

# **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Xinjiang Tianye Water Saving Irrigation System Company Limited\*, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

**The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.**

This circular, 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 circular 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 circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

---



## **XINJIANG TIANYE WATER SAVING IRRIGATION SYSTEM COMPANY LIMITED\***

**新疆天業節水灌溉股份有限公司**

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

**(Stock Code: 8280)**

### **PROPOSALS FOR GENERAL MANDATE TO ISSUE SHARES, APPOINTMENT, RESIGNATION AND RE-ELECTION OF DIRECTORS, APPOINTMENT AND RESIGNATION OF SUPERVISORS, AND NOTICE OF ANNUAL GENERAL MEETING**

---

This circular is dispatched together with the annual report of the Company for the year ended 31st December, 2006 (the "Annual Report").

AGM Notice convening the annual general meeting of the Company to be held at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC on 10th May, 2007 at 11:00 a.m. is set out on pages 14 to 16 of this circular. Whether or not you are able to attend such meeting, please complete and return the form of proxy enclosed with the Annual Report and this circular in accordance with the instructions printed thereon to the Hong Kong H share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for the holders of H Shares only) or at the Company's registered office at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC (for the holders of Domestic Shares only), as soon as possible and in any event not less than 24 hours before the time appointed for holding such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting should you so wish.

*This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting.*

\* For identification purpose only

26th March, 2007

---

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

---

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of The Stock Exchange of Hong Kong Limited and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at [www.hkgem.com](http://www.hkgem.com) in order to obtain up-to-date information on GEM-listed issuers.

---

# TABLE OF CONTENTS

---

	<i>Page</i>
<b>Characteristics of The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited</b> .....	i
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction .....	3
General Mandate to issue Shares .....	3
Resignation, Appointment and Re-election of Directors .....	4
Resignation and Appointment of Supervisors .....	11
Action to be taken .....	12
Procedure for Demanding a Poll .....	13
Recommendation .....	13
<b>Notice of Annual General Meeting</b> .....	14

## DEFINITIONS

*In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:*

<b>“AGM”</b>	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, the notice of which is set out on pages 14 to 16 of this circular;
<b>“AGM Notice”</b>	the notice dated 26th March, 2007 for convening the AGM as set out on pages 14 to 16 of this circular;
<b>“Articles of Association”</b>	the articles of association of the Company as may be amended from time to time;
<b>“Associates”</b>	has the meaning as defined under the GEM Listing Rules;
<b>“Board”</b>	the board of Directors;
<b>“Chairman”</b>	chairman of the Board;
<b>“Company”</b>	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;
<b>“Director(s)”</b>	the director of the Company;
<b>“Domestic Share”</b>	domestic share(s) of nominal value of RMB1.00 each in the share capital of the Company which are subscribed for in RMB;
<b>“GEM”</b>	the Growth Enterprise Market of the Stock Exchange;
<b>“GEM Listing Rules”</b>	the Rules Governing the Listing of Securities on GEM;
<b>“General Mandate”</b>	an unconditional general mandate to issue, allot and deal with the additional Domestic Shares and/or H Shares not exceeding 20% of the issued shares of that class as at the date of passing of the relevant resolution;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“H Share”</b>	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\$;
<b>“Latest Practicable Date”</b>	22nd March, 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
<b>“PRC”</b>	the People’s Republic of China;

---

## DEFINITIONS

---

<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
<b>“Shareholders”</b>	the holders of H Shares and Domestic Shares from time to time;
<b>“Shares”</b>	H Shares, the Domestic Shares and all shares of other class(es) resulting from any sub-division, consolidation or reclassification thereof from time to time in the share capital of the Company;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Supervisor(s)”</b>	the supervisor(s) of the Company;
<b>“%”</b>	per cent.

