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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)

**(1) ODD LOT TRADING ARRANGEMENTS;**  
**AND**  
**(2) ADJUSTMENTS OF CONVERSION PRICE OF THE**  
**CONVERTIBLE BONDS**

**(1) ODD LOT TRADING ARRANGEMENTS**

The Company has procured Kingston Securities Limited to stand in the market to provide matching service for the odd lots of the Adjusted Shares at the relevant market price per Adjusted Share for the period from Wednesday, 27 January 2016 to Friday, 19 February 2016 (both dates inclusive) in order to facilitate the trading of odd lots (if any) of the Adjusted Shares arising from the Share Consolidation and the Change in Board Lot Size.

**(2) ADJUSTMENTS OF CONVERSION PRICE OF THE CONVERTIBLE BONDS**

The Board wishes to announce that (i) due to the effect of the Capital Reorganisation, the conversion price of the Convertible Bonds has been adjusted from HK\$0.172 per Share to HK\$0.690 per Adjusted Share, with effect from the close of business in Hong Kong on 12 January 2016; and (ii) due to the effect of the Open Offer, the conversion price of the Convertible Bonds will be adjusted from HK\$0.690 per Adjusted Share to HK\$0.230 per Adjusted Share, with effect from 27 January 2016.

References are made to (i) the circular of Shihua Development Company Limited (the “**Company**”) dated 27 November 2015 regarding, among other things, the Capital Reorganisation, the Open Offer and the application for the Whitewash Waiver (the “**Circular**”); (ii) the announcement of the Company dated 17 December 2015; (iii) the announcement of the Company dated 21 December 2015; (iv) the announcement of the Company dated 22 December 2015; (v) the announcement of the Company dated 24 December 2015; (vi) the announcement of the Company dated 13 January 2016; and (vii) the announcement of the Company dated 15 January 2016.

Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

**(1) ODD LOT TRADING ARRANGEMENTS**

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares arising from the Share Consolidation and the Change in Board Lot Size, the Company has procured Kingston Securities Limited to stand in the market to provide matching service for the odd lots of the Adjusted Shares at the relevant market price per Adjusted Share for the period from Wednesday, 27 January 2016 to Friday, 19 February 2016 (both dates inclusive). Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Shareholders who wish to take advantage of this matching service either to dispose of their odd lots Adjusted Shares or to top up to board lots of 20,000 Adjusted Shares, may contact Ms. Rosita Kiu of Kingston Securities Limited at Suite 2801, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong at telephone number (852) 2298 6215. Any Shareholder, who is in any doubt about the odd lot trading arrangement, is recommended to consult his/her/its own professional advisers.

**(2) ADJUSTMENTS OF CONVERSION PRICE OF THE CONVERTIBLE BONDS**

Reference is made to the circular of the Company dated 23 May 2014 and the announcement of the Company dated 30 July 2014 regarding, among others, the issue of the Convertible Bonds.

**(i) Adjustment due to the Capital Reorganisation**

As a result of the Capital Reorganisation, the conversion price of the Convertible Bonds has been adjusted from HK\$0.172 per Share to HK\$0.690 per Adjusted Share, with effect from the close of business in Hong Kong on 12 January 2016, in accordance with the terms and conditions of the Convertible Bonds. The number of conversion shares to be converted under the Convertible Bonds shall be 108,695,652 Adjusted Shares.

**(ii) Adjustment due to the Open Offer**

As a result of the Open Offer, the conversion price of the Convertible Bonds will be adjusted from HK\$0.690 per Adjusted Share to HK\$0.230 per Adjusted Share, with effect from 27 January 2016, in accordance to the terms and conditions of the Convertible Bonds. The number of conversion shares to be converted under the Convertible Bonds will be 326,086,956 Adjusted Shares.

Nauda Limited, as appointed by the Company, has issued a certificate in respect of the aforesaid adjustments to the conversion price and has confirmed the aforesaid adjustments and the calculation of the adjustments of conversion price of the Convertible Bonds.

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

Hong Kong, 26 January 2016

*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.*