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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)

**CONNECTED AND SHARE TRANSACTIONS,
CONTINUING CONNECTED TRANSACTIONS
AND
RESUMPTION OF TRADING**

CONNECTED AND SHARE TRANSACTIONS

The Board is pleased to announce that on 9 July 2007, Success Hill, a direct wholly-owned subsidiary of the Company, entered into the Supreme Eagle SP Agreement and the Lucken SP Agreement with Yue Xiu and/or its associates and Glory Mission, an indirect wholly-owned subsidiary of the Company, entered into the Property Acquisition Agreement with an associate of Yue Xiu. Yue Xiu and its associates hold approximately 45.124% of the entire issued share capital of the Company as at the date of this announcement and, thus, Yue Xiu is a substantial shareholder of the Company.

On 9 July 2007, Yue Xiu, Success Hill and the Company entered into the Supreme Eagle SP Agreement pursuant to which Success Hill has agreed to acquire from Yue Xiu the Supreme Eagle Sale Share and the Supreme Eagle Shareholder's Loan for a total consideration of HK\$69,405,084. The consideration shall be satisfied by way of payment of HK\$16,348,534 in cash and the Company issuing and allotting to Yue Xiu or its nominees 26,594,762 new Shares at a price of HK\$1.995 per Consideration Share upon the Supreme Eagle Completion.

On 9 July 2007, Success Hill, Yue Xiu International, a direct wholly-owned subsidiary of Yue Xiu, and the Company entered into the Lucken SP Agreement pursuant to which Success Hill has agreed to acquire from Yue Xiu International the Lucken Sale Shares and the Lucken Shareholder's Loan for a total consideration of HK\$185,250,000. The consideration shall be satisfied by way of payment of HK\$43,636,084 in cash and the Company issuing and allotting to Yue Xiu International or its nominees 70,984,419 new Shares at a price of HK\$1.995 per Consideration Share upon the Lucken Completion.

On 9 July 2007, Glory Mission, Hi-Watt, a wholly-owned subsidiary of Yue Xiu, and the Company entered into the Property Acquisition Agreement pursuant to which Glory Mission has agreed to acquire from Hi-Watt Hi-Watt Property II for a consideration of HK\$416,044,916. The consideration shall be satisfied by way of payment of HK\$98,000,382 in cash and the Company issuing and allotting to Hi-Watt or its nominees 159,420,819 new Shares at a price of HK\$1.995 per Consideration Share upon the completion of the Property Acquisition Agreement.

Completion of the Agreements are inter-conditional and shall take place simultaneously.

As at the date of this announcement, Yue Xiu and its associates hold approximately 45.124% of the entire issued share capital of the Company. Upon of the completion of the Agreements, Yue Xiu and its associates will hold approximately 47.117% of the entire issued share capital of the Company.

CONTINUING CONNECTED TRANSACTIONS

Upon completion of the Agreements, Glory Mission will enter into the Glory Mission Lease Agreement with Hi-Watt in relation to the lease of part of Hi-Watt Property II while Tung Yuen Property will be acquired subject to the Success Hill Lease Agreement, an existing tenancy the tenant of which is an associate of Yue Xiu.

Pursuant to the Glory Mission Lease Agreement, Glory Mission shall lease part of Hi-Watt Property II to Hi-Watt for 1 year at a monthly rent of HK\$655,528 (exclusive of rates, government rent and management fee).

Pursuant to the Success Hill Lease Agreement, Success Hill as assignee landlord shall lease the Tung Yuen Property to Yue Xiu Cold Storage & Warehousing Limited for the remaining term of the original lease at a monthly rent of HK\$250,000 (exclusive of rates).

GENERAL

As at the date of this announcement, Yue Xiu and its associates hold approximately 45.124% of the entire issued share capital of the Company. Since Yue Xiu is interested in the entire issued share capital of Yue Xiu International and Hi-Watt, Yue Xiu International and Hi-Watt are connected persons of the Company. As the applicable percentage ratios in respect of the transactions contemplated under the Agreements, when aggregated under Rule 14A.25 of the Listing Rules, exceed 2.5% but less than 5%, the Agreements constitute connected transactions of the Company which are subject to reporting, announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules. Since part of the consideration under each of the Agreements will be satisfied by the allotment and issue of the Consideration Shares by the Company, the Agreements also constitute share transactions of the Company under Rule 14.06(1) of the Listing Rules.

As the applicable percentage ratios in respect of the transactions contemplated under the Glory Mission Lease Agreement and Success Hill Lease Agreement on an annual basis, when aggregated under Rule 14A.25 of the Listing Rules (including the existing leases between the Group and Yue Xiu and/or its associates), are less than 2.5%, the Lease Agreements are subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules but are exempt from the independent shareholders' approval requirement pursuant to Rule 14A.34(1) of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, will be established to advise the Independent Shareholders in respect of the Agreements. An independent financial adviser will advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreements are fair and reasonable and whether the Agreements are in the interests of the Company and its shareholders as a whole.