\* *For identification purpose only*



**XINJIANG TIANYE WATER SAVING IRRIGATION SYSTEM COMPANY LIMITED\***

**新疆天业节水灌溉股份有限公司**

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

**(Stock Code: 8280)**

*Executive Directors:*

Mr. Guo Qing Ren (*Chairman*)

Mr. Shi Xiang Shen

Mr. Huang Yao Xin

Mr. Li Shuang Quan

*Registered office:*

No. 36, Bei San Dong Road,

Shihezi Economic and Technological  
Development Zone,

Shihezi,

Xinjiang,

PRC

*Independent non-executive Directors:*

Mr. He Lin Wang

Mr. Xia Jun Min

Mr. Gu Lie Feng

*Principal place of business in Hong Kong:*

21/F New World Tower 1,

18 Queen's Road Central,

Central,

Hong Kong

26th March, 2007

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATE TO ISSUE SHARES,  
APPOINTMENT, RESIGNATION AND RE-ELECTION OF DIRECTORS,  
APPOINTMENT AND RESIGNATION OF SUPERVISORS, AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information relating to resolutions to be proposed at the forthcoming AGM to be held at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC on 10th May, 2007 at 11:00 a.m..

**GENERAL MANDATE TO ISSUE SHARES**

In order to ensure flexibility when it is desirable to allot additional Shares, the Directors will seek the approval of the Shareholders to grant new General Mandate to issue Shares at the forthcoming AGM.

Special resolution no. 11 as set out in the AGM Notice (the "**Special Resolution**") will be proposed at the forthcoming AGM, namely (i) to grant to the Directors a General Mandate to issue, allot and deal with additional Shares up to a maximum of 20% of the number of the existing issued share capital of the

\* For identification purpose only

# LETTER FROM THE BOARD

Company of that class as at the date of passing of the Special Resolution; and (ii) to increase the number of the existing share capital of the Company which the Directors may issue under the General Mandate if given in the Special Resolution as at the date of passing of the Special Resolution.

## RESIGNATION, APPOINTMENT AND RE-ELECTION OF DIRECTORS

### (A) Resignation and Appointment of Directors

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

The AGM Notice contains an ordinary resolution as to approve the resignation of Mr. Huang Yao Xin as an executive Director and the appointment of Mr. Zhu Jia Ji as an executive Director with effect from the date of passing of the relevant resolution at the AGM for a term of three years.

#### *Resignation of Mr. Huang Yao Xin*

As Mr. Huang will be working for 新疆天業(集團)有限公司 Xinjiang Tianye (Group) Limited (which is deemed to be interested in more than 5% of the Shares under SFO) (“**Tianye Holdings**”), Mr. Huang will be resigned as an executive Director. There is no disagreement between Mr. Huang and the Board. The Company and Mr. Huang confirmed that there is no matter regarding his resignation that needs to be brought to the attention of the Shareholders of the Company.

#### *Appointment of Mr. Zhu Jia Ji*

##### *Experience*

Mr. Zhu, aged 43, graduated from Agricultural and Machinery School of Shihezi, Xinjiang. Mr. Zhu obtained an engineer qualification certificate issued by Ministry of Agriculture of the PRC (中華人民共和國農業部) in 2002. He has been a deputy sales manager of the Company since he joined the Group in December 1999. He is also the Chairman of 新疆奎屯天屯節水有限責任公司 and 哈密天業紅星節水灌溉有限責任公司, both are subsidiaries of the Company.

##### *Other directorship*

Save as disclosed above, Mr. Zhu has not held any directorship in any other listed company in the last three years before the Latest Practicable Date.

##### *Length of service*

Mr. Zhu will enter into a service agreement with the Company with effect from the date of passing of the relevant resolution at the AGM for a term of three years.

##### *Director's emoluments*

Mr. Zhu will receive an annual Director's fee to be determined by the Board subject to the authorisation by the Shareholders with reference to his duties and responsibilities with the Company and the market rate for the position. In addition, Mr. Zhu is also entitled to an annual discretionary bonus after working for 12 months, provided that the aggregate amount of bonus payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited

## LETTER FROM THE BOARD

---

consolidated profit attributable to the Shareholders of the Company (after deducting tax and profit attributable to minority) in respect of that financial years of the Company. Mr. Zhu may not vote on any resolution of the Directors regarding the amount of the bonus payable to him.

### *Relationships*

Mr. Zhu has no relationship with any Director, supervisor or the senior management of the Company, or with any management Shareholder, substantial Shareholder or controlling Shareholder of the Company.

### *Interests in Shares*

So far as the Directors are aware as at the Latest Practicable Date, Mr. Zhu does not have any interest in the Shares (within the meaning of Part XV of the SFO).

### *Matters that need to be brought to the attention of the Shareholders*

Save as disclosed above, there are no other matters concerning Mr. Zhu that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Zhu required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules.

## **(B) Re-election of Directors**

To comply with article 10.02 of the Articles of Association and paragraph A.4.2 of the Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules, all Directors (except for Mr. Huang Yao Xin) shall be re-elected at the AGM for a term of three years. Accordingly, the following Directors will retire at the AGM and, being eligible, will immediately thereafter offer themselves for re-elections at the AGM:

### ***Mr. Guo Qing Ren***

#### *Experience*

Mr. Guo Qing Ren, aged 64, is the Chairman and a founder of the Group. Mr. Guo obtained a bachelor's degree from Xinjiang Technology College with a major in Geological Metal and Non-metal Mining and Exploration in 1964. He obtained a senior economist qualification certificate issued by Ministry of Agriculture of the PRC (中華人民共和國農業部) in 1993. He has been a director of Tianye Holdings since 1996 and has been the chairman and a director of 新疆天業股份有限公司 Xinjiang Tianye Company Limited (“**Tianye Company**”) (who is interested in more than 5% of the Shares, and is required to be disclosed to the Company under the provisions in Division 2 and 3 of Part XV of the SFO) since 1997. He has been a Director since he joined the Group in 1999. The research & development project of One-off Recycled Plastic Dripline Products undertaken by Mr. Guo was awarded the First Prize of Technology Improvement of the Eighth Agricultural Division and Shihezi City in 1999. In 2000, the water saving irrigation pipelines project primarily developed by Mr. Guo was awarded the Innovative Technology Prize of the Autonomous Region. Mr. Guo joined the Group in 1999 and is responsible for overseeing all strategic planning of the Group as well as responsible for the overall management of the Group's operations. He is also responsible for the design and development of new products of the Group.



## LETTER FROM THE BOARD

---

### *Other directorship*

Save as disclosed above, Mr. Guo has not held any directorship in any other listed company in the last three years before the Latest Practicable Date.

### *Length of service*

Mr. Guo will enter into a service agreement with the Company with effect from the date of re-election for a term of three years.

### *Director's emoluments*

Mr. Guo will receive an annual Director's fee to be determined by the Board subject to the authorisation by the Shareholders with reference to his duties and responsibilities with the Company and the market rate for the position. No emolument had been paid to Mr. Guo for the financial year ended 31st December, 2006. In addition, Mr. Guo is also entitled to an annual discretionary bonus after working for 12 months, provided that the aggregate amount of bonus payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited consolidated profit attributable to the Shareholders of the Company (after deducting tax and profit attributable to minority) in respect of that financial years of the Company. Mr. Guo may not vote on any resolution of the Directors regarding the amount of the bonus payable to him.

### *Relationships*

Mr. Guo has no relationship with any Director, supervisor or the senior management of the Company, or with any management Shareholder, substantial Shareholder or controlling Shareholder of the Company.

### *Interests in Shares*

As at the Latest Practicable Date, Mr. Guo had personal interests of 46,080 domestic shares of Tianye Company. Save as disclosed herein, Mr. Guo does not have any interests in the shares or underlying shares of the Company within the meaning of Part XV of the SFO.

### *Matters that need to be brought to the attention of the Shareholders*

Save as disclosed above, there are no other matters concerning Mr. Guo that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Guo required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules.

### **Mr. Shi Xiang Shen**

#### *Experience*

Mr. Shi Xiang Shen, aged 62, is an executive Director. Mr. Shi graduated from Beijing Economic Correspondence University with a major in Economic Management in 1989. He obtained a senior accountant qualification certificate issued by Ministry of Agriculture of the PRC (中華人民共和國農業部) in 1991. He had been employed as the chief accountant of Tianye Holdings. He has become a Director since he joined the Group in 2000 and has been responsible for the Group's financial management and capital operation.

## LETTER FROM THE BOARD

---

### *Other directorship*

Save as disclosed above, Mr. Shi has not held any directorship in any other listed company in the last three years before the Latest Practicable Date.

### *Length of service*

Mr. Shi will enter into a service agreement with the Company with effect from the date of re-election for a term of three years.

