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Shenzhen International Holdings Limited
深圳國際控股有限公司
(incorporated in Bermuda with limited liability)
(Stock Code: 00152)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RESPECT OF THE PROPOSED AMENDMENTS
TO THE TERMS OF THE
ZERO COUPON HK\$1,727,500,000 CONVERTIBLE BOND,
(2) WHITELASH WAIVER APPLICATION
AND
(3) RESUMPTION OF TRADING**

Financial Adviser



Reference is made to the issue of the three years zero coupon Convertible Bond to SIHCL by the Company at the Initial Conversion Price (HK\$1.20 per Share) on 29 December 2007. With reference to the recent share price performance of the Company, the Directors noted that the Initial Conversion Price is significantly higher than the current market price (being approximately 182% of the closing price as quoted on the Stock Exchange on the Last Trading Day, and approximately 214% of the average closing price of HK\$0.562 as quoted on the Stock Exchange on the last trading day in each calendar month for the past twelve months), and understand from SIHCL that it is unlikely the Convertible Bond would be converted into Shares at the Initial Conversion Price. Accordingly, the Company would be required to repay the outstanding principal amount of HK\$1,727,500,000 under the Convertible Bond on 29 December 2010 if SIHCL elects not to convert the same.

The Directors consider that the liquidity position of the Group would be tightened as a result of the repayment of the outstanding principal amount of the Convertible Bond in cash upon its maturity. In order to retain capital for the Group's future business development and strengthen the capital base of the Company, the Directors proposed to amend certain terms of the Convertible Bond to provide incentive for SIHCL to convert the Convertible Bond and relieve the Company from the obligation to repay the outstanding principal amount of the Convertible Bond through the entering into of the Modification Deed.

THE MODIFICATION DEED

On 11 November 2010, the Company entered into the Modification Deed with SIHCL to amend certain terms of the Convertible Bond. On the Effective Date, (i) the conversion price of the Convertible Bond shall be changed from the Initial Conversion Price of HK\$1.20 to the Revised Conversion Price of HK\$0.78; (ii) subject to the fulfillment of certain conditions, SIHCL shall exercise the Conversion Rights attached to the outstanding principal amount of HK\$1,727,500,000 under the Convertible Bond in full at the Revised Conversion Price of HK\$0.78, pursuant to which the Company will allot and issue to SIHCL (or Ultrarich) 2,214,743,589 New Conversion Shares; (iii) the New Conversion Shares so allotted and issued to SIHCL (or Ultrarich) shall have a lock-up period of two years; and (iv) the validity period of the Convertible Bond shall be changed to end on the Long Stop Date accordingly.

The Revised Conversion Price of HK\$0.78 was determined after arm's length negotiations between the Company and SIHCL, and represents a premium of approximately 17.12% to the average closing price of HK\$0.666 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day.

The 2,214,743,589 New Conversion Shares represent approximately 15.64% of the issued share capital of the Company as at the date of this announcement, and approximately 13.53% of the issued share capital of the Company as enlarged by the allotment and issue of the New Conversion Shares, respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MODIFICATION DEED

The Directors consider that the Proposed Amendments would provide incentive for SIHCL to convert the Convertible Bond, and would relieve the Company from the obligation to repay the outstanding principal amount under the Convertible Bond in cash on 29 December 2010. This will allow the Company to retain capital and strengthen its equity base for its future business development. In addition, with the additional capital upon conversion of the Convertible Bond at the Revised Conversion Price, the Company's future financing ability and shareholders' value would be further enhanced.

The Directors also consider that the proposed compulsory conversion of the Convertible Bond by SIHCL under the Modification Deed would increase the interest of SIHCL and its parties acting in concert in the shareholding of the Company and would further strengthen the relationship between SIHCL and the Company. The Directors believe, given the Group is involved in the logistic infrastructure business and facilities, that it would be in the interest of the Group and the Shareholders as a whole to strengthen the shareholding relationship with the controlling shareholder that has governmental background.

IMPLICATION UNDER THE LISTING RULES

The entering into of the Modification Deed by the Company constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to, among other things, approval by the Independent Shareholders at the SGM.

