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**CONNECTED TRANSACTION**

**DISCLOSEABLE AND  
CONNECTED TRANSACTION**

**JOINT ANNOUNCEMENT**

The GZI Board and GZT Board are pleased to announce that on 1 December 2009,

- (i) GHDC and GZT entered into the Compensation Agreement;
- (ii) GHDC and Top Global, an indirect wholly-owned subsidiary of GZT, entered into the Guangzhou Xinguang Equity Transfer Contract pursuant to which Top Global agreed to acquire and GHDC agreed to sell its 35% equity interest in Guangzhou Xinguang;
- (iii) GHDC, Top Global and Guangzhou Xinguang entered into the Guangzhou Xinguang Debt Assignment pursuant to which Top Global agreed to acquire and GHDC agreed to assign the debt amounting to RMB107,428,000 (approximately HK\$121,814,265) owed to it by Guangzhou Xinguang;
- (iv) GHDC and Fortune Success, an indirect wholly-owned subsidiary of GZT, entered into the Guangzhou Tailong Equity Transfer Contract pursuant to which Fortune Success agreed to acquire and GHDC agreed to sell its 39% equity interest in Guangzhou Tailong; and
- (v) GHDC, Fortune Success and Guangzhou Tailong entered into the Guangzhou Tailong Debt Assignment, pursuant to which Fortune Success agreed to acquire and GHDC agreed to assign the debt amounting to RMB65,132,600 (approximately HK\$73,854,859) owed to it by Guangzhou Tailong.

Upon completion of each of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment, Guangzhou Taihe will continue to be a subsidiary of GZT, and each of Top Global and Fortune Success will hold 90% equity interest in Guangzhou Xinguang and Guangzhou Tailong respectively.

GHDC is a connected person of GZI and GZT because GHDC is a substantial shareholder of six subsidiaries of GZT which in turn is a subsidiary of GZI. The entering into the Compensation Agreement between GHDC and GZT, the Guangzhou Xinguang Equity Transfer Contract between GHDC and Top Global, the Guangzhou Xinguang Debt Assignment among GHDC, Top Global and Guangzhou Xinguang, and the Guangzhou Tailong Equity Transfer Contract between GHDC and Fortune Success and the Guangzhou Tailong Debt Assignment among GHDC, Fortune Success and Guangzhou Tailong therefore constitute a connected transaction for each of GZI and GZT under the Listing Rules.

For GZI, as the applicable size tests set forth in Rule 14.07 of the Listing Rules are more than 0.1% but less than 2.5%, the entering into the Compensation Agreement between GHDC and GZT, the Guangzhou Xinguang Equity Transfer Contract between GHDC and Top Global, the Guangzhou Xinguang Debt Assignment among GHDC, Top Global and Guangzhou Xinguang, the Guangzhou Tailong Equity Transfer Contract between GHDC and Fortune Success and the Guangzhou Tailong Debt Assignment among GHDC, Fortune Success and Guangzhou Tailong constitute a connected transaction of GZI which is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements.

For GZT, based on the applicable size tests set forth in Rule 14.07 of the Listing Rules, the entering into the Compensation Agreement between GHDC and GZT, the Guangzhou Xinguang Equity Transfer Contract between GHDC and Top Global, and the Guangzhou Xinguang Debt Assignment among GHDC, Top Global and Guangzhou Xinguang, the Guangzhou Tailong Equity Transfer Contract between GHDC and Fortune Success and the Guangzhou Tailong Debt Assignment among GHDC, Fortune Success and Guangzhou Tailong constitute a discloseable and connected transaction of GZT which is subject to the reporting and announcement requirements as well as approval of the independent shareholders of GZT.

GZT Independent Board Committee has been formed to advise its independent shareholders on the fairness and reasonableness of the terms of each of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment. An independent financial adviser, Yu Ming Investment Management Limited, has been appointed to advise GZT Independent Board Committee in respect of the same.

The GZT Directors have confirmed that save as those interests in the six subsidiaries of GZT, GHDC is not a connected person of GZT by virtue of any other connection with GZT. Therefore, no GZT Shareholders are required to abstain from voting if GZT were to convene a general meeting for the approval of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment and the Transactions in accordance with the Listing Rules. Accordingly, GZT has applied to the Stock Exchange for a waiver from strict compliance with the requirement to hold a general meeting to seek independent shareholders' approval of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment and the Transactions pursuant to Rule 14A.43 of the Listing Rules. If the waiver mentioned above is not granted, GZT will hold a special general meeting for the approval of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment and the Transactions.

GZT will send a circular containing, among others, (i) the details of each of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment and the Transactions; (ii) a recommendation letter from the GZT Independent Board Committee; (iii) a letter from an independent financial adviser to the GZT Independent Board Committee; and (iv) the valuation report prepared by GCA, to its shareholders as soon as practicable and in accordance with the provisions of the Listing Rules.

## **BACKGROUND**

Reference is made to the Annual Report 2008 and the 2009 interim report of GZT in relation to the closure of Taihe toll station.

Since 1 January 2009, the Taihe toll station of Guangcong Highway Section I, a Class I highway held by Guangzhou Taihe, has closed down for relocation and town planning at the request of the Guangzhou Municipal People's Government ("**GZ Government**") on the understanding that the loss occasioned by such relocation would be compensated. On 1 December 2009, GHDC and the relevant GZT Group members entered into five definitive agreements in this respect, namely, the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment.