### *Director's emoluments*

Mr. Shi will receive an annual Director's fee to be determined by the Board subject to the authorisation by the Shareholders with reference to his duties and responsibilities with the Company and the market rate for the position. His emoluments for the financial year ended 31 December 2006 amounted to RMB100,000. In addition, Mr. Shi is also entitled to an annual discretionary bonus after working for 12 months, provided that the aggregate amount of bonus payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited consolidated profit attributable to the Shareholders of the Company (after deducting tax and profit attributable to minority) in respect of that financial years of the Company. Mr. Shi may not vote on any resolution of the Directors regarding the amount of the bonus payable to him.

### *Relationships*

Mr. Shi has no relationship with any Director, supervisor or the senior management of the Company, or with any management Shareholder, substantial Shareholder or controlling Shareholder of the Company.

### *Interests in Shares*

As at the Latest Practicable Date, Mr. Shi had personal interests of 36,864 domestic shares of Tianye Company. Save as disclosed herein, Mr. Shi does not have any interests in the shares or underlying shares of the Company within the meaning of Part XV of the SFO.

### *Matters that need to be brought to the attention of the Shareholders*

Save as disclosed above, there are no other matters concerning Mr. Shi that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Shi required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules.

### ***Mr. Li Shuang Quan***

#### *Experience*

Mr. Li Shuang Quan, aged 42, is an executive Director and deputy general manager of the Company. Mr. Li graduated from Nanjing Glass Fiber Research and Design Vocational University with a major in Silicate Technology in 1988. He obtained a senior engineer qualification certificate issued by Ministry of Agriculture of the PRC (中華人民共和國農業部) in 2001. In 1998, he was recognized as the "Sixth Session Outstanding Calibre of the Agricultural No. 8 Division", Mr. Li was also recognized as the "Tenth Session Outstanding Calibre of the Agricultural No. 8 Division" in 2003. Currently, he is a director of Tianye Company and was granted the special subsidies by the State

---

## LETTER FROM THE BOARD

---

Council of the PRC in 2004. He joined the Group in 1999 and has been a Director since 2002 and a deputy general manager of the Company since 2003. Mr. Li is responsible for the management of technology and research and development of the Group.

### *Other directorship*

Save as disclosed above, Mr. Li has not held any directorship in any other listed company in the last three years before the Latest Practicable Date.

### *Length of service*

Mr. Li will enter into a service agreement with the Company with effect from the date of re-election for a term of three years.

### *Director's emoluments*

Mr. Li will receive an annual Director's fee to be determined by the Board subject to the authorisation by the Shareholders with reference to his duties and responsibilities with the Company and the market rate for the position. His emoluments for the financial year ended 31 December 2006 amounted to RMB119,000. In addition, Mr. Li is also entitled to an annual discretionary bonus after working for 12 months, provided that the aggregate amount of bonus payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited consolidated profit attributable to the Shareholders of the Company (after deducting tax and profit attributable to minority) in respect of that financial years of the Company. Mr. Li may not vote on any resolution of the Directors regarding the amount of the bonus payable to him.

### *Relationships*

Mr. Li has no relationship with any Director, supervisor or the senior management of the Company, or with any management Shareholder, substantial Shareholder or controlling Shareholder of the Company.

### *Interests in Shares*

So far as the Directors are aware as at the Latest Practicable Date, Mr. Li does not have any interest in the Shares (within the meaning of Part XV of the SFO).

### *Matters that need to be brought to the attention of the Shareholders*

Save as disclosed above, there are no other matters concerning Mr. Li that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Li required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules.

## **Mr. He Lin Wang**

### *Experience*

Mr. He Lin Wang, aged 65, is an independent non-executive Director. Mr. He obtained a senior engineer qualification certificate issued by Ministry of Agriculture of the PRC (中華人民共和國農業部). He had held the position of chief engineer of Shihezi Water Conservation Bureau (石河子市水利局) and a director of the Xinjiang Agricultural Engineering Society. He has been an independent non-executive Director since he joined the Group in April 2005.

### *Other directorship*

Save as disclosed above, Mr. He has not held any directorship in any other listed company in the last three years before the Latest Practicable Date.

### *Length of service*

Mr. He will enter into a service agreement with the Company with effect from the date of re-election for a term of three years.

### *Director's emoluments*

Mr. He will receive an annual Director's fee to be determined by the Board subject to the authorisation by the Shareholders with reference to his duties and responsibilities with the Company and the market rate for the position. His emoluments for the financial year ended 31 December 2006 amounted to RMB27,000.

