



JOINT ANNOUNCEMENT CONNECTED TRANSACTION

On 12th April 2002, BL and GHDC entered into the Agreement, pursuant to which BL agreed to transfer 5 per cent. of its interest in GNSR Expressway Co. to GHDC for a total consideration of RMB51,100,000 (equivalent to approximately HK\$48,207,547), subject to the satisfaction of certain conditions.

GHDC, by virtue of being a substantial shareholder of certain subsidiaries of GZT in the PRC, is a connected person of GZT and GZI. The Transaction therefore constitutes a connected transaction for GZT and GZI under the Listing Rules. The respective boards of directors (including the independent non-executive directors) of GZT and GZI consider that the terms of the Agreement, which were negotiated on an arm's length basis and normal commercial terms, are fair and reasonable and that the Transaction is in the best interests of each of GZT and GZI.

The Transaction constitutes a connected transaction for GZT and GZI under the Listing Rules. However, prior approval from the respective shareholders of GZT and GZI is not required pursuant to Rule 14.25(1)(a) of the Listing Rules as the Total Consideration amounts to less than 3 per cent. of the respective book value(s) of the consolidated net tangible assets of GZT and GZI as at 31st December 2000. Details of the Transaction will be included in the next respective annual reports and accounts of GZT and GZI in accordance with the requirements of the Listing Rules.

1. AGREEMENT DATED 12TH APRIL 2002

Parties:

- (i) BL
- (ii) GHDC

Particulars of the Agreement:

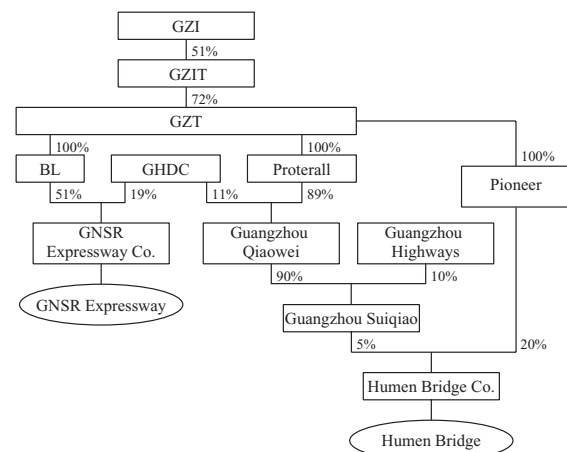
Pursuant to the Agreement, BL will transfer 5 per cent. of its interest in GNSR Expressway Co. to GHDC for a total consideration of RMB51,100,000 (equivalent to approximately HK\$48,207,547) ("Total Consideration"), subject to the satisfaction of, inter alia, all the conditions precedent set out in paragraph 3 of this announcement.

The Total Consideration will be satisfied by GHDC on Completion as to:

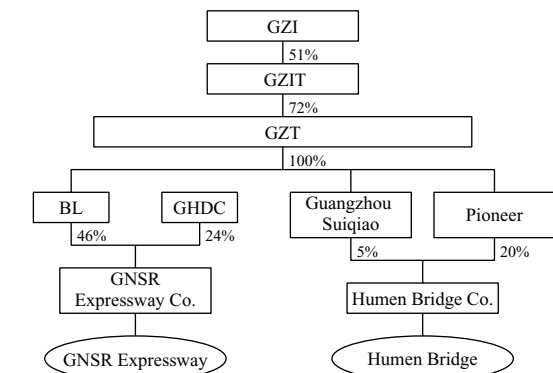
- (i) RMB34,880,000 (equivalent to approximately HK\$32,905,660) by way of the procurement of the transfer of an aggregate of 0.995 per cent. effective interest in Humen Bridge Co. (by transferring GHDC's 11 per cent. interest in Guangzhou Qiaowei and Guangzhou Highways' 10 per cent. interest in Guangzhou Suiqiao) to the GZT Group; and
- (ii) RMB16,220,000 (equivalent to approximately HK\$15,301,887) in cash.

The charts below illustrate the shareholding structures of GNSR Expressway Co. and Humen Bridge Co. prior to and immediately after Completion:

Prior to Completion:



Immediately after Completion:



Not all the intermediate holding companies are included in the above charts.