Yue Xiu and its associates will abstain from voting at the EGM in respect of the ordinary resolutions approving each of the Agreements and the transactions contemplated thereunder, which will be conducted by way of poll (as required under the Listing Rules).

A circular containing, among other things, further information in respect of the Agreements as required under the Listing Rules (including a letter from the Independent Board Committee and its recommendations to the Independent Shareholders and an opinion letter from the independent financial adviser) and the valuation report on the Properties will be issued by the Company and despatched to the shareholders of the Company as soon as practicable in accordance with the Listing Rules. The Company will in due course make further announcement to inform its shareholders about details of the EGM.

Shareholders of the Company should note that completion of the Agreements is subject to a number of conditions, which may or may not be fulfilled. Accordingly, shareholders of the Company and the public contemplating dealing in the Shares are recommended to exercise caution and, if in doubt, to consult their own professional advisors.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Friday, 6 July 2007 at the request of the Company pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on Tuesday, 10 July 2007.

INTRODUCTION

The Board is pleased to announce that on 9 July 2007, Success Hill, a direct wholly-owned subsidiary of the Company, entered into the Supreme Eagle SP Agreement and the Lucken SP Agreement with Yue Xiu and/or its associates and Glory Mission, an indirect wholly-owned subsidiary of the Company, entered into the Property Acquisition Agreement with an associate of Yue Xiu. Yue Xiu and its associates hold approximately 45.124% of the entire issued share capital of the Company as at the date of this announcement and, thus, Yue Xiu is a substantial shareholder of the Company.

Details of the Agreements are set out below:

THE SUPREME EAGLE SP AGREEMENT

Date: 9 July 2007

Parties: (i) Success Hill, a direct wholly-owned subsidiary of the Company (as purchaser);
(ii) Yue Xiu (as vendor); and
(iii) the Company.

Interests to be acquired:

Pursuant to the Supreme Eagle SP Agreement, Yue Xiu has agreed to sell the Supreme Eagle Sale Share, and to assign the Supreme Eagle Shareholder's Loan, to Success Hill.

Consideration:

The total consideration for the Supreme Eagle Sale Share and the assignment of the Supreme Eagle Shareholder's Loan shall be settled in the following manner upon the Supreme Eagle Completion:

- (i) Success Hill shall pay to Yue Xiu HK\$16,348,534 in cash; and
- (ii) the Company shall issue and allot to Yue Xiu (or its nominee) 26,594,762 new Shares at a price of HK\$1.995 per Consideration Share.

The cash consideration is intended to be funded by internal resources of the Group.

The consideration for the Supreme Eagle Sale Share (being the consideration of HK\$69,405,084 less the face value of the Supreme Eagle Shareholder's Loan as at the Supreme Eagle Completion Date) was determined after arm's length negotiations between the parties with reference to the draft valuation report on Hi-Watt Property I prepared by a qualified independent valuer. The finalised valuation report will be included in the circular which will be despatched to the shareholders of the Company for their information. The consideration for the Supreme Eagle Shareholder's Loan represents the face value of the Supreme Eagle Shareholder's Loan. The Supreme Eagle Shareholder's Loan amounted to approximately HK\$63,278,000 as at 31 May 2007.

Conditions precedent:

Completion of the Supreme Eagle SP Agreement is conditional upon:

- (i) the warranties given by Yue Xiu under the Supreme Eagle SP Agreement remaining true and accurate and not misleading in all respects;
- (ii) Success Hill being satisfied with the results of the due diligence conducted on Supreme Eagle and its subsidiary, Hoover (China) Limited;

- (iii) Yue Xiu having complied fully with the pre-completion obligations and otherwise having performed all of the covenants and deeds required to be performed by it under the Supreme Eagle SP Agreement;
- (iv) all necessary consents being granted by third parties (including governmental or official authorities) and no statute, regulation or decision which would prohibit, restrict or materially delay the sale and purchase of the Supreme Eagle Sale Share and the assignment of the Supreme Eagle Shareholder's Loan or the operation of Supreme Eagle or Hoover (China) Limited after the Supreme Eagle Completion having been proposed, enacted or taken by any governmental or official authority;
- (v) all of the condition precedents to the Lucken SP Agreement having been fulfilled or waived (as the case may be) pursuant to the terms of the Lucken SP Agreement and all of the condition precedents to the Property Acquisition Agreement having been fulfilled or waived (as the case may be) pursuant to the terms of the Property Acquisition Agreement;
- (vi) the passing of an ordinary resolution by the independent shareholders of the Company at an extraordinary general meeting to approve the Supreme Eagle SP Agreement and the transactions contemplated therein (including but not limited to the acquisition of the Supreme Eagle Sale Share, the assignment of the Supreme Eagle Shareholder's Loan and the allotment of the Supreme Eagle Consideration Shares); and
- (vii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal, in the Supreme Eagle Consideration Shares.

Success Hill may waive any of the conditions set out in paragraphs (i) to (v) above.

