
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 to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer 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)

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

This circular is despatched together with the annual report of Xinjiang Tianye Water Saving Irrigation System Company Limited (the "Company") for the year ended 31st December, 2006.

Reference is made to the notice of the Company dated 26th March, 2007 convening the AGM of the Company which is to be held at No. 36 Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC on Thursday, 10th May, 2007 at 11:00 a.m. set out on pages 14 to 16 of the circular of the Company dated 26th March, 2007 (the "26th March Circular") and pages 15 to 17 of this circular.

The notices convening the AGM and the separate Class Meetings of holders of H Shares and holders of Domestic Shares 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. are set out on pages 14 to 16 of the 26th March Circular and pages 15 to 23 of this circular.

Whether or not you are able to attend such meeting, please complete and return the form of proxy enclosed with the 26th March 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 of the AGM and the separate Class Meetings of holders of H Shares and holders of Domestic Shares or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or the separate Class Meetings of holders of H Shares and holders of Domestic Shares or any adjourned meeting should you so wish.

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

* For identification purpose only

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 in order to obtain up-to-date information on GEM-listed issuers.

TABLE OF CONTENTS

	<i>Page</i>
Characteristics of The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited	i
Definitions	1
Letter from the Board	
Introduction	3
Reasons for the Main Board Migration and the Voluntary Withdrawal	4
Requirements under PRC regulations	4
Amendment to Articles of Association	4
The AGM and the Class Meetings	5
Closure of Register of Members	6
Action to be taken	7
Procedure for Demanding a Poll	7
Recommendation	7
Appendix — General Information	8
Notice of Annual General Meeting	15
Notice of Class Meeting of the holders of the H Shares	18
Notice of Class Meeting of the holders of the Domestic Shares	21

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall 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, the notice of which is set out on pages 14 to 16 of the 26th March Circular and pages 15 to 17 of this circular;
“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, the details of which are set out on pages 4 to 5 of this circular;
“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, the notice of which are set out on pages 18 to 23 of this circular;
“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 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, further details of which are contained in the notice convening the said meeting set out in this circular;
“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;

DEFINITIONS

“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, further details of which are contained in the notice convening the said meeting set out in this circular;
“Independent Non-Executive Director(s)”	the independent non-executive director(s) of the Company;
“Latest Practicable Date”	23rd March 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
“Listing Committee”	the listing sub-committee of the directors of the Stock Exchange responsible for the 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 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;
“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;
“Supervisor(s)”	the supervisor(s) of the Company; and
“Voluntary Withdrawal”	the proposed voluntary withdrawal of the listing status of the H Shares from the GEM.

For the purpose of this circular, 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.

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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/Madam,

**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
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AND

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

INTRODUCTION

The purpose of this circular 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

* For identification purpose only

LETTER FROM THE BOARD

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.

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

LETTER FROM THE BOARD

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 excluded 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;

LETTER FROM THE 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 at 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 deal in the H Shares on the Main Board and the Voluntary Withdrawal.

Warning:

Preparations relating to the Main Board Migration and the Voluntary Withdrawal are at a preliminary stage and no applications 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.

LETTER FROM THE BOARD

ACTION TO BE TAKEN

The notices convening the AGM and the separate Class Meetings of holders of H Shares and holders of Domestic Shares 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 are set out on pages 14 to 16 of the 26th March Circular and pages 15 to 23 of this circular. The AGM and the Class Meetings will be convened at which special resolutions will be proposed to approve, among other things, the Main Board Migration, the Voluntary Withdrawal and the Articles Amendments.

Whether or not you intend to be present at the forthcoming AGM and the Class Meetings, 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 the Class Meetings or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the forthcoming AGM and/or the Class Meetings or any adjourned meeting should you to wish.

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 Board is of the view that the Main Board Migration, the Voluntary Withdrawal and the Articles Amendments are in the interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the special resolutions to be proposed at the AGM and the Class Meetings.

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

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) 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.

2. DISCLOSURE OF INTERESTS

Directors', Supervisors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, the interests of the Directors, Supervisors (as if the requirements applicable to the Directors under the SFO had applied to the Supervisors) or chief executives of the Company, including their respective associates, in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

Name of Directors/ Supervisors	Name of companies/ associated corporations	Capacity	Number and class of securities (Note 1)	Approximate percentage of shareholding
Guo Qing Ren (<i>Director</i>)	Xinjiang Tianye Company Limited ("Tianye Company")	Beneficial owner	46,080 domestic shares (L)	0.0105%
Shi Xiang Shen (<i>Director</i>)	Tianye Company	Beneficial owner	34,864 domestic shares (L)	0.0079%
Huang Jun Lin (<i>Supervisor</i>)	Tianye Company	Beneficial owner	53,248 domestic shares (L)	0.0121%

Note:

1. The letter "L" represents the Directors' and Supervisors' long positions in such securities.

Other than as disclosed above, none of the Directors, Supervisors and chief executives of the Company nor their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporation as at the Latest Practicable Date.