## THE COMPENSATION AGREEMENT

### Date

1 December 2009

### Parties

- (i) GHDC
- (ii) GZT

### Principal terms and conditions

- (1) The GZ Government decided to and GZT agreed to close the Taihe toll station which has been the sole business and operation of Guangzhou Taihe since 1 January 2009.
- (2) The GZ Government acknowledges that GZT shall be entitled to compensation as to its 80% interest in Guangzhou Taihe in a sum of RMB 217,927,400 (approximately HK\$247,111,238) (the “**Compensation**”) for the closure of Taihe toll station of Guangcong Highway Section I, a Class I highway held by Guangzhou Taihe since 1 January 2009. The Compensation was determined in accordance with the policies of the GZ Government and agreed between the parties with reference to the respective book value of the equity interest in Guangzhou Xinguang and Guangzhou Tailong as at 30 June 2009 and debts owed to GHDC by Guangzhou Xinguang and Guangzhou Tailong as at 30 September 2009 as described below. The Compensation will be utilized to acquire from GHDC the equity interest in and debts owed by Guangzhou Xinguang and Guangzhou Tailong as described in (3) below.
- (3) GHDC will transfer its 35% equity interest in Guangzhou Xinguang for a consideration of HK\$ equivalent of RMB3,519,600 at the prevailing exchange rate (approximately HK\$3,990,929), and assign the debt amounting to RMB107,428,000 (approximately HK\$121,814,265) owed to it by Guangzhou Xinguang and transfer its 39% equity interest in Guangzhou Tailong for a consideration of HK\$ equivalent of RMB41,847,200 at the prevailing exchange rate (approximately HK\$47,451,185), and assign the debt amounting to RMB65,132,600 (approximately HK\$73,854,859) owed to it by Guangzhou Tailong and utilize the cash consideration received for the above equity transfers and the debt assignments in accordance with an accounting setoff arrangement approved by GZ SASAC to settle the Compensation. As the total consideration payable to GHDC for the transfer of its 35% equity interest in Guangzhou Xinguang and 39% equity interest in Guangzhou Tailong as well as the

assignment of the debts owed to it by Guangzhou Xinguang and Guangzhou Tailong respectively amount to RMB217,927,400 (approximately HK\$247,111,238), which is the same as the amount of the Compensation, there will be no material cash inflow or outflow and no material gain or loss to GZT arising from the Transactions.

- (4) Completion of the Compensation Agreement is subject to the relevant PRC government approvals.

## **THE GUANGZHOU XINGUANG EQUITY TRANSFER CONTRACT**

### **Date**

1 December 2009

### **Parties**

- (i) GHDC
- (ii) Top Global, an indirect wholly-owned subsidiary of GZT

### **Principal terms and conditions:**

- (1) Equity Interest Acquired

Pursuant to the terms of the Guangzhou Xinguang Equity Transfer Contract, Top Global agreed to acquire and GHDC agreed to sell its 35% equity interest in Guangzhou Xinguang together with all the rights and benefits attaching thereto and accruing thereon from 1 January 2009 for a consideration of HK\$ equivalent of RMB3,519,600 at the prevailing exchange rate (approximately HK\$3,990,929).

- (2) Conditions Precedent

Completion of the Guangzhou Xinguang Equity Transfer Contract is subject to the parties having obtained all necessary consents, authorizations and PRC government approvals for the above equity interest transfer.

- (3) Consideration

The consideration of HK\$ equivalent of RMB3,519,600 at the prevailing exchange rate (approximately HK\$3,990,929) for the above equity transfer will, within five business days of signing the Guangzhou Xinguang Equity Transfer

Contract, be deposited in cash by Top Global with Guangzhou Enterprises Mergers and Acquisitions Services (廣州產權交易所) (“GEMAS”) as the escrow agent in accordance with the Interim Measures on Administration of Enterprise-State-Ownership Transfer (《企業國有產權轉讓管理暫行辦法》).

At the time of signing of the Guangzhou Xinguang Equity Transfer Contract, Top Global also entered into a GEMAS Foreign Capital Escrow Agreement with GHDC and GEMAS, pursuant to which GEMAS will hold the said HK\$ equivalent of RMB3,519,600 in its foreign capital escrow account until the parties have obtained all necessary consents, authorizations and PRC government approvals for the above equity transfer. Upon fulfillment of the above conditions, GEMAS will release the said sum to GHDC’s account as approved by the SAFE. GHDC will then arrange for the foreign currency settlement with the designated bank in accordance with the relevant requirements of the SAFE and transfer the said sum back to GZT in partial payment of the Compensation.

The consideration for the aforesaid 35% equity interest transfer which was arrived at after arm’s length negotiations between the parties, represents an approximately 36.0% discount to the valuation of the fair value of the 35% equity interest of Guangzhou Xinguang in the amount of RMB5.5 million as at 30 September 2009 as appraised by GCA by adopting the income approach with discounted cash flow modeling which constitutes a profit forecast under Rule 14.61 of the Listing Rules (the “**Guangzhou Xinguang Profit Forecast**”). The consideration represents an approximately RMB0.39 million or approximately 12.6% premium over the book value of the 35% equity interest of Guangzhou Xinguang as at 30 June 2009.

## **THE GUANGZHOU XINGUANG DEBT ASSIGNMENT**

### **Date**

1 December 2009

### **Parties**

- (i) GHDC
- (ii) Top Global, an indirect wholly-owned subsidiary of GZT
- (iii) Guangzhou Xinguang

**Principal terms and conditions:****(1) Debt Assigned**

Pursuant to the terms of the Guangzhou Xinguang Debt Assignment, Top Global agreed to acquire and GHDC agreed to assign the debt amounting to RMB107,428,000 (approximately HK\$121,814,265) owed to it by Guangzhou Xinguang together with all the rights and benefits attaching thereto and accruing thereon from 1 January 2009 for a consideration of RMB107,428,000 (approximately HK\$121,814,265) based on a dollar for dollar basis.

**(2) Conditions Precedent**

Completion of the Guangzhou Xinguang Debt Assignment is subject to the parties having obtained all necessary consents, authorizations and approvals (including PRC government approvals, if applicable) for the above debt assignment.

**(3) Consideration**

The consideration of RMB107,428,000 (approximately HK\$121,814,265) for the above debt assignment to be paid by Top Global to GHDC was determined with reference to the book value of such debts as at 30 September 2009 which will be settled by way of partial setoff against the Compensation payment to be made by GHDC to GZT in accordance with an accounting setoff arrangement approved by GZ SASAC.

It is the intention of the parties that completion of Guangzhou Xinguang Debt Assignment shall take place immediately after all the conditions precedent for the Guangzhou Xinguang Equity Transfer Contract have been satisfied.