In addition, the Proposed Amendments are subject to, among other things, approval by the Stock Exchange pursuant to Rule 28.05 of the Listing Rules. Application will be made by the Company to the Stock Exchange for its approval of the Proposed Amendments, and for the listing of, and permission to deal in, the New Conversion Shares on the Stock Exchange.

IMPLICATION UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, SIHCL and parties acting in concert with it hold an aggregate of 5,779,473,225 Shares, representing approximately 40.82% of the issued share capital of the Company.

Upon full conversion of the Convertible Bond by SIHCL pursuant to the terms of the Modification Deed, SIHCL and parties acting in concert with it would be interested in approximately 48.83% of the issued share capital of the Company as enlarged by the allotment and issue of the New Conversion Shares (assuming no other changes in the issued share capital of the Company from the date of this announcement up to full conversion of the Convertible Bond by SIHCL).

In the absence of the Whitewash Waiver, SIHCL and parties acting in concert with it would be obliged to make a mandatory offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by SIHCL or parties acting in concert with it in accordance with the Takeovers Code. An application will be made by SIHCL to the Executive for the Whitewash Waiver.

GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Modification Deed. The Whitewash Independent Board Committee has also been established to advise the Independent Shareholders in respect of the Whitewash Waiver. The Company will also appoint an independent financial adviser to advise the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders in relation to the Modification Deed and the Whitewash Waiver. An announcement will be made in respect of such appointment as soon as practicable after such appointment.

The SGM will be convened and held to consider and, if thought fit, approve, among other things, the Modification Deed and the Whitewash Waiver. A circular containing, among other things, (i) further information of the Modification Deed and the Proposed Amendments; (ii) the respective letters of advice and recommendations from the Independent Board Committee, the Whitewash Independent Board Committee and the independent financial adviser and (iii) a notice of the SGM, is expected to be despatched to the Shareholders on or before 3 December 2010.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 12 November 2010 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 2:30 p.m. on 16 November 2010.

INTRODUCTION

Reference is made to the announcement of the Company dated 16 October 2007 and the circular of the Company dated 14 November 2007 in relation to, among other things, the issue of the Convertible Bond to SIHCL in consideration of the acquisition of 100% equity interest in Shenzhen Bao Tong Highway Construction and Development Limited by a wholly-owned subsidiary of the Company (namely Yibin Industry (Shenzhen) Co., Ltd. (怡賓實業(深圳)有限公司)).

The above acquisition was completed on 29 December 2007 and the Convertible Bond in the principal amount of HK\$1,727,500,000 was issued to SIHCL on the same date. As at the date of this announcement, the principal amount of HK\$1,727,500,000, pursuant to which 1,439,583,333 Conversion Shares may be allotted and issued upon exercise of the Conversion Rights in full at the Initial Conversion Price of HK\$1.20 attached, remains outstanding under the Convertible Bond.

Pursuant to the existing terms of the Convertible Bond, SIHCL may convert the outstanding principal amount under the Convertible Bond in whole or in part at any time on or before 29 December 2010, pursuant to which the Conversion Shares will be allotted and issued to SIHCL at the Initial Conversion Price.

With reference to the recent price performance of the Shares, the Directors noted that the Initial Conversion Price is significantly higher than current market price of the Shares (being approximately 182% of the closing price as quoted on the Stock Exchange on the Last Trading Day, and approximately 214% of the average closing price of HK\$0.562 as quoted on the Stock Exchange on the last trading day in each calendar month for the past twelve months), and understand from SIHCL that it is unlikely the Convertible Bond would be converted into Shares at the Initial Conversion Price.

Pursuant to the existing terms of the Convertible Bond, the Company would be required to repay the outstanding principal amount under the Convertible Bond on 29 December 2010 if SIHCL elects not to convert the same.

The Directors consider that the liquidity position of the Group would be tightened as a result of the repayment of the outstanding principal amount of the Convertible Bond in cash on 29 December 2010. In order to retain capital for the Group's future business development and strengthen the capital base of the Company, the Directors proposed to amend certain terms of the Convertible Bond to provide incentive for SIHCL to convert the Convertible Bond through the entering into of the Modification Deed.

