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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;
(B) PROPOSED OPEN OFFER ON THE BASIS OF
FOUR (4) OFFER SHARES
FOR EVERY ONE (1) ADJUSTED SHARE HELD ON THE RECORD DATE
AND
(C) APPLICATION FOR THE WHITEWASH WAIVER**

Reference is made to the announcement of Shihua Development Company Limited (the “**Company**”) dated 7 October 2015 (the “**Announcement**”) regarding, among other things, the Capital Reorganisation, the Open Offer 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 Open Offer, 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 27 October 2015.

Pursuant to Rule 8.2 of the Takeovers Code, the Circular should be despatched to the Shareholders on or before 28 October 2015. Since additional time is required for the preparation and finalisation of certain financial information set out in the Circular, it is anticipated that the Circular will be despatched to a date falling on or before Friday, 20 November 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 despatch of the Circular to the Shareholders on or before Friday, 20 November 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 and the Open Offer will be revised and further announcement(s) will be made by the Company to inform the Shareholders of the revised timetable.

The Open Offer is conditional upon the fulfillment of the conditions set out in “C. Proposed Open Offer – 4. Conditions of the Open Offer and the Underwriting Agreement” of the Announcement. If the conditions of the Open Offer are not fulfilled or if any of the Underwriters exercises its right to terminate the Underwriting Agreement pursuant to the terms thereof, the Open Offer will not proceed.

Shareholders should note that dealings in Adjusted Shares will take place while the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or other person dealing in Shares or Adjusted Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares or Adjusted Shares who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser.

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

Hong Kong, 27 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.