Directors' and Supervisors' Interest in any Asset Acquired, Disposed or Leased

None of the Directors and Supervisors has any material interest, direct or indirect, in any asset which, since 31st December, 2006, being the date to which the latest audited consolidated financial statements of the Group have been made up, had been acquired or disposed of by or leased to any member of the Group or was proposed to be acquired or disposed of by or leased to any member of the Group.

Directors' and Supervisors' Service Contracts

Each of the Directors and Supervisors has entered into a service contract with the Company for an initial term of 36 months commencing on 7th February, 2006. These contracts are only determinable by the Company upon occurrence of certain conditions as set out in these contracts or upon expiry of these contracts.

Other than as disclosed above, no Directors or Supervisors proposed for re-election at the forthcoming annual general meeting has a service contract which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' and Supervisors' Interests in Contracts of Significance

Save as disclosed under the paragraph headed "CONNECTED AND RELATED PARTY TRANSACTIONS", no contract of significance to which the Company, its holding company or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at the date of this circular.

Substantial Shareholders and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

(A) Substantial shareholders

As at the Latest Practicable Date, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following persons or entities (other than a Director, Supervisor or Chief Executive) had notified the Company of relevant interests and short positions in the Shares or underlying Shares of the Company:

Name	Type/nature of interest	Capacity	Number of the domestic shares of the Company held (Note 1)	Approximate percentage of the total issued share capital of the Company (Note 2)
Tianye Company	Corporate	Beneficial owner	202,164,995 (L)	38.91% (Note 3)
Xinjiang Tianye (Group) Limited ("Tianye Holdings") (Note 4)	Corporate	Interest in controlled corporation	202,164,995 (L)	38.91%
Shenzhen City Li Tai Lai Investment Development Company Limited ("Li Tai Lai")	Corporate	Beneficial owner	93,994,831 (L)	18.09% (Note 5)
Yang Ming Gui (Note 6)	Personal	Interest in controlled corporation	93,994,831 (L)	18.09%

Notes:

- "L" denotes the person's/entity's long positions in the Shares.
- The approximate percentage of shareholding is calculated with reference to the total issued Share of 519,521,560 Shares (including domestic Shares and H Shares).
- The domestic Shares held by Tianye Company were equivalent to approximately 63.75% of the total domestic Shares in issue.
- The domestic Shares were held by Tianye Company. By virtue of the SFO, Tianye Holdings, which is interested in approximately 43.27% of the registered capital of Tianye Company, is deemed to be interested in the 202,164,995 domestic Shares held by Tianye Company.
- The domestic Shares held by Li Tai Lai were equivalent to approximately 29.64% of the total domestic Shares in issue.

6. The domestic Shares were held by Li Tai Lai. By virtue of the SFO, Yang Ming Gui, who is interested in 58% of the registered capital of Li Tai Li, is deemed to be interested in the 93,994,831 domestic Shares held by Li Tai Lai.

(B) *Other persons who are required to disclose their interests pursuant to Division 2 and 3 of Part XV of the SFO*

As at the Latest Practicable Date, save for the persons or entities disclosed in sub-section (A) above, the following persons or entities (other than a Director, Supervisor or Chief Executive of the Company) had notified the Company of relevant interests and short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Type of interest	Capacity	Number of H Shares of the Company held (Note 1)	Approximate percentage of the total issued share capital of the Company (Note 2)
Fidelity International Limited	Corporate	Investment manager	19,966,000 (L)	3.84% (Note 3)
Dreyfus Premier Greater China Fund	Corporate	Investment manager	15,510,000 (L)	2.98% (Note 4)
Li Chung Yung	Personal	Beneficial owner	10,148,000 (L)	1.95% (Note 5)

Note:

1. "L" denotes the person's/entity's long positions in the Shares.
2. The approximate percentage of shareholding is calculated with reference to the total issued Shares of 519,521,560 Shares (including domestic Shares and H Shares).
3. The H Shares held by Fidelity International Limited were equivalent to approximately 9.86% of the total H Shares in issue.
4. The H Shares held by Dreyfus Premier Greater China Fund were equivalent to approximately 7.66% of the total H Shares in issue.
5. The H Shares held by Li Chung Yung were equivalent to approximately 5.01% of the total H Shares in issue.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (other than the Directors, the Supervisors and chief executive of the Company) who had an interest and short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

