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新疆天业节水灌溉股份有限公司
XINJIANG TIANYE WATER SAVING IRRIGATION SYSTEM COMPANY LIMITED*
(a joint stock limited company incorporated in the People’s Republic of China)
(Stock Code: 8280)

PROPOSED RESOLUTIONS FOR SHAREHOLDERS:

**(i) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING
ON THE GROWTH ENTERPRISE MARKET OF
THE STOCK EXCHANGE OF HONG KONG LIMITED;**

**(ii) PROPOSED LISTING ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED
BY WAY OF INTRODUCTION;**

**(iii) PROPOSED REDUCTION OF THE MINIMUM NOTICE PERIOD
IN RESPECT OF THE PROPOSED WITHDRAWAL;**

**(iv) PROPOSED GRANT OF NEW GENERAL MANDATE
AND PROPOSED REVOCATION OF EXISTING GENERAL MANDATE;**

**(v) PROPOSED AMENDMENTS TO THE ARTICLES
OF ASSOCIATION OF THE COMPANY; AND**

(vi) PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Company is proposing to list the H Shares on the Main Board by way of introduction. On 14 May 2007, the Board announced that an application for the Proposed Introduction was submitted to the Stock Exchange and the Stock Exchange was informed of the Company’s intention to implement the Proposed Withdrawal subject to certain conditions. Immediately following the Proposed Withdrawal, the listing of the H Shares on the GEM will be withdrawn and the H Shares will be listed on the Main Board.

In connection with the Proposed Withdrawal and Proposed Introduction, the Company proposes to seek shareholders' approval relating to (i) the Proposed Withdrawal, (ii) the Proposed Introduction, (iii) the proposed reduction of the notice period for the Proposed Withdrawal under Rule 9.19(3) of the GEM Listing Rules, (iv) the proposed amendments to the Articles of Association, (v) the proposed grant of the Share Issue Mandate and the proposed revocation of the Existing General Mandate, and (vi) the proposed appointment of an independent non-executive Director. The Stock Exchange informed the Joint Sponsors on 28 August 2007 that the Listing Committee had granted an approval in principle of the listing of, and permission to deal in, the H Shares on the Main Board. The Circular containing the EGM Notice and notices convening the separate Class Meetings will be dispatched to the Shareholders on 30 August 2007. The Listing Document issued in connection with the Proposed Introduction will also be dispatched to the Shareholders, for information purposes only, on 30 August 2007.

Warning :

There is no assurance that permission will be obtained from the Stock Exchange for the Proposed Introduction. Shareholders and potential investors should be aware that the implementation of the Proposed Withdrawal and the Proposed Introduction are subject to the conditions set out below being fulfilled and thus may or may not become effective. Accordingly, the Proposed Withdrawal and the Proposed Introduction may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.

INTRODUCTION

On 14 May 2007, the Board announced that the Joint Sponsors had on behalf of the Company submitted an application to the Stock Exchange for the Proposed Introduction and informed the Stock Exchange of the intention of the Company to implement the Proposed Withdrawal, conditional upon the conditions set out in the paragraph headed "Conditions of the Voluntary Withdrawal and the Proposed Introduction" below.

In connection with the Proposed Introduction, the Directors propose to the Shareholders to amend the Articles of Association, and grant the Share Issue Mandate and to revoke the Existing General Mandate in order to comply with the requirements under the Main Board Listing Rules.

The purpose of this announcement is to give you further information on, inter alia, (i) the Proposed Withdrawal, (ii) the Proposed Introduction, (iii) the proposed amendments to the Articles of Association, (iv) the proposed grant of the Share Issue Mandate, the proposed revocation of the Existing General Mandate, (v) the proposed Amendments to Articles of Association and (vi) the proposed appointment of an independent non-executive Director and to seek Shareholders' approval of the resolutions in respect of the aforesaid at the EGM and the separate Class Meetings as described in the paragraph headed "The EGM and Class Meetings" of the circular dated 30 August 2007.

THE PROPOSED WITHDRAWAL AND THE PROPOSED INTRODUCTION

On 14 May 2007, the Joint Sponsors had on behalf of the Company submitted an advance booking form to the Stock Exchange for the listing of, and permission to deal in, on the Main Board 202,400,000 H Shares in issue.

The Stock Exchange informed the Joint Sponsors on 28 August 2007 that the Listing Committee had granted an approval in principle of the listing of, and permission to deal in, the H Shares on the Main Board. Immediately following the Proposed Withdrawal, the listing of the H Shares on the GEM will be withdrawn and the H Shares as mentioned in the immediately preceding paragraph will be listed on the Main Board.

WAIVER FROM STRICT COMPLIANCE WITH THE MINIMUM NOTICE PERIOD IN RESPECT OF THE PROPOSED WITHDRAWAL

Pursuant to Rule 9.19 of the GEM Listing Rules, an issuer that has an alternative listing on a another regulated, regularly operating, open stock exchange or securities market recognised for this purpose by the Stock Exchange, may not voluntarily withdraw its listing on GEM unless:

- (i) the prior approval of the shareholders of the issuer has been obtained by way of an ordinary resolution passed at a duly convened meeting of the shareholders of the issuer;
- (ii) the prior approval of holders of H Shares and Domestic Shares has been obtained at the separate Class Meetings; and
- (iii) the issuer has given its shareholders and holders of H Shares and Domestic Shares at least three months' notice of the proposed withdrawal of listing.

In connection with the Proposed Withdrawal, the Company has applied to, and the Stock Exchange has granted, a waiver from strict compliance with the minimum three months' notice required under Rule 9.19 of the GEM Listing Rules, subject to the fulfillment of the following conditions:

