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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)

INSIDE INFORMATION
CIVIL LITIGATION INITIATED BY THE COMPANY
IN RELATION TO A CO-OPERATION AGREEMENT

This announcement is made by Tian Shan Development (Holding) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the circular of the Company dated 27 June 2014 (the “**Circular**”) relating to, among others, a major transaction in relation to the Co-operation Agreement. Unless otherwise required by the context, capitalised terms used herein shall bear the same meaning as defined in the Circular.

The Board hereby informs the Shareholders and potential investors of the Company that Tangshan Investment and Hebei Investment failed to further perform their respective obligations and arrangements under the Co-operation Agreement notwithstanding the Group’s performance and effort to perform. As a result, the transactions contemplated under the Co-operation Agreement are unable to proceed further.

Tian Shan Real Estate and Hebei Yuanzhi Real Estate Development Company Limited (河北遠志房地產開發有限公司) (“**Hebei Yuanzhi**”, together with Tian Shan Real Estate, the “**Plaintiffs**”), companies established in the PRC with limited liability and the wholly-owned subsidiaries of the Company, after seeking PRC legal advice, had jointly initiated legal proceedings (the “**Legal Proceedings**”) at the High People’s Court of Hebei Province in the PRC (the “**Court**”) on 26 June 2017 against Tangshan Investment, Hebei Investment and Tangshan Real Estate (collectively, the “**Defendants**”) seeking for the following orders from the Court:

1. an order to terminate the co-operation relationship between the Defendants and Plaintiffs;

2. an order that the investment fund in the amount of approximately RMB234,664,600 and the payment of interest that would have accrued on the paid deposit of RMB200,000,000 (at a rate of 7.61% per annum) in the amount of approximately RMB48,915,400 (to be calculated upto the actual repayment date) be returned to the Plaintiffs;
3. an order that the gain from the co-operation in the amount of approximately RMB240,699,400 and the brand usage fee in the amount of approximately RMB26,589,500 be paid to the Plaintiffs; and
4. an order that costs of the Legal Proceedings be paid by the Defendants.

The Company will make further announcement(s) of any material development on the foregoing matter as and when appropriate. The Board considers that the Legal Proceedings and termination of the Co-operation Agreement shall have no material adverse impact on the existing business operation and financial position of the Group.

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

Hong Kong, 26 June 2017

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.