If any of the conditions above is not fulfilled or waived prior to 9 September 2007 (or such other date as the parties may agree in writing), Success Hill may, among other things, rescind the Supreme Eagle SP Agreement. In the event that the Supreme Eagle SP Agreement is rescinded, the provisions of the Supreme Eagle SP Agreement will have no effect and no party shall have any liability under it (without prejudice to the rights of any part in respect of antecedent breaches).

Completion of the Supreme Eagle SP Agreement:

Completion of the Supreme Eagle SP Agreement shall take place on the Supreme Eagle Completion Date simultaneous with the Lucken Completion and the completion of the Property Acquisition Agreement.

Information on Supreme Eagle:

Supreme Eagle is a company incorporated with limited liability in the BVI and is wholly-owned by Yue Xiu. The principle business of Supreme Eagle is investment holding. The unaudited consolidated net liabilities of Supreme Eagle amounted to approximately HK\$878,000 as at 31 May 2007. The unaudited consolidated net loss of Supreme Eagle, both before and after tax, was approximately HK\$878,000 for the period from 15 August 2006 (i.e., the date of incorporation of Supreme Eagle) to 31 May 2007. The sole asset of Supreme Eagle is Hi-Watt Property I. Supreme Eagle obtained a shareholder's loan from Yue Xiu for the acquisition of Hi-Watt Property I in 2007. Such shareholder's loan amounted to approximately HK\$63,278,000 as at 31 May 2007. The consolidated net loss of Supreme Eagle for the period from 15 August 2006 to 31 March 2007 was mainly attributed to the acquisition expenses of Hi-Watt Property I. The consolidated liability of Supreme Eagle consists solely of the shareholder's loan due to Yue Xiu. Please refer to the section headed "Information on the Properties" for the value of Hi-Watt Property I.

Supreme Eagle is beneficially interested in the entire issued share capital of Hoover (China) Limited, which in turn is the legal and beneficial owner of Hi-Watt Property I. The sole asset of Hoover (China) Limited is Hi-Watt Property I.

THE LUCKEN SP AGREEMENT

Date: 9 July 2007

Parties: (i) Success Hill, a direct wholly-owned subsidiary of the Company (as purchaser);
(ii) Yue Xiu International, a wholly-owned subsidiary of Yue Xiu, and Yue Xiu (as vendors); and
(iii) the Company.

Interests to be acquired:

Pursuant to the Lucken SP Agreement, Yue Xiu International has agreed to sell the Lucken Sale Shares, and Yue Xiu has agreed to assign the Lucken Shareholder's Loan, to Success Hill.

Consideration:

The total consideration for the sale of the Lucken Sale Shares and the assignment of the Lucken Shareholder's Loan shall be settled in the following manner upon the Lucken Completion:

(i) Success Hill shall pay to Yue Xiu International HK\$43,636,084 in cash; and

- (ii) the Company shall issue and allot to Yue Xiu International (or its nominee) 70,984,419 new Shares at a price of HK\$1.995 per Consideration Share.

The consideration is intended to be funded by internal resources of the Group.

The consideration for the Lucken Sale Shares (being the consideration of HK\$185,250,000 less the face value of the Lucken Shareholder's Loan as at the Lucken Completion Date) was determined after arm's length negotiations between the parties with reference to the draft valuation report on Tung Yuen Property prepared by a qualified independent valuer. The finalised valuation report will be included in the circular which will be despatched to the shareholders of the Company for their information. The consideration for the Lucken Shareholder's Loan represents the face value of the Lucken Shareholder's Loan. The Lucken Shareholder's Loan amounted to approximately HK\$124,157,000 as at 31 December 2006.

Conditions precedent:

Completion of the Lucken SP Agreement is conditional upon:

- (i) the warranties given by Yue Xiu International under the Lucken SP Agreement remaining true and accurate and not misleading in all respects;
- (ii) Success Hill being satisfied with the results of the due diligence conducted on Lucken;
- (iii) Yue Xiu International having complied fully with the pre-completion obligations and otherwise having performed all of the covenants and deeds required to be performed by it under the Lucken SP Agreement;
- (iv) all necessary consents being granted by third parties (including governmental or official authorities) and no statute, regulation or decision which would prohibit, restrict or materially delay the sale and purchase of the Lucken Sale Shares, the assignment of the Lucken Shareholder's Loan or the operation of Lucken after the Lucken Completion having been proposed, enacted or taken by any governmental or official authority;
- (v) all of the condition precedents to the Supreme Eagle SP Agreement having been fulfilled or waived (as the case may be) pursuant to the terms of the Supreme Eagle SP Agreement and all of the condition precedents to the Property Acquisition Agreement having been fulfilled or waived (as the case may be) pursuant to the terms of the Property Acquisition Agreement;

- (vi) Success Hill having received a statutory declaration given by Yue Xiu International or such appropriate person as may be approved by Success Hill accounting for the loss of certain title deeds relating exclusively to the Tung Yuen Property;
- (vii) the passing of an ordinary resolution by the independent shareholders of the Company at an extraordinary general meeting to approve the Lucken SP Agreement and the transactions contemplated therein (including but not limited to the acquisition of the Lucken Sale Shares, the assignment of the Lucken Shareholder's Loan and the allotment of the Lucken Consideration Shares); and
- (viii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal, in the Lucken Consideration Shares.

