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Shihua Development Company Limited
實華發展有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 485)

**DELAY IN DESPATCH OF CIRCULAR
IN RELATION TO**

**(A) PROPOSED CAPITAL REORGANISATION INVOLVING SHARE
CONSOLIDATION AND CAPITAL REDUCTION;**

**(B) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES
FOR EVERY ONE ADJUSTED SHARE HELD ON THE RECORD DATE
WITH BONUS ISSUE ON THE BASIS OF THREE BONUS SHARES FOR
EVERY TWO RIGHTS SHARES TAKEN UP UNDER THE RIGHTS ISSUE;**

AND

(C) APPLICATION FOR THE WHITEWASH WAIVER

Reference is made to the announcement of Shihua Development Company Limited (the “**Company**”) dated 4 May 2015 (the “**Announcement**”) regarding, among others, the Capital Reorganisation, the Rights Issue, the Bonus Issue and the Application for the Whitewash Waiver. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As stated in the Announcement, a circular (the “**Circular**”) containing, among others, further details of the Capital Reorganisation, the Rights Issue, the Bonus Issue, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and a notice convening the SGM will be despatched to the Shareholders on or before Monday, 18 May 2015.

Pursuant to Rule 8.2 of the Takeovers Code, the Circular should be despatched to the Shareholders on or before 26 May 2015. Since additional time is required for the preparation and finalisation of certain financial information required for clearance of the Circular, including the statement of indebtedness of the Group, it is anticipated that the Circular will be despatched to a date falling on or before 30 June 2015 unless further extension is granted by the Executive.

Application has been made to the Executive for a waiver from strict compliance with Rule 8.2 of the Takeovers Code and to grant consent for an extension of time for the dispatch of the Circular to the Shareholders on or before 30 June 2015. The Executive has indicated that it is minded to grant such consent.

Due to the delay in the despatch of the Circular, the expected timetable for the Capital Reorganisation, the Rights Issue and the Bonus Issue will be revised and further announcement(s) will be made by the Company to inform the Shareholders of the revised timetable.

The Rights Issue is conditional, inter alia, upon the fulfilment of the conditions set out under the section headed “B. Proposed Rights Issue and Bonus Issue – Conditions of the Rights Issue, the Bonus Issue and the Underwriting Agreement” of the Announcement. Accordingly, the Rights Issue may or may not proceed. Any persons contemplating buying or selling the Shares or Adjusted Shares (as the case may be) up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form inclusive), bear the risk that the Rights Issue and the Bonus Issue may not become unconditional or may not proceed. Any Shareholders and potential investors contemplating dealing in the Shares, the Adjusted Shares and/or nil-paid Rights Shares are recommended to consult their own professional advisers and are reminded to exercise caution when dealing in the securities of the Company.

By Order of the Board
Shihua Development Company Limited
WANG Jing
Chairman

Hong Kong, 18 May 2015

As at the date of this announcement, the Board comprises Mr. Wang Jing, Mr. Wang Xing Qiao, Mr. Chen Wan Jin and Mr. Zhao Shuang as executive Directors; Mr. Li Jun as non-executive Director; and Mr. Yang Xin Hua, Mr. Wang Ping and Mr. Cheng Tai Kwan Sunny as independent non-executive Directors.

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