THE MODIFICATION DEED

On 11 November 2010, the Company entered into the Modification Deed with SIHCL to amend certain terms of the Convertible Bond. The principal amendments to the terms of the Convertible Bond are as follows:

Principal Amendments to the Terms of the Convertible Bond

On the Effective Date, the following terms of the Convertible Bond shall be amended as follow:

(A) Revised Conversion Price

The conversion price of the Convertible Bond shall be changed from the Initial Conversion Price of HK\$1.20 to the Revised Conversion Price of HK\$0.78.

(B) Compulsory Conversion

Commencing from the Effective Date to the Long Stop Date, SIHCL shall exercise the Conversion Rights attached to the outstanding principal amount of HK\$1,727,500,000 in full at the Revised Conversion Price, such compulsory conversion shall take place upon the fulfillment of all the conditions under the paragraph headed “Conditions to Conversion of the Convertible Bond” below.

SIHCL may nominate Ultrarich, which will become its wholly-owned subsidiary after the Ultrarich Transfer, to hold the New Conversion Shares.

(C) Lock-up of the New Conversion Shares

Subject to the terms and conditions of the Modification Deed, SIHCL has undertaken to the Company that it shall not, and shall procure Ultrarich (where applicable) not to, sell, pledge or otherwise dispose of any of the New Conversion Shares within 2 years after the date when SIHCL (or Ultrarich) becomes the holder of the New Conversion Shares without the prior written consent of the Company.

(D) Validity Period

The validity period of the Convertible Bond shall be changed to end on the Long Stop Date accordingly. With effect from the Effective Date and subject to the fulfillment of the conditions as set out in the paragraph headed “Conditions to Conversion of the Convertible Bond” below, SIHCL shall compulsorily convert the Convertible Bond in full at the Revised Conversion Price.

Conditions to the Proposed Amendments

The Proposed Amendments are conditional upon fulfilment of all the following conditions:

- (i) the Independent Shareholders passing all necessary resolutions at the SGM approving, among other things:
 - a. the Modification Deed and the transactions contemplated thereunder;
 - b. the allotment and issue of the New Conversion Shares pursuant to the exercise of the Conversion Rights attached to the Convertible Bond in full at the Revised Conversion Price; and
 - c. the Whitewash Waiver;

- (ii) where applicable, the shareholders of SIHCL approving the execution of the Modification Deed and performance of its obligations thereunder by SIHCL;
- (iii) the Stock Exchange having approved the proposed amendments contemplated under the Modification Deed pursuant to Rule 28.05 of the Listing Rules; and
- (iv) where applicable, all consents, licences or other approvals from the relevant government, courts or other third parties as may be required for the implementation of the Modification Deed having been obtained, and such consents, licences and other approvals remaining in full force and effect.

If any of the above conditions is not fulfilled on or before 29 December 2010, the Modification Deed shall cease to have any effect. None of the conditions detailed above can be waived by the parties to the Modification Deed.

To the best knowledge, information and belief of the Directors, no governmental nor regulatory approvals are required in the PRC in relation to the Modification Deed and the transactions contemplated thereunder.

Conditions to Conversion of the Convertible Bond

The above proposed compulsory conversion of the amended Convertible Bond shall take place upon the fulfilment of all the following conditions:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Conversion Shares (either unconditionally, or subject only to conditions as the Company and SIHCL may consider reasonable and acceptable, and all such conditions having been fulfilled);
- (ii) the Bermuda Monetary Authority having approved the issue of the New Conversion Shares, where applicable;
- (iii) the granting of the Whitewash Waiver by the Executive, and such Whitewash Waiver not being revoked or revised;
- (iv) where applicable, all consents, licences or other approvals from the relevant government, courts or other third parties as may be required for the implementation of the Modification Deed having been obtained, and such consents, licences and other approvals remaining in full force and effect; and
- (v) the approval and/or waiver stipulated in the paragraph headed “Conditions to the Proposed Amendments ” above not being revoked or revised.

If any of the above conditions is not fulfilled on or before the Long Stop Date, the Company shall repay the outstanding principal amount under the Convertible Bond to SIHCL on the Long Stop Date. None of the conditions detailed above can be waived by the parties to the Modification Deed.