2. REASONS FOR THE AGREEMENT

The GZI Group is principally engaged in (i) property investment and development; (ii) manufacture and sale of pulp and paper; (iii) manufacture and sale of cement and ready-mixed concrete; and (iv) operation of toll highways, expressways and bridges. However, upon completion of the Proposed Transactions as defined in the circular of GZI dated 31st December 2001 pursuant to which, inter alia, GZI would acquire from Yue Xiu a 100 per cent. interest in Guangzhou Construction & Development Holdings (China) Limited and a 49 per cent. interest in Super Gain Development Limited for a total consideration of HK\$5,014 million which shall be satisfied as to (i) HK\$2,000 million in cash; (ii) about HK\$1,464 million by the way of allotment and issuance of about 2,152.9 million new shares in GZI; and (iii) HK\$1,550 million by way of disposals to Yue Xiu and/or its nominee(s) of GZI's 100 per cent. interest in China Century Cement International Limited, 36.84 per cent. effective interest in Guangzhou

Jin Peng Group Co., Ltd. and 46.70 per cent. effective interest in China Information Technology Industry Co., Limited and assignment of certain shareholders' loans owed to GZI and/or its subsidiaries, the GZI Group will focus on its property investment and development business, in particular, in the PRC while it will dispose of its cement and ready-mixed concrete manufacturing and high-tech related businesses.

The GZT Group is principally engaged in the investment in and development, operation and management of toll highway, expressway and bridge projects in Guangdong Province, the PRC.

GNSR Expressway Co. is engaged in the construction, development, operation and management of GNSR Expressway. GNSR Expressway is the only project of GNSR Expressway Co.. The construction of GNSR Expressway was completed in late 2001 and operation of GNSR Expressway was commenced in January 2002. Accordingly, no profit has yet been generated from GNSR Expressway.

As the GZT Group has the right to appoint less than two-thirds of the board of GNSR Expressway Co. and therefore cannot ensure a quorum for a valid board resolution, GNSR Expressway Co. is accordingly, for accounting purposes, treated as a non-consolidated jointly controlled company but not a subsidiary of the GZT Group.

Humen Bridge Co. is engaged in the construction, development, operation and management of Humen Bridge. Humen Bridge is the only project of Humen Bridge Co.. Humen Bridge became fully operational since May 1997 and is generating profits to the GZT Group. As Humen Bridge Co. is entitled to be exempt from paying the PRC enterprise income tax for two years and the local income tax for five years from the first profit-making year, no tax payment had been made by Humen Bridge Co. under the PRC GAAP since May 1997. In accordance with the Hong Kong GAAP, profits (before or after taxation) made by Humen Bridge Co. for the financial years of 2000 and 2001 amounted to HK\$241,607,000 and HK\$224,389,000 respectively. Upon Completion, the interest of Humen Bridge Co. will be held as to 5 per cent. by Guangzhou Suiqiao, 20 per cent. by Pioneer and the remaining 75 per cent. by various independent third parties not connected with the GZT Group or any of its directors, chief executives or substantial shareholders or any of its subsidiaries or their respective associates.

The respective boards of directors of GZT and GZI are of the view that the acquisition of additional interest in Humen Bridge Co. (from 24 per cent. to 25 per cent.), a profit generating company, and the disposal of part of the GZT Group's interest in GNSR Expressway Co., a company which has not generated profit yet, will be financially beneficial to the GZT Group and the GZI Group.

The Total Consideration was negotiated on an arm's length basis and on normal commercial terms between BL and GHDC and was determined by reference to the respective net asset values of GNSR Expressway Co., and Humen Bridge Co. and the latest available valuations of the two toll-projects conducted by American Appraisal Hongkong Limited, an independent valuer, in 1997 which have been reviewed internally by the GZT Group for purposes of the Transaction.

The respective directors (including the independent non-executive directors) of GZT and GZI consider that the terms of the Agreement are fair and reasonable so far as the shareholders of GZT and GZI are concerned and in the interests of the GZT Group and GZI Group.

3. CONDITIONS PRECEDENT OF THE AGREEMENT

Completion of the Agreement is conditional upon, inter alia, the following conditions being fulfilled on or before 30th June 2002 or such other date as the parties may otherwise agree:

- (i) the passing by the board of directors of GNSR Expressway Co. of a resolution to approve the transfer the 5 per cent. interest in GNSR Expressway Co. from BL to GHDC;
- (ii) the passing of the relevant resolutions to the effect that GZT Group's effective interest in Humen Bridge Co. shall be increased by 0.995 per cent.; and
- (iii) all necessary approvals obtained from the relevant approving authorities in the PRC for the transfer of the 5 per cent. interest in GNSR Expressway Co. from BL to GHDC.