**THE GUANGZHOU TAILONG EQUITY TRANSFER CONTRACT****Date**

1 December 2009

**Parties**

(i) GHDC

(ii) Fortune Success, an indirect wholly-owned subsidiary of GZT



## **Principal terms and conditions:**

### (1) Equity Interest Acquired

Pursuant to the terms of the Guangzhou Tailong Equity Transfer Contract, Fortune Success agreed to acquire and GHDC agreed to sell its 39% equity interest in Guangzhou Tailong together with all the rights and benefits attaching thereto and accruing thereon from 1 January 2009 for a consideration of HK\$ equivalent of RMB41,847,200 at the prevailing exchange rate (approximately HK\$47,451,185).

### (2) Conditions Precedent

Completion of the Guangzhou Tailong Equity Transfer Contract is subject to the parties having obtained all necessary consents, authorizations and PRC government approvals for the above equity interest transfer.

### (3) Consideration

The total consideration of HK\$ equivalent of RMB41,847,200 at the prevailing exchange rate (approximately HK\$47,451,185) for the above equity transfer will, within five business days of signing the Guangzhou Tailong Equity Transfer Contract, be deposited in cash by Fortune Success with GEMAS as the escrow agent in accordance with the Interim Measures on Administration of Enterprise-State-Ownership Transfer.

At the time of signing of the Guangzhou Tailong Equity Transfer Contract, Fortune Success also entered into a GEMAS Foreign Capital Escrow Agreement with GHDC and GEMAS, pursuant to which GEMAS will hold the said HK\$ equivalent of RMB41,847,200 in its foreign capital escrow account until the parties have obtained all necessary consents, authorizations and PRC government approvals for the above equity transfer. Upon fulfillment of the above conditions, GEMAS will release the said sum to GHDC's account as approved by the SAFE. GHDC will then arrange for the foreign currency settlement with the designated bank in accordance with the relevant requirements of the SAFE and transfer the said sum back to GZT in partial payment of the Compensation.

The consideration for the aforesaid 39% equity interest transfer which was arrived at after arm's length negotiations between the parties, represents an approximately 41.3% discount to the valuation of the fair value of the 39% equity interest of Guangzhou Tailong in the amount of RMB71.3 million as at 30 September 2009 as appraised by GCA by adopting the income approach with



discounted cash flow modeling which constitutes a profit forecast under Rule 14.61 of the Listing Rules (the “**Guangzhou Tailong Profit Forecast**”). The consideration is approximately close to the book value of the 39% equity interest of Guangzhou Tailong as at 30 June 2009.

## **THE GUANGZHOU TAILONG DEBT ASSIGNMENT**

### **Date**

1 December 2009

### **Parties**

- (i) GHDC
- (ii) Fortune Success, an indirect wholly-owned subsidiary of GZT
- (iii) Guangzhou Tailong

### **Principal terms and conditions:**

#### (1) Debt Assigned

Pursuant to the terms of the Guangzhou Tailong Debt Assignment, Fortune Success agreed to acquire and GHDC agreed to assign the debt amounting to RMB65,132,600 (approximately HK\$73,854,859) owed to it by Guangzhou Tailong together with all the rights and benefits attaching thereto and accruing thereon from 1 January 2009 for a consideration of RMB65,132,600 (approximately HK\$73,854,859) based on a dollar for dollar basis.

#### (2) Conditions Precedent

Completion of the Guangzhou Tailong Debt Assignment is subject to the parties having obtained all necessary consents, authorizations and approvals (including PRC government approvals, if applicable) for the above debt assignment.

#### (3) Consideration

The consideration of RMB65,132,600 (approximately HK\$73,854,859) for the above debt assignment to be paid by Fortune Success to GHDC was determined with reference to the book value of such debts as at 30 September 2009 which will be settled by way of partial setoff against the Compensation payment to be made by GHDC to GZT in accordance with an accounting setoff arrangement approved by GZ SASAC.

It is the intention of the parties that completion of the Guangzhou Tailong Debt Assignment shall take place immediately after all the conditions precedent for the Guangzhou Tailong Equity Transfer Contract have been satisfied.

**FAIR VALUE OF THE 35% EQUITY INTEREST IN GUANGZHOU XINGUANG AND 39% EQUITY INTEREST IN GUANGZHOU TAILONG**

For the purpose of complying with Rules 14.62 and 14A.56(8) of the Listing Rules, the principal assumptions on which the Guangzhou Xinguang Profit Forecast and the Guangzhou Tailong Profit Forecast were based are as follows:

- (1) there will be no material change in the existing political, legal, fiscal, foreign trade and economic conditions in the PRC where the Guanghua Highway operated by Guangzhou Xinguang and Guangcong Highway Section II operated by Guangzhou Tailong are located;
- (2) there will be no major changes in the current taxation law in the PRC, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;
- (3) there will be no material changes in interest rates or foreign currency exchange rates from those currently prevailing;
- (4) traffic growth for the Guanghua Highway and Guangcong Highway Section II will conform to the average of the optimistic and conservative scenarios as projected in the traffic and revenue forecast study prepared by THI Asia Consultants Limited (“**THI Asia**”) (*Note 1*) ;
- (5) depreciation policy is subject to the individual accounting policy of Guangzhou Xinguang and Guangzhou Tailong;
- (6) interest rates, credit terms and repayment schedule of shareholder’s loans are provided by the management of GZT; and
- (7) GZT will retain competent management, key personnel, and technical staff to support the ongoing operation of Guanghua Highway and Guangcong Highway Section II.

