

**IN THE MATTER OF THE COMPANIES ACT 1981
(the “Act”)**

AND

IN THE MATTER OF

**SHIHUA DEVELOPMENT COMPANY LIMITED
(the “Company”)**

NOTICE OF REDUCTION OF ISSUED SHARE CAPITAL

NOTICE IS HEREBY GIVEN pursuant to Section 46(2)(a) of the Act that subject to the satisfaction of certain conditions, the Company proposes to consolidate (the **“Share Consolidation”**) every four issued and unissued shares of HK\$0.10 each into one share of HK\$0.40 (the **“Consolidated Share”**) in the authorised share capital of the Company and, following the Share Consolidation, to reduce its issued share capital by canceling (a) the fractional Consolidated Share in the issued share capital of the Company resulting from the Share Consolidation in order to round down the total number of Consolidated Shares to a whole number and (b) the paid-up capital to the extent of HK\$0.39 on each issued Consolidated Share, such that, assuming that no shares of the Company will be issued or repurchased between the date of this notice and the date on which the Capital Reduction takes effect, the issued share capital will be reduced from HK\$292,056,848.50 by HK\$284,755,427.29 to HK\$7,301,421.21 (together, the **“Capital Reduction”**).

It is intended that conditional upon satisfaction of certain conditions, the Capital Reduction will take effect on or about 22 December, 2015.

Conyers Dill & Pearman
Attorneys to the Company

Dated this 27 November, 2015