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新疆天业节水灌溉股份有限公司
XINJIANG TIANYE WATER SAVING IRRIGATION SYSTEM COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 8280)

**PROPOSED RESOLUTIONS FOR SHAREHOLDERS
TO APPROVE FOR THE PURPOSE OF MAKING AN APPLICATION
TO THE CHINA SECURITIES REGULATORY COMMISSION**

**(i) A PROPOSED MIGRATION OF THE LISTING OF THE H SHARES
FROM THE GROWTH ENTERPRISE MARKET TO THE MAIN BOARD
OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

**(ii) A PROPOSED VOLUNTARY WITHDRAWAL OF LISTING
OF THE H SHARES ON THE GROWTH ENTERPRISE MARKET
OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

AND

**(iii) AMENDMENTS TO THE ARTICLES OF ASSOCIATION
OF THE COMPANY**

The purpose of this announcement is to provide you with information relating to additional special resolutions to be proposed at the forthcoming AGM and the Class Meetings to be held at No.36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC on 10th May, 2007 to consider and approve, among other things, (i) the Main Board Migration; (ii) the Voluntary Withdrawal; (iii) the Articles Amendments; and (iv) to authorise the Directors to take such steps as they consider necessary, desirable and expedient to carry out the above.

Preparations relating to the Main Board Migration and the Voluntary Withdrawal are at a preliminary stage and no application relating thereto have been made to the CSRC or the Stock Exchange. Shareholders should note that the special resolutions to be proposed at the AGM and the Class Meetings to be held on 10th May, 2007 are for the sole purpose of obtaining approval from the Shareholders to enable the Company to make an application to the CSRC in connection with the Main Board Migration and the Voluntary Withdrawal.

REASONS FOR THE MAIN BOARD MIGRATION AND THE VOLUNTARY WITHDRAWAL

The Group is principally engaged in the design, manufacturing and sales of drip films, PVC/PE pipelines and drip assemblies used in water saving irrigation system. The Group is also engaged in the provision of installation services of water saving irrigation system for its customers. Since the listing of the H Shares on GEM of the Stock Exchange on 28th February, 2006, the Group has grown rapidly in terms of the scope of its markets and the range of new products. Its profit attributable to equity holders of the Company for the last two years has increased significantly from approximately RMB52,658,000 (equivalently to HK\$53,190,000) for the year ended 31st December, 2005 to approximately RMB62,497,000 for the year ended 31st December, 2006 (equivalent to approximately HK\$63,128,000).

After reviewing the financial performance of the Group and taking into consideration the potential advantages of the Main Board Migration and the current favourable market conditions, the Directors are of the view that a listing of the H Shares on the Main Board will help enhance the profile of the Group, resulting in further coverage and recognition from leading industry analysts and the investing public, including institutional investors, as well as an increase in the liquidity of the H Shares. The Directors consider that the listing of the H Shares on the Main Board will be beneficial to the future growth, financing flexibility and business development of the Group. The Directors further confirm that there is no new fund raising in the Main Board Migration.

REQUIREMENTS UNDER PRC REGULATIONS

Under the relevant PRC laws and regulations, a company incorporated in the PRC which intends to have its shares listed on an overseas stock exchange is required to comply with 《關於企業申請境外上市有關問題的通知》 (the Notice Regarding Issues Relating to Application by Enterprises for Listing Overseas) (the “Notice”) issued by the CSRC. The Notice is applicable to the Main Board Migration. Under the Notice, Shareholders’ approval in relation to, among others, the Main Board Migration and the Voluntary Withdrawal must be obtained prior to the submission of the relevant application to the CSRC. Upon obtaining the CSRC’s notice of acceptance of application, the Company will then be in a position to make a formal application to the Stock Exchange in relation to the Main Board Migration and to GEM for the Voluntary Withdrawal. The Company will make an announcement once the application for the listing of the H Shares on the Main Board has been made to the Stock Exchange. Further general meeting of Shareholders and the respective class meetings of the holders of the Domestic Shares and the H Shares will be convened to approve, among others, the Main Board Migration and the Voluntary Withdrawal after obtaining the approval from CSRC and the relevant hearing meeting held by the Listing Committee in respect of the listing of H Shares on the Main Board.

