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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Shenzhen International Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was affected for transmission to the purchaser or transferee.

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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)

**CONNECTED TRANSACTION
ENTRUSTED CONSTRUCTION MANAGEMENT AGREEMENT
IN RELATION TO
GUANGSHEN COASTAL EXPRESSWAY SHENZHEN SECTION**

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**

Hercules
Hercules Capital Limited

A letter from the Independent Board Committee is set out on page 11 and a letter from the Independent Financial Adviser is set out on pages 12 to 24 of this circular.

A notice convening a special general meeting of Shenzhen International Holdings Limited to be held at the conference room of the Company at Rooms 2206-2208, 22nd Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong on Tuesday, 25 October 2011 at 11:00 a.m. or any adjournment thereof is set out on pages 29 to 30 of this circular. Whether or not you are able to attend and vote at the meeting, you are requested to complete the enclosed proxy form and return it to the branch share registrar of the Company, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting(s) should you so wish.

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Bureau”	深圳市審計局政府投資審計專業局 (the Bureau of Professional Auditing of Governmental Investment of the Bureau of Audit of the Shenzhen Municipal)
“Board”	the board of Directors
“Budgeted Costs”	the construction budget of Coastal Expressway (Shenzhen Section) as approved by 深圳市發展和改革委員會 (the Shenzhen Municipal Commission of Development and Reform)
“Coastal Expressway (Shenzhen Section)”	Guangshen Coastal Expressway Shenzhen Section (廣深沿江高速公路深圳段)
“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 thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Entrusted Construction Management”	the management of the construction of Coastal Expressway (Shenzhen Section) entrusted by the Project Company to Shenzhen Expressway pursuant to the Entrusted Construction Management Agreement
“Entrusted Construction Management Agreement”	委託管理(代建)合同(Entrusted Construction Management Agreement) entered into by the Project Company and Shenzhen Expressway dated 9 September 2011
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent board committee, comprising Mr. Leung Ming Yuen, Simon, Mr. Ding Xun and Mr. Nip Yun Wing, all being independent non-executive Directors, formed to consider the terms of the Entrusted Construction Management Agreement and the transaction contemplated thereunder
“Independent Financial Adviser” or “Hercules Capital”	Hercules Capital Limited (凱利融資有限公司), a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Entrusted Construction Management Agreement and the transaction contemplated thereunder
“Independent Shareholders”	Shareholders other than SIHCL and its associates
“Investment Control Amount”	the amount used to calculate the bonuses or penalties for construction costs control, which is based on the Budgeted Costs of Coastal Expressway (Shenzhen Section) and adjusted according to the specific terms of Entrusted Construction Management Agreement when the prices of the major raw materials change or the construction works amendments occur, and the final amount of which is subject to audit by the Audit Bureau
“Latest Practicable Date”	30 September 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the entrusted management agreement entered into between Shenzhen Expressway and SIHCL on 6 November 2009 in relation to the entrusted management of the Project Company
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, Macau Special Administrative Region and Taiwan
“Project Company”	深圳市廣深沿江高速公路投資有限公司 (Shenzhen Guangshen Coastal Expressway Investment Company Limited), a company established in the PRC with limited liability, principally engaged in the investment, construction and operation of Coastal Expressway (Shenzhen Section), and is a wholly-owned subsidiary of SIHCL

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at the conference room of the Company at Rooms 2206-2208, 22nd Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong on Tuesday, 25 October 2011 at 11:00 a.m. to consider and, if thought fit, approval of the Entrusted Construction Management Agreement and the transaction contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Expressway”	Shenzhen Expressway Company Limited, a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange and a 50.889%-owned subsidiary of the Company
“SIHCL”	深圳市投資控股有限公司 (Shenzhen Investment Holdings Company Limited), a company established in the PRC with limited liability and is wholly-owned by 深圳市人民政府國有資產監督管理委員會 (Shenzhen Municipal State-owned Assets Supervision and Administration Commission)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

In this circular, the English names of the PRC entities are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

In this circular, amounts denominated in RMB have been converted into HK\$ at the rate of RMB0.82=HK\$1.00 for illustration purpose only. No representation is made to the effect that any amount in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

LETTER FROM THE BOARD



Shenzhen International Holdings Limited
深圳國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00152)

Executive Directors:

Guo Yuan (*Chairman*)
Li Jing Qi
Liu Jun
Yang Hai

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Non-executive Directors:

Wang Dao Hai
Wong Yuk Shan

*Head Office and Principal Place
of Business:*

Rooms 2206-2208, 22nd Floor
Greenfield Tower
Concordia Plaza
No. 1 Science Museum Road
Tsimshatsui East, Kowloon
Hong Kong

Independent Non-executive Directors:

Leung Ming Yuen, Simon
Ding Xun
Nip Yun Wing

4 October 2011

To the Shareholders

Dear Sirs or Madams,

**CONNECTED TRANSACTION
ENTRUSTED CONSTRUCTION MANAGEMENT AGREEMENT
IN RELATION TO
GUANGSHEN COASTAL EXPRESSWAY SHENZHEN SECTION**

INTRODUCTION

Reference is made to the joint announcement of the Company and Shenzhen Expressway dated 6 November 2009. Pursuant to the Master Agreement, Shenzhen Expressway was entrusted by SIHCL to manage the Project Company which includes the construction management of Coastal Expressway (Shenzhen Section), with detailed terms of the entrusted construction management to be further negotiated and agreed upon by the Project Company and Shenzhen Expressway and subject to the approval by Shenzhen Municipal Government.

LETTER FROM THE BOARD

The Board and the board of directors of Shenzhen Expressway jointly announced on 9 September 2011 that Shenzhen Expressway and the Project Company entered into the Entrusted Construction Management Agreement, whereby the Project Company has agreed to entrust Shenzhen Expressway to manage the construction of Coastal Expressway (Shenzhen Section) and Shenzhen Expressway has agreed to undertake the management of construction of Coastal Expressway (Shenzhen Section).

The purpose of this circular is to provide you with, among other things, details of the Entrusted Construction Management Agreement, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the terms of the Entrusted Construction Management Agreement and the transaction contemplated thereunder, the advice of the Independent Financial Adviser on the terms of the Entrusted Construction Management Agreement and the transaction contemplated thereunder and other information as required under the Listing Rules.

THE ENTRUSTED CONSTRUCTION MANAGEMENT AGREEMENT

Date:

9 September 2011

Parties:

Entrusting Party: The Project Company

The Project Company is a wholly-owned subsidiary of SIHCL and is principally engaged in the investment, construction and operation of Coastal Expressway (Shenzhen Section).

Entrusted Party: Shenzhen Expressway

Entrusted Construction Management:

Pursuant to the Entrusted Construction Management Agreement, the Project Company has agreed to entrust Shenzhen Expressway to manage the construction of Coastal Expressway (Shenzhen Section), Shenzhen Expressway has agreed to undertake the management of construction of Coastal Expressway (Shenzhen Section) (including but not limited to, coordination of preliminary works, management of preliminary design works and construction drawings design and construction management during the preparation period, construction period as well as default liability period (工程缺陷期), etc.). The Project Company is responsible for timely payment of construction cost and entrusted construction service fee for the project.

LETTER FROM THE BOARD

Entrusted Construction Service Fee:

The entrusted construction service fee comprises the entrusted construction management fee and the performance-based bonuses or penalties (if any) under the provision of the Entrusted Construction Management Agreement. Such entrusted construction management fee and performance-based bonuses or penalties shall be finalised and audited by the Audit Bureau.

Entrusted construction management fee

The entrusted construction management fee shall be 1.5% of the Budgeted Costs. With reference to the approved Budgeted Costs of Phase I of Coastal Expressway (Shenzhen Section) of RMB8,788,740,000 (approximately HK\$10,717,976,000) (excluding the ramp of airport interchange, the design of which is not determined yet, and traffic engineering and affiliated facilities) as at the Latest Practicable Date, the entrusted construction management fee is estimated to be approximately RMB131,830,000 (approximately HK\$160,768,000). The entrusted construction management fee shall be paid in cash by the Project Company in installments as follows:

- (i) 40% will be paid within 28 days upon signing of the Entrusted Construction Management Agreement or the commencement of the construction of Coastal Expressway (Shenzhen Section);
- (ii) 20% will be paid within 28 days upon the progress of the construction arrives 40% of the estimated total investment;
- (iii) 20% will be paid within 28 days upon the progress of the construction arrives 70% of the estimated total investment;
- (iv) 15% will be paid within 28 days after delivery and inspection of the construction works; and
- (v) the remaining balance will be paid within 28 days after expiry of the default liability period, completion of the final audit and verification of the entrusted construction management fee by the Project Company.

Performance-based bonuses or penalties

The performance-based bonuses or penalties mainly comprise the bonuses or penalties for construction costs control, whereby Shenzhen Expressway will be awarded or penalised by an amount based on 20% of the difference between the Investment Control Amount and the final-audited construction costs. The bonuses for construction costs control, which represents 20% of the amount of the Investment Control Amount exceeding the final-audited construction costs, if any, shall be paid in cash by the Project Company to Shenzhen Expressway in installments as follows:

LETTER FROM THE BOARD

- (i) following the completion of the construction works of the road understructure and bridge culverts, 50% of the initial bonuses for construction costs control shall be paid within 30 days upon submission of preliminary summary of the construction costs of such construction works prepared by Shenzhen Expressway, based on which the initial bonuses for construction costs control is calculated;
- (ii) following the opening of relevant section of the road, the second installment of the bonuses shall be paid within 15 days upon completion of the audit by the Audit Bureau of the settlement amount of construction works, the aggregate of payments shall be 80% of the bonuses for construction costs control as calculated based on the settlement amount of construction works; and
- (iii) the remaining balance of the bonuses for construction costs control shall be paid within 15 days upon completion of the audit by the Audit Bureau of the final settlement amount of construction works.

If the final-audited construction costs exceed the Investment Control Amount, 20% of the overspent construction costs will be borne by Shenzhen Expressway as penalties, which has no ceiling on the amount of the penalties. Based on the past experience of Shenzhen Expressway in entrusted construction management of roads and the pre-construction analysis on the construction of Coastal Expressway (Shenzhen Section), it is believed that the construction costs are not likely to be overspent.

Save and except the bonuses or penalties for construction costs control, Shenzhen Expressway will also be entitled to other bonuses (if any) or bear other penalties (if any) for quality control, safety management and construction period control pursuant to the terms of the Entrusted Construction Management Agreement. It is expected that other bonuses or penalties will not have material effect on the total amount of entrusted construction service fee.

The entrusted construction service fee may be subject to upward or downward adjustment due to factors such as construction works amendment, delays in construction and performance in fulfilling the Entrusted Construction Management Agreement by Shenzhen Expressway. After taking into account of, among others, the terms of the Entrusted Construction Management Agreement and the scale of the Entrusted Construction Management, the Group is of the view that the total entrusted construction service fee will not exceed RMB350,000,000 (approximately HK\$426,829,000), which is subject to the final audit by the Audit Bureau. If the total entrusted construction service fee is expected to exceed RMB350,000,000 (approximately HK\$426,829,000), the Company and Shenzhen Expressway will publish a separate announcement and seek the approval of the independent shareholders in accordance with the requirements of the Listing Rules as and when appropriate.

LETTER FROM THE BOARD

Conditions Precedent to the Entrusted Construction Management Agreement:

The Entrusted Construction Management Agreement is conditional upon parties to the Entrusted Construction Management Agreement having respectively obtained all necessary or appropriate approvals and authorisation for the transaction contemplated under the Entrusted Construction Management Agreement, including but not limited to the independent shareholders' approval of both the Company and Shenzhen Expressway.

Guarantee of Contractual Performance:

Shenzhen Expressway will provide a guarantee of contractual performance in the amount of RMB200,000,000 (approximately HK\$243,902,000) in the form of letter of guarantee of contractual performance to be issued by a bank within 1 month after the signing of the Entrusted Construction Management Agreement. The Project Company will return the relevant letter of guarantee to Shenzhen Expressway within 10 working days after the delivery and inspection of Phase I of the Coastal Expressway (Shenzhen Section).

INFORMATION OF COASTAL EXPRESSWAY (SHENZHEN SECTION)

Guangshen Coastal Expressway is an expressway connecting Huangpu (黃埔) District, Guangzhou to Nanshan (南山) District, Shenzhen with a length of approximately 90 km and will be another major road passage between Guangzhou and Shenzhen as well as Guangdong and Hong Kong.

Coastal Expressway (Shenzhen Section) is the section of Guangshen Coastal Expressway in Shenzhen, extending from Dongbao River (東寶河), the boundary between Dongguan and Shenzhen, to Nanshan District, Shenzhen, and connecting with Shenzhen Western Corridor in the south. Coastal Expressway (Shenzhen Section) is a dual eight-lane expressway with a length of approximately 30.45 km. As at the Latest Practicable Date, the Budgeted Costs of Phase I of Coastal Expressway (Shenzhen Section) is RMB8,788,740,000 (approximately HK\$10,717,976,000) (excluding the ramp of airport interchange, the design of which is not determined yet, and traffic engineering and affiliated facilities). The construction of Phase I of Coastal Expressway (Shenzhen Section) is planned to be completed by 31 December 2012. When the construction budgets of the ramp of airport interchange, traffic engineering and affiliated facilities have been determined, such construction budgets will be submitted to 深圳市發展和改革委員會 (the Shenzhen Municipal Commission of Development and Reform) for approval.

INFORMATION ON THE GROUP

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.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTED CONSTRUCTION MANAGEMENT AGREEMENT

Entrusted construction management of roads is an ordinary and usual course of business of Shenzhen Expressway. By entering into the Entrusted Construction Management Agreement, Shenzhen Expressway can further develop the business of entrusted construction management of roads and generate reasonable income and return by exporting its professional skills and extensive experience in the construction management of roads. Entering into the Entrusted Construction Management Agreement is in line with Shenzhen Expressway's overall strategy in the investment, construction, operation and management of toll highways and roads. The strengthening of Shenzhen Expressway's competitiveness in its core business is beneficial to the Company as a whole.

The Board considers that the terms of the Entrusted Construction Management Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Shenzhen Expressway is a 50.889%-owned subsidiary of the Company, while SIHCL, in turn, is the controlling shareholder of the Company indirectly holding approximately 48.59% of the issued share capital of the Company. The Project Company is a wholly-owned subsidiary of SIHCL, and thus, each of SIHCL and the Project Company is a connected person of the Company and Shenzhen Expressway pursuant to Chapter 14A of the Listing Rules.

The transaction contemplated under the Entrusted Construction Management Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, and is subject to, among other things, the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all independent non-executive Directors) has been established to advise the Independent Shareholders in relation to the Entrusted Construction Management Agreement and the transaction contemplated thereunder. None of the members of the Independent Board Committees has any material interest in the Entrusted Construction Management Agreement and the transaction contemplated thereunder. A letter from the Independent Board Committee is set out on page 11 of this circular.

Hercules Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Entrusted Construction Management Agreement and the transaction contemplated thereunder. A letter from the Independent Financial Adviser is set out on pages 12 to 24 of this circular.

LETTER FROM THE BOARD

SGM

The Company will convene the SGM on Tuesday, 25 October 2011 at 11:00 a.m. at which resolution(s) will be proposed to consider and, if thought fit, approve the Entrusted Construction Management Agreement and the transaction contemplated thereunder.

As at the Latest Practicable Date, SIHCL is the controlling shareholder of the Company indirectly holding approximately 48.59% of the issued share capital of the Company and the Project Company is a wholly-owned subsidiary of SIHCL. Accordingly, SIHCL and its associates will abstain from voting at the SGM in respect of the resolution approving the Entrusted Construction Management Agreement and the transaction contemplated thereunder. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting at the SGM in respect of the resolution approving the Entrusted Construction Management Agreement and the transaction contemplated thereunder other than SIHCL and its associates. None of the Directors has a material interest in the transaction under the Entrusted Construction Management Agreement.

The notice of the SGM is set out on pages 29 to 30 of this circular.

A form of proxy for use at the SGM is enclosed. Whether or not Shareholders are able to attend the meeting, they are requested to complete and return the enclosed form of proxy to the branch share registrar of the Company, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the meeting or any adjournment thereof should they wish to do so.

RECOMMENDATION

The Directors (including all the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee) consider that the terms of the Entrusted Construction Management Agreement and the transaction contemplated thereunder are on normal commercial terms and are fair and reasonable, and the entering into of the Entrusted Construction Management Agreement and the transaction contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including all the independent non-executive Directors) recommends the Independent Shareholders to support and vote in favour of the resolution approving the entering into of the Entrusted Construction Management Agreement and the transaction contemplated thereunder.

FURTHER INFORMATION

Your attention is also drawn to the information set forth in the Appendix to this circular and the notice of the SGM.