Success Hill may waive any of the conditions set out in paragraphs (i) to (vi) above.

If any of the conditions above is not fulfilled or waived prior to 9 September 2007 (or such other date as the parties may agree in writing), Success Hill may, among other things, rescind the Lucken SP Agreement. In the event that the Lucken SP Agreement is rescinded, the provisions of the Lucken SP Agreement will have no effect and no party shall have any liability under it (without prejudice to the rights of any part in respect of antecedent breaches).

Success Hill's solicitors will issue a legal opinion to Success Hill to confirm good title of Tung Yuen Property upon receipt of the statutory declaration referred to in (vi) above. Subject to receipt of this legal opinion and the statutory declaration referred to in (vi) above, the Directors are of the view that title to the Tung Yuen Property will not be affected.

Completion of the Lucken SP Agreement:

Completion of the Lucken SP Agreement shall take place on the Lucken Completion Date simultaneous with the Supreme Eagle Completion and the completion of the Property Acquisition Agreement.

Information on Lucken:

Lucken is a company incorporated in Hong Kong. The principle business of Lucken is property holding. The audited net liabilities of Lucken amounted to approximately HK\$89,952,000 and HK\$87,334,000, respectively, as at 31 December 2005 and 31 December 2006. The audited net loss of Lucken, before and after tax, was approximately HK\$25,041,000 and HK\$20,659,000, respectively, for the financial year ended 31 December 2005. The net profit of Lucken, before and after tax, was approximately HK\$3,173,000 and HK\$2,617,000, respectively, for the financial year

ended 31 December 2006. Lucken is the legal and beneficial owner of Tung Yuen Property. The sole asset of Lucken is Tung Yuen Property. Lucken obtained a loan from Yue Xiu for the acquisition of Tung Yuen Property in 1992. Such loan amounted to approximately HK\$124,157,000 as at 31 December 2006. The liability of Lucken consists solely of the loan due to Yue Xiu. Please refer to the section headed “Information on the Properties” for the value of Tung Yuen Property.

THE PROPERTY ACQUISITION AGREEMENT

Date: 9 July 2007

Parties: (i) Glory Mission, an indirect wholly-owned subsidiary of the Company (as purchaser);
(ii) Hi-Watt, a wholly-owned subsidiary of Yue Xiu (as vendor);
and
(iii) the Company.

Asset to be acquired:

Pursuant to the Property Acquisition Agreement, Hi-Watt has agreed to sell, and Glory Mission has agreed to purchase, Hi-Watt Property II.

Consideration:

The total consideration payable by Glory Mission for Hi-Watt Property II is HK\$416,044,916, which shall be settled by Glory Mission in the following manner:

- (i) HK\$20,000,000 shall be paid in cash or cheque on 9 July 2007 as deposit;
- (ii) the Company shall issue and allot to Hi-Watt (or its nominee) 159,420,819 new Shares at a price of HK\$1.995 per Consideration Share on the Property Acquisition Completion Date; and
- (iii) HK\$78,000,382 shall be paid in cash on the Property Acquisition Completion Date.

The consideration was determined after arm’s length negotiations between the parties with reference to the draft valuation report on Hi-Watt Property II prepared by a qualified independent valuer. The finalised valuation report will be included in the circular to be despatched to the shareholders of the Company for their information.

The consideration is intended to be funded by internal resources of the Group.

Conditions precedent:

Completion of the Property Acquisition Agreement is conditional upon:

- (i) the passing of an ordinary resolution by the independent shareholders of the Company at an extraordinary general meeting to approve the entry by Glory Mission into the Property Acquisition Agreement and the transactions contemplated therein, including but not limited to the acquisition of Hi-Watt Property II and the allotment of the Property Consideration Shares;
- (ii) all of the condition precedents to the Supreme Eagle SP Agreement having been fulfilled or waived (as the case may be) pursuant to the terms of the Supreme Eagle SP Agreement and all of the condition precedents to the Lucken SP Agreement having been fulfilled or waived (as the case may be) pursuant to the terms of the Lucken SP Agreement; and
- (iii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal, in the Property Consideration Shares.

If any of the conditions above fail to be fulfilled otherwise than due to the fault of Hi-Watt and/or the Company by the Property Completion Date, the Property Acquisition Agreement shall be rescinded whereupon the deposit paid under the Property Acquisition Agreement prior to the date of such rescission shall forthwith be returned by Hi-Watt to the Glory Mission but without any interest cost or compensation and the parties to the Property Acquisition Agreement shall at their own legal cost enter into and cause to be registered at the Land Registry an agreement to cancel the Property Acquisition Agreement.

