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If you have sold or transferred all your shares in **Shihua Development Company Limited (實華發展有限公司)**, you should at once hand this circular, together with the enclosed proxy form, to the purchaser(s) or the transferee(s), or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).



Shihua Development Company Limited
實華發展有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 485)

**PROPOSALS INVOLVING
GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Shihua Development Company Limited (“the Company”) to be held at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Wednesday, 2nd September 2015 at 3:00 p.m. is set out on pages 12 to 15 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of a proxy form will not preclude shareholders from attending and voting at the annual general meeting if they so wish.

Hong Kong, 30 July 2015

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:-

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Wednesday, 2nd September 2015 at 3:00 p.m. and/ or any adjournment thereof
“AGM Notice”	the notice dated 30 July 2015 convening the AGM as set out on pages 12 to 15 of this circular
“Board”	the board of Directors
“Bye-Laws”	the Bye-Laws of the Company for the time being
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Shihua Development Company Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	24 July 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Ordinary Resolutions”	the proposed ordinary resolution(s) as referred to in the AGM Notice
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing of the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no. 4 of the AGM Notice

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region

LETTER FROM THE BOARD



Shihua Development Company Limited
實華發展有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 485)

Executive Directors:

Wang Jing (*Chairman*)

Wang Xing Qiao (*Chief Executive Officer*)

Chen Wan Jin

Zhao Shuang

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Non-Executive Director:

Li Jun

*Head Office and Principal Place
of Business:*

Rooms 05-15, 13A/F.,

South Tower, World Finance Centre,

Harbour City, 17 Canton Road,

Tsim Sha Tsui, Kowloon,

Hong Kong

Independent Non-Executive Directors:

Yang Xin Hua

Wang Ping

Cheng Tai Kwan Sunny

Hong Kong, 30 July 2015

To the Shareholders,

Dear Sir or Madam,

**PROPOSALS INVOLVING
GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with the information regarding the Repurchase Proposal, the proposed renewal of the general mandates to allot, issue and deal with Shares, extension of such general mandate and to repurchase Shares, re-election of Directors, to seek your approval of the resolutions relating to these matters at the AGM and to give you notice of the AGM.

LETTER FROM THE BOARD

2. GENERAL MANDATE TO REPURCHASE SHARES

The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the AGM, details of which are set out in Ordinary Resolution no. 4 in the AGM Notice. The Shares, which may be repurchased pursuant to the Repurchase Resolution, are Shares representing up to 10% of the aggregate nominal amount of the share capital in issue as at the date of passing the Repurchase Resolution. An explanatory statement as required under the Listing Rules to provide the requisite information of the Repurchase Proposal is set out in Appendix I of this circular.

3. GENERAL MANDATE TO ISSUE SHARES

It will also be proposed at the AGM two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase Shares up to 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

Subject to the passing of the ordinary resolution granting the general mandate to issue new Shares and on the basis of a total of 2,433,808,485 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under such general mandate to issue a maximum of 486,761,697 Shares, representing 20% of the issued share capital of the Company as at the Latest Practicable Date.

Details of general mandate to issue Shares and the extension of such general mandate are respectively set out in Ordinary Resolutions no. 5 and no. 6 in the AGM Notice.

4. RE-ELECTION OF DIRECTORS

The Board of Directors currently consists of eight Directors, namely Mr. Wang Jing, Mr. Wang Xing Qiao, Mr. Chen Wan Jin, Mr. Zhao Shuang, Mr. Li Jun, Mr. Yang Xin Hua, Mr. Wang Ping and Mr. Cheng Tai Kwan Sunny.

Pursuant to Bye-Law 82 of the Bye-laws, Mr. Wang Jing, Mr. Chen Wan Jin and Mr. Zhao Shuang shall retire from office and being eligible, offer themselves for re-election at the AGM. Details of the retiring Directors proposed for re-election at the AGM are set out in the Appendix II of this circular.

5. ANNUAL GENERAL MEETING

On pages 12 to 15 of this circular, you will find the AGM Notice which contains, inter alia, the Ordinary Resolutions to approve the Repurchase Proposal, the grant of general mandate to issue Shares and the extension of such general mandate and the re-election of Directors.

LETTER FROM THE BOARD

6. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the Shareholders' general meeting will be taken by way of poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

7. ACTION TO BE TAKEN

A proxy form for the use at the AGM is enclosed herein. Whether or not you intend to attend the AGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of a proxy form will not preclude Shareholders from attending and voting at the AGM if they so wish.

8. RECOMMENDATION

The Directors believe that the Repurchase Proposal, grant of general mandate to issue new Shares, extension of such general mandate and re-election of the Directors are all in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions set out in the AGM Notice.

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

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,433,808,485 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and prior to the AGM, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 243,380,848 Shares.

