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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)

**PLACING OF EXISTING SHARES AND
SUBSCRIPTION FOR NEW SHARES
UNDER THE GENERAL MANDATE**

Placing Agents

Morgan Stanley

J.P.Morgan



(in alphabetical order)

PLACING AND SUBSCRIPTION

The Vendor, the Company and the Placing Agents entered into the Placing and Subscription Agreement dated 4 November 2014 pursuant to which (a) the Vendor has appointed the Placing Agents and the Placing Agents have agreed to act as placing agents for the Vendor, on an underwritten basis, to procure the Placees to purchase 176,000,000 Placing Shares held by the Vendor at the Placing Price of HK\$11 per Share; and (b) the Vendor conditionally agreed to subscribe for 176,000,000 Subscription Shares, at the Subscription Price of HK\$11 per Share, which is equivalent to the Placing Price.

As at the date of this announcement, the authorised share capital of the Company is HK\$2,000,000,000 divided into 2,000,000,000 Shares of which 1,714,007,544 Shares are in issue.

The 176,000,000 Placing Shares represent (i) approximately 10.27% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.31% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Completion of the Subscription is conditional on certain conditions precedent as more particularly set out in this announcement.

The gross proceeds of the Placing and the Subscription will be HK\$1,936 million. The net proceeds of the Placing and the Subscription will be approximately HK\$1,896 million and are intended to be applied towards the expansion of logistic business of the Group, in particular building up the "China Urban Integrated Logistics Hub" network, as well as general corporate purposes of the Group.

General Mandate

The Subscription Shares will be issued under the General Mandate granted to the Directors at the AGM and the issue of the Subscription Shares will not be subject to the approval by the Shareholders.

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

Warning

Pursuant to the termination provisions contained in the Placing and Subscription Agreement in respect of the Placing, the Placing Agents have the right in certain circumstances to terminate the obligations of the Placing Agents pursuant to the Placing at any time prior to 9:00 a.m. on the Closing Date, provided that the Placing Agents may, at their discretion, agree with one or more purchasers to sell some or all of the Placing Shares to them (on behalf of the Vendor) on the basis that the termination provisions in the Placing and Subscription Agreement will not apply in relation to such sales and in which case the Vendor will be required to deliver the number of Placing Shares sold under such circumstances and (subject to the fulfillment of the conditions to the Subscription) subscribe for the same number of Subscription Shares. Completion of the Subscription is subject to a number of conditions mentioned herein. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Vendor, the Company and the Placing Agents entered into the Placing and Subscription Agreement dated 4 November 2014 pursuant to which (a) the Vendor has appointed the Placing Agents and the Placing Agents have agreed to act as placing agents for the Vendor, to procure Places to purchase 176,000,000 Placing Shares held by the Vendor at the Placing Price of HK\$11 per Share; and (b) the Vendor conditionally agreed to subscribe for 176,000,000 Subscription Shares, at the Subscription Price of HK\$11 per Share, which is equivalent to the Placing Price.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date

4 November 2014

Parties

- (a) the Vendor (as the vendor of the Placing Shares);
- (b) the Company; and
- (c) the Placing Agents (as the placing agents of the Vendor).

As at the date of this announcement, the Vendor is a substantial shareholder of the Company, holding 830,409,709 Shares which represents approximately 48.45% of the issued ordinary share capital of the Company.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agents and their respective ultimate owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The Placing

The Vendor has appointed the Placing Agents and the Placing Agents have severally agreed to act as the Placing Agents for the Vendor to procure purchasers for, or failing which to purchase itself 176,000,000 Placing Shares in aggregate held by the Vendor at the Placing Price of HK\$11 per Share.

Placees

The Placees will not be connected persons of the Company or any person acting in concert with the Vendor. The Placees are also expected to be independent of and not acting in concert (as defined under the Takeovers Code) with any of the Vendor or any of its or the Company's directors (as defined in the Listing Rules), chief executive or substantial shareholders (as defined in the Listing Rules), or any of their respective associates (as defined in the Listing Rules). It is also expected that the Placing Shares will be placed to not less than six Placees which are professional, institutional and/or other investors. The Company currently anticipates that none of the Placees will become a substantial shareholder of the Company upon completion of the Placing.