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



Shenzhen International Holdings Limited

深圳國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00152)

4 October 2011

**CONNECTED TRANSACTION
ENTRUSTED CONSTRUCTION MANAGEMENT AGREEMENT
IN RELATION TO
GUANGSHEN COASTAL EXPRESSWAY SHENZHEN SECTION**

To the Independent Shareholders

Dear Sirs or Madams,

We have been appointed as members of the Independent Board Committee to advise you in respect of the terms of the Entrusted Construction Management Agreement and the transaction contemplated thereunder, details of which are set out in the letter from the Board in the circular of the Company dated 4 October 2011 (the “Circular”) to the Shareholders, of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the letter from Hercules Capital in respect of the terms of the Entrusted Construction Management Agreement and the transaction contemplated thereunder set out in the section “Letter from the Independent Financial Adviser” in the Circular.

RECOMMENDATION

Having taken into account the principal factors and reasons considered by the Independent Financial Adviser regarding the terms of the Entrusted Construction Management Agreement and the transaction contemplated thereunder and its conclusion and advice, we concur with the view of the Independent Financial Adviser and consider that the terms of the Entrusted Construction Management Agreement and the transaction contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and that the terms of the Entrusted Construction Management Agreement and the transaction contemplated thereunder are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution approving the entering into of the Entrusted Construction Management Agreement and the transaction contemplated thereunder.

Yours faithfully,
Leung Ming Yuen, Simon
Ding Xun
Nip Yun Wing
Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser prepared for the purpose of inclusion in this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Entrusted Construction Management Agreement and the transaction contemplated thereunder.

Hercules **Hercules Capital Limited**

1503 Ruttonjee House
11 Duddell Street
Central
Hong Kong

4 October 2011

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sirs,

CONNECTED TRANSACTION ENTRUSTED CONSTRUCTION MANAGEMENT AGREEMENT IN RELATION TO GUANGSHEN COASTAL EXPRESSWAY SHENZHEN SECTION

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the connected transaction contemplated under the Entrusted Construction Management Agreement, details of which are set out in the Letter from the Board contained in the circular dated 4 October 2011 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

On 9 September 2011, Shenzhen Expressway and the Project Company entered into the Entrusted Construction Management Agreement, pursuant to which the Project Company has agreed to entrust Shenzhen Expressway to manage, and Shenzhen Expressway has agreed to undertake the management of, the construction of Coastal Expressway (Shenzhen Section).

As at the Latest Practicable Date, Shenzhen Expressway was owned as to approximately 50.889% by the Company, which, in turn, was owned indirectly as to approximately 48.59% by SIHCL. The Project Company is a wholly-owned subsidiary of SIHCL, and thus, an associate of SIHCL. Accordingly, each of SIHCL and the Project Company is a connected person of the Company under Chapter 14A of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Listing Rules. Therefore, the entering into of the Entrusted Construction Management Agreement by Shenzhen Expressway constitutes a connected transaction for the Company and is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. By virtue of its material interest in the Entrusted Construction Management Agreement, SIHCL and its associates will abstain from voting on the resolution(s) approving the Entrusted Construction Management Agreement and the transaction contemplated thereunder at the SGM.

The Independent Board Committee, comprising all 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 fairness and reasonableness of the Entrusted Construction Management. We, Hercules Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in connection with the Entrusted Construction Management, in particular as to whether it is conducted in the ordinary and usual course of business and the terms of which are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and give our recommendation on how to vote in relation to the Entrusted Construction Management Agreement and the transaction contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and Shenzhen Expressway and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the SGM. The Directors have collectively and individually accepted full responsibility for the Circular, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group and having made all reasonable enquiries have confirmed that, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reasons to suspect that any material information has been withheld by the Directors or the management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group and the related subject of, and parties to, the Entrusted Construction Management Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change this opinion and that we do not have any obligation to update, revise or reaffirm this opinion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Entrusted Construction Management, we have considered the following principal factors and reasons:

I. Background of, and reasons for, entering into the Entrusted Construction Management Agreement

The Company and its subsidiaries are principally engaged in investment, construction and operation of logistic infrastructure facilities, as well as providing various value-added logistic services to customers leveraging its infrastructure facilities. The Project Company, a wholly-owned subsidiary of SIHCL, is principally engaged in the investment, construction and operation of Coastal Expressway (Shenzhen Section).

Guangshen Coastal Expressway is an expressway connecting Huangpu District, Guangzhou to Nanshan District, Shenzhen with a length of approximately 90 kilometers. Guangshen Coastal Expressway will be a major road passage between Guangzhou and Shenzhen as well as Guangdong and Hong Kong. Coastal Expressway (Shenzhen Section) is the section of Guangshen Coastal Expressway in Shenzhen, extending from Dongbao River, the boundary between Dongguan and Shenzhen, to Nanshan District, Shenzhen, and connecting with Shenzhen Western Corridor in the south. Coastal Expressway (Shenzhen Section) is a dual eight-lane expressway with a length of approximately 30.45 kilometers. As at the Latest Practicable Date, the Budgeted Costs of Phase I of Coastal Expressway (Shenzhen Section), which excluded the ramp of airport interchange, the design of which has not been determined yet, and traffic engineering and affiliated facilities, amounted to RMB8,788.74 million (equivalent to approximately HK\$10,717.98 million). The construction of Phase I of Coastal Expressway (Shenzhen Section) is expected to be completed by 31 December 2012.

Shenzhen Expressway is principally engaged in the investment, construction, operation and management of toll highways and roads. It has developed its entrusted construction management business since 2001. With the business capability cultivated and the professional skills and extensive experiences accumulated over the years, Shenzhen Expressway has successfully completed five entrusted construction management projects and gained reputation in the entrusted construction management market. As at the Latest Practicable Date, Shenzhen Expressway had two entrusted construction management projects on hand.