### *Relationships*

Mr. He has no relationship with any Director, supervisor or the senior management of the Company, or with any management Shareholder, substantial Shareholder or controlling Shareholder of the Company.

### *Interests in Shares*

So far as the Directors are aware as at the Latest Practicable Date, Mr. He does not have any interest in the Shares (within the meaning of Part XV of the SFO).

### *Matters that need to be brought to the attention of the Shareholders*

Save as disclosed above, there are no other matters concerning Mr. He that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. He required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules.

## **Mr. Xia Jun Min**

### *Experience*

Mr. Xia Jun Min, aged 36, is an independent non-executive Director. He graduated from Xinjiang Finance and Economic College majoring in Accounting in 1995 and obtained a bachelor's degree from the Central Communist Party Institution with a major in Politics and Law in 1998. He has obtained qualifications as a registered accountant and a registered assets valuer in the PRC. He is

## LETTER FROM THE BOARD

---

presently a deputy president of Xinjiang Fangxia Assets Valuation Company Limited, a president and a chief accountant of Xinjiang Fangxia Certified Public Accountants Company Limited. He has been an independent non-executive Director since he joined the Group in April 2005.

### *Other directorship*

Save as disclosed above, Mr. Xia has not held any directorship in any other listed company in the last three years before the Latest Practicable Date.

### *Length of service*

Mr. Xia will enter into a service agreement with the Company with effect from the date of re-election for a term of three years.

### *Director's emoluments*

Mr. Xia will receive an annual Director's fee to be determined by the Board subject to the authorisation by the Shareholders with reference to his duties and responsibilities with the Company and the market rate for the position. His emoluments for the financial year ended 31 December 2006 amounted to RMB27,000.

### *Relationships*

Mr. Xia has no relationship with any Director, supervisor or the senior management of the Company, or with any management Shareholder, substantial Shareholder or controlling Shareholder of the Company.

### *Interests in Shares*

So far as the Directors are aware as at the Latest Practicable Date, Mr. Xia does not have any interest in the Shares (within the meaning of Part XV of the SFO).

### *Matters that need to be brought to the attention of the Shareholders*

Save as disclosed above, there are no other matters concerning Mr. Xia that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Xia required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules.

### **Mr. Gu Lie Feng**

#### *Experience*

Mr. Gu Lie Feng, aged 67, is an independent non-executive Director. Mr. Gu attained university level and graduated from Water Conservancy Engineering Department of Tsinghua University in 1965. Mr. Gu obtained a senior engineer qualification certificate issued by Ministry of Agriculture of the PRC (中華人民共和國農業部) in 1991. Since he joined the Group in April 2005, he has been an independent non-executive Director.

#### *Other directorship*

Save as disclosed above, Mr. Gu has not held any directorship in any other listed company in the last three years before the Latest Practicable Date.

## LETTER FROM THE BOARD

---

### *Length of service*

Mr. Gu will enter into a service agreement with the Company with effect from the date of re-election for a term of three years.

### *Director's emoluments*

Mr. Gu will receive an annual Director's fee to be determined by the Board subject to the authorisation by the Shareholders with reference to his duties and responsibilities with the Company and the market rate for the position. His emoluments for the financial year ended 31 December 2006 amounted to RMB27,000.

### *Relationships*

Mr. Gu has no relationship with any Director, supervisor or the senior management of the Company, or with any management Shareholder, substantial Shareholder or controlling Shareholder of the Company.

### *Interests in Shares*

So far as the Directors are aware as at the Latest Practicable Date, Mr. Gu does not have any interest in the Shares (within the meaning of Part XV of the SFO).

### *Matters that need to be brought to the attention of the Shareholders*

Save as disclosed above, there are no other matters concerning Mr. Gu that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Gu required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules.

## **RESIGNATION AND APPOINTMENT OF SUPERVISORS**

As at the Latest Practicable Date, there are three Supervisors in the Company, namely Mr. He Jie, Huang Jun Lin and Xia Yue Xing.

The AGM Notice contains an ordinary resolution as to approve the resignation of Mr. Xia Yue Xing as Supervisor and the appointment of Ms. Ni Mei Lan (倪美蘭) as the Supervisor of the Company with effect from the date of passing of the relevant resolution at the AGM for a term of three years.