Completion of the Property Acquisition Agreement:

Completion of the Property Acquisition Agreement shall take place on the Property Acquisition Completion Date simultaneous with the Supreme Eagle Completion and the Lucken Completion.

CONSIDERATION SHARES

The Consideration Shares represent approximately 3.77% of the existing issued share capital of the Company and will represent approximately 3.63% of the enlarged issued share capital of the Company upon the issue and allotment of the Consideration Shares pursuant to the completion of the Agreements. The Consideration Shares will be issued as fully-paid upon completion of the Agreements and shall rank pari passu in all respects with the existing Shares then in issue and holders of the Consideration Shares will be entitled to receive all future dividend and distributions upon the issue and allotment of the Consideration Shares. There will be no restriction on the disposal of the Consideration Shares.

The price of HK\$1.995 per Consideration Share represents:

- (a) a discount of approximately 15.1% to the closing price of HK\$2.35 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 5.0% to the average closing price of HK\$2.10 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 4.3% to the average closing price of HK\$2.084 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Effects on shareholding structure:

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately after the completion of the Agreements:

	As at the date of this announcement		Immediately after completion of the Agreements	
	% of the Company's issued share capital		% of the Company's issued share capital	
	No. of Shares	capital	No. of Shares	capital
Yue Xiu and its associates	3,077,935,248	45.124	3,334,935,248	47.117
Public	<u>3,743,050,666</u>	<u>54.876</u>	<u>3,743,050,666</u>	<u>52.883</u>
Total	<u>6,820,985,914</u>	<u>100.000</u>	<u>7,077,985,914</u>	<u>100.000</u>

CONTINUING CONNECTED TRANSACTIONS

Upon completion of the Agreements, Glory Mission will enter into the Glory Mission Lease Agreement with Hi-Watt in relation to the lease of part of Hi-Watt Property II while Tung Yuen Property will be acquired subject to the Success Hill Lease Agreement, an existing tenancy the tenant of which is an associate of Yue Xiu.

Details of the Lease Agreements are set out below:

THE GLORY MISSION LEASE AGREEMENT

- Parties: (i) Glory Mission (as landlord); and
(ii) Hi-Watt (as tenant).
- Subject premises: Part of Hi-Watt Property II (certain units on each of 3/F, 4/F, 5/F, 6/F and the roof of Block A and basement, 1/F, 2/F, 3/F, 4/F, 5/F, 6/F and the roof), the total floor area of which 163,882 square feet)
- Term: 1 year (with the option to renew for another year but subject to a break clause which is exercisable by the landlord) pursuant to which Glory Mission may terminate the Glory Mission Lease Agreement by giving a 3 months' notice for the reason of redevelopment of the property as approved by the Hong Kong Government)
- Rent: HK\$655,528 per month (exclusive of rates, government rent and management fee)

The Glory Mission Lease Agreement will be entered into upon completion of the Agreements. The monthly rent under the Glory Mission Lease Agreement was determined on an arm's length basis based on prevailing market rates. CB Richard Ellis, an independent valuer, has opined that the monthly rent is in-line with the market rate and is, therefore, reasonable.

THE SUCCESS HILL LEASE AGREEMENT

- Parties: (i) Yue Xiu International (as landlord); and
(ii) Yue Xiu Cold Storage & Warehouse Limited, a wholly-owned subsidiary of Yue Xiu (as tenant).
- Subject premises: Tung Yuen Property
- Terms: 1 year commencing from 1 January 2007 (with the option to renew for another one year but subject to a break clause which is exercisable by the landlord) pursuant to which Success Hill may terminate the Success Hill Lease Agreement by giving a 3 months' notice for the reason of redevelopment of the property as approved by the Hong Kong government)
- Rent: HK\$250,000 per month (exclusive of rates)

The Success Hill Lease Agreement will be assigned to Success Hill upon completion of the Agreements.

The monthly rent under the Success Hill Lease Agreement was determined on an arm's length basis based on prevailing market rates and the management costs. CB Richard Ellis, an independent valuer, has opined that the monthly rent is in-line with the market rate and is, therefore, reasonable.

Proposed Caps

The Board has considered and proposed the following annual caps in respect of the rent receivable under the Lease Agreements for each of the three financial years ending 31 December 2009:

Transactions	For the year ending 31 December		
	2007 <i>HK\$</i>	2008 <i>HK\$</i>	2009 <i>HK\$</i>
Revenue			
Glory Mission Lease Agreement	3,277,640	8,259,653	5,059,038
Success Hill Lease Agreement	<u>1,250,000</u>	<u>3,150,000</u>	<u>—</u>
Total	<u>4,527,640</u>	<u>11,409,653</u>	<u>5,059,038</u>

The Proposed Caps for the three financial years ending 31 December 2009 were determined based on a monthly rent of HK \$655,528 and HK\$250,000 under the Glory Mission Lease Agreement and the Success Hill Lease Agreement, respectively. Both the Glory Mission Lease Agreement and the Success Hill Lease Agreement are subject to renewal for another year and the monthly rent under the respective agreements will be adjusted upon renewal. For the purpose of providing a more flexible basis for setting the Proposed Caps for the financial years ending 31 December 2008 and 2009, the Directors have taken into account of the current monthly rent, historic increment rates and possible changes in management costs.