On 6 November 2009, Shenzhen Expressway and SIHCL entered into the Master Agreement, pursuant to which Shenzhen Expressway was entrusted by SIHCL to manage the Project Company which includes the construction management of Coastal Expressway (Shenzhen Section). The Master Agreement is a framework agreement which sets out the principles upon which detailed terms of the entrusted construction management agreement are to be further negotiated and agreed upon by the Project Company and Shenzhen Expressway and subject to the approval of Shenzhen Municipal Government.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 9 September 2011, Shenzhen Expressway and the Project Company entered into the Entrusted Construction Management Agreement, pursuant to which the Project Company has agreed to entrust Shenzhen Expressway to manage, and Shenzhen Expressway has agreed to undertake, the construction management of Coastal Expressway (Shenzhen Section).

The Directors consider that the entering into of the Entrusted Construction Management Agreement shall enable Shenzhen Expressway to further develop its entrusted construction management business, which is in line with the overall strategy of Shenzhen Expressway in the investment, construction, operation and management of toll highways and roads, and generate reasonable income and return. Given that Shenzhen Expressway is a subsidiary of the Company, the Directors consider that the strengthening of Shenzhen Expressway's competitiveness in its core business and enhancement on the income of Shenzhen Expressway are also beneficial to the Company.

Having considered the above, we consider that the entering into of the Entrusted Construction Management Agreement is a commercial transaction conducted in the ordinary and usual course of business of Shenzhen Expressway and is in the interests of the Company and the Shareholders as a whole.

II. Principal terms of the Entrusted Construction Management Agreement

We were advised by the management of the Company that the terms of the Entrusted Construction Management Agreement were determined after arm's length negotiation between Shenzhen Expressway and the Project Company with reference to the prevailing market principles and practices and had taken into account the scale of the Entrusted Construction Management and Shenzhen Expressway's past experience in construction management of roads. The principal terms of the Entrusted Construction Management Agreement are summarized below:

1. Responsibilities

Pursuant to the Entrusted Construction Management Agreement, Shenzhen Expressway will be responsible for the Entrusted Construction Management (including but not limited to coordination of preliminary works, management of preliminary design works and construction drawings design and construction management during the preparation period, the construction period as well as the default liability period) while the Project Company will be responsible for timely payment of construction cost and the entrusted construction service fee for the project.

2. Entrusted Construction Service Fee

The entrusted construction service fee comprises two elements, namely the entrusted construction management fee and the performance-based bonuses or penalties. Such fee is subject to upward or downward adjustment due to the factors such as construction works amendment, delay of construction and performance in fulfilling the Entrusted Construction Management Agreement by Shenzhen Expressway and shall be finalized and audited by the Audit Bureau.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

A. *Entrusted construction management fee*

The entrusted construction management fee payable by the Project Company to Shenzhen Expressway shall be in amount equivalent to 1.5% of the construction budget of Coastal Expressway (Shenzhen Section) as approved by the Shenzhen Municipal Commission of Development and Reform. With reference to the Budgeted Costs of Phase I of Coastal Expressway (Shenzhen Section) of RMB8,788.74 million (equivalent to approximately HK\$10,717.98 million) approved by Shenzhen Municipal Commission of Development and Reform in 2009, the entrusted construction management fee is estimated to be approximately RMB131.83 million (equivalent to approximately HK\$160.77 million), which shall be paid in cash by the Project Company in the following manner:

- (a) 40% will be paid within 28 days upon signing of the Entrusted Construction Management Agreement or the commencement of the construction of Coastal Expressway (Shenzhen Section);
- (b) 20% will be paid within 28 days upon the progress of the construction arrives 40% of the estimated total investment;
- (c) 20% will be paid within 28 days upon the progress of the construction arrives 70% of the estimated total investment;
- (d) 15% will be paid within 28 days after delivery and inspection of the construction works; and
- (e) the remaining balance will be paid within 28 days after expiry of the default liability period, completion of the final audit and verification of the entrusted construction management fee by the Project Company.

B. *Performance-based bonuses or penalties*

According to the Entrusted Construction Management Agreement, Shenzhen Expressway shall be entitled or subject to the performance-based bonuses or penalties, including the bonuses or penalties for construction costs control, quality control, safety management and construction period control.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(a) Bonus or penalty for construction costs control

The bonus or penalty for construction costs control shall be equivalent to 20% of the difference between the actual construction costs incurred for Coastal Expressway (Shenzhen Section), which shall be audited by the Audit Bureau, and the Investment Control Amount, which is determined based on the Budgeted Costs of Coastal Expressway (Shenzhen Section) and shall be adjusted in accordance with the specific terms of the Entrusted Construction Management Agreement when the prices of the major raw materials change or the construction works amendments occur and the final amount of which is subject to the audit by the Audit Bureau.

The bonus for construction costs control (the “Cost Control Bonus”), if any, shall be paid in cash by the Project Company in the following manner:

- (i) following the completion of the construction works of the road understructure and bridge culverts, 50% of the initial Cost Control Bonus shall be paid within 30 days upon the submission of the preliminary summary of the construction costs of such construction works prepared by Shenzhen Expressway, based on which the initial Cost Control Bonus is calculated;
- (ii) following the opening of the relevant section of the road, the second installment of the Cost Control Bonus shall be paid within 15 days upon completion of the audit by the Audit Bureau of the settlement amount of construction works, the aggregate of payments shall be 80% of the Cost Control Bonus as calculated based on the settlement amount of construction works; and
- (iii) the remaining balance of the Cost Control Bonus shall be paid within 15 days upon completion of the audit by the Audit Bureau of the final settlement amount of construction works.

If the final audited construction costs exceed the Investment Control Amount, 20% of the overspent construction costs shall be borne by Shenzhen Expressway as penalty for construction costs control.