**Note 1:** THI Asia’s traffic forecast is prepared based on, amongst other things, the following assumptions of the traffic and revenue forecast of Guanghua Highway and Guangcong Highway Section II:

**Table 1 - Assumptions of the GDP Annual Growth Rate (%) in the Study Area**

**Assumptions of the GDP Annual Growth Rate (%) in the Guanghua Highway Study Area**

<b>Period</b>	<b>Conservative Scenario</b>	<b>Optimistic Scenario</b>
2008 - 2010	10.00%	11.00%
2011 - 2015	9.00%	10.00%
2016 - 2020	8.00%	9.00%
2021 - 2025	6.00%	7.00%
2026 - 2030	5.00%	6.00%
2031 - 2035	4.00%	5.00%

**Assumptions of the GDP Annual Growth Rate (%) in the Guangcong Highway Section II Study Area**

<b>period</b>	<b>Conservative Scenario</b>	<b>Optimistic Scenario</b>
2008 - 2010	9.00%	10.00%
2011 - 2015	9.00%	10.00%
2016 - 2020	8.00%	9.00%
2021 - 2025	6.00%	7.00%
2026 - 2030	5.00%	6.00%
2031 - 2035	4.00%	5.00%

**Table 2 - Study Area Annual Traffic Growth (%)**

**Guanghua Highway Study Area Annual Traffic Growth (%)**

<b>Period</b>	<b>Conservative Scenario</b>		<b>Optimistic Scenario</b>	
	<b>Passenger vehicle</b>	<b>Goods vehicle</b>	<b>Passenger vehicle</b>	<b>Goods vehicle</b>
2008 - 2010	4.94%	5.76%	5.49%	6.40%
2011 - 2015	4.94%	5.76%	5.49%	6.40%
2016 - 2020	4.39%	5.12%	4.94%	5.76%
2021 - 2025	3.30%	3.84%	3.84%	4.48%
2026 - 2030	2.75%	3.20%	3.30%	3.84%
2031 - 2035	2.20%	2.56%	2.75%	3.20%

**Guangcong Highway Section II Study Area Annual Traffic Growth (%)**

<b>Period</b>	<b>Conservative Scenario</b>		<b>Optimistic Scenario</b>	
	<b>Passenger vehicle</b>	<b>Goods vehicle</b>	<b>Passenger vehicle</b>	<b>Goods vehicle</b>
2008 - 2010	4.94%	5.76%	5.49%	6.40%
2011 - 2015	4.94%	5.76%	5.49%	6.40%
2016 - 2020	4.39%	5.12%	4.94%	5.76%
2021 - 2025	3.30%	3.84%	3.84%	4.48%
2026 - 2030	2.75%	3.20%	3.30%	3.84%
2031 - 2035	2.20%	2.56%	2.75%	3.20%

The GZI Board and the GZT Board have reviewed the principal assumptions upon which the Guangzhou Xinguang Profit Forecast and the Guangzhou Tailong Profit Forecast were based and are of the view that the Guangzhou Xinguang Profit Forecast and the Guangzhou Tailong Profit Forecast have been made after due and careful enquiry.

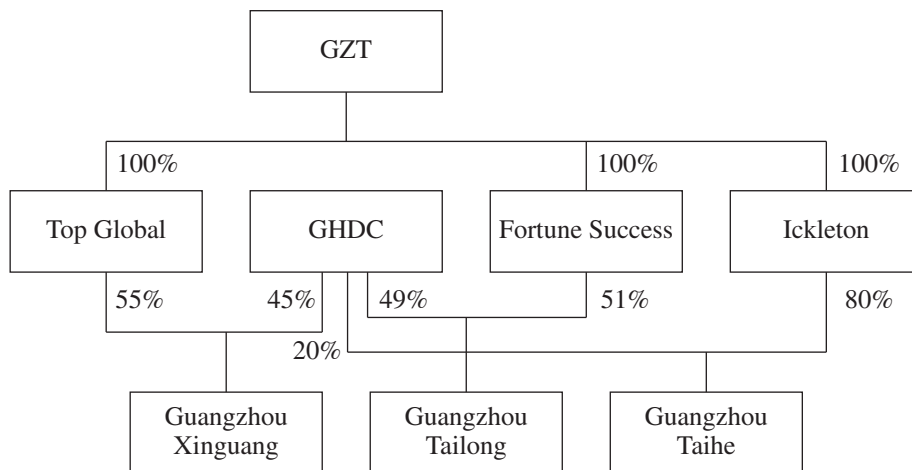
PricewaterhouseCoopers, the reporting accountant of GZI and GZT, has also reviewed the calculations for the discounted future estimated cash flows on which the valuation prepared by GCA was based.

A letter from the GZI Board and the GZT Board and a letter from PricewaterhouseCoopers are included in the appendices to this announcement for the purpose of Rules 14.62 and 14A.56(8) of the Listing Rules.

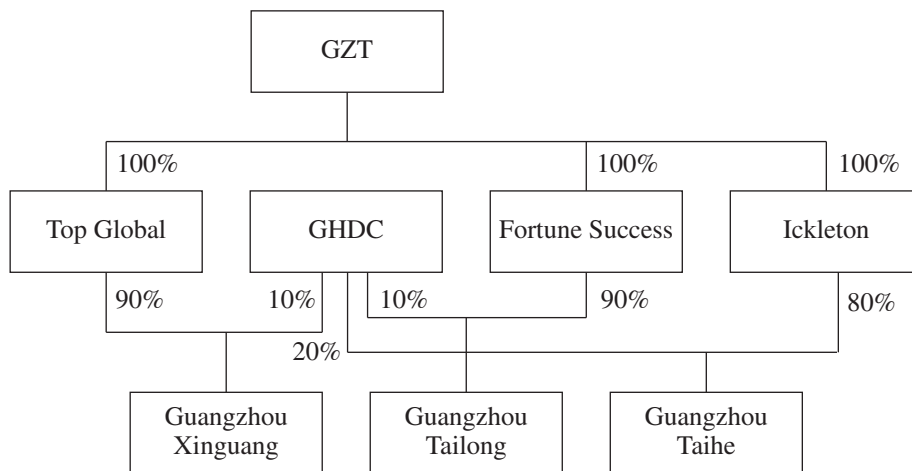
## SHAREHOLDING STRUCTURES OF GUANGZHOU TAIHE, GUANGZHOU TAILONG AND GUANGZHOU XINGUANG BEFORE AND AFTER COMPLETION

The charts below illustrate the shareholding structures of Guangzhou Taihe, Guangzhou Tailong and Guangzhou Xinguang prior to and immediately after Completion:

### *Prior to Completion:*



### *Immediately after Completion:*



## **REASONS AND BENEFITS FOR THE TRANSACTIONS**

Since 1 January 2009, the Taihe toll station of Guangcong Highway Section I, a Class I highway held by Guangzhou Taihe, has closed down for relocation and town planning at the request of the GZ Government on the understanding that the loss occasioned by such relocation would be compensated. On 1 December 2009, GHDC and the relevant GZT Group members entered into five definitive agreements in this respect, namely, the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment.

