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**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)

**MAJOR TRANSACTION  
IN RELATION TO  
DISPOSAL OF LAND**

On 22 November 2021, Tian Shan Real Estate, an indirect wholly-owned subsidiary of the Company, and Shijiazhuang City Planning Bureau entered into the Agreement, pursuant to which Tian Shan Real Estate has agreed to transfer, and Shijiazhuang City Planning Bureau has agreed to purchase back the Land. The Consideration for the Disposal is approximately RMB600,149,000.

The Land is located in Shijiazhuang, PRC with a total site area of approximately 63,700 square metres. As at the date of this announcement, the Land was a vacant site with limited foundation works carried out and was not subject to any tenancy.

**LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Agreement and the Disposal. As such, no Shareholders is required to abstain from voting if an extraordinary general meeting were convened for the approval of the Agreement and the Disposal.

Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of holding a general meeting. Neway Enterprises Limited, being the controlling shareholder of the Company holding 750,000,000 Shares, which represent 74.56% of the total number of issued shares of the Company as at the date of this announcement, has given a written approval to the Agreement and the Disposal. Accordingly, no extraordinary general meeting will be convened for the approval of the Agreement and the Disposal.

A circular containing, among other information, further details of the Agreement and the Disposal will be despatched to the Shareholders on or before 13 December 2021.

## **AGREEMENT**

### **(A) Date**

22 November 2021

### **(B) Parties**

- (i) Transferor: Tian Shan Real Estate, an indirect wholly-owned subsidiary of the Company; and
- (ii) Transferee: Shijiazhuang City Planning Bureau.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Shijiazhuang City Planning Bureau and its ultimate beneficial owner(s) is/are Independent Third Party(ies).

### **(C) The Land**

Pursuant to the Agreement, Tian Shan Real Estate has agreed to transfer, and Shijiazhuang City Planning Bureau has agreed to purchase back the Land, which is situated in Shijiazhuang Hi-tech Industry Development Zone in Shijiazhuang City. Further details of the Land is set out in the section headed "Information on the Land" of this Announcement.

**(D) Consideration**

The Consideration for the Disposal is approximately RMB600,149,000, which shall be paid to the bank account of Tian Shan Real Estate within 20 business days of the date of the Agreement.

***Basis of Determination of the Consideration***

The Consideration was determined after arm's length negotiations between Shijiazhuang City Planning Bureau and Tian Shan Real Estate with reference to the preliminary valuation of the Land of approximately RMB633,527,000 as of 23 September 2021 as assessed by Hebei Jinfeng Real Estate Appraisal Company Limited (河北金峰房地產評估有限公司), an independent valuer appointed by the Company. The appraisal of the Land was conducted by using a combination of the market comparison approach, the residual approach and benchmark land price coefficient correction approach and the appraisal of the preliminary foundation works on the Land was conducted by using cost approach.

The Board considers that the Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

**(E) Condition precedent**

Completion is conditional upon Tian Shan Real Estate having obtained shareholders' approval and/or other necessary approvals in connection with the entering into and performance of the Agreement.

**(F) Completion**

Subject to the satisfaction of the condition precedent and the receipt of the Consideration by Tian Shan Real Estate, Completion shall take place within 60 business days of the date of the Agreement and registration for the cancellation of the land use right of the Land shall be made accordingly.

**(G) Others**

Tian Shan Real Estate shall ensure that no third party will have any claims against Shijiazhuang City Planning Bureau, otherwise it shall bear the liabilities arising from such breach. In addition, Tian Shan Real Estate shall provide information on the Land and deliver the Land in the manner requested by Shijiazhuang City Planning Bureau.

## **INFORMATION ON THE LAND**

The Land is located in Shijiazhuang, PRC with a total site area of approximately 63,700 square metres. The Land is designated for commercial and financial use. As at the date of this announcement, the Land was a vacant site with limited foundation works carried out and was not subject to any tenancy.

As at 31 December 2019, the net book value of the Land attributable to the Group's audited account (taking into account, among others, the cost of the Land and the cost of the limited foundation works carried out) was approximately RMB730.6 million. As at 31 December 2020, the net book value of the Land attributable to the Group's audited account (taking into account, among others, the cost of the Land and the cost of the limited foundation works carried out) was approximately RMB742.1 million. Accordingly, the Disposal would result in a loss to the Group of approximately RMB142.0 million (before taxes). The actual amount of the loss from the Disposal to be recorded by the Group is subject to audit and will take into account any other costs and expenses incurred relating to the Disposal, and accordingly, it may be different from the amount stated above.

## **USE OF PROCEEDS**

The net proceeds from the Disposal will be approximately RMB600.0 million (after tax), net of expenses. The proceeds from the Disposal are intended to be used for repayment of bank and other borrowings, payment of development costs and general working capital of the Group.

## **INFORMATION ON THE PARTIES**

The Group is engaged in property development in the PRC. 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.

Shijiazhuang City Planning Bureau is a PRC government administrative agency which is responsible for, among others, the oversight of the development and protection of natural resources assets in and city planning of Shijiazhuang City.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

As the Land is currently a vacant site with limited foundation works carried out and the Group has other land banks available for its development, and taking into account recent market circumstances caused by the outbreak of COVID-19 and the need of the Group to dispose of more assets to increase its liquidity and lowering the gearing ratio, the Directors consider that the Disposal is an appropriate opportunity to dispose of the Group's interests in the Land and that the Disposal would not have any material adverse impact on the business of the Group as a whole.

The Directors considered the terms of the Agreement had been negotiated and entered into on an arm's length basis and that the terms thereunder are fair and reasonable. As the Agreement is beneficial to optimising the Group's resource allocation and it is expected that there would be no material adverse impact on the business of the Group, the Directors viewed the Agreement as being in the interests of the Company and its shareholders as a whole.

## LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Agreement and the Disposal. As such, no Shareholders is required to abstain from voting if an extraordinary general meeting were convened for the approval of the Agreement and the Disposal.

Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of holding a general meeting. Neway Enterprises Limited, being the controlling shareholder of the Company holding 750,000,000 Shares, which represent 74.56% of the total number of issued shares of the Company as at the date of this announcement, has given a written approval to the Agreement and the Disposal. Accordingly, no extraordinary general meeting will be convened for the approval of the Agreement and the Disposal.

A circular containing, among other information, further details of the Agreement and the Disposal will be despatched to the Shareholders on or before 13 December 2021.

## DEFINITION

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Agreement”	the resumption agreement dated 22 November 2021 entered into between Tian Shan Real Estate and Shijiazhuang City Planning Bureau in relation to the Disposal
“Board”	the board of Directors
“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
“Completion”	the delivery of the Land from Tian Shan Real Estate to Shijiazhuang City Planning Bureau under the Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB600,149,000, being the total consideration to be paid by Shijiazhuang City Planning Bureau to Tian Shan Real Estate for the Land under the Agreement

“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Land by Tian Shan Real Estate under the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	persons or companies which are independent of and not connected with any Directors, chief executives, the controlling shareholders and the substantial shareholders of the Company, and the directors and shareholders of any other member of the Group, and their respective associates
“Land”	a piece of land situated in Shijiazhuang Hi-tech Industry Development Zone in Shijiazhuang City, which is East of Qilian Street, West of Tianshan Street, South of Changjiang Avenue and North of Liucun Collective Land (東至祁連街、西至天山大街、南至長江大道、北至留村集體土地) with a total site area of approximately 63,700 square metres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Shijiazhuang City Planning Bureau”	石家莊市自然資源和規劃局(Shijiazhuang City Bureau of Natural Resources and Planning)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tian Shan Real Estate”

天山房地產開發集團有限公司 (Tian Shan Real Estate Development Group Limited), a company with limited liability established in the PRC and a wholly-owned subsidiary of the Company

“%”

per cent.

*If there is any inconsistency between the official Chinese name of the PRC entities mentioned in this announcement and their English translation, the Chinese version shall prevail. English translations of official Chinese names are for identification purpose only.*

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

Hong Kong, 22 November 2021

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