(b) Penalty for quality control

If the construction works cannot meet the quality standard, Shenzhen Expressway shall be subject to a penalty equivalent to 3% of the entrusted construction management fee, which shall be deducted directly from the payment of the entrusted construction management fee.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(c) Bonus or penalty for safety management

If there is any material accident for which Shenzhen Expressway is responsible for as agreed in the Entrusted Construction Management Agreement, Shenzhen Expressway shall be subject to a penalty of RMB50,000 per accident occurred, which shall be deducted directly from the payment of the entrusted construction management fee. In the event that no accidents causing deaths occur throughout the construction period, Shenzhen Expressway shall be entitled to a one-off bonus of RMB1.0 million.

(d) Bonus or penalty for construction period control

If the construction works completed ahead of the target construction timeframe, Shenzhen Expressway shall be entitled to a bonus of RMB30,000 per day. On the other hand, if the construction works cannot meet the target construction timeframe, Shenzhen Expressway shall be subject to a penalty of RMB30,000 for each day of delay. Such bonus or penalty shall be capped at a sum of RMB5.0 million.

After taking into account of, among others, the terms of the Entrusted Construction Management Agreement and the scale of the Entrusted Construction Management, the directors of Shenzhen Expressway estimated that the total entrusted construction service fee would not exceed RMB350.00 million (equivalent to approximately HK\$426.83 million) and such amount shall be subject to the final audit by the Audit Bureau.

3. *Guarantee of contractual performance*

Pursuant to the Entrusted Construction Management Agreement, Shenzhen Expressway is required to provide a guarantee of contractual performance in the amount of RMB200 million (equivalent to approximately HK\$243.90 million) in the form of letter of guarantee of contractual performance to be issued by a bank to the Project Company within 1 month after the signing of the Entrusted Construction Management Agreement. The Project Company will return the relevant letter of guarantee to Shenzhen Expressway within 10 working days after the delivery and inspection of Phase I of Coastal Expressway (Shenzhen Section).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

III. Analysis on the terms of the Entrusted Construction Management Agreement

1. *Entrusted construction management fee*

We have reviewed the approval letter issued by Shenzhen Municipal Commission of Development and Reform in 2009 regarding the Budgeted Costs of Phase I of Coastal Expressway (Shenzhen Section) with detailed breakdown and were confirmed by the management of Shenzhen Expressway that no further amendments have been made to the approved Budgeted Costs of Phase I of Coastal Expressway (Shenzhen Section) since 2009. We noted that the Budgeted Costs were prepared based on, among other things, the preliminary design of Phase I of Coastal Expressway (Shenzhen Section), methods of budget estimation and relevant pricing policies set out by Ministry of Transport, supplemental provisions adopted by Guangdong Province in relation to the methods of budget estimation and relevant pricing policies, collection and management of ocean usage fee set out by Ministry of Finance and State Oceanic Administration, standard pricing on engineering survey and design and tender agency services issued by National Commission of Development and Reform and Ministry of Construction and Shenzhen Construction Pricing Information.

We have also reviewed the Master Agreement and noted that the terms of the entrusted construction management fee under the Entrusted Construction Management Agreement are in line with the principles set out in the Master Agreement.

During the discussion with the management of Shenzhen Expressway, we also understand that apart from the Entrusted Construction Management Agreement, four entrusted construction management agreements have been entered into by Shenzhen Expressway since 2007, three of which were entered into with independent third parties of Shenzhen Expressway (the “Comparable Agreements”), and the other one was entered into with a connected person of Shenzhen Expressway. Given the Comparable Agreements were entered into by Shenzhen Expressway with independent third parties, we are of the view that the terms of the Comparable Agreements are normal commercial terms and are appropriate to use them as references to form our view on the terms of the Entrusted Construction Management Agreement. We have reviewed the Comparable Agreements and noted that the basis of calculation and payment term of entrusted construction management fee of the three Comparable Agreements are substantially the same and such terms are summarized in Table 1 below:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 1: Principal terms of the entrusted construction management fee under the Comparable Agreements

Basis:	1.5% of the budgeted amount of the construction costs audited by the Audit Bureau
Payment schedule:	<ul style="list-style-type: none">(i) 30% of the entrusted construction management fee will be paid within 28 days upon signing of the entrusted construction management agreement, but not later than the commencement of the construction;(ii) 30% of the entrusted construction management fee will be paid within 28 days upon the progress of the construction arrives 50% of the estimated total investment;(iii) 30% of the entrusted construction management fee will be paid within 28 days after delivery and inspection of the construction works; and(iv) the remaining balance of the entrusted construction management fee will be paid within 28 days after expiry of the default liability period, completion of the final audit and verification of the entrusted construction management fee by the entrusting party.

As shown in Table 1 above, the calculation basis of the entrusted construction management fee under the Entrusted Construction Management Agreement is the same as that of the Comparable Agreements. Meanwhile, the payment schedule of the entrusted construction management fee under the Entrusted Construction Management Agreement is more favorable than that of the Comparable Agreements as Shenzhen Expressway shall receive a higher percentage of progress payment under the Entrusted Construction Management Agreement. For example, Shenzhen Expressway shall receive 40% of the entrusted construction management fee within 28 days upon signing of the Entrusted Construction Management Agreement or the commencement of the construction of Coastal Expressway (Shenzhen Section) and 60% of the entrusted construction management fee when the progress of the construction arrives 40% of the estimated total investment under the Entrusted Construction Management Agreement but it shall only receive 30% of the entrusted construction management fee within 28 days upon signing of the Comparable Agreements and 60% of the entrusted construction management fee when the progress of the construction arrives 50% of the estimated total investment under the Comparable Agreements. Furthermore, after the delivery and inspection of the construction works, Shenzhen Expressway shall receive 95% of the entrusted construction management fee under the Entrusted Construction Management Agreement versus only 90% of the entrusted construction management fee shall be received by Shenzhen Expressway under the Comparable Agreements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. *Performance-based bonuses or penalties*

The principal terms of performance-based bonuses or penalties under the Comparable Agreements are summarized in Table 2 below:

Table 2: Principal terms of performance-based bonuses or penalties under the Comparable Agreements

(a) Bonus for construction costs control

Basis: Based on the saved amount, being the difference between the budgeted construction costs (subject to adjustment for certain factors that are out of control of the entrusted party) and the actual amount of final accounts of the construction projects.