The transfer of the 0.995 per cent. effective interest in Humen Bridge Co. to the GZT Group will not be a condition precedent as the transfer will take place upon or after Completion.

4. CONNECTED TRANSACTION

The Transaction constitutes a connected transaction for each of GZT and GZI under the Listing Rules. However, prior approval from the respective shareholders of GZT and GZI is not required pursuant to Rule 14.25(1)(a) of the Listing Rules as the Total Consideration amounts to less than 3 per cent. of the book value of the consolidated net tangible assets of each of GZT and GZI as at 31st December 2000. Details of the Transaction will be included in the next respective annual reports and accounts of GZT and GZI in accordance with the requirements of the Listing Rules.

5. DEFINITIONS

"Agreement"	the conditional agreement dated 12th April 2002 entered into between BL and GHDC pursuant to which BL agreed to transfer its 5 per cent. interest in GNSR Expressway Co. to GHDC
"BL"	Bentfield Limited, a company incorporated in the BVI and a wholly-owned subsidiary of GZT
"BVI"	the British Virgin Islands
"Completion"	completion of the Agreement
"GAAP"	Generally Accepted Accounting Principles
"GHDC"	Guangzhou Highways Development Company (廣州市公路開發公司), a PRC State-owned enterprise under the supervision of Guangzhou Highways Bureau (廣州市公路局) and a substantial shareholder of certain subsidiaries of GZT in the PRC
"GNSR Expressway"	Guangzhou Northern Second Ring Expressway (廣州市北二環高速公路)
"GNSR Expressway Co."	Guangzhou Northern Second Ring Expressway Co., Limited (廣州市北二環高速公路有限公司), a co-operative joint venture, the interest of which is held as to 51 per cent. by BL and 19 per cent. by GHDC
"Guangzhou Highways"	廣州公路實業公司 (Guangzhou Highways Industrial Company)
"Guangzhou Qiaowei"	Guangzhou Qiaowei Highways Development Company Limited (廣州市橋威公路發展有限公司), a co-operative joint venture, the interest of which is held as to 89 per cent. by Proterall and 11 per cent. by GHDC
"Guangzhou Suiqiao"	Guangzhou Suiqiao Development Company Limited (廣州市穗橋發展有限公司), a limited liability company established in the PRC, the interest of which is held as to 90 per cent. by Guangzhou Qiaowei and 10 per cent. by Guangzhou Highways
"GZI"	Guangzhou Investment Company Limited, which shares are listed on the Stock Exchange and on the SES
"GZI Group"	GZI together with its subsidiaries and associated companies
"GZIT"	GZI Transport (Holdings) Limited, a company incorporated in the BVI, the interest of which is held as to 51 per cent. by GZI
"GZT"	GZI Transport Limited, which shares are listed on the Stock Exchange and a subsidiary of GZI
"GZT Group"	GZT together with its subsidiaries and associated companies
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Humen Bridge Co."	Guangdong Humen Bridge Co., Ltd. (廣東虎門大橋有限公司) (formerly GSZ Superhighway Humen Bridge Co., Ltd. (廣深珠高速公路虎門大橋有限公司), a co-operative joint venture, the interest of which is held as to 5 per cent. by Guangzhou Suiqiao and 20 per cent. by Pioneer
"Humen Bridge"	Humen Bridge (虎門大橋)
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"Pioneer"	Pioneer Business Limited, a company incorporated in the BVI and a wholly-owned subsidiary of GZT
"Proterall"	Proterall Limited, a company incorporated in the BVI and a wholly owned subsidiary of GZT
"RMB"	Renminbi, the lawful currency of the PRC
"SES"	Singapore Exchange Securities Trading Limited
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transaction"	the transactions contemplated under the Agreement
"Yue Xiu"	Yue Xiu Enterprises (Holdings) Limited, a controlling shareholder of GZI for purposes of the Listing Rules
"%"	per cent.

By order of the board of
Guangzhou Investment Company Limited
Liu Jinxiang
Chairman

By order of the board of
GZI Transport Limited
Liu Jinxiang
Chairman

Hong Kong, 16th April 2002

Unless otherwise specified, the translation of RMB into Hong Kong dollars is based on the exchange rate of HK\$1.00 to RMB1.06. The above translation should not be construed as a representation that the relevant amounts have been, could have been, or should be, converted at that or any other rate at all.

The respective directors of GZT and GZI jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries that, to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which will make any statements in this announcement misleading.