Enterprises Co., Ltd. ("Excellence") (Note i)	Interest of controlled corporations	Long position	3,325,548,981 shares
Bosworth International Limited	Beneficial owner	Long position	2,430,846,821 shares
Sun Peak Enterprises Ltd. ("Sun Peak") (Note ii)	Interest of controlled corporation	Long position	565,683,000 shares

Name	Capacity in holding interest	Long/short position	Number and class of securities held
Novena Pacific Limited (“ Novena ”)	Beneficial owner	Long position	565,683,000 shares
Shine Wah Worldwide Limited (“ Shine Wah ”) (<i>Note iii</i>)	Interest of controlled corporation	Long position	158,049,000 shares
Morrison Pacific Limited (“ Morrison ”)	Beneficial owner	Long position	158,049,000 shares
Perfect Goal Development Co., Ltd. (“ Perfect Goal ”) (<i>Note iv</i>)	Interest of controlled corporation	Long position	135,737,000 shares
Greenwood Pacific Limited (“ Greenwood ”)	Beneficial owner	Long position	135,737,000 shares
Seaport Development Limited (“ Seaport ”) (<i>Note v</i>)	Interest of controlled corporation	Long position	35,233,160 shares
Goldstock International Limited (“ Goldstock ”)	Beneficial owner	Long position	35,233,160 shares
Yue Xiu Finance Company Limited	Beneficial owner	Long position	8,386,267 shares

- i. Excellence, a wholly-owned subsidiary of Yue Xiu Enterprises (Holdings) Limited, is deemed by the SFO to be interested in 3,325,548,981 shares in the Company as a result of its indirect holding of such shares through its wholly-owned subsidiaries.
- ii. Sun Peak is deemed by the SFO to be interested in 565,683,000 shares in the Company as a result of its indirect holding of such shares through its wholly-owned subsidiary, Novena.
- iii. Shine Wah is deemed by the SFO to be interested in 158,049,000 shares in the Company as a result of its indirect holding of such shares through its wholly-owned subsidiary, Morrison.
- iv. Perfect Goal is deemed by the SFO to be interested in 135,737,000 shares in the Company as a result of its indirect holding of such shares through its wholly-owned subsidiary, Greenwood.
- v. Seaport is deemed by the SFO to be interested in 35,233,160 shares in the Company as a result of its indirect holding of such shares through its wholly-owned subsidiary, Goldstock.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contract with the Company or any member of the Group, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. NO MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2006 the date to which the latest published consolidated audited accounts of the Group were made up.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

7. MISCELLANEOUS

- (a) The registered office of the Company is situated at 26/F., Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.
- (b) The secretary of the Company is Mr. Yu Tat Fung, solicitor of the High Court of Hong Kong.
- (c) The qualified accountant of the Company is Miss Lam Sing Wah. Miss Lam holds a Master Degree in Professional Accounting from The Hong Kong Polytechnic University and a Master Degree in Accounting from The Jinan University of China. She is a member of the Hong Kong Institute of Certified Public Accountants.
- (d) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company at 26/F., Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong up to and including Monday, 18 February 2008:

- (a) the Agreement; and
- (b) the memorandum and articles of association of the Company.