If the saved amount falls within 2.5% of the budgeted construction costs, the whole of the saved amount will be paid as bonus for construction costs control.

If the saved amount exceeds 2.5% of the budgeted construction costs, the bonus for construction costs control to be paid will be equivalent to 2.5% of the budgeted construction costs plus 20% of the portion of the saved amount above 2.5% of the budgeted construction costs.

Payment schedule:

- (i) 80% of the bonus for construction costs control shall be paid within 15 days upon completion of the audit by the Audit Bureau of the settlement amount of delivery; and
- (ii) the remaining balance of the bonus for construction costs control shall be paid within 15 days upon completion of the audit by the Audit Bureau of the final accounts of completion.

(b) Penalty for construction costs control

Basis: If the actual amount of final accounts of the construction projects exceeds the budgeted construction costs (subject to adjustment for certain factors that are out of control of the entrusted party), the whole of the overspent amount shall have to be borne by Shenzhen Expressway.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(c) *Penalty for quality control*

Basis: If the construction works cannot meet the quality standard, Shenzhen Expressway shall be subject to a penalty equivalent to 3% of the entrusted construction management fee, which shall be deducted directly from the payment of the entrusted construction management fee.

(d) *Penalty for safety management*

Basis: If there is any material accident for which Shenzhen Expressway is responsible for as agreed in the Comparable Agreements, Shenzhen Expressway shall be subject to a penalty of RMB50,000 per accident occurred, which shall be deducted directly from the payment of the entrusted construction management fee.

(e) *Penalty for construction period control*

Basis: If the construction works cannot meet the target construction timeframe, Shenzhen Expressway shall be subject to a penalty of RMB30,000 or RMB5,000 for each day of delay (depending on the contract) and up to a maximum of RMB5.0 million or RMB100,000 or RMB900,000 (depending on the contract).

As compared to the terms of performance-based bonuses or penalties under the Comparable Agreements as set out in Table 2, the calculation basis of the Cost Control Bonus under the Entrusted Construction Management Agreement is less favorable than those under the Comparable Agreements as the Cost Control Bonus under the Entrusted Construction Management Agreement shall be less than the bonus for construction costs control under the Comparable Agreements even if the saved construction costs under both agreements are the same.

On the other hand, the calculation basis of the penalty for construction costs control under the Entrusted Construction Management Agreement is more favorable than those of the Comparable Agreements as the penalty for construction costs control under the Entrusted Construction Management Agreement shall be less than those under the Comparable Agreements even if the overspent construction costs under both agreements are the same. Furthermore, the payment schedule of the Cost Control Bonus under the Entrusted Construction Management Agreement is more favorable than that of the Comparable Agreements as Shenzhen Expressway shall receive an interim payment of 50% of the Cost Control Bonus upon the submission of the preliminary summary of the construction costs while such interim payment is absent under the Comparable Agreements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given that the excess amount of bonus for construction costs control under the Comparable Agreements over that of the Entrusted Construction Management Agreement is limited to 2.0% of the budgeted construction costs (i.e. 80% of 2.5% of the budgeted construction costs) while the excess amount of penalty for construction costs control under the Comparable Agreements over that of the Entrusted Construction Management Agreement is 80% of the overspent amount, which is unlimited, we consider that the effectiveness of reducing the potential loss arising from over-budget should outweigh the limited potential gain from excess bonus for construction costs control. Therefore, we consider that the calculation basis of the bonus or penalty for construction costs control under the Entrusted Construction Management Agreement is commercially justifiable and fair and reasonable so far as the Independent Shareholders are concerned.

We also noted that the penalties for safety management and construction period control under the Entrusted Construction Management Agreement are comparable to those of the Comparable Agreements as set out in Table 2 except that the penalty for construction period control of one of the Comparable Agreements is less than that of the penalty for construction period control under the Entrusted Construction Management Agreement owing to the difference in the scale of the entrusted construction management project.

3. *Guarantee of contractual performance*

We were advised by the management of Shenzhen Expressway that it is a common practice for a party entrusted for construction management to provide a guarantee of contractual performance to the entrusting party and we noted that such guarantee is also required in the Comparable Agreements. The performance guarantee provided by Shenzhen Expressway to the Project Company under the Entrusted Construction Management Agreement represents approximately 2.3% of the Budgeted Costs while the performance guarantee provided by Shenzhen Expressway to the entrusting parties is in the range of 0.8% and 1.3% of the total investment amount of the project under the Comparable Agreements.

We were confirmed by the management of Shenzhen Expressway that there were no industrial guidelines or regulations which govern the provision of performance guarantee for entrusted construction projects in Shenzhen as at the Latest Practicable Date. Accordingly, for reference purposes, we have reviewed the 廣州市政府投資建設項目代建制管理試行辦法 (The Pilot Scheme for entrusted construction management of Government Construction Projects) issued by the Municipal Government of Guangzhou in June 2005 (the “Pilot Scheme”) and noted that the guarantee of contractual performance to be provided by the entrusted company to the project owner of government construction projects should be in the range of 3-10% of the total investment amount of the project. Although the Pilot Scheme is applicable in Guangzhou only, we consider it a relevant benchmark for assessing the performance guarantee under the Entrusted Construction Management Agreement in view of the close proximity and similarity in economic environment of Guangzhou and Shenzhen.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given the performance guarantee provided by Shenzhen Expressway to the Project Company under the Entrusted Construction Management Agreement is lower than the rates stipulated in the Pilot Scheme, which we consider it a relevant reference of normal commercial term, we are of the view that the performance guarantee provided by Shenzhen Expressway to the Project Company under the Entrusted Construction Management Agreement is on normal commercial term even it is higher than those under the Comparable Agreements.