Placing Shares

As at the date of this announcement, the authorised share capital of the Company is HK\$2,000,000,000 divided into 2,000,000,000 Shares of which 1,714,007,544 Shares are in issue.

The 176,000,000 Placing Shares represent (i) approximately 10.27% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.31% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Rights of the Placing Shares

The Placing Shares will be sold free from all liens, charges and encumbrances and together with all rights attaching to them as at 5 November 2014, including the right to receive all dividends declared, made or paid on or after 5 November 2014.

The Placing Price

The Placing Price is HK\$11 per Share. The Placing Price represents:

- (a) a discount of approximately 8.49% to the closing price of HK\$12.02 per Share as quoted on the Stock Exchange on the date of the Placing and Subscription Agreement;
- (b) a discount of approximately 8.03% to the average of the closing prices of approximately HK\$11.96 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 6.78% to the average of the closing prices of approximately HK\$11.80 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (d) a discount of approximately 5.25% to the average of the closing prices of approximately HK\$11.61 per Share as quoted on the Stock Exchange for the last twenty consecutive trading days up to and including the Last Trading Day.

The Placing Price was negotiated on an arm's length basis between the Company, the Vendor and the Placing Agents and was determined with reference to the prevailing market price of the Shares and the recent trading volume of the Shares.

Non-Disposal Undertaking

The Vendor undertakes to each of the Placing Agents that (except for the sale of the Placing Shares pursuant to the Placing and Subscription Agreement) for a period of 180 days from the Closing Date, unless with the prior written consent of the Placing Agents, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will:

- (a) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or
- (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of Shares,

whether any such transaction described in (a) and (b) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or

- (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above.

The Company undertakes to each of the Placing Agents, and the Vendor undertakes to the each of the Placing Agents to procure, that for a period of 180 days from the Closing Date, the Company will not, without first having obtained the written consent of the Placing Agents, except for the Subscription Shares and save pursuant to (1) the terms of any employee share option scheme of the Company or (2) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its bye-laws:

- (a) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares; or
- (b) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (a) above; or
- (c) announce any intention to enter into or effect any such transaction described in (a) above.

Completion of the Placing

Completion of the Placing will take place on the Closing Date, being two Business Days after 5 November 2014 or such other date as the Vendor and the Placing Agents may agree in writing.

The Placing Agents may terminate their obligations under the Placing and Subscription Agreement without liability to the Vendor and/or the Company by giving notice in writing to the Vendor and the Company, which notice may be given at any time prior to 9:00 a.m. (Hong Kong time) on the Closing Date:

- (a) there develops, occurs or comes into force:
 - (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations in any relevant jurisdiction which in the opinion of the Placing Agents has or is likely to have a material adverse effect on the financial position of the Company and/or of the Group as a whole; or

- (ii) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the opinion of the Placing Agents is or would be materially adverse to the success of the Placing; or
 - (iii) any significant change in local, national or international securities market conditions or currency exchange rates or foreign exchange rates or foreign exchange controls which in the sole judgement of the Placing Agents is or would be materially adverse to the success of the Placing; or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (iv) a general moratorium on commercial banking activities in Hong Kong, the PRC, London or New York declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, the United Kingdom or the United States; or
 - (v) a change or development involving a prospective change in taxation which constitutes a material adverse effect on the Group as a whole or the Placing Shares or the transfer thereof; or
 - (vi) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong, the PRC, the United Kingdom or the United States or the declaration by Hong Kong, the PRC, the United Kingdom or the United States of a national emergency or war; or
 - (vii) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing); or
 - (viii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange or Nasdaq due to exceptional financial circumstances or otherwise at any time prior to the Closing Date; or
- (b) any breach of any of the representations, warranties and undertakings by the Company and/or the Vendor set out in the Placing and Subscription Agreement comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date hereof and prior to the Closing Date which if it had occurred or arisen before the date hereof would have rendered any of such representations, warranties and undertakings untrue or incorrect in any respect and any such breach or failure is material or (in the opinion of the Placing Agents) is or would materially and adversely affect the financial position or business of the Company and/or of the Group as a whole or is or would be materially adverse to the success of the Placing, or there has been a breach of, or failure to perform, any other provision of the Placing and Subscription Agreement on the part of the Vendor and/or the Company; or
- (c) there is any such adverse change, or development involving a prospective adverse change in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company and/or of the Group as a whole which in the opinion of the Placing Agents is materially adverse to the success of the Placing.