It is estimated that, based on the difference between the sum of GZT's attributable interest (through Ickleton) in the net asset value of Guangzhou Taihe and GZT's net receivable from Guangzhou Taihe as at 30 June 2009 and the Compensation, there will be no material gain or loss (before release of exchange reserve) resulting from the Transactions. The final and actual net gain or loss, if any, from the Transactions may change depending on the net asset value of Guangzhou Taihe at Completion.

The GZI Directors and the GZT Directors (including their respective independent non-executive directors) consider that (i) the terms of each of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment have been negotiated on an arm's length basis and are on normal commercial terms and in the ordinary course of business, (ii) the Compensation under the Compensation Agreement and the consideration for the aforesaid equity transfers and the debt assignments under each of the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment are fair and reasonable; and (iii) the entering into each of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment and the Transactions are in the best interests of GZT and GZI and their respective shareholders as a whole.

## **INFORMATION ON GUANGZHOU TAIHE**

Guangzhou Taihe is a cooperative joint venture established in the PRC. It was principally engaged in the development and management of Guangcong Highway Section I linking Guangzhou and Conghua. The respective equity interest of Ickleton and GHDC in Guangzhou Taihe are 80% and 20% respectively.

Set out below is certain financial information in relation to Guangzhou Taihe for the two years ended 31 December 2008 and the six months ended 30 June 2009 prepared in accordance with Hong Kong Financial Reporting Standards:

	<b>For the year ended</b>	<b>For the year ended</b>	<b>For the six</b>
	<b>31 December</b>	<b>31 December</b>	<b>months ended</b>
	<b>2007</b>	<b>2008</b>	<b>30 June</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Profit/(Loss) before tax and extraordinary items	20,971	24,759	(76,376)
Profit/(Loss) after tax and extraordinary items	16,910	20,514	(76,102)
Profit/(Loss) after tax attributable to the equity holders of GZT	14,242	16,412	(60,881)

The above unaudited loss before and after tax and extraordinary items of Guangzhou Taihe for the six months ended 30 June 2009 included a provision for impairment loss of approximately HK\$70.3 million (of which approximately HK\$14.1 million was attributable to minority interest). The unaudited net asset value of Guangzhou Taihe as at 30 June 2009 was approximately HK\$145.7 million, of which approximately HK\$116.5 million was attributable to the 80% equity interest of Ickleton. Total debts (including shareholder's loan) of Guangzhou Taihe as at 30 June 2009 were approximately HK\$151.9 million, of which approximately HK\$133.8 million was GZT's net receivable from Guangzhou Taihe (through Ickleton and related company).

Upon completion of the Compensation Agreement, Guangzhou Taihe will be held as to 20% by GHDC and 80% by Ickleton and will continue to be the subsidiary of GZT. As at the date of the announcement, there is no current plan on the future operation of Guangzhou Taihe after the closure of the Taihe toll station of Guangcong Highway Section I.



## INFORMATION ON GUANGZHOU XINGUANG

Guangzhou Xinguang is a cooperative joint venture established in the PRC, the equity interest of which is held as to 55% by Top Global and as to 45% by GHDC. It is principally engaged in the development and management of Guanghua Highway linking Guangzhou and Huadu. Pursuant to the Sino-foreign cooperative joint venture contract entered into between Top Global and GHDC dated 11 June 1997, GHDC contributed 45% of the registered capital, being RMB19.35 million and shareholder's loan of RMB174.15 million, towards the establishment of Guangzhou Xinguang.

Set out below is certain financial information in relation to Guangzhou Xinguang for the two years ended 31 December 2008 and the six months ended 30 June 2009 prepared in accordance with Hong Kong Financial Reporting Standards:

	<b>For the year ended</b>		<b>For the six</b>
	<b>31 December</b>	<b>31 December</b>	<b>months ended</b>
	<b>2007</b>	<b>2008</b>	<b>30 June</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Profit/(Loss) before tax and extraordinary items	586	5,217	(31,969)
Profit/(Loss) after tax and extraordinary items	(18,262)	4,365	(32,675)
Profit/(Loss) after tax attributable to the equity holders of GZT	(9,052)	(7,392)	(16,109)

The above unaudited loss before and after tax and extraordinary items of Guangzhou Xinguang for the six months ended 30 June 2009 included a provision for impairment loss of approximately HK\$28.6 million (of which approximately HK\$12.9 million was attributable to minority interest). The unaudited net asset value of Guangzhou Xinguang as at 30 June 2009 was approximately HK\$10.1 million, of which approximately HK\$5.6 million was attributable to the 55% equity interest of Top Global.

Upon completion of the Guangzhou Xinguang Equity Transfer Contract, Guangzhou Xinguang will be held as to 90% and 10% by Top Global and GHDC respectively.

## INFORMATION ON GUANGZHOU TAILONG

Guangzhou Tailong is a cooperative joint venture established in the PRC, the equity interest of which is held as to 51% by Fortune Success and as to 49% by GHDC. It is principally engaged in the development and management of Guangcong Highway Section II linking Guangzhou and Conghua, and Provincial Highway 355 linking Conghua and Longtan. Pursuant to the Sino-foreign cooperative joint venture contract entered into between Fortune Success and GHDC dated 11 June 1997, GHDC contributed 49% of the registered capital, being RMB17.15 million and shareholder's loan of RMB154.35 million, towards the establishment of Guangzhou Tailong.