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Proposal is in the best interests of the Company and the Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, Bye-Laws and the applicable laws of Bermuda. The Companies Act provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for dividend or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may only be paid out of either the profits that would otherwise be available for dividend or out of the share premium or contributed surplus accounts of the Company.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31st March, 2015 in the event that the power to repurchase Shares pursuant to the Repurchase Proposal was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to the Repurchase Proposal to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date are as follows:–

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
July 2014	0.2490	0.1800
August 2014	0.2550	0.2220
September 2014	0.2850	0.2200
October 2014	0.2800	0.2280
November 2014	0.2600	0.1880
December 2014	0.2350	0.1930
January 2015	0.2000	0.1800
February 2015	0.2050	0.1800
March 2015	0.1940	0.1400
April 2015*	0.2340	0.1450
May 2015	0.2060	0.1450
June 2015	0.2050	0.1360
July 2015 (up to and including the Latest Practicable Date)	0.1800	0.1000

* *Tradings were suspended on 27, 28, 29 and 30 April 2015*

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Proposal and in accordance with the Listing Rules, Bye-Laws and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if the Repurchase Proposal is approved by the Shareholders and exercised by the Board.

No core connected person (as defined in the Listing Rules) have notified the Company that he has a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the Shareholders and exercised by the Board.

6. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

At the Latest Practicable Date, according to the records maintained by the Company, Achieve Prosper Capital Limited held 1,085,755,571 Shares, representing approximately 44.61% of the issued share capital of the Company. Based on such shareholdings and in the event that the Directors exercised in full the power to repurchase Shares pursuant to the Repurchase Resolution, the shareholdings of Achieve Prosper Capital Limited would be increased to approximately 49.57% of the issued share capital of the Company. Such increase will give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. The Directors have no present intention to exercise the Repurchase Proposal to such extent that would result in any takeover obligation of any party.

The Directors have no present intention to repurchase Shares to such extent which will result in the aggregate number of Shares held by the public being reduced to less than 25% of the total issued share capital of the Company or such other minimum percentage as prescribed by the Listing Rules from time to time.

7. SHARES REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The following are the particulars of the directors subject to re-election at the AGM to be held on 2nd September 2015:-

Mr. Wang Jing, aged 60, has been appointed as executive Director and the Chairman of the Board with effect from 21st July 2014. Mr. Wang is also the chairman of the nomination committee of the Company. He is a vice chairman of Liaoning Federation of Industry and Commerce (遼寧省工商業聯合會), a Liaoning Province Model Worker (遼寧省勞動模範) in 2006, and a member of People's Congress of Benxi City (本溪市人大代表). He has founded Liaoning Shihua Property and he had been appointed as the general manager of Liaoning Shihua Group (遼寧實華集團) ("**Liaoning Shihua Group**") since April 2007. He currently acts as the chairman of Liaoning Shihua Group. He has also been an executive member of the Property Development Industry Association of Liaoning Province (遼寧省房地產行業協會常務理事) since March 2012. In February 2014, Mr. Wang was awarded as "Liaoning Province Excellent Builder" (遼寧省優秀建設者) by various organisations including the Liaoning United Front Work Department of the Chinese Communist Party (中共遼寧省委統戰部). Mr. Wang Jing is the father of Mr. Wang Xing Qiao, an executive Director and the Chief Executive Officer of the Company.

As at the Latest Practicable Date, Mr. Wang is the sole director and the beneficial owner of 82.8% of the equity interest in Liaoning Shihua (Group) Property Development Company Limited (遼寧實華(集團)房地產開發有限公司) ("**Liaoning Shihua Property**"), which indirectly holds the entire issued share capital of Achieve Prosper Capital Limited ("**Achieve Prosper**"). Achieve Prosper in turn is interested in (i) 1,085,755,571 Shares, representing approximately 44.61% of the issued share capital of the Company; and (ii) 436,046,511 underlying Shares, representing approximately 17.91% of the enlarged issued share capital of the Company, issuable to Achieve Prosper upon conversion of the convertible bonds to be issued by the Company pursuant to a subscription agreement dated 30th January 2014.

Save as disclosed above, Mr. Wang (i) does not have any relationship with any Directors, senior management, or any substantial or controlling shareholders (as defined in the Listing Rules) of the Company; and (ii) has not held any directorships in other listed companies in the last three years; and (iii) does not have any interests in the shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

A letter of appointment has been entered into between Mr. Wang and the Company pursuant to which Mr. Wang has been appointed for a term of two years as an executive Director and renewable automatically for successive terms of one year, subject to rotation, removal, vacation and termination in accordance with the Bye-Laws and the Listing Rules. Mr. Wang did not receive any director's fee for the year ended 31 March 2015. The remuneration of Mr. Wang will be determined by the Board according to the recommendation of the remuneration committee of the Board with reference to his job complexity, workload and responsibilities within the Company and the remuneration policy of the Company from time to time.

Save as disclosed above, Mr. Wang is not aware of any other matters in relation to his re-election as an executive Director that need to be brought to the attention of the Shareholders nor is there any information to be disclosed by the Company pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

Mr. Chen Wan Jin, aged 53, has been appointed as executive Director with effect from 21st July 2014. He obtained a postgraduate certificate in Economic Law from Capital University of Economics and Business (首都經濟貿易大學) in 2002. He has been the president and party branch general secretary of South Branch of Benxi City Commercial Bank (本溪市商業銀行南地支行行長及黨支部書記) since March 2010.

