



Shihua Development Company Limited
實華發展有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 485)

27 November 2015

To the Independent Shareholders

Dear Sir or Madam,

- (A) PROPOSED CAPITAL REORGANISATION;**
(B) CHANGE IN BOARD LOT SIZE;
(C) PROPOSED OPEN OFFER IN THE PROPORTION OF FOUR (4) OFFER SHARES
FOR EVERY ONE (1) ADJUSTED SHARE HELD ON THE RECORD DATE;
(D) APPLICATION FOR THE WHITEWASH WAIVER; AND
(E) NOTICE OF SPECIAL GENERAL MEETING

We have been formed to make a recommendation to the Independent Shareholders on the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the transactions thereunder, details of which are set out in the circular issued by the Company to the Shareholders dated 27 November 2015 (the “Circular”), of which this letter forms part. With the approval of the Independent Board Committee, Nuada Limited (“Nuada”) has been appointed by the Company as the independent financial adviser to advise us in this regard.

Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from Nuada set out on pages 10 to 39 and pages 42 to 69 of the Circular respectively, and the additional information set out in the appendices to the Circular.

Having taken into account the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder, and the principal factors and reasons considered by Nuada and its conclusion and advice, we concur with the view of Nuada and consider that the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the Independent Board Committee



Li Jun
*Non-executive
Director*

Yang Xin Hua

*Independent non-
executive Director*

Wang Ping

*Independent non-
executive Director*

**Cheng Tai Kwan
Sunny**

*Independent non-
executive Director*

Yours faithfully,
For and on behalf of the Independent Board Committee

Li Jun

*Non-executive
Director*

Yang Xin Hua

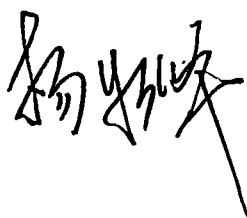
*Independent non-
executive Director*

Wang Ping

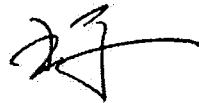
*Independent non-
executive Director*

**Cheng Tai Kwan
Sunny**

*Independent non-
executive Director*



Yours faithfully,
For and on behalf of the Independent Board Committee



Li Jun	Yang Xin Hua	Wang Ping	Cheng Tai Kwan Sunny
<i>Non-executive Director</i>	<i>Independent non- executive Director</i>	<i>Independent non- executive Director</i>	<i>Independent non- executive Director</i>

Yours faithfully,
For and on behalf of the Independent Board Committee



Li Jun
*Non-executive
Director*

Yang Xin Hua
*Independent non-
executive Director*

Wang Ping
*Independent non-
executive Director*

**Cheng Tai Kwan
Sunny**
*Independent non-
executive Director*