### **Resignation of Mr. Xia Yue Xing**

Mr. Xia resigned as a supervisor of the Company as he will be working for Tianye Company. There is no disagreement between Mr. Xia and the Board. The Company and Mr. Xia confirmed that there is no matter regarding his resignation that needs to be brought to the attention of the Shareholders of the Company.

# LETTER FROM THE BOARD

---

## **Appointment of Ms. Ni Mei Lan**

### *Experience*

Ms. Ni, aged 47, graduated from Urumqi Vocational and Technical University with a major in Economic Management in 1995. Ms. Ni obtained an assistant economist qualification certificate issued by Ministry of Agriculture of the PRC (中華人民共和國農業部) in 2000. She joined the Group in 2001 and has been a deputy general manager of the Company since 2003.

### *Other directorship*

Save as disclosed above, Ms. Ni has not held any directorship in any other listed company in the last three years before the Latest Practicable Date.

### *Length of service*

Ms. Ni will enter into a service agreement with the Company with effect from the date of passing of the relevant resolution at the AGM for a term of three years.

### *Relationships*

Ms. Ni has no relationship with any Director, supervisor or the senior management of the Company, or with any management Shareholder, substantial Shareholder or controlling Shareholder of the Company.

### *Interests in Shares*

So far as the Directors are aware as at the Latest Practicable Date, Ms. Ni does not have any interest in the Shares (within the meaning of Part XV of the SFO).

### *Matters that need to be brought to the attention of the Shareholders*

Save as disclosed above, there are no other matters concerning Ms. Ni that need to be brought to the attention of the Shareholders. Nor is there any information regarding Ms. Ni required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules.

## **ACTION TO BE TAKEN**

A form of proxy for use by the Shareholders at the forthcoming AGM is enclosed. Whether or not you intend to be present at the forthcoming AGM, you are requested to complete and return the form of proxy in accordance with the instructions thereon to the Hong Kong H share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for the holders of H Shares only) or at the Company's registered office at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC (for the holders of Domestic Shares only), as soon as possible and in any event not less than 24 hours before the time appointed for holding the forthcoming AGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the forthcoming AGM or any adjourned meeting should you so wish.

---

## LETTER FROM THE BOARD

---

### PROCEDURE FOR DEMANDING A POLL

Subject to the requirements under the GEM Listing Rules and pursuant to Article 8.19 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before the declaration of the result of the show of hands) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least two Shareholders present in person or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members of the Company having the right to vote at the meeting.

### RECOMMENDATION

The Directors consider that all the proposed resolutions as set out in the AGM Notice are all in the interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend all Shareholders to vote in favour of all the resolutions to be proposed at the AGM in respect thereof.

Yours faithfully  
For and on behalf of the Board  
**Xinjiang Tianye Water Saving Irrigation System Company Limited**\*  
**Guo Qing Ren**  
*Chairman*

\* *For identification purpose only*





**XINJIANG TIANYE WATER SAVING IRRIGATION SYSTEM COMPANY LIMITED\***

**新疆天業節水灌溉股份有限公司**

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

**(Stock Code: 8280)**

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting (the “AGM”) of Xinjiang Tianye Water Saving Irrigation System Company Limited\* (the “Company”) will be held at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC on 10th May, 2007 at 11:00 a.m. for the following purpose:

**I. ORDINARY RESOLUTIONS**

1. To consider and approve the report of the directors (the “Directors”) of the Company for the year ended 31st December, 2006;
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31st December, 2006;
3. To consider and approve the audited financial statements of the Company and its subsidiary and the independent auditors’ report for the year ended 31st December, 2006;
4. To consider and approve the resolution of final dividend distribution for the year ended 31st December, 2006;
5. To consider and approve the resolution for making appropriation to statutory reserve fund for the year ended 31st December, 2006;
6. To approve the resignation of Mr. Huang Yao Xin as an executive Director and to consider and approve the appointment of Mr. Zhu Jia Ji as an executive Director with effect from the date of passing of the relevant resolution at the AGM for a term of three years;
7. To approve the resignation of Mr. Xia Yue Xing as a supervisor and to consider and approve the appointment of Ms. Ni Mei Lan as a supervisor with effect from the date of passing of the relevant resolution at the AGM for a term of three years;
8. To re-elect Mr. Guo Qing Ren, Mr. Shi Xiang Shen, Mr. Li Shuang Quan, Mr. He Lin Wang, Mr. Xia Jun Min and Mr. Gu Lei Feng as Directors;
9. To authorise the board (the “Board”) of Directors to fix the remuneration of the Directors and the supervisors for the year 2007;
10. To consider and approve the re-appointment of SHINEWING (HK) CPA Limited as auditors of the Company and to authorise the Board to fix their remunerations.

