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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)

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Reference is made to the announcement of the Company dated 7 October 2015 in relation to, among other things, the Capital Reorganisation, the Open Offer, the Underwriting Agreement and the Whitewash Waiver (the “**Announcement**”). Unless otherwise stated, terms used herein shall have the same meanings as those defined in the Announcement.

This announcement is made pursuant to Rule 2.1 of the Takeovers Code.

The Independent Board Committee comprising Mr. Li Jun (non-executive Director), Mr. Yang Xin Hua, Mr. Wang Ping and Mr. Cheng Tai Kwan Sunny (all independent non-executive Directors) has been formed to advise the Independent Shareholders as to (i) whether the Open Offer, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders, and (ii) voting by the Independent Shareholders on the relevant resolutions in the SGM by poll, taking into account the recommendations of the Independent Financial Adviser.

With the approval of the Independent Board Committee, Nuada Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Open Offer, the Underwriting Agreement and the Whitewash Waiver and as to voting on the relevant resolutions in the SGM by poll.

Nuada Limited is a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO.

The letter of advice from Nuada Limited and the recommendation of the Independent Board Committee will be included in the Circular to be despatched to the Shareholders in due course.

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

Hong Kong, 12 October 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.