INFORMATION ON THE PROPERTIES

Hi-Watt Property I and Hi-Watt Property II comprise a parcel of land with a site area of approximately 52,120 square feet, with 2 blocks of multi-storey industrial buildings erected thereon. Hi-Watt Property I and Hi-Watt Property II are currently used for industrial and godown purposes. The occupancy rate of Hi-Watt Property I and Hi-Watt Property II is 100%. The gross floor areas of Hi-Watt Property I and Hi-Watt Property II are approximately 41,332 square feet and approximately 288,590 square feet, respectively. Hi-Watt Property I and Hi-Watt Property II were developed by Hi-Watt. Hi-Watt Property I was sold to an independent third party for a consideration of HK\$27,350,000 in 1988 and was subsequently acquired by Hoover (China) Limited for a consideration of HK\$62,400,000 in 2007. The market value of Hi-Watt Property I and Hi-Watt Property II as at 15 June 2007 as assessed by a qualified independent valuer is approximately HK\$511,000,000.

The rental income attributable to Hi-Watt Property I for each of the financial years ended 31 December 2005 and 2006 was approximately HK\$1,560,000 per year. The rental income attributable to Hi-Watt Property II for each of the financial years ended 31 December 2005 and 2006 was approximately HK\$4,364,000 per year. The book value of Hi-Watt Property I was HK\$62,400,000 as at 31 May 2007. The book value of Hi-Watt Property II was HK\$71,163,007 as at 31 December 2006.

Tung Yuen Property comprises a parcel of land with a site area of approximately 15,810 square feet, with a 6-storey industrial building erected thereon. It is currently used as a cold storage godown. The occupancy rate of Tung Yuen Property is 100%. The total gross floor area of Tung Yuen Property is approximately 84,309 square feet. Tung Yuen Property was acquired by Lucken at a consideration of HK\$86,120,000 in 1992. The market value of Tung Yuen Property as at 15 June 2007 as assessed by a qualified independent valuer is approximately HK\$195,000,000. The rental income attributable to Tung Yuen Property for each of the financial years ended 31 December 2005 and 2006 was approximately HK\$3,000,000 per year.

INFORMATION ON THE VENDORS

Yue Xiu is interested in the entire issued share capital of each of Yue Xiu International and Hi-Watt. Yue Xiu and its subsidiaries are principally engaged in (i) cement and ready mixed concrete production; (ii) finance, stocks and securities brokerage, and issuance services; (iii) investment in and operation of hotels; (iv) property investment and development; (v) operation of toll roads and bridges; and (vi) manufacture and sale of newsprint.

REASONS FOR THE TRANSACTIONS

The Group is an investment company and its subsidiaries are principally engaged in property development, investment and management, operation of toll roads and bridges, manufacture and sale of newsprint.

The Agreements

The acquisition of the Properties, through the acquisition of the Supreme Eagle Sale Share and the Lucken Sale Shares and the direct acquisition of HI-Watt Property II, is consistent with one of the core business strategies of the Group.

The Properties are currently used for industrial and godown purposes. As at the the date of this announcement, the Properties were zoned for town planning purposes for “Comprehensive Development Area”. To the best information and knowledge of the

Directors, a planning application for rezoning the subject lots from “Comprehensive Development Area” to “Residential (Group E)” had been submitted by the vendors of the relevant Properties and its predecessors in title in June 2005 and the Directors are informed that the Planning Department is currently considering the application.

The Directors believe that the Properties possess redevelopment potential and that the acquisition of the Properties will create a synergistic effect with the plot of land that is adjacent to the Properties, which is owned by the Company. This will not only increase the Group’s landbank in Hong Kong but is also expected to strengthen the overall competitiveness of its property portfolio.

The Lease Agreements

The rental received under the Lease Agreements will generate profit and revenue for the Group while the re-development break clause under the Lease Agreements will give the Group the flexibility of terminating the Lease Agreements in the event that the planning application for rezoning is approved by the Planning Department.

The Directors, including the independent non-executive Directors, consider that the transactions under the Lease Agreements are on normal commercial terms, are fair, reasonable and in the best interests of the Company and its shareholders as a whole.

LISTING RULE IMPLICATIONS

Connected and share transactions

As at the date of this announcement, Yue Xiu and its associates hold approximately 45.124% of the entire issued share capital of the Company. Since Yue Xiu is interested in the entire issued share capital of Yue Xiu International and Hi-Watt, Yue Xiu International and Hi-Watt are connected persons of the Company. Since the applicable percentage ratios in respect of the transactions contemplated under the Agreements, when aggregated under Rule 14A.25 of the Listing Rules, exceed 2.5% but less than 5%, the Agreements constitute connected transactions of the Company which are subject to reporting, announcement and independent shareholders’ approval requirements set out in Chapter 14A of the Listing Rules. Since part of the consideration under each of the Agreements will be satisfied by the allotment and issue of the Consideration Shares by the Company, the Agreements also constitute share transactions of the Company under Rule 14.06(1) of the Listing Rules.