The Conversion Rights shall be exercised within five business days (but in any event on or before the Long Stop Date) after all the above conditions having been fulfilled, pursuant to which the Company will allot and issue to SIHCL (or Ultrarich) the New Conversion Shares within seven business days thereafter. SIHCL may hold, or may nominate Ultrarich to hold, the New Conversion Shares.

The New Conversion Shares

The 2,214,743,589 New Conversion Shares to be allotted and issued by the Company upon full conversion of the Convertible Bond by SIHCL at the Revised Conversion Price represent approximately 15.64% of the issued share capital of the Company as at the date of this announcement, and approximately 13.53% of the issued share capital of the Company as enlarged by the allotment and issue of the New Conversion Shares, respectively (assuming no other changes in the issued share capital of the Company from the date of this announcement up to full conversion of the Convertible Bond by SIHCL).

Approval was granted by the Stock Exchange on 5 December 2007 for the listing of, and permission to deal in, 1,439,583,333 Conversion Shares, being the Conversion Shares to be issued upon full conversion of the Convertible Bond at the Initial Conversion Price. Accordingly, the Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in 2,214,743,589 New Conversion Shares which may be allotted and issued by the Company upon full conversion of the Convertible Bond at the Revised Conversion Price. Such approval, if granted, would supersede the approval granted by the Stock Exchange on 5 December 2007.

The Revised Conversion Price

The Revised Conversion Price of HK\$0.78 for each New Conversion Share was determined after arm's length negotiations between the Company and SIHCL with reference to the higher of (i) the closing price of HK\$0.66 per Share as quoted on the Stock Exchange on the Last Trading Day and (ii) the average closing price of HK\$0.666 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day, with a premium of approximately 17.12%.

The Revised Conversion Price represents:

- (i) a premium of approximately 18.18% over the closing price of HK\$0.66 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 17.12% over the average closing price of HK\$0.666 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 21.50% over the average closing price of HK\$0.642 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming no other changes in the issued share capital of the Company from the date of this announcement up to the full conversion of the Convertible Bond by SIHCL at the Revised Conversion Price, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after full conversion of the Convertible Bond at the Revised Conversion Price and the Ultrarich Transfer and the SIHC Transfer are illustrated as follows:

<i>Name of Shareholder</i>	<i>As at the date of this announcement</i>		Immediately after full conversion of the Convertible Bond at the Revised Conversion Price, the Ultrarich Transfer and SIHC Transfer (as defined below)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
SIHCL and its subsidiary(ies)	--- (notes 1 and 2)	---	7,955,216,814 (note 3)	48.59%
SIHC and its subsidiary(ies)	5,740,473,225 (note 2)	40.55%	---	---
Other parties acting in concert with SIHCL:				
- Mr. Li Jing Qi (note 4)	20,000,000	0.14%	20,000,000	0.12%
- Mr. Liu Jun (note 5)	19,000,000	0.13%	19,000,000	0.12%
SIHCL and parties acting in concert with it	5,779,473,225	40.82%	7,994,216,814	48.83%
Public Shareholders	8,377,956,250	59.18%	8,377,956,250	51.17%
Total	14,157,429,475	100%	16,372,173,064	100%

Notes:

- (1) *SIHCL is deemed to be interested in 1,439,583,333 Conversion Shares to be issued to it as a result of being a holder of the Convertible Bond as at the date of this announcement. These Shares represent the Conversion Shares to be issued to SIHCL upon the exercise of the entire Conversion Rights attached to the Convertible Bond at the Initial Conversion Price. SIHCL is also interested in 4,836,363,636 Shares for the purpose of the SFO as a result of the entering into of the share transfer agreement in respect of the Ultrarich Transfer as detailed in note 2 below.*
- (2) *These Shares comprises (i) 4,836,363,636 Shares held by Ultrarich, a wholly-owned subsidiary of SIHC; and (ii) 904,109,589 Shares held by SIHC.*

On 15 October 2009, SIHC (as vendor) and SIHCL (as purchaser) entered into a share transfer agreement in relation to the Ultrarich Transfer. As at the date of this announcement, the Ultrarich Transfer has yet to be completed, but is expected to complete prior to the despatch of the circular in relation to the Modification Deed and the Whitewash Waiver.