\* For identification purpose only

# NOTICE OF ANNUAL GENERAL MEETING

## II. SPECIAL RESOLUTION

To consider and, if thought fit, pass with or without modifications, the following resolution as special resolution of the Company:

11. “**THAT:**

- (A) there being granted to the Board an unconditional general mandate to issue, allot and deal with additional domestic shares of nominal value of RMB1.00 each in the share capital of the Company (the “**Domestic Shares**”) and/or overseas-listed foreign invested shares of nominal value of RMB1.00 each in the share capital of the Company (the “**H Shares**”), to make or grant offers, agreements and options in respect thereof, subject to the following conditions:
- (a) the aggregate number of Domestic Shares and/or H Shares to be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Board shall not exceed 20% of the issued share capital of that class as at the date of passing of this resolution;
  - (b) such mandate shall not extend beyond the period from the passing of this resolution until whichever is the earliest of:
    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiration of the 12-months period following the passing of this resolution;  
or
    - (iii) the date on which the authority as set out in this resolution is revoked or varied by a special resolution of the Shareholders of the Company in a general meeting.
  - (c) the Board will only exercise its power under such mandate in accordance with the Company Law of the People’s Republic of China (the “**PRC**”), the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (as may be amended from time to time) and other relevant laws and regulations of Hong Kong and the PRC, and only if all necessary approvals from the China Securities Regulatory Commission and/or other relevant PRC government authorities are obtained;
- (B) contingent on the Board resolving to issue additional shares pursuant to (A) above, the Board be authorised to:
- (a) increase the registered capital of the Company in accordance with the issue of the Domestic Shares and/or H Shares aforesaid, and attend to the relevant registration procedures with the relevant authorities in the PRC and Hong Kong;
  - (b) make appropriate amendments to the relevant provisions in articles of association of the Company (the “**Articles of Association**”) in relation to the registered capital of the Company and any other articles that require corresponding amendments so as to reflect the change in the registered capital and shareholding structure of the Company

# NOTICE OF ANNUAL GENERAL MEETING

as a result of the allotment or issue of new shares and to submit the relevant amendments to the Articles of Association to the relevant authorities of the PRC for approval and record; and

- (c) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of such new shares.

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

Xinjiang PRC, 26th March, 2007

\* *For identification purpose only*

## Notes:

1. Any member entitled to attend and vote at the AGM is entitled to appoint in written form for one or more than one proxy to attend and vote at the AGM on his behalf. A proxy need not be a member of the Company.
2. The form of proxy for the AGM is herewith enclosed. In order to be valid, the form of proxy and, if such proxy from is signed by a person under a power of attorney or authority on behalf of the appointer, a notarially certified power of attorney (if any) or other authority (if any) under which it is signed, must be deposited at the Company's H share registrar and transfer office in Hong Kong. Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for the holders of H Shares only) or at the Company's registered office at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC (for the holders of Domestic Shares only), not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting should you so wish.
3. Shareholders or their proxies shall present proofs of identities when attending the AGM.
4. 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 the shares of the Company will be effected. All transfers accompanied by relevant share certificates for H Shares of the Company must be lodged with Company's H share registrar and transfer office not later than 4:00 p.m. on 19th April, 2007. Shareholders of the Company whose name appears on the register of members of the Company at 4:00 p.m. on 19th April, 2007 will be entitled to attend and vote at the AGM.
5. Shareholders of the Company who intend to attend the AGM should complete and return the enclosed reply slip for attendance to the H Share registrar and transfer office of the Company in Hong Kong at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for the holders of H Shares only) or at the Company's registered office at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC (for the holders of Domestic Shares only), by hand, by post or by fax (the fax number of the Company's H Share registrar and transfer office: (852) 28611465 for holders of H Shares only or the Company's fax number: (86993) 2623163 (for holders of Domestic Shares only).) on or before 4:00 p.m. Thursday, 19th April, 2007.