Yue Xiu and its associates will abstain from voting at the EGM in respect of the ordinary resolutions approving each of the Agreements and the transactions contemplated thereunder, which will be conducted by way of poll (as required under the Listing Rules).

Continuing connected transactions

As the applicable percentage ratios in respect of the transactions contemplated under the Glory Mission Lease Agreement and the Success Hill Lease Agreement on an annual basis, when aggregated under Rule 14A.25 of the Listing Rules (including the existing leases between the Group and Yue Xiu and/or its associates), are less than 2.5%, the Lease Agreements are subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules but are exempt from the independent shareholders' approval requirement pursuant to Rule 14A.34(1) of the Listing Rules.

The Company will also comply with the annual review requirements pursuant to Rules 14A.45 and 14A.46 of the Listing Rules in respect of the transactions contemplated under the Glory Mission Lease Agreement and the Success Hill Lease Agreement.

GENERAL

The Independent Board Committee, comprising all the independent non-executive Directors, will be established to advise the Independent Shareholders in respect of the Agreements. An independent financial adviser will advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreements are fair and reasonable and whether the Agreements are in the interests of the Company and its shareholders as a whole.

Yue Xiu and its associates will abstain from voting at the EGM in respect of the ordinary resolutions approving each of the Agreements and the transactions contemplated thereunder, which will be conducted by way of poll (as required under the Listing Rules).

A circular containing, amongst other things, further information in respect of the Agreements as required under the Listing Rules (including a letter from the Independent Board Committee and its recommendations to the Independent Shareholders, and an opinion letter from the independent financial adviser) and the valuation report on the Properties will be issued by the Company and despatched to the shareholders of the Company as soon as practicable in accordance with the Listing Rules. The Company will in due course make further announcement to inform its shareholders about details of the EGM.

Shareholders of the Company should note that completion of the Agreements is subject to a number of conditions, which may or may not be fulfilled. Accordingly, shareholders of the Company and the public contemplating dealing in the Shares are recommended to exercise caution and, if in doubt, to consult their own professional advisors.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Friday, 6 July 2007 at the request of the Company pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on Tuesday, 10 July 2007.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Agreements”	collectively, the Supreme Eagle SP Agreement, the Lucken SP Agreement and the Property Acquisition Agreement;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of directors of the Company;
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for business in Hong Kong;
“BVI”	British Virgins Islands;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Consideration Shares”	collectively, the Supreme Eagle Consideration Shares, the Lucken Consideration Shares and the Property Consideration Shares;
“Directors”	the directors of the Company;
“EGM”	an extraordinary general meeting to be convened by the Company to consider and approve, if considered appropriate and/or required, each of the Agreements and the transactions thereunder;
“Glory Mission”	Glory Mission Development Limited, a company incorporated in Hong Kong which is an indirect wholly-owned subsidiary of the Company;
“Glory Mission Lease Agreement”	the lease agreement to be entered into between Glory Mission and Hi-Watt in respect of the lease of part of Hi-Watt Property II upon completion of the Agreements;

“Group”	the Company and its subsidiaries;
“Hi-Watt”	Hi-Watt Battery Industry Co. Ltd., a company incorporated in Hong Kong which is wholly-owned by Yue Xiu;
“Hi-Watt Property I”	the property situated at Ground Floor and First Floor of Block A, Hi-Watt Industrial Building, 21 Tung Yuen Street, Yau Tong, Kowloon, Hong Kong;
“Hi-Watt Property II”	the property situated at Hi-Watt Industrial Building, 21 Tung Yuen Street, Yau Tong, Kowloon, Hong Kong (excluding Hi-Watt Property I);
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the committee of the Board comprising all of the independent non-executive Directors (namely, Mr. Yu Lup Fat Joseph, Mr. Lee Ka Lun and Mr. Lau Hon Chuen Ambrose) established for the purpose of considering and advising the Independent Shareholders in connection with the Agreements;
“Independent Shareholders”	shareholders of the Company other than Yue Xiu (being a substantial shareholder, and hence a connected person, of the Company having a material interest in the Agreements and the transactions thereunder) and its associate(s), if any;
“Last Trading Day”	the last full trading day immediately before the suspension of trading in the Shares pending the release of this announcement (i.e., 5 July 2007);
“Lease Agreements”	collectively, the Glory Mission Lease Agreement and the Success Hill Lease Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Lucken”	Lucken Limited, a company incorporated in Hong Kong which is the legal and beneficial owner of the Tung Yuen Property;
“Lucken Completion”	completion of the Lucken SP Agreement;