Set out below is certain financial information in relation to Guangzhou Tailong for the two years ended 31 December 2008 and the six months ended 30 June 2009 prepared in accordance with Hong Kong Financial Reporting Standards:

	<b>For the year ended</b>		<b>For the six</b>
	<b>31 December</b>	<b>31 December</b>	<b>months ended</b>
	<b>2007</b>	<b>2008</b>	<b>30 June</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Profit/(Loss) before tax and extraordinary items	8,898	13,935	(36,009)
Profit/(Loss) after tax and extraordinary items	6,265	9,084	(34,411)
Profit/(Loss) after tax attributable to the equity holders of GZT	3,497	4,633	(17,549)

The above unaudited loss before and after tax and extraordinary items of Guangzhou Tailong for the six months ended 30 June 2009 included a provision for impairment loss of approximately HK\$38.3 million (of which approximately HK\$18.8 million was attributable to minority interest). The unaudited net asset value of Guangzhou Tailong as at 30 June 2009 was approximately HK\$121.8 million, of which approximately HK\$62.1 million was attributable to the 51% equity interest of Fortune Success.

Upon completion of the Guangzhou Tailong Equity Transfer Contract, Guangzhou Tailong will be held as to 90% and 10% by Fortune Success and GHDC respectively.

## **GENERAL INFORMATION ABOUT GZI**

GZI is principally engaged in property investment and development, operation of toll roads and bridges.

For the financial year ended 31 December 2008, the audited consolidated total turnover of GZI was approximately HK\$4.17 billion with profit attributable to equity holders of approximately HK\$608.0 million. The audited consolidated total asset value as at 31 December 2008 was approximately HK\$42.9 billion.

## **GENERAL INFORMATION ABOUT GZT**

GZT is principally engaged in investment in and development, operation and management of toll highways, expressways and bridges mainly in Guangdong Province, the PRC.

For the financial year ended 31 December 2008, the audited consolidated total turnover of GZT was approximately HK\$1.0 billion with profit attributable to equity holders of approximately HK\$607.5 million. The audited consolidated total asset value as at 31 December 2008 was approximately HK\$12.1 billion.

## **INFORMATION ABOUT GHDC, TOP GLOBAL, FORTUNE SUCCESS AND ICKLETON**

### **(i) *GHDC***

GHDC, a PRC state-owned enterprise, is principally engaged in the holding of interests in, and the development of, toll highways, expressways and bridges mainly in Guangdong Province. GHDC is a connected person of GZI and GZT.

### **(ii) *Top Global***

Top Global, an indirect wholly-owned subsidiary of GZT, is an investment holding company and is a company incorporated in the British Virgin Islands. Top Global was registered as an overseas company under Part XI of the Companies Ordinance on 23 March 2009. Save and except for the 55% equity interest in, and the said receivable from Guangzhou Xinguang, Top Global has no other assets or businesses.

### **(iii) *Fortune Success***

Fortune Success, an indirect wholly-owned subsidiary of GZT, is an investment holding company and is a company incorporated in the British Virgin Islands.

Fortune Success was registered as an overseas company under Part XI of the Companies Ordinance on 23 March 2009. Save and except for the 51% of equity interest in Guangzhou Tailong, Fortune Success has no other assets or businesses.

(iv) *Ickleton*

Ickleton, an indirect wholly-owned subsidiary of GZT, is an investment holding company and is a company incorporated in the British Virgin Islands. Save and except for the 80% equity interest in, and said receivable from Guangzhou Taihe, Ickleton has no other assets or businesses.

## **LISTING RULES IMPLICATION**

GHDC is a connected person of GZI and GZT because GHDC is a substantial shareholder holding 20%, 49%, 45%, 20%, 20% and 30% respectively of equity interest in six subsidiaries of GZT (namely, Guangzhou Taihe, Guangzhou Tailong, Guangzhou Xinguang, 廣州市維安公路發展有限公司 (Guangzhou Weian Highways Development Company Limited\*), 廣州市南新公路發展有限公司 (Guangzhou Nanxin Highways Development Company Limited\*) and 廣州市北二環高速公路有限公司 (Guangzhou Northern Second Ring Expressway Co., Ltd.\*)). Given that GZT is a subsidiary of GZI, the above subsidiaries are also subsidiaries of GZI. The entering into the Compensation Agreement between GHDC and GZT, the Guangzhou Xinguang Equity Transfer Contract between GHDC and Top Global, the Guangzhou Xinguang Debt Assignment among GHDC, Top Global and Guangzhou Xinguang, the Guangzhou Tailong Equity Transfer Contract between GHDC and Fortune Success and the Guangzhou Tailong Debt Assignment among GHDC, Fortune Success and Guangzhou Tailong therefore constitute a connected transaction for each of GZI and GZT.

For GZI, as the applicable size tests set forth in Rule 14.07 of the Listing Rules are more than 0.1% but less than 2.5%, the entering into the Compensation Agreement between GHDC and GZT, the Guangzhou Xinguang Equity Transfer Contract between GHDC and Top Global, the Guangzhou Xinguang Debt Assignment among GHDC, Top Global and Guangzhou Xinguang, the Guangzhou Tailong Equity Transfer Contract between GHDC and Fortune Success and the Guangzhou Tailong Debt Assignment among GHDC, Fortune Success and Guangzhou Tailong constitute a connected transaction of GZI which is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements.

For GZT, based on the applicable size tests set forth in Rule 14.07 of the Listing Rules, the entering into the Compensation Agreement between GHDC and GZT, the Guangzhou Xinguang Equity Transfer Contract between GHDC and Top Global, the Guangzhou Xinguang Debt Assignment among GHDC, Top Global and Guangzhou Xinguang, the Guangzhou Tailong Equity Transfer Contract between GHDC and Fortune Success and the Guangzhou Tailong Debt Assignment among GHDC, Fortune Success and Guangzhou Tailong constitute a discloseable and connected transaction of GZT which is subject to the reporting and announcement requirements as well as approval of the independent shareholders of GZT.

GZT Independent Board Committee has been formed to advise its independent shareholders on the fairness and reasonableness of the terms of each of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment. An independent financial adviser, Yu Ming Investment Management Limited, has been appointed to advise GZT Independent Board Committee in respect of the same.