*The Board has been informed of a proposed transfer between SIHC (as vendor) and Ultrarich (as purchaser) of 904,109,589 Shares currently held by SIHC to Ultrarich at nominal value (“**SIHC Transfer**”), which is scheduled to take place immediately after the Ultrarich Transfer. To the best knowledge, information and belief of the Directors, no binding agreement has been entered into between SIHC and Ultrarich in relation to the proposed SIHC Transfer as at the date of this announcement.*

Upon completion of the Ultrarich Transfer and the SIHC Transfer, Ultrarich will become a wholly-owned subsidiary of SIHCL, and SIHC would cease to have any interest in Ultrarich.

- (3) *These Shares comprises (i) the 2,214,743,589 New Conversion Shares to be held by SIHCL (or Ultrarich) upon conversion of the Convertible Bond in full at the Revised Conversion Price; and (ii) 5,740,473,225 Shares held by Ultrarich upon completion of the Ultrarich Transfer and the SIHC Transfer.*

Upon completion of the Ultrarich Transfer and the SIHCL Transfer, Ultrarich will become a wholly-owned subsidiary of SIHCL, and SIHCL would then be deemed to be interested in all the 5,740,473,225 Shares owned by Ultrarich for the purpose of the SFO.

- (4) Mr. Li Jing Qi is an executive Director and a director of Ultrarich. In addition, Mr. Li Jing Qi is also interested in options to subscribe for 17,000,000 Shares granted to Mr. Li Jing Qi by the Company on 28 September 2010 pursuant to the share option scheme of the Company.
- (5) Mr. Liu Jun is an executive Director and a director of Ultrarich. In addition, Mr. Liu Jun is also interested in options to subscribe for 14,300,000 Shares granted to Mr. Liu Jun by the Company on 28 September 2010 pursuant to the share option scheme of the Company.

As at the date of this announcement, options to subscribe for an aggregate of 321,600,000 Shares granted pursuant to the share option scheme of the Company were outstanding, details of which are illustrated as follows:

Name of grantee	Position held with the Company	Number of share options held
Mr. Guo Yuan (<i>note 1</i>)	Executive Director and Chairman	17,900,000 (<i>note 2</i>) 35,000,000 (<i>note 3</i>)
Mr. Li Jing Qi (<i>note 1</i>)	Executive Director and Chief Executive Officer	17,000,000 (<i>note 2</i>)
Mr. Liu Jun (<i>note 1</i>)	Executive Director and Vice President	14,300,000 (<i>note 2</i>)
Mr. Yang Hai	Executive Director	14,300,000 (<i>note 2</i>)
Other Employees		223,100,000 (<i>note 2</i>)
	Total	321,600,000

Notes:

- (1) Each of Mr. Guo Yuan, Mr. Li Jing Qi and Mr. Liu Jun is an executive Director and a director of Ultrarich. All of them comprise the board of directors of Ultrarich.
- (2) 40% of these share options granted will be vested on the date which is 24 months after the 28 September 2010 ("Date of Grant"); another 30% of these share options granted will be vested on the date which is 36 months after the Date of Grant; and the remaining 30% of these share options will be vested on the date which is 48 months after the Date of Grant. Vesting of these share options is conditional, subject to their individual performance and the achievement of certain performance targets of the Group.
- (3) These options have no vesting period and were granted on 6 February 2007.

Other than the Convertible Bond and the aforesaid options to subscribe for an aggregate of 321,600,000 Shares granted under the share option scheme of the Company adopted on 30 April 2004, the Company had no convertible securities, options, derivatives or warrants outstanding and had not entered into any agreement for the issue of any convertible securities, options, warrants or derivatives of the Company as at the date of this announcement.

Save for (i) the 5,779,473,225 Shares; (ii) the Convertible Bond; and (iii) the options to subscribe for an aggregate 84,200,000 Shares held by Mr. Guo Yuan, Mr. Li Jing Qi and Mr. Liu Jun described above, SIHCL and parties acting in concert with it did not have any interest in any securities, shares, options, warrants, derivatives or convertible securities in the Company as at the date of this announcement.