Pursuant to the termination provisions contained in the Placing and Subscription Agreement in respect of the Placing, the Placing Agents have the right in certain circumstances to terminate the obligations of the Placing Agents pursuant to the Placing at any time prior to 9:00 a.m. on the Closing Date, provided that the Placing Agents may, at their discretion, agree with one or more purchasers to sell some or all of the Placing Shares to them (on behalf of the Vendor) on the basis that the termination provisions in the Placing and Subscription Agreement will not apply in relation to such sales and in which case the Vendor will be required to deliver the number of Placing Shares sold under such circumstances and (subject to the fulfillment of the conditions to the Subscription) subscribe for the same number of Subscription Shares. Completion of the Subscription is subject to a number of conditions mentioned herein. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Subscription

The Vendor has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 176,000,000 Subscription Shares.

The Subscription Price

The Subscription Price is HK\$11 per Share, which is the same as the Placing Price.

The Subscription Price of the Subscription Shares will be paid to the Company in full on completion of the Subscription.

Number of Subscription Shares

The Vendor will subscribe for and the Company will allot and issue a total of 176,000,000 new Shares with an aggregate nominal value of HK\$176,000,000.

The 176,000,000 Subscription Shares represent (i) approximately 10.27% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.31% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Ranking of Subscription Shares

The Subscription Shares, when fully paid, rank pari passu in all respects with the other Shares in issue or to be issued by the Company on the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

Conditions of the Subscription

Completion of the Subscription is conditional on:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares);

- (b) the Executive Director of the Corporate Finance Division of the SFC waiving any obligation of the Vendor and parties acting in concert with it to make a general offer for all the issued shares in the Company as a result of the Subscription under Rule 26.1 of the Takeovers Code; and
- (c) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

The Company will apply to the Listing Committee for listing of and permission to deal in the Subscription Shares and will apply to the SFC for the waiver as referred to in sub-paragraphs (a) and (b) above.

The Placing and Subscription Agreement does not provide for either party to waive any of the above conditions.

Completion

Completion of the Subscription is expected to take place on the Business Day after the date of upon which the last of the conditions to be satisfied has been so satisfied (or such other time and/or date as the Vendor and the Company may agree in writing), provided that it will take place on a date no later than a date falling 14 days after the date of the Placing and Subscription Agreement (or such other time and/or date as the Vendor and the Company may agree in writing).

If the Subscription is not completed within 14 days from the date of the Placing and Subscription Agreement and unless it is waived by the Stock Exchange, it will constitute a connected transaction under the Listing Rules and is subject to compliance with the requirements under Chapter 14A of the Listing Rules, including the issue of a separate announcement and approval of the independent Shareholders.

If the Conditions are not fulfilled within 14 days after the date of the Placing and Subscription Agreement, or such other date as may be agreed between the Company and the Vendor, the obligations and liabilities of the Vendor and the Company under the Subscription will be null and void and neither the Company nor the Vendor will have any claim against the other for costs, damages, compensation or otherwise.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The issue of the Subscription Shares will not be subject to the approval by the Shareholders and the Subscription Shares will be issued under the General Mandate granted to the Directors at the AGM. Pursuant to the General Mandate, the total number of new Shares that the Company is authorised to issue is 331,811,539 Shares, representing 20% of the issued nominal capital of the Company as at the date of the AGM.

Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after completion of the Placing but before the Subscription, and (iii) immediately after completion of the Placing and the Subscription:

	Immediately before the completion of the Placing and the Subscription		Immediately after completion of the Placing and before the Subscription		Immediately after completion of the Placing and the Subscription	
	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %
Substantial Shareholder						
Vendor	830,409,709	48.45	654,409,709	38.18	830,409,709	43.94
Directors						
Li Jing Qi	864,840	0.05	864,840	0.05	864,840	0.04
Liu Jun	900,000	0.05	900,000	0.05	900,000	0.05
Public						
Public Shareholders	881,832,995	51.45	881,832,995	51.45	881,832,995	46.66
Places	--	--	176,000,000	10.27	176,000,000	9.31
<hr/>						
Total	<u>1,714,007,544</u>	<u>100.00</u>	<u>1,714,007,544</u>	<u>100.00</u>	<u>1,890,007,544</u>	<u>100.00</u>

