

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**Tian Shan Development (Holding) Limited**  
**天山發展(控股)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock code: 2118)

**CONNECTED TRANSACTION**  
**PROVISION OF FINANCIAL ASSISTANCE**

On 5 January 2011, the Bank entered into a loan agreement with the Bank whereby the Bank agreed to grant to Tianshan Construction a loan of RMB15,400,000 for a period from 5 January 2011 to 4 January 2012 at the lending rate as fixed by The People's Bank of China from time to time. As security for the Indebtedness, Tian Shan Real Estate has agreed to provide a security over the Land in favour of the Bank.

Since Tianshan Construction is ultimately owned and controlled by the controlling shareholders and executive Directors of the Company, the Charge and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than the profits ratio) as defined in rule 14.07 of the Listing Rules in respect of the provision of financial assistance under the Charge are less than 5%, the Charge and the transaction contemplated thereunder are subject to reporting and announcement requirements but exempt from the independent shareholders' approval pursuant to rule 14A.66(2) of the Listing Rules.

**INTRODUCTION**

On 5 January 2011, the Bank entered into a loan agreement with the Bank whereby the Bank agreed to grant to Tianshan Construction a loan of RMB15,400,000 for a period from 5 January 2011 to 4 January 2012 at the lending rate as fixed by The People's Bank of China from time to time. As security for the Indebtedness, Tian Shan Real Estate has agreed to provide a security over the Land in favour of the Bank.

**THE FINANCIAL ASSISTANCE**

As security under the loan agreement, Tian Shan Real Estate has entered into the Charge. Details of the Charge are as follows:

**Date**

5 January 2011

**Parties**

- (a) the Bank. To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, the Bank and its ultimate beneficial owners are third parties independent of the Company and its connected persons; and
- (b) Tian Shan Real Estate.

## **Major terms**

In conjunction with the Indebtedness, Tian Shan Real Estate has entered into the Charge whereby Tian Shan Real Estate agreed to provide a security over the Land in favour of the Bank to secure the payment obligations of Tianshan Construction of the Indebtedness of up to a maximum amount of RMB16,300,000. The security under the Charge will cover the principal amount of the Indebtedness, any accrued interest thereon, any penalty interests, any default in payment and compensation and any costs and expenses for enforcing the Charge.

In consideration of the provision of the Charge, Tianshan Construction will pay to Tian Shan Real Estate a sum of RMB570,000, representing approximately 3.5% of the principal amount of the maximum amount of the Indebtedness.

Pursuant to the Charge, Tian Shan Real Estate undertakes to arrange for registration of the Charge with the relevant authority within five (5) days from the date of the Charge.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF FINANCIAL ASSISTANCE**

The Group is a property developer in the PRC. Tianshan Construction is principally engaged in the business of building construction. Tianshan Construction is a major construction services supplier to the Group. The loan to be taken out by Tianshan Construction with the Bank will be used for the purchase of construction materials for the construction of the Group's projects. As such, the Directors are of the view that the Charge given for the benefit of Tianshan Construction will in turn indirectly benefit the Group.

The Directors (including the independent non-executive Directors) consider that the Charge and the transaction contemplated thereunder are not in the ordinary and usual course of business of the Company but are on the normal commercial terms and are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

The executive Directors, who are also directors of Tianshan Construction, have not attended and voted in the meeting of the board of Directors approving the Charge and the transaction contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

Tian Shan Real Estate is a wholly-owned subsidiary of the Company and whose principal business is development of real property projects in the PRC. Tianshan Construction is ultimately owned and controlled by the controlling shareholders and executive Directors of the Company, namely, Mr. Wu Zhen Shan, Mr. Wu Zhen Ling, Mr. Zhang Zhen Hai and Mr. Wu Zhen He. As a result, Tianshan Construction is a connected person of the Company under the Listing Rules and the Charge constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) as defined in rule 14.07 of the Listing Rules in respect of the provision of financial assistance under the Charge are less than 5%, the Charge and the transaction contemplated thereunder are subject to reporting and announcement requirements but exempt from the independent shareholders' approval pursuant to rule 14A.66(2) of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Bank”	Agricultural Bank of China Limited, Shijiazhuang East City Branch (中國農業銀行股份有限公司石家莊東城支行)
“Charge”	the charge contract dated 5 January 2011 and entered into by Tian Shan Real Estate in favour of the Bank in respect of the Indebtedness
“Company”	Tian Shan Development (Holding) Limited (天山發展(控股)有限公司), an exempted company incorporated in the Cayman Islands and whose shares are listed on The Stock Exchange of Hong Kong Limited
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Indebtedness”	the indebtedness incurred by Tianshan Construction to the Bank during the period from 30 December 2010 to 29 December 2013
“Land”	the parcel of land located at the western side of Chengshang Village, Yehe Town, Luancheng County, Shijiazhuang City, Hebei Province, the PRC with a site area of approximately 26,526.60 square metres (Land use rights certificate — Luan Guo Yong (2008) No. 12 樂國用(2008)字第12號). The Land is currently vacant and will be used for the development of a commercial property project, 新子爵 (Xin Zi Jue).
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Tian Shan Real Estate”	河北天山房地產開發有限公司 (Hebei Tian Shan Real Estate Development Limited), a company incorporated in the PRC and is a wholly-owned subsidiary of the Company
“Tianshan Construction”	河北天山實業集團建築工程有限公司 (Hebei Tianshan Industrial Group Construction Engineering Company Limited), a company with limited liability established in the PRC and is ultimately owned and controlled by the controlling shareholders and the executive Directors of the Company

By order of the board of directors of  
**Tian Shan Development (Holding) Limited**  
**Wu Zhen Shan**  
*Chairman*

Hong Kong, 5 January 2011

*As at the date of this announcement, the board of director of the Company comprises four executive Directors, Mr. Wu Zhen Shan, Mr. Wu Zhen Ling, Mr. Zhang Zhen Hai and Mr. Wu Zhen He; and three independent non-executive Directors, Mr. Tian Chong Hou, Mr. Wang Ping and Mr. Cheung Ying Kwan.*