INFORMATION OF SIHCL

SIHCL is a limited liability company established in the PRC and is wholly-owned by Shenzhen SASAB. The principal activities of SIHCL are investment holding of stated-owned enterprises in Shenzhen and engagement in other businesses as authorised by Shenzhen SASAB.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MODIFICATION DEED

The Group is principally engaged in the investment, construction and operation of logistic infrastructure facilities, as well as the provision of relevant logistic services, including third party logistic services and logistic information services.

The Directors consider that the amendment of the terms of the Convertible Bond under Modification Deed would provide incentive for SIHCL to convert the Convertible Bond, and would relieve the Company from the obligation to repay the outstanding principal amount under the Convertible Bond in cash on 29 December 2010. This will allow the Company to retain capital and strengthen its equity base for its future business development.

In the event that the Company is required to repay the outstanding principal amount of the Convertible Bond, the repayment is to be made in RMB at the amount of RMB1,670,577,710 (being the outstanding principal amount of HK\$1,727,500,000 converted into RMB at the agreed exchange rate at inception of the Convertible Bond). This would imply an additional HK dollar cash for repayment to the Company as a result of the appreciation of the RMB currency in the past three years. In addition, with the additional capital upon conversion of the Convertible Bond at the Revised Conversion Price, the Company's future financing ability and shareholders' value would be further enhanced.

In recent years, the Company has shown strong growth in both asset scale and profitability through mergers and acquisitions and other new investments which have taken the Company to a new level, offering more opportunities for future investment and development. Further, the proposed compulsory conversion of the Convertible Bond by SIHCL under the Modification Deed is expected to reduce the Group's overall debt level and at the same time strengthen the Company's capital base. This will provide a solid foundation for expansion of existing logistic resources and logistic infrastructure projects.

The Directors consider that the proposed compulsory conversion of the Convertible Bond by SIHCL under the Modification Deed would increase the interest of SIHCL and its parties acting in concert in the shareholding in the Company and is expected to further strengthen the relationship between SIHCL and the Company. The Directors also consider, given the Group is involved in the logistic infrastructure business and facilities, that it would be in the interest of the Group and the Shareholders as a whole to strengthen the shareholding relationship with the controlling shareholder that has governmental background.

The Board (including the independent non-executive Directors) considers that the terms of the Modification Deed are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As the applicable ratios for the transactions contemplated under the Modification Deed are higher than 5% but below 25%, the entering into of the Modification Deed by the Company constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

SIHCL is wholly-owned by Shenzhen SASAB, which supervises and manages SIHC. In addition, pursuant to the arrangement of the Shenzhen Municipal Government, SIHC, together with two other state-owned enterprises, will be merged with SIHCL. As at the date of this announcement, SIHC is a controlling shareholder of the Company interested in an aggregate of 5,740,473,225 Shares, representing approximately 40.55% of the issued share capital of the Company, directly and through Ultrarich, its wholly-owned subsidiary. SIHCL, being an associate of SIHC, is thus a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the entering into of the Modification Deed by the Company with SIHCL constituted a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to approval by the Independent Shareholders at the SGM.

In addition, the Proposed Amendments are subject to, among other things, approval by the Stock Exchange pursuant to Rule 28.05 of the Listing Rules. Application will be made by the Company to the Stock Exchange for its approval of the Proposed Amendments, and for the listing of, and permission to deal in, the New Conversion Shares on the Stock Exchange.

IMPLICATION UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, SIHCL and parties acting in concert with it, including Shenzhen SASAB, SIHC, Ultrarich, Mr. Li Jing Qi and Mr. Liu Jun, hold in an aggregate of 5,779,473,225 Shares, representing approximately 40.82% of the issued share capital of the Company.

If the Modification Deed becomes fully unconditional, SIHCL shall exercise the Conversion Rights attached to the entire outstanding principal amount of HK\$1,727,500,000 under the Convertible Bond in full at the Revised Conversion Price in accordance with the terms and conditions of the Modification Deed. Accordingly, SIHCL and parties acting in concert with it would be interested in 7,994,216,814 Shares, representing approximately 48.83% of the issued share capital of the Company as enlarged by the allotment and issue of 2,214,743,589 New Conversion Shares upon full conversion of the Convertible Bond by SIHCL (assuming no other changes in the issued share capital of the Company from the date of this announcement up to full conversion of the Convertible Bond by SIHCL).