Connected and Related Party Transactions

Pursuant to Rule 20.38 of the GEM Listing Rules, the Board engaged the auditors of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditors have reported their factual findings on these procedures to the Board. The Independent Non-Executive Directors have reviewed the continuing connected transactions and the report of the auditors, and have confirmed that the transactions have been entered into by the Company in the ordinary course of its business, on normal commercial terms or on terms no less favorable than terms available to or from independent third parties, and in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

Details of the continuing connected transactions with Tianye Holdings and/or its subsidiaries during the year ended 31st December, 2006 are as follows:

Nature of transactions/business	<i>RMB'000</i>
Sales of finished goods	13,537
Purchase of raw materials	59,741
Rentals of plant and machinery	280
Rentals of premises	1,464

Save as the above, the Group also entered into following connected transactions agreements on 7th February, 2006:

- purchase agreement with Tianye Holdings (the substantial shareholder of the Company), pursuant to which the Group agreed to purchase spare parts and used materials, including but not limited to diamond-shaped wheels and used drip films, from Tianye Holdings and/or its subsidiaries (excluding Tianye Company and/or its subsidiaries and/or its controlled corporations) from time to time for a term from 1st January, 2006 to 31st December, 2008, and the price for those spare parts and used materials will be agreed from time to time between the parties concerned by reference to the prevailing market prices at the relevant time;
- master purchase agreement with Tianye Company (the substantial shareholder of the Company), pursuant to which the Group agreed to purchase raw materials, including but not limited to PVC resins, contracting films, internal films and stabilisers, from Tianye Company and/or its subsidiaries and/or its controlled corporations from time to time for a term from 1st January, 2006 to 31st December, 2008, and the price for those raw materials will be agreed from time to time between the parties concerned by reference to the prevailing market price at the relevant time;
- sale agreement with Tianye Holdings (the substantial shareholder of the Company), pursuant to which Tianye Holdings and/or its subsidiaries (excluding Tianye Company and/or its subsidiaries and/or its controlled corporations) agreed to purchase products manufactured by the Group, including but not limited to drip films, PVC/PE pipelines and drip assemblies, from time to time for a term from 1st January, 2006 to 31st December, 2008, and the price for those products manufactured by the Group will be agreed from time to time between the parties concerned by reference to the prevailing market price at the relevant time;

- master sale agreement with Tianye Company (the substantial shareholder of the Company), pursuant to which Tianye Company and/or its subsidiaries and/or its controlled corporations agreed to purchase products manufactured by the Group, including but not limited to drip films, PVC/PE pipelines and drip assemblies, from time to time for a term from 1st January, 2006 to 31st December, 2008, and the price for those products manufactured by the Group will be agreed from time to time between the parties concerned by reference to the prevailing market price at the relevant time;
- leases in respect of the office premises located at 3rd Floor, No. 36 Bei San Dong Road, Economic and Technological Development Zone, Shihezi, Xinjiang (新疆石河子經濟技術開發區北三東路36號第三層) and the factory premises located at No. 36 Bei San Dong Road, Economic and Technological Development Zone, Shihezi, Xinjiang (新疆石河子經濟技術開發區北三東路36號) and No. 94-22 Bei Yi Road, Economic and Technological Development Zone, Shihezi, Xinjiang (新疆石河子經濟技術開發區北一路94-22號) with Tianye Company (the substantial shareholder of the Company), for a term from 1st July, 2005 to 30th June, 2008 at the rent of RMB1,455,820 per annum (including property management fee);
- lease in respect of the office premises located at 1st Floor of No. 36 Bei San Dong Road, Economic and Technological Development Zone, Shihezi, Xinjiang (新疆石河子經濟技術開發區北三東路36號第一層) with Tianye Company (the substantial shareholder of the Company), for a term from 1st July, 2005 to 30th June, 2008 at the rent of RMB3,500 per annum (including property management fee);
- lease in respect of the office premises located at No. 94-2 Gong San Xiao Qu, Bei Yi Road, Shihezi, Xinjiang (新疆石河子北一路工三小區94-2號辦公樓) with Tianye Company (the substantial shareholder of the Company), for a term from 1st July, 2005 to 30th June, 2008 at the rent of RMB4,320 per annum (including property management fee).

The above connected transactions agreements and their proposed annual caps were approved by an ordinary resolution of a general meeting of the Company held on 7th February, 2006. The details of these transactions were disclosed in the prospectus dated 21st February, 2006.

In respect of each of the related party transactions as listed above and the transaction contemplated under each of the above connected transactions agreements, the Company has complied with the relevant requirements under Chapter 20 of the GEM Listing Rules.