“Lucken Completion Date”	2 Business Days after all the condition precedents of the Lucken SP Agreement are fulfilled or waived in accordance with the terms of the Lucken SP Agreement (or such later date as the parties to the Lucken SP Agreement may agree in writing);
“Lucken Consideration Shares”	70,984,419 new Shares to be issued at the issue price of HK\$1.995 per Share for the partial settlement of the consideration payable for the acquisition of the Lucken Sale Share and the assignment of the Lucken Shareholder’s Loan pursuant to the Lucken SP Agreement;
“Lucken Sale Shares”	3 shares of par value of HK\$1.00 each in the share capital of Lucken, which together represent the entire issued share capital of Lucken;
“Lucken Shareholder’s Loan”	the aggregate amount of loan which is due and owing by Lucken to Yue Xiu as at the Lucken Completion Date, which loan is interest-free and repayable on demand;
“Lucken SP Agreement”	the agreement dated 9 July 2007 entered into among Yue Xiu International, Success Hill and the Company in respect of the sale and purchase of the entire issued share capital of Lucken;
“Properties”	collectively, Hi-Watt Property I, Tung Yuen Property and Hi-Watt Property II;
“Property Acquisition Agreement”	the agreement dated 9 July 2007 entered into between Hi-Watt, Glory Mission and the Company in respect of the sale and purchase of Hi-Watt Property II;
“Property Completion Date”	2 Business Days after all the conditions precedent to the Property Acquisition Agreement are fulfilled or waived in accordance with the Property Acquisition Agreement or such other day as may from time to time be agreed in writing by and between the parties to the Property Acquisition Agreement;
“Property Consideration Shares”	159,420,819 new Shares to be issued at the issue price of HK\$1.995 per Share for the partial settlement of the consideration payable for the acquisition of Hi-Watt Property II pursuant to the Property Acquisition Agreement;
“Proposed Caps”	the proposed maximum annual aggregate values of the transactions contemplated under each of the Lease Agreements as set out in the paragraph headed “Proposed Caps” of this announcement;

“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Success Hill”	Success Hill Holdings Limited, a company incorporated in the BVI which is a direct wholly-owned subsidiary of the Company;
“Success Hill Lease Agreement”	the lease agreement entered into between Yue Xiu International as landlord and Yue Xiu Cold Storage & Warehouse Limited as tenant in respect of the lease of the Tung Yuen Property, which will be assigned to Success Hill upon completion of the Agreements;
“Supreme Eagle”	Supreme Eagle Trading Limited, a company incorporated in the BVI which is beneficially interested in the entire share capital of Hoover (China) Limited, which in turn is the legal and beneficial owner of Hi-Watt Property I;
“Supreme Eagle Completion”	completion of the Supreme Eagle SP Agreement;
“Supreme Eagle Completion Date”	2 Business Days after all of the condition precedents of the Supreme Eagle SP Agreement are fulfilled or waived in accordance with the terms of the Supreme Eagle SP Agreement (or such later date as the parties to the Supreme Eagle SP Agreement may agree in writing);
“Supreme Eagle Consideration Shares”	26,594,762 new Shares to be issued at the issue price of HK\$1.995 per Share for the partial settlement of the consideration payable for the acquisition of the Supreme Eagle Sale Share and the assignment of the Supreme Eagle Shareholder’s Loan pursuant to the Supreme Eagle SP Agreement;
“Supreme Eagle Sale Share”	the 1 share of par value of US\$1.00 in the share capital of Supreme Eagle, representing the entire issued share capital of Supreme Eagle;
“Supreme Eagle Shareholder’s Loan”	the aggregate amount of shareholder’s loan which is due and owing by Supreme Eagle to Yue Xiu as at the Supreme Eagle Completion Date, which loan is interest-free and repayable on demand;

“Supreme Eagle SP Agreement”	the agreement dated 9 July 2007 entered into among Yue Xiu, Success Hill and the Company in respect of the sale and purchase of the entire issued share capital of Supreme Eagle;
“Tung Yuen Property”	the property situated at 16 Tung Yuen Street, Yau Tong Bay, Kowloon, Hong Kong;
“Yue Xiu”	Yue Xiu Enterprises (Holdings) Limited, a substantial shareholder of the Company, which together with its associates hold approximately 45.124% of the entire issued share capital of the Company as at the date of this announcement;
“Yue Xiu International”	Yue Xiu International Development Limited, a company incorporated in Hong Kong which is a direct wholly-owned subsidiary of Yue Xiu; and
“%”	per cent.

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

Hong Kong, 9 July, 2007

As at the date of this announcement, the members of the Board of Directors comprise Mr. Ou Bingchang, Mr. Liang Yi, Mr. Li Fei, Mr. Tang Shouchun, Mr. Wang Hongtao, Mr. Li Xinmin, Mr. He Zili and Ms. Zhou Jin (Executive Directors); Mr. Yu Lup Fat Joseph, Mr. Lee Ka Lun and Mr. Lau Hon Chuen Ambrose (Independent Non-executive Directors).