Pursuant to Rule 14A.43 of the Listing Rules, a written independent shareholders' approval obtained from a closely allied group of shareholders holding more than 50% in nominal value of the securities giving the right to attend and vote at a general meeting convened to approve the connected transaction may be accepted in lieu of holding such a general meeting if no shareholder of the listed issuer is required to abstain from voting if the listed issuer were to convene such a general meeting. The GZT Directors have confirmed that save as those interests in the six subsidiaries of GZT, GHDC is not a connected person of GZT by virtue of any other connection with GZT. Therefore, no GZT Shareholders are required to abstain from voting if GZT were to convene a general meeting for the approval of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment in accordance with the Listing Rules.

As at the date of this announcement, the Closely Allied Group together hold 1,177,880,113 shares in GZT (equivalent to approximately 70.40% of the issued share capital of GZT). Their respective shareholdings in GZT are set out below:-

<b>Name of registered owners</b>	<b>No. of shares in GZT</b>
Housemaster Holdings Limited	367,500,000
Power Head Limited	157,500,000
Delta Force Holdings Limited	112,500,000
Lawson Enterprises Limited	112,500,000
Treasure House Limited	375,000,000
GZI	201,000
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	8,653
Yue Xiu Finance Company Limited	38,255,000
Dragon Year Industries Ltd.	654,000
Greenwood Pacific Limited	<u>13,761,460</u>
<b>Total</b>	<b><u>1,177,880,113</u></b>

As at the date of this announcement, GZT has an issued share capital of HK\$167,316,229.50 divided into 1,673,162,295 shares in GZT, of which 1,177,880,113 shares in GZT are held by the Closely Allied Group as follows:

- (a) 420,179,113 shares in GZT, which represent approximately 25.11% of the issued share capital of GZT are held by Yue Xiu and its wholly-owned subsidiaries, namely Housemaster Holdings Limited, Yue Xiu Finance Company Limited, Dragon Year Industries Ltd. and Greenwood Pacific Limited; and
- (b) 757,701,000 shares in GZT, which represent approximately 45.29% of the issued share capital of GZT, are held by GZI and its wholly-owned subsidiaries, namely Power Head Limited, Delta Force Holdings Limited, Lawson Enterprises Limited and Treasure House Limited.

All members of the Closely Allied Group have confirmed that they will give their approval in writing of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment. They have further confirmed that in the event that independent shareholders' approval of GZT at a general meeting in respect of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment and the Transactions is required, they will vote in favour of it. They do not have any material interest in each of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment which is different from those of the other shareholders of GZT. Accordingly, GZT has applied to the Stock Exchange for a waiver from strict compliance with the requirement to hold a general meeting to seek independent shareholders' approval of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment and the Transactions pursuant to Rule 14A.43 of the Listing Rules. If the waiver mentioned above is not granted, GZT will hold a special general meeting for the approval of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment and the Transactions.

GZT will send a circular containing, among others, (i) the details of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment and the Transactions, (ii) a recommendation letter from the GZT Independent Board Committee; (iii) a letter from an independent financial adviser to the GZT Independent Board Committee; and (iv) the valuation report prepared by GCA, to its shareholders as soon as practicable and in accordance with the provisions of the Listing Rules.

## **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>
GCA	Valuer
PricewaterhouseCoopers	Certified Public Accountants



As at the date of this announcement, neither GCA nor PricewaterhouseCoopers has any shareholding, directly or indirectly, in any member of GZI Group or the GZT 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 GZT Group.

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

The valuation report made by GCA was dated 1 December 2009.

Each of GCA 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.

## **DEFINITIONS**

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

- “Closely Allied Group” means Yue Xiu Enterprises (Holdings) Limited, Yue Xiu Finance Company Limited, Dragon Year Industries Ltd., Greenwood Pacific Limited, GZI, Housemaster Holdings Limited, Power Head Limited, Delta Force Holdings Limited, Lawson Enterprises Limited and Treasure House Limited;
- “Companies Ordinance” means the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
- “Compensation Agreement” means the agreement for compensation as to GZT’s indirect 80% interest in Guangzhou Taihe for the closure of the Taihe toll station of Guangcong Highway Section I, a Class I highway held by Guangzhou Taihe dated 1 December 2009 and entered into between GHDC and GZT;
- “Completion” means completion of the Transactions;
- “connected persons” has the meaning ascribed to it under the Listing Rules;

“Fortune Success”	means Fortune Success Group Ltd, a company incorporated in the British Virgin Islands;
“GCA”	means Greater China Appraisal Limited, an independent qualified valuer appointed by GZT Group;
“GHDC”	means 廣州市公路開發公司 (Guangzhou Highways Development Company*), a PRC state-owned enterprise;
“Guangzhou Taihe”	means 廣州市太和公路發展有限公司 (Guangzhou Taihe Highways Development Company Limited*), a cooperative joint venture established in the PRC;
“Guangzhou Tailong”	means 廣州市太龍公路發展有限公司 (Guangzhou Tailong Highways Development Company Limited*), a cooperative joint venture established in the PRC;
“Guangzhou Tailong Debt Assignment”	means the debt assignment of Guangzhou Tailong dated 1 December 2009 and entered into among GHDC, Fortune Success and Guangzhou Tailong;
“Guangzhou Tailong Equity Transfer Contract”	means the contract for the transfer of 39% equity interests in Guangzhou Tailong dated 1 December 2009 and entered into between GHDC and Fortune Success;
“Guangzhou Xinguang”	means 廣州市新廣公路發展有限公司 (Guangzhou Xinguang Highways Development Company Limited*), a cooperative joint venture established in the PRC;
“Guangzhou Xinguang Debt Assignment”	means the debt assignment of Guangzhou Xinguang dated 1 December 2009 and entered into among GHDC, Top Global and Guangzhou Xinguang;
“Guangzhou Xinguang Equity Transfer Contract”	means the contract for the transfer of 35% equity interests in Guangzhou Xinguang dated 1 December 2009 and entered into among GHDC, Top Global and Guangzhou Xinguang;
“GZ SASAC”	means the State-owned Assets of Supervision and Administration Commission of Guangzhou City, the PRC;