In the absence of the Whitewash Waiver, SIHCL and parties acting in concert with it would be obliged to make a mandatory offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by SIHCL or parties acting in concert with it in accordance with the Takeovers Code. An application will be made by SIHCL to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code as a result of the issue of the New Conversion Shares upon full conversion of the Convertible Bond at the Revised Conversion Price. The Modification Deed shall cease to have any effect if the Whitewash Waiver is not granted by the Executive.

SIHCL has confirmed that none of SIHCL or any person acting or presumed to be acting in concert with it has acquired voting rights in the Company in the 6 months prior to the date of this announcement which would constitute disqualifying transaction under the Takeovers Code.

Save as disclosed in the paragraph headed “Effect on the Shareholding Structure of the Company” above, none of SIHCL or any person acting or presumed to be acting in concert with it owns or has control or direction over any voting right in or rights over any Shares or any convertible securities, warrants or options in respect of the Shares, or any outstanding derivative in respect of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; nor is there any arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of SIHCL and which might be material to the transactions contemplated under the Modification Deed and the Whitewash Waiver, or any agreements or arrangements to which SIHCL is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Modification Deed and the Whitewash Waiver. None of SIHCL or any persons acting or presumed to be acting in concert with it has received an irrevocable commitment to vote for or against the resolutions relating to the Modification Deed and the Whitewash Waiver. Further none of SIHCL or any persons acting or presumed to be acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

GENERAL

Mr. Guo Yuan, Mr. Li Jing Qi and Mr. Liu Jun, each being the executive Director, comprise the board of directors of Ultrarich. Accordingly, each of Mr. Guo Yuan, Mr. Li Jing Qi and Mr. Liu Jun is a party acting in concert with SIHCL.

The Independent Board Committee comprising all the independent non-executive Directors (namely, Messrs. Leung Ming Yuen, Simon, Ding Xun and Nip Yun Wing) has been established to advise the Independent Shareholders in respect of the Modification Deed. The Whitewash Independent Board Committee comprising Messrs. To Chi Keung, Simon (non-executive Director), Leung Ming Yuen, Simon, Ding Xun and Nip Yun Wing (all being independent non-executive Directors) has also been established to advise the Independent Shareholders in respect of the Whitewash Waiver. As Mr. Wang Dao Hai, the other non-executive Director, is the financial controller and head of finance department of Shenzhen Yuanzhi Investment Co., Ltd., an indirect wholly-owned subsidiary of Shenzhen SASAB, he has not been appointed as a member of the Whitewash Independent Board Committee.

The Company will also appoint an independent financial adviser to advise the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders in relation to the Modification Deed and the Whitewash Waiver. An announcement will be made in respect of such appointment as soon as practicable after such appointment.

The SGM will be convened and held to consider and, if thought fit, approve, among other things, the Modification Deed and the Whitewash Waiver.

SIHCL, its associates and parties acting in concert with it (including Shenzhen SASAB, SIHC, Ultrarich, Mr. Li Jing Qi and Mr. Liu Jun) who are interested in an aggregate of 5,779,473,225 Shares, representing approximately 40.82% of the issued share capital of the Company, will abstain from voting at the SGM on all the resolutions in relation to the Modification Deed, the transactions contemplated thereunder, and the Whitewash Waiver.

A circular containing, among other things, (i) further information of the Modification Deed and the Proposed Amendments; (ii) the respective letters of advice and recommendations from the Independent Board Committee and the Whitewash Independent Board Committee in respect of the Modification Deed and the Whitewash Waiver; (iii) a letter of advice and recommendations from the independent financial adviser to the Independent Board Committee and the Whitewash Independent Board Committee in respect of the Modification Deed and the Whitewash Waiver; (iv) information required under the Takeovers Code in respect of the Whitewash Waiver; and (v) a notice of the SGM, is expected to be despatched to the Shareholders on or before 3 December 2010.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 12 November 2010 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 2:30 p.m. on 16 November 2010.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Right(s)”	the right(s) of the holder of the Convertible Bond to convert the whole or part of (as the case may be) the outstanding principal amount of the Convertible Bond into Shares subject to the terms and conditions of the Convertible Bond
“Conversion Share(s)”	the Share(s) to be issued upon conversion of the Convertible Bond

