

SHENZHEN INT'L<0152> & HUTCHISON<0013> - Joint Announcement & Shenzhen Resumption

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SHENZHEN INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

ISSUE OF A CONVERTIBLE BOND

HUTCHISON WHAMPOA LIMITED
(incorporated in Hong Kong with limited liability)

CONNECTED TRANSACTION

JOINT ANNOUNCEMENT

On 16th March 2000, SIHL and its controlling shareholder, SIHC, entered into the Agreement with Hutchison pursuant to which SIHL shall issue and Hutchison shall subscribe or procure its subsidiary(ies) to subscribe for the Convertible Bond in the principal sum of HK\$513,660,800 upon the terms and conditions set out in the Agreement.

The terms and conditions of the Convertible Bond including the conversion price were arrived at after arm's length negotiations.

The Agreement constitutes a connected transaction of HWL under the Listing Rules.

At the request of SIHL, the trading of the Shares and warrants of SIHL on the Stock Exchange was suspended with effect from 10:00 a.m. on 17th March 2000. An application has been made to the Stock Exchange for the resumption of trading of the Shares and warrants of SIHL on the Stock Exchange with effect from 10:00 a.m. on 20th March 2000.

1. Agreement Date

16th March 2000

2. Parties

SIHL, Hutchison and SIHC.

3. Principal Terms of the Convertible Bond

(i) Principal Amount

HK\$513,660,800, payable in full by Hutchison or its subsidiary(ies) on the completion of the issue of the Convertible Bond.

(ii) Maturity Date and Redemption

Unless previously converted, the outstanding principal amount of the Convertible Bond (together with all unpaid and accrued interest) will be repaid by SIHL upon its maturity on the day falling eighteen months after the date of issue of the Convertible Bond which is expected to be not later than 25th April 2000.

(iii) Interest

The Convertible Bond will bear interest from the date of issue at a rate of 4.5% per annum on the principal amount of the Convertible Bond outstanding from time to time, to be payable once every six months in arrears.

(iv) Conversion Rights

The outstanding principal amount of the Convertible Bond or any part thereof may be converted into Shares at any time prior to the maturity date at the relevant conversion price, which is initially HK\$0.43 per Share (subject to adjustment in accordance with the terms and conditions of the Convertible Bond).

Assuming full conversion of the entire principal amount of HK\$513,660,800 of the Convertible Bond at the initial conversion price, SIHL will issue a total of 1,194,560,000 Shares, representing approximately 10.85% of the existing issued share capital of SIHL and approximately 9.79% of the issued share capital of SIHL as enlarged by such issue.

(v) Conversion Price

The initial conversion price of HK\$0.43 per Share represents a 25.86% discount to the closing price of HK\$0.58 per Share on the Stock Exchange on 15th March 2000, being the last trading day immediately prior to the date of the Agreement.

(vi) Transferability

Subject to applicable laws, rules and regulations, the Convertible Bond is freely transferable. SIHL undertakes to the Stock Exchange that it will disclose to the Stock Exchange any dealings from time to time in the Convertible Bond by any of the substantial shareholders or directors of SIHL or their respective associates (as defined in the Listing Rules) immediately upon SIHL becoming aware of such dealing.

(vii) Ranking of Conversion Shares

The Conversion Shares will rank pari passu in all respects with all other existing Shares in issue on the date of the conversion notice and will be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the conversion notice.

(viii) General Mandate

The Shares to be issued upon conversion of the Convertible Bond will be issued pursuant to the general mandate granted to the directors of SIHL at the special general meeting held on 29th February 2000. Such mandate is valid and subsisting

and has not been revoked.

(ix) Others

Further announcement will be made by SIHL upon full conversion of the entire principal amount under the Convertible Bond.

The terms and conditions of the Convertible Bond including the conversion price have been determined as a result of arm's length negotiations between the parties.

4. The Bondholder and Connected Transaction

Hutchison is a wholly-owned subsidiary of HWL, which operates five core businesses in 26 countries: ports and related services; telecommunications; property development and holdings; hotel development and management, retail, manufacturing and other services; and energy and infrastructure.

The Agreement constitutes a connected transaction of HWL under the Listing Rules as SIHL is a connected person of HWL by virtue of the fact that it is an associate of SIHC which is indirectly a substantial shareholder of one of HWL's indirect subsidiaries. The aggregate amount payable under the transaction will be HK\$513,660,800 and is within the de-minimis exemption in respect of connected transactions under Rule 14.25(1) of the Listing Rules. Details of the transaction will be disclosed in the next published annual report and accounts of HWL.

5. Board Representation and Undertakings by the parties

(i) Upon issuance of the Convertible Bond, Hutchison shall be entitled to appoint a nominee as a director of SIHL provided that if (a) at any time during the term of the Convertible Bond, Hutchison disposes of the whole or any part of the Convertible Bond other than to its subsidiaries and the number of Conversion Shares which may be issued to Hutchison (and/or its subsidiaries) together with the number of Shares then held by Hutchison and its subsidiaries is less than 597,280,000, or (b) after the expiry of the term of the Convertible Bond, Hutchison and its subsidiaries together hold less than 597,280,000 Shares, Hutchison shall procure that its nominated director shall forthwith resign as director of SIHL;

(ii) SIHC undertakes with Hutchison that so long as Hutchison and/or its subsidiaries hold any interest in the Convertible Bond, the shareholding interest of SIHC in SIHL shall not fall under 35%; and

(iii) each of SIHL and SIHC undertakes to Hutchison that all subscription monies for the Convertible Bond paid under the Agreement shall be used by SIHL for the purpose of developing its logistics and e-commerce business solely.

6. Top-Up Subscription

In the event that SIHL allots and issues any new Shares to any persons other than Hutchison and/or its subsidiaries, Hutchison shall be entitled to subscribe for up to 10% of such new Shares to be allotted and issued on the same terms

as the new Shares are being offered to such persons provided that no part or the whole of the Convertible Bond has at any time been transferred to a third party not being a subsidiary of Hutchison.

7. Conditions Precedent to the completion of the Agreement

Completion of the issue of the Convertible Bond is conditional upon, among other things, the following having taken place on or before 15th April 2000 or such later date as may be agreed between SIHL and Hutchison:-

- (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares;
- (ii) if required, the Bermuda Monetary Authority having approved the issue of the Convertible Bond and the Conversion Shares; and
- (iii) any other conditions as may be required under the Listing Rules and/or by the Stock Exchange.

8. Completion of issue of the Convertible Bond

The 5th banking day after fulfillment of all the above mentioned conditions precedent. If the conditions precedent set out in paragraph 7 above are not fulfilled on or before 15th April 2000, the Agreement shall lapse and be of no further effect and no party to the Agreement shall have any claim against the other.

9. Reasons for the issue of the Convertible Bond and use of proceeds

The principal business of SIHL is investment holding, with its subsidiaries engaged principally in the sale and distribution of optical products, eye and vision care business, manufacture, sale and distribution of building materials, property development, investment holding and provision of transportation services.

The net proceeds of the Convertible Bond of approximately HK\$513,660,800 will be used by SIHL to develop its logistics and e-commerce business solely. SIHL will make further announcement in relation to the development of its logistics and e-commerce business where required by the Listing Rules.

The directors of SIHL consider that the issue of the Convertible Bond represents a good opportunity for SIHL to raise funding with no immediate dilution effect on the interests of the existing shareholders of SIHL under the prevailing market condition.

The directors of HWL consider that the subscription of the Convertible Bond represents a good opportunity for HWL to further participate in logistics and e-commerce related business. HWL will fund the subscription of the Convertible Bond from its internal resources.

10. Miscellaneous

Hutchison is not a connected person of SIHL for the purpose of the Listing Rules.

An application will be made to the Stock Exchange for the listing of and permission to deal in the Conversion Shares. Nevertheless, no application will be made to the Stock Exchange and any other exchange for the listing of the Convertible Bond.

At the request of SIHL, the trading of the Shares and warrants of SIHL on the Stock Exchange was suspended with effect from 10:00 a.m. on 17th March 2000. An application has been made to the Stock Exchange for the resumption of trading of the Shares and warrants of SIHL on the Stock Exchange with effect from 10:00 a.m. on 20th March 2000.

Terms used in this announcement

Agreement	-	the agreement dated 16th March 2000 and made between SIHL, Hutchison and SIHC in respect of the issue of the Convertible Bond by SIHL to Hutchison or its subsidiary(ies)
Conversion Shares	-	Shares to be issued upon conversion of the Convertible Bond
Convertible Bond	-	convertible bond to be issued by SIHL for the principal amount of HK\$513,660,800 upon completion of the Agreement
Group	-	SIHL and its subsidiaries
Hutchison	-	Hutchison International Limited, a wholly-owned subsidiary of HWL
HWL	-	Hutchison Whampoa Limited, whose shares are listed on the Stock Exchange
Listing Rules	-	The Rules Governing the Listing of Securities on the Stock Exchange
Shares	-	shares of HK\$0.10 each in the share capital of SIHL
SIHC	-	Shenzhen Investment Holding Corporation, which is the beneficial owner of approximately 54.86% of the issued Shares
SIHL	-	Shenzhen International Holdings Limited, whose shares and warrants are listed on the Stock Exchange
Stock Exchange	-	The Stock Exchange of Hong Kong Limited

By order of the Board
Shenzhen International Holdings Limited
Li Hei Hu
Chairman

By order of the Board
Hutchison Whampoa Limited
Edith Shih
Company Secretary

Hong Kong, 18th March 2000

SIHL is responsible for the accuracy of the information contained in this announcement so far as it relates to SIHC, SIHL and its subsidiaries. HWL is responsible for the accuracy of the information contained in this announcement so far as it relates to HWL and its subsidiaries.