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors consider that the Placing and the Subscription offers a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development. The Directors consider that the terms of the Placing and Subscription Agreement are fair and reasonable, on normal and commercial terms and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the Placing and Subscription will be HK\$1,936 million. The net proceeds (after deducting all applicable costs and expenses of the Placing and the Subscription) of approximately HK\$1,896 million from the Placing and the Subscription are intended to be applied towards the expansion of logistic business of the Group, in particular building up the “China Urban Integrated Logistics Hub” network, as well as general corporate purposes of the Group. The net price of each Subscription Share will be approximately HK\$10.77.

INFORMATION ON THE COMPANY, THE VENDOR AND THE PLACING AGENTS

The Group is principally engaged in the investment, construction and operation of logistic infrastructure facilities, as well as providing various value-added logistic services to customers leveraging its infrastructure facilities and information services platform.

The Vendor is wholly owned by Shenzhen Investment Holdings Company Limited. Messrs. Gao Lei, Li Jing Qi, Li Lu Ning and Liu Jun, who are executive Directors of the Company, are the directors of the Vendor.

The Placing Agents are Morgan Stanley & Co. International plc, J.P. Morgan Securities (Asia Pacific) Limited and UBS AG, Hong Kong Branch.

WARNING

Pursuant to the termination provisions contained in the Placing and Subscription Agreement in respect of the Placing, the Placing Agents have the right in certain circumstances to terminate the obligations of the Placing Agents pursuant to the Placing at any time prior to 9:00 a.m. on the Closing Date, provided that the Placing Agents may, at their discretion, agree with one or more purchasers to sell some or all of the Placing Shares to them (on behalf of the Vendor) on the basis that the termination provisions in the Placing and Subscription Agreement will not apply in relation to such sales and in which case the Vendor will be required to deliver the number of Placing Shares sold under such circumstances and (subject to the fulfillment of the conditions to the Subscription) subscribe for the same number of Subscription Shares. Completion of the Subscription is subject to a number of conditions mentioned herein. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below have the meanings assigned:

“AGM”	the annual general meeting of the Company held on 16 May 2014;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Closing Date”	7 November 2014 or such other date as the Vendor and the Placing Agents may agree in writing;
“Company”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (stock code: 00152);

“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	directors of the Company;
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Last Trading Day”	3 November 2014, being the trading date immediately prior to the date of the Placing and Subscription Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placee(s)”	any professional, institutional and/or other investors procured by the Placing Agents to purchase any of the Placing Shares pursuant to the Placing Agents’ obligations under the Placing and Subscription Agreement;
“Placing”	the placing of the Placing Shares by the Vendor through the Placing Agents pursuant to the terms of the Placing and Subscription Agreement;
“Placing Agents”	Morgan Stanley & Co. International plc, J.P. Morgan Securities (Asia Pacific) Limited and UBS AG, Hong Kong Branch ;
“Placing and Subscription Agreement”	the placing and subscription agreement dated 4 November 2014 entered into among the Vendor, the Company and the Placing Agents in relation to the Placing and the Subscription;
“Placing Price”	HK\$11 per Placing Share;
“Placing Shares(s)”	176,000,000 existing Shares held by the Vendor;
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Share(s)”	ordinary share(s) of par value of HK\$1.00 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription for the Subscription Shares by the Vendor pursuant to the terms and conditions of the Placing and Subscription Agreement;
“Subscription Price”	HK\$11 per Subscription Share, which is equal to the Placing Price;
“Subscription Shares”	176,000,000 new Shares that is equal to the number of Placing Shares to be sold by the Vendor;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Vendor”	Ultrarich International Limited, a company incorporated in the British Virgin Islands, a substantial shareholder of the Company; and
“%”	per cent.

By Order of the Board
Shenzhen International Holdings Limited
Gao Lei
Chairman

Hong Kong, 4 November 2014

As at the date of this announcement, the board of directors of the Company consists of Messrs. Gao Lei, Li Jing Qi, Li Lu Ning, Liu Jun and Yang Hai as executive directors, Dr. Yim Fung, JP as non-executive director and Messrs. Leung Ming Yuen, Simon, Ding Xun and Nip Yun Wing as independent non-executive directors.

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