“Convertible Bond”	the zero-coupon convertible bond in the principal amount of HK\$1,727,500,000 issued by the Company to SIHCL on 29 December 2007 (and where the context requires, as amended by the Modification Deed)
“Director(s)”	director(s) of the Company
“Effective Date”	the date on which the conditions to the Proposed Amendments, details of which are set out in paragraph headed “Conditions to the Proposed Amendments” above, have been fulfilled
“Executive”	the executive director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or his delegates
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors (namely, Messrs. Leung Ming Yuen, Simon, Ding Xun and Nip Yun Wing) to advise the Independent Shareholders in respect of the Modification Deed
“Independent Shareholders”	the Shareholders other than (i) SIHCL and parties acting in concert with it and (ii) those who are involved in or interested in the Convertible Bond, the Modification Deed and/or the Whitewash Waiver
“Initial Conversion Price”	HK\$1.20 (subject to adjustment in accordance with the terms of the Convertible Bond)
“Last Trading Day”	10 November 2010, being the last trading date prior to the date of the Modification Deed
“Listing Rules”	The Rules Governing the Listing of the Securities on the Stock Exchange
“Long Stop Date”	31 January 2011 (or such later date as parties to the Modification Deed may agree in writing)
“Modification Deed”	a conditional modification deed dated 11 November 2010 entered into between the Company and SIHCL to amend certain terms of the Convertible Bond
“New Conversion Share(s)”	2,214,743,589 Shares, being the Share(s) to be issued upon full conversion of the Convertible Bond as amended by the Modification Deed

“PRC”	The People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Amendments”	the proposed amendments to the Convertible Bond pursuant to the terms of the Modification Deed, the principal terms of which are set out in the paragraph headed “Principal Amendments to the Terms of the Convertible Bond” above
“Revised Conversion Price”	HK\$0.78 (subject to adjustment in accordance with the terms of the Convertible Bond)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among other things, the Modification Deed, the transactions contemplated thereunder and the Whitewash Waiver
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen SASAB”	深圳市國有資產監督管理局 (Shenzhen State-owned Assets Supervision and Administration Bureau*)
“SIHC”	深圳市投資管理公司 (Shenzhen Investment Holding Corporation*), an enterprise owned by the whole people established in the PRC and is supervised and managed by Shenzhen SASAB
“SIHCL”	深圳市投資控股有限公司 (Shenzhen Investment Holdings Company Limited*), a limited liability company established in the PRC and is wholly-owned by Shenzhen SASAB
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Ultrarich”	Ultrarich International Limited, a company incorporated in the British Virgin Islands with limited liability and as at the date of this announcement, a wholly-owned subsidiary of SIHC and after the Ultrarich Transfer, a wholly-owned subsidiary of SIHCL

“Ultrarich Transfer”	the proposed transfer of the entire issued share capital of Ultrarich from SIHC to SIHCL pursuant to and in accordance with the terms and conditions of a share transfer agreement entered into between SIHC (as vendor) and SIHCL (as purchaser) dated 15 October 2009
“Whitewash Independent Board Committee”	an independent committee of the Board comprising Messrs. To Chi Keung, Simon (non-executive Director), Leung Ming Yuen, Simon, Ding Xun and Nip Yun Wing (all being independent non-executive Directors) to advise the Independent Shareholders in respect of the Whitewash Waiver
“Whitewash Waiver”	a waiver from the obligation of SIHCL and parties acting in concert with it to make a mandatory offer under Rule 26 of the Takeovers Code pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code as a result of the issue of the New Conversion Shares upon full conversion of the Convertible Bond at the Revised Conversion Price
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

**for identification purpose only*

By order of the Board
Shenzhen International Holdings Limited
Guo Yuan
Chairman

Hong Kong, 16 November 2010

As at the date of this announcement, the Board consists of Messrs. Guo Yuan, Li Jing Qi, Liu Jun and Yang Hai as executive Directors, Messrs. To Chi Keung, Simon and Wang Dao Hai as non-executive Directors and Messrs. Leung Ming Yuen, Simon, Ding Xun and Nip Yun Wing as independent non-executive Directors.

This announcement is made by the order of the Board. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, 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 would make any statement in this announcement misleading.