“GZI”	means Guangzhou Investment Company Limited (越秀投資有限公司), a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange and on the stock exchange operated by Singapore Exchange Securities Trading Limited;
“GZI Board”	means the board of directors of GZI;
“GZI Directors”	means the directors of GZI;
“GZT”	means GZI Transport Limited (越秀交通有限公司), an exempted company incorporated in Bermuda, the shares of which are listed on the Stock Exchange;
“GZT Board”	means the board of directors of GZT;
“GZT Directors”	means the directors of GZT;
“GZT Group”	means GZT and its subsidiaries;
“GZT Independent Board Committee”	means an independent committee of the GZT Board appointed to advise the independent shareholders of GZT in respect of the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment and the Transactions, comprising the independent non-executive directors of GZT;
“GZT Shareholders”	means the shareholders of GZT;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Ickleton”	means Ickleton Limited, a company incorporated in the British Virgin Islands;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	means the People’s Republic of China, and for purposes of this announcement only, excluding Hong Kong;

“RMB”	means Renminbi, the lawful currency of the PRC;
“SAFE”	means the State Administration of Foreign Exchange of the PRC;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Top Global”	means Top Global Holdings Ltd., a company incorporated in the British Virgin Islands, carrying on business in Hong Kong as Top Global (Xinguang) Holdings Ltd. (冠球有限公司); and
“Transactions”	means the transactions contemplated under the Compensation Agreement, the Guangzhou Xinguang Equity Transfer Contract, the Guangzhou Xinguang Debt Assignment, the Guangzhou Tailong Equity Transfer Contract and the Guangzhou Tailong Debt Assignment;
“%”	means percentage.

*For illustration purpose, an exchange rate of HK\$1.00: RMB0.8819 is used in this announcement.*

By Order of the Board  
**Guangzhou Investment Company Limited**  
**LU Zhifeng**  
*Chairman*

By Order of the Board  
**GZI Transport Limited**  
**Zhang Zhaoxing**  
*Chairman*

Hong Kong, 1 December 2009

*As at the date of this announcement, the GZI Board comprises LU Zhifeng (Chairman), ZHANG Zhaoxing, LIANG Yi, TANG Shouchun, WANG Hongtao and ZHOU Jin as executive directors; YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose as independent non-executive directors.*

*As at the date of this announcement, the GZI Board comprises ZHANG Zhaoxing (Chairman), LI Xinmin, LIANG Ningguang, LIU Yongjie, QIAN Shangning and WANG Shuhui, as executive directors; FUNG Ka Pun, LAU Hon Chuen Ambrose and CHEUNG Doi Shu as independent non-executive directors.*

*\* For identification purpose only*

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**APPENDIX I      LETTER FROM THE GZI BOARD AND THE GZT BOARD**

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1 December 2009

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

Dear Sirs,

**Guangzhou Investment Company Limited (“GZI”) — Connected Transaction  
GZI Transport Limited (“GZT”) — Discloseable and Connected Transaction**

We refer to the valuation report dated 1 December 2009 and prepared by Greater China Appraisal Limited (“**Valuer**”) in relation to the valuations of the fair value of a 35% equity interest in 廣州市新廣公路發展有限公司 (Guangzhou Xinguang Highways Development Company Limited\*) and a 39% equity interest in 廣州市太龍公路發展有限公司 (Guangzhou Tailong Highways Development Company Limited\*), both being cooperative joint venture companies established in the People’s Republic of China, as at 30 September 2009 (the “**Valuations**”). The Valuations, which are prepared based on discounted cash flow method, are regarded as profit forecasts under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)

We have discussed with the Valuer about different aspects including the bases and assumptions upon which the Valuations have been prepared, and reviewed the Valuations for which the Valuer is responsible. We have also considered the letter from our reporting accountant, PricewaterhouseCoopers, regarding whether the Valuations were compiled properly so far as the calculations are concerned.

On the basis of the foregoing, we are of the opinion that the Valuations prepared by the Valuer have 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*



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羅兵咸永道會計師事務所

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

**REPORT FROM REPORTING ACCOUNTANT ON DISCOUNTED FUTURE  
ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS  
VALUATION OF EQUITY INTERESTS IN GUANGZHOU XINGUANG  
HIGHWAYS DEVELOPMENT COMPANY LIMITED AND GUANGZHOU  
TAILONG HIGHWAYS DEVELOPMENT COMPANY LIMITED**

**TO THE BOARDS OF DIRECTORS OF GUANGZHOU INVESTMENT  
COMPANY LIMITED AND GZI TRANSPORT 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 1 December prepared by Greater China Appraisal Limited in respect of the appraisal of the fair value of the 35% equity interests in Guangzhou Xinguang Highways Development Company Limited and 39% equity interests in Guangzhou Tailong Highways Development Company Limited (the “Target Interests”) is based. The Valuation is set out on pages 6 and 8 of the joint announcement of Guangzhou Investment Company Limited (“GZI”) and GZI Transport Limited (“GZT”) dated 1 December 2009 (the “Announcement”) in connection with the acquisition of the Target Interests by Top Global Holdings Ltd. and Fortune Success Group Ltd., indirect wholly-owned subsidiaries 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 GZI and GZT are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set in the section headed “Fair Value of the 35% Equity Interest in Guangzhou Xinguang and 39% Equity Interest in Guangzhou Tailong” 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 Target Interests.

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, has been properly compiled in accordance with the bases and assumptions as set out in the section headed "Fair Value of the 35% Equity Interest in Guangzhou Xinguang and 39% Equity Interest in Guangzhou Tailong" 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 paragraph 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, has been properly compiled in all material respects in accordance with the bases and assumptions made by directors of GZI and GZT as set out in the section headed "Fair Value of the 35% Equity Interest in Guangzhou Xinguang and 39% Equity Interest in Guangzhou Tailong" of the Announcement.

### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 1 December 2009