AMENDMENTS TO ARTICLES OF ASSOCIATION

In view of the proposed Main Board Migration and Voluntary Withdrawal and for the purposes of complying with the Listing Rules and the relevant laws and regulations in the PRC and Hong Kong, special resolution will also be proposed at the AGM and the Class Meetings to approve, on a conditional basis, the necessary amendments to the Articles of Association so as to conform them with the relevant laws, rules and regulations in the PRC and Hong Kong. Subject to the passing of the relevant special resolutions at the AGM and the Class Meetings, the Articles Amendments will take effect subject to the Main Board Migration and the Voluntary Withdrawal becoming unconditional and the listing of the H Shares on the Main Board. Accordingly, the Articles Amendments will not become effective

if the Company does not proceed with the Main Board Migration and the Voluntary Withdrawal. Prior to the Articles Amendments becoming effective, the Articles of Association will continue to be in force.

The Articles Amendments seek to provide consequential amendments to the Articles of Association as a result of the Main Board Migration. The Articles Amendments will become effective on the date of the listing of the H Shares on the Main Board. The details of the amendments set out in the Articles Amendments are as follows:

(i) Article 22.04 of the existing articles of association of the Company shall be amended as follows:

(1) the definition of “Main Board” shall be added by the following:

“Main Board” means the Main Board of the Stock Exchange of Hong Kong Limited (i.e. the securities market operated by the Stock Exchange prior to the establishment of the GEM (excluding the options market) and which stock market continues to be operated by the Stock Exchange in parallel with the GEM. For the avoidance of doubt, the Main Board excludes the GEM).

(2) the definition of “Listing Rules” shall be amended as follows:

“Listing Rules” means the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time.

THE AGM AND THE CLASS MEETINGS

With the aim of making the relevant application by the Company to the CSRC in connection with the Main Board Migration and the Voluntary Withdrawal, and satisfying the CSRC’s relevant requirements, the Directors intend to convene the AGM and the Class Meetings for the Shareholders to consider and approve (i) the Main Board Migration; (ii) the Voluntary Withdrawal; (iii) the Articles Amendments; and (iv) to authorise the Board to do all such acts or things and to take all such steps as deemed by it to be incidental to, ancillary to or in connection with the matters relating to the relevant application to the CSRC and the Listing Committee, the Main Board Migration and the Voluntary Withdrawal as it may consider necessary, desirable or expedient.

Shareholders should note that the Shareholders’ approval in connection with the Main Board Migration and the Voluntary Withdrawal as obtained from the AGM and the Class Meetings is for the sole purpose of enabling the Company to make the relevant application to the CSRC and the Listing Committee. The Main Board Migration and the Voluntary Withdrawal, however, will be conditional on, among other things, the following:

- (i) the granting of the relevant approval by the CSRC and other PRC authorities in connection with the Main Board Migration and the Voluntary Withdrawal;
- (ii) the issue of a circular and listing document containing, among other things, further information for the purposes of the Main Board Migration and the Voluntary Withdrawal after the hearing held by the Listing Committee for the listing of the H Shares on the Main Board;

- (iii) the passing of a special resolution by the Shareholders at an extraordinary general meeting to be convened to approve the Main Board Migration and the Voluntary Withdrawal after the hearing held by the Listing Committee for the listing of the H Shares on the Main Board;
- (iv) the passing of a special resolution by the holders of the Domestic Shares and the H Shares at respective class meetings to be convened to approve the Main Board Migration and the Voluntary Withdrawal after the hearing held by the Listing Committee for the listing of the H Shares on the Main Board;
- (v) the publication of a notice of the Voluntary Withdrawal as required by the GEM Listing Rules after the approval from the Shareholders and the holders of the Domestic Shares and the H Shares have been obtained at an extraordinary general meeting and class meetings, respectively (subject to any waiver that may be granted by the Stock Exchange); and
- (vi) the Listing Committee granting the approval for the listing of and permission to deed in the H Shares on the Main Board and Voluntary Withdrawal.

A circular containing, inter alia, details of the Main Board Migration, the Voluntary Withdrawal, the Articles Amendments and notices to convene the AGM and Class Meetings will be despatched to the Shareholders as soon as possible.

Warning:

Preparations relating to the Main Board Migration and the Voluntary Withdrawal are at a preliminary stage and no application relating thereto have been made to the CSRC or the Stock Exchange. Shareholders should note that the special resolutions to be proposed at the AGM and the Class Meetings to be held on 10th May, 2007 are for the sole purpose of obtaining approval from the Shareholders to enable the Company to make an application to the CSRC in connection with the Main Board Migration and the Voluntary Withdrawal. Subject to the issuance of the notice of acceptance of application by the CSRC, the Company will then make a formal application to the Stock Exchange in relation to the Main Board Migration and the Voluntary Withdrawal and a further Shareholders' meeting and respective class meetings for the holders of the Domestic Shares and the H Shares will be convened to approve, among others, the Main Board Migration and the Voluntary Withdrawal after obtaining the approval from CSRC and the relevant hearing meeting held by the Listing Committee in respect of the listing of H Shares in the Main Board.