Note: The term “controlled corporations” of Tianye Company mentioned above under the paragraph headed “Connected and Related Party Transactions” of this report refers to those corporations owned by Tianye Company as to 30% or more but less than 50% of their equity interests.

3. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading prospects of the Group since 31st December, 2006, the date to which the latest audited financial statements of the Group were made up.

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance known to the Directors was pending or threatened by or against the Company or any of its subsidiaries.

5. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of 21/F, New World Tower 1, 18 Queen's Road Central, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including 10th May, 2007:

- (a) the Articles of Association;
- (b) the Amended Articles;
- (c) the annual report of the Company for the year ended 31st December, 2006; and
- (d) the service contracts of the Directors and Supervisors referred to in the paragraph entitled "Directors and Supervisors' Service Contracts" in this appendix.

6. MISCELLANEOUS

- (i) The registered office of the Company is at No.36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC.
- (ii) The principal place of business in Hong Kong is 21/F, New World Tower 1, 18 Queen's Road Central, Hong Kong.
- (iii) The Company's H Share registrar and transfer office in Hong Kong is Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (iv) The company secretary and qualified accountant of the Company is Mr. Wong Hon Kei, Anthony. The compliance officer of the Company is Mr. Shi Xiang Shen.
- (v) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.



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)

Reference is made to the notice of Xinjiang Tianye Water Saving Irrigation System Company Limited (the “**Company**”) dated 26th March, 2007 convening the annual general meeting of the Company which is to be held at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC on Thursday, 10th May, 2007 at 11:00 a.m. (the “**Annual General Meeting**”).

NOTICE IS HEREBY GIVEN THAT the following resolutions will be proposed at the Annual General Meeting as additional special resolutions of the Company:

ADDITIONAL SPECIAL RESOLUTIONS

“THAT:

- (a) the proposed listing of the H shares of the Company (the “**H Shares**”) on the Main Board of The Stock Exchange of Hong Kong Limited by way of an introduction (the “**Stock Exchange**”) (the “**Main Board Migration**”) and subject to the completion of the Main Board Migration, the proposed voluntary withdrawal of the listing of the H Shares on the Growth Enterprise Market of the Stock Exchange (the “**Voluntary Withdrawal**”) be and is hereby approved;
- (b) the amended articles of association of the Company (the “**Articles Amendments**”) which reflect the consequential amendments to the existing articles of association of the Company as a result of the Main Board Migration (subject to further amendments (if any) being made to the same articles of association by the directors of the Company (the “**Directors**”) as authorised by the shareholders of the Company), be and are hereby adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association of the Company, with effect from the date of 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).

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

(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.

(c) the board of directors of the Company be and is hereby authorised 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 application to the China Securities Regulatory Commission (“CSRC”) and the Listing Committee of the Stock Exchange, the Main Board Migration and the Voluntary Withdrawal as it may consider necessary, desirable or expedient.”

By Order of the Board

Xinjiang Tianye Water Saving Irrigation System Company Limited*

Guo Qing Ren

Chairman

Xinjiang PRC, 26th March, 2007

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 enclosed with the circular of the Company dated 26th March, 2007 (the “26th March Circular”). In order to be valid, the form of proxy and, if such proxy form 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.

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

5. Shareholders of the Company who intend to attend the AGM should complete and return the reply slip enclosed with the 26th March Circular 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.



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 a class meeting of holders of the H Shares of Xinjiang Tianye Water Saving Irrigation System Company Limited (the “**Company**”) will be convened and held at 1:00 p.m. (or immediately after the Annual General Meeting of the Company to be convened and held on the same date and at the same place) at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC on Thursday, 10th May, 2007, the following resolutions will be proposed at the class meeting of holders of the H Shares as special resolutions of the Company:

SPECIAL RESOLUTIONS

“THAT:

- (a) the proposed listing of the H shares of the Company (the “**H Shares**”) on the Main Board of The Stock Exchange of Hong Kong Limited by way of an introduction (the “**Stock Exchange**”) (the “**Main Board Migration**”) and subject to the completion of the Main Board Migration, the proposed voluntary withdrawal of the listing of the H Shares on the Growth Enterprise Market of the Stock Exchange (the “**Voluntary Withdrawal**”) be and is hereby approved;
- (b) the amended articles of association of the Company (the “**Articles Amendments**”) which reflect the consequential amendments to the existing articles of association of the Company as a result of the Main Board Migration (subject to further amendments (if any) being made to the same articles of association by the directors of the Company (the “**Directors**”) as authorised by the shareholders of the Company), be and are hereby adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association of the Company, with effect from the date of 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).