Save as disclosed above, Mr. Chen (i) does not have any relationship with any Directors, senior management, or any substantial or controlling shareholders (as defined in the Listing Rules) of the Company; and (ii) has not held any directorships in other listed companies in the last three years.

Mr. Chen does not have any interests in the shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

A letter of appointment has been entered into between Mr. Chen and the Company pursuant to which Mr. Chen has been appointed for a term of two years as an executive Director and renewable automatically for successive terms of one year, subject to rotation, removal, vacation and termination in accordance with the Bye-Laws and the Listing Rules. Mr. Chen did not receive any director's fee for the year ended 31 March 2015. The remuneration of Mr. Chen will be determined by the Board according to the recommendation of the remuneration committee of the Board with reference to his job complexity, workload and responsibilities within the Company and the remuneration policy of the Company from time to time.

Save as disclosed above, Mr. Chen is not aware of any other matters in relation to his re-election as an executive Director that need to be brought to the attention of the Shareholders nor is there any information to be disclosed by the Company pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

Mr. Zhao Shuang, aged 35, has been appointed as executive Director with effect from 21 July 2014. He graduated from Changchun University (長春大學) in 2002, major in marketing and sales. Mr. Zhao was appointed as the head of assets management of Liaoning Shihua Group in 2009 and later the general manager of Liaoning Shihua Group responsible for assets management in January 2014. Prior to joining Liaoning Shihua Group, Mr. Zhao has been a project manager, assistant to general manager and vice general manager of Dalian Dongzhan Group Co. Ltd (大連東展集團有限公司) from 2002 to 2009.

Save as disclosed above, Mr. Zhao (i) does not have any relationship with any Directors, senior management, or any substantial or controlling shareholders (as defined in the Listing Rules) of the Company; and (ii) has not held any directorships in other listed companies in the last three years.

Mr. Zhao does not have any interests in the shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

A letter of appointment has been entered into between Mr. Zhao and the Company pursuant to which Mr. Zhao has been appointed for a term of two years as an executive Director and renewable automatically for successive terms of one year, subject to rotation, removal, vacation and termination in accordance with the Bye-Laws and the Listing Rules. Mr. Zhao did not receive any director's fee for the year ended 31 March 2015. The remuneration of Mr. Zhao will be determined by the Board according to the recommendation of the remuneration committee of the Board with reference to his job complexity, workload and responsibilities within the Company and the remuneration policy of the Company from time to time.

Save as disclosed above, Mr. Zhao is not aware of any other matters in relation to his re-election as an executive Director that need to be brought to the attention of the Shareholders nor is there any information to be disclosed by the Company pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

In the opinions of the Directors, other than the aforesaid matters, there is no other matters need to be brought to the attention of the Shareholders in relation to the re-election of the above directors.

NOTICE OF ANNUAL GENERAL MEETING



Shihua Development Company Limited 實華發展有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 485)

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Shihua Development Company Limited will be held at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Wednesday, 2nd September 2015 at 3:00 p.m. for the following purposes:–

1. To receive and consider the financial statements for the year ended 31st March, 2015 and the report of the directors and independent auditor's report.
2. (i) To re-elect the following directors of the Company:
 - (a) Mr. Wang Jing;
 - (b) Mr. Chen Wan Jin;
 - (c) Mr. Zhao Shuang; and
- (ii) To authorise the board of directors to fix the remuneration of the directors for the year ending 31st March 2016.
3. To re-appoint Deloitte Touche Tohmatsu as auditors and to authorise the board of Directors to fix the remuneration of the auditors.
4. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT: –

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of

NOTICE OF ANNUAL GENERAL MEETING

the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of shares of the Company which the Directors of the Company is authorised to repurchase pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution and the said approval shall be limited accordingly; and
 - (c) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:–
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of Bermuda or the Bye-Laws of the Company to be held; and
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”
5. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:** –

- (a) subject to paragraph (c) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) of this

NOTICE OF ANNUAL GENERAL MEETING

resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares as scrip dividends pursuant to the Bye-Laws of the Company from time to time; or (iii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

- (d) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:-

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of Bermuda or the Bye-Laws of the Company to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares or issue of options, warrants or other securities giving right to subscribe for shares of the Company, open for a period fixed by the Directors of the Company to holders of shares of the Company, or any class of shares of the Company, whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their holdings of such shares (or, where appropriate such other securities) as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

6. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** subject to the passing of Resolutions set out in items 4 and 5 of the notice convening this meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to the Resolution set out in item 5 of the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution set out in item 4 of the notice

NOTICE OF ANNUAL GENERAL MEETING

convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution.”

By Order of the Board
Shihua Development Company Limited
LAM WAI KEI
Company Secretary

Hong Kong, 30 July 2015.

Notes: –

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the branch share registrar of the Company, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. With regard to item no. 2 in this notice, the board of directors of the Company proposes that Mr. Wang Jing, Mr. Chen Wan Jin and Mr. Zhao Shuang be re-elected as directors of the Company. Details of these directors proposed for re-election are set out in Appendix II of this circular to shareholders dated 30 July 2015.