In view of all the factors mentioned above, we consider that the terms of the Entrusted Construction Management Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

IV. Possible financial effect of the Entrusted Construction Management

Undertaking the Entrusted Construction Management shall generate additional revenue and income to Shenzhen Expressway as well as the Group as Shenzhen Expressway shall be rewarded with the entrusted construction service fee. Although Shenzhen Expressway may be subject to certain performance-based penalties under the Entrusted Construction Management Agreement, the Group expects that no substantial amount of penalties shall incur and the entering into of the Entrusted Construction Management Agreement shall have a positive financial impact on Shenzhen Expressway after taking into account the past experience of undertaking similar entrusted construction projects by Shenzhen Expressway and the pre-construction analysis on the construction of Coastal Expressway (Shenzhen Section).

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that (i) the Entrusted Construction Management is conducted in the ordinary and usual course of business of Shenzhen Expressway and on normal commercial terms; and (ii) the terms of the Entrusted Construction Management Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Board Committee to advise the Independent Shareholders, as well as the Independent Shareholders, to vote in favour of the resolution(s) to approve the Entrusted Construction Management Agreement and the transaction contemplated thereunder at the upcoming SGM.

Yours faithfully,

For and on behalf of

Hercules Capital Limited

Louis Koo

Managing Director

Amilia Tsang

Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the chief executives were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Listing Rules were as follows:

Long positions in ordinary shares of the Company

Name of Directors	Number of ordinary shares held	Capacity	Nature of interest	Approximate % of issued share capital of the Company
Li Jing Qi	8,000,000	Beneficial owner	Personal	0.05%
Liu Jun	9,000,000	Beneficial owner	Personal	0.05%

Long positions in underlying shares of the Company

Name of Directors	Number of unlisted share options (physically settled equity derivative) held	Capacity	Nature of interest	Approximate % of issued share capital of the Company
Guo Yuan	52,900,000	Beneficial owner	Personal	0.32%
Li Jing Qi	17,000,000	Beneficial owner	Personal	0.10%
Liu Jun	14,300,000	Beneficial owner	Personal	0.09%
Yang Hai	14,300,000	Beneficial owner	Personal	0.09%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company was interested in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or the chief executives were taken or deemed to have under such provisions of the SFO) or which are required to be entered into the register maintained by the Company under section 352 of the SFO or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code. Messrs. Guo Yuan, Li Jing Qi and Liu Jun are the directors of Ultrarich International Limited which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

4. INTERESTS IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors was materially interested in any contracts or arrangement entered into by any member of the Group which is subsisting at the date of this circular and which is significant in relation to the business of the Group. None of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2010, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, the date to which the latest published audited consolidated financial statements of the Group have been made up.

6. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered, or is proposing to enter, into any service contract with the Group which is not expiring or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

8. EXPERT

- (a) The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Hercules Capital	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

- (b) As at the Latest Practicable Date, Hercules Capital had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.
- (c) Hercules Capital has given and has not withdrawn its written consent to the issue of this circular, with inclusion of its letter and references to its name in the form and context in which it is included.
- (d) As at the Latest Practicable Date, Hercules Capital was not interested, directly or indirectly, in any assets which had since 31 December 2010 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group.
- (e) The letter from Hercules Capital dated 4 October 2011 is set out on pages 12 to 24 of this circular.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours of the Company at the principal place of business of the Company at Rooms 2206-2208, 22nd Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong up to and including the date of the SGM:

- (a) the Entrusted Construction Management Agreement; and
- (b) the Master Agreement.

10. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Tam Mei Mei and she is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company is situated at Rooms 2206-2208, 22nd Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF SGM



Shenzhen International Holdings Limited 深圳國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00152)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Shenzhen International Holdings Limited (the “**Company**”) will be held at the conference room of the Company at Rooms 2206-2208, 22nd Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong on Tuesday, 25 October 2011 at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the conditional entrusted construction management agreement dated 9 September 2011 (the “Entrusted Construction Management Agreement”) (a copy of which is produced before the meeting marked “A” and initialed by the Chairman of the meeting for the purpose of identification) and entered into between Shenzhen Expressway Company Limited (“Shenzhen Expressway”, a 50.889%-owned subsidiary of the Company) and 深圳市廣深沿江高速公路投資有限公司 (Shenzhen Guangshen Coastal Expressway Investment Company Limited) (the “Project Company”, a wholly-owned subsidiary of 深圳市投資控股有限公司 (Shenzhen Investment Holdings Company Limited)), pursuant to which the Project Company entrusted Shenzhen Expressway to manage and Shenzhen Expressway agreed to undertake the management of construction of Guangshen Coastal Expressway Shenzhen Section (廣深沿江高速公路深圳段) on the terms and conditions as set out in the Entrusted Construction Management Agreement, and the transaction contemplated thereunder be and are hereby approved, confirmed and ratified; and

NOTICE OF SGM

- (b) the board of directors of the Company be and is hereby authorised to do all such acts and things, execute all such documents and exercise all powers as it considers necessary or expedient or desirable in connection with, or to give effect to, the Entrusted Construction Management Agreement and to implement the transactions contemplated thereunder including without limitation to the execution, amendment, supplement, delivery, waiver, submission and implementation of any further documents or agreements.”

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

Hong Kong, 4 October 2011

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.
2. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him in accordance with the Company’s Bye-Laws. A proxy need not be a member of the Company but must be present in person to represent the member.
3. To be valid, a form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should they so wish, and in such event, the instrument appointing a proxy shall be revoked.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.