* For identification purpose only

NOTICE OF CLASS MEETING OF THE HOLDERS OF THE H SHARES

(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.

(c) the board of directors of the Company be and is hereby authorised 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 application to the China Securities Regulatory Commission (“CSRC”) and the Listing Committee of the Stock Exchange, the Main Board Migration and the Voluntary Withdrawal as it may consider necessary, desirable or expedient.”

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

Xinjiang PRC, 26th March, 2007

Notes:

1. Any member entitled to attend and vote at the class meeting of the holders of the H Shares is entitled to appoint in written form for one or more than one proxy to attend and vote at the class meeting of the holders of the H Shares on his behalf. A proxy need not be a member of the Company.
2. The form of proxy for the class meeting of the holders of the H Shares is herewith enclosed. In order to be valid, the form of proxy and, if such proxy form 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, not less than 24 hours before the time appointed for holding the class meeting of the holders of the H Shares or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the class meeting of the holders of the H Shares or any adjourned meeting should you so wish.
3. Shareholders or their proxies shall present proofs of identities when attending the class meeting of the holders of the H Shares.
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 class meeting of the holders of the H Shares.

NOTICE OF CLASS MEETING OF THE HOLDERS OF THE H SHARES

5. Shareholders of the Company who intend to attend the class meeting of the holders of the H Shares 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, by hand, by post or by fax (the fax number of the Company's H Share registrar and transfer office: (852) 28611465 on or before 4:00 p.m., Thursday, 19th April, 2007.



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 a class meeting of holders of the Domestic Shares of Xinjiang Tianye Water Saving Irrigation System Company Limited (the “**Company**”) will be convened and held at 12:00 noon (or immediately after the class meeting of holders of the H Shares of the Company to be convened and held on the same date and at the same place) at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC on Thursday, 10th May, 2007, the following resolutions will be proposed at the class meeting of holders of the Domestic Shares as special resolutions of the Company:

SPECIAL RESOLUTIONS

“THAT:

- (a) the proposed listing of the H shares of the Company (the “**H Shares**”) on the Main Board of The Stock Exchange of Hong Kong Limited by way of an introduction (the “**Stock Exchange**”) (the “**Main Board Migration**”) and subject to the completion of the Main Board Migration, the proposed voluntary withdrawal of the listing of the H Shares on the Growth Enterprise Market of the Stock Exchange (the “**Voluntary Withdrawal**”) be and is hereby approved;
- (b) the amended articles of association of the Company (the “**Articles Amendments**”) which reflect the consequential amendments to the existing articles of association of the Company as a result of the Main Board Migration (subject to further amendments (if any) being made to the same articles of association by the directors of the Company (the “**Directors**”) as authorised by the shareholders of the Company), be and are hereby adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association of the Company, with effect from the date of 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).

* For identification purpose only

NOTICE OF CLASS MEETING OF THE HOLDERS OF THE DOMESTIC SHARES

(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.

(c) the board of directors of the Company be and is hereby authorised 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 application to the China Securities Regulatory Commission (“CSRC”) and the Listing Committee of the Stock Exchange, the Main Board Migration and the Voluntary Withdrawal as it may consider necessary, desirable or expedient.”

By Order of the Board

Xinjiang Tianye Water Saving Irrigation System Company Limited*

Guo Qing Ren

Chairman

Xinjiang PRC, 26th March, 2007

Notes:

1. Any member entitled to attend and vote at the class meeting of the holders of the Domestic Shares is entitled to appoint in written form for one or more than one proxy to attend and vote at the class meeting of the holders of the Domestic Shares on his behalf. A proxy need not be a member of the Company.
2. The form of proxy for the class meeting of the holders of the Domestic Shares is herewith enclosed. In order to be valid, the form of proxy and, if such proxy form 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 registered office at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC, not less than 24 hours before the time appointed for holding the class meeting of the holders of the Domestic Shares or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the class meeting of the holders of the Domestic Shares or any adjourned meeting should you so wish.
3. Shareholders or their proxies shall present proofs of identities when attending the class meeting of the holders of the Domestic Shares.
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 the Domestic Shares of the Company must be lodged with Company’s registered office at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC 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 class meeting of the holders of the Domestic Shares.

* For identification purpose only

NOTICE OF CLASS MEETING OF THE HOLDERS OF THE DOMESTIC SHARES

5. Shareholders of the Company who intend to attend the class meeting of the holders of the Domestic Shares should complete and return the enclosed reply slip for attendance to the Company's registered office at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC, by hand, by post or by fax the Company's fax number: (86993) 2623163 on or before 4:00 p.m., Thursday, 19th April, 2007.