Shareholders and potential investors should be aware that the implementation of the proposed Main Board Migration, the Voluntary Withdrawal and the Articles Amendments are subject to, among others, the granting of relevant approvals by the CSRC and the Stock Exchange (as the case may be), together with other conditions and regulatory requirements that may be required to be fulfilled by the Company, and thus the Main Board Migration and the Voluntary Withdrawal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the H Shares.

Closure of Register of Members

The register of members of the Company will be closed from 20th April, 2007 to 10th May, 2007 (both days inclusive) during which no transfer of Shares will be effected. In order to be eligible to attend the AGM and/or the Class Meetings (as the case may be) and to vote thereat as Shareholders, all transfers of H Shares accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 19th April, 2007. All transfers of Domestic Shares accompanied by the relevant share certificates must be lodged with the Company's registered office, No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC, no later than 4:00 p.m. on 19th April, 2007.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened on 10th May, 2007 at 11:00 a.m. at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC;
“Articles Amendments”	the amendments to be proposed to be made to the Articles of Association at the AGM and the Class Meetings so as to conform them with the applicable laws, rules and regulations in the PRC and Hong Kong for the purposes of the Main Board Migration;
“Articles of Association”	the articles of association of the Company as may be amended from time to time;
“Board”	the board of Directors;
“Chairman”	the chairman of the Board;
“Class Meeting(s)”	the Domestic Shares Class Meeting and/or the H Shares Class Meeting of the Company to be convened on 10th May 2007 at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC;
“Company”	新疆天業節水灌溉股份有限公司, Xinjiang Tianye Water Saving Irrigation System Company Limited*, a joint stock limited company incorporated in the PRC and the H Shares of which are listed on GEM;
“CSRC”	中國證券監督管理委員會 China Securities Regulatory Commission;
“Director(s)”	the directors of the Company;
“Domestic Shares”	the domestic share(s) of the nominal value of RMB1.00 each in the share capital of the Company which are subscribed for in RMB;

“Domestic Shares Class Meeting”	the class meeting of the holders of Domestic Shares to be held for the purpose of approving the Main Board Migration, the Voluntary Withdrawal and the Articles Amendments;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“H Share(s)”	the overseas listed foreign invested share(s) of nominal value of RMB1.00 each in the share capital of the Company which are listed on GEM and subscribed for and traded in HK\$;
“H Shares Class Meeting”	the class meeting of the holders of H Shares to be held for the purpose of approving the Main Board Migration, the Voluntary Withdrawal and the Articles Amendments;
“Listing Committee”	the listing sub-committee of the directors of the Stock Exchange responsible for Main Board listing matters;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) and which stock market continues to be operated by the Stock Exchange in parallel with the GEM. For the avoidance of doubt, the Main Board excludes the GEM;
“Main Board Migration”	the proposed migration of listing status of the H Shares from the GEM to Main Board by way of the Proposed Introduction pursuant to the Listing Rules;
“PRC”	the People’s Republic of China;
“Proposed Introduction”	the proposed listing of the H Shares on the Main Board by way of an introduction pursuant to the Listing Rules;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Share(s)”	H Share(s), Domestic Share(s) and all share(s) of other class(es) resulting from any sub-division, consolidation or reclassification thereof from time to time in the share capital of the Company;

“Shareholder(s)”	the holder(s) of the Shares from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Voluntary Withdrawal”	the proposed voluntary withdrawal of the listing status of the H Shares from the GEM.

For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB0.99 = HK\$1.00 for the purpose of illustration only. No representation is made and there is no assurance that RMB or HK\$ can be purchased or sold at such rate.

By Order of the Board
Xinjiang Tianye Water Saving Irrigation System Company Limited*
Guo Qing Ren
Chairman

Xinjiang, the PRC, 22nd March, 2007

As at the date of this announcement, the Board comprises four executive Directors namely Guo Qing Ren, Shi Xiang Shen, Huang Yao Xin and Li Shuang Quan, and three independent non-executive Directors namely He Lin Wang, Xia Jun Min and Gu Lie Feng.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at “www.hkgem.com” on the “Latest Company Announcements” page for at least 7 days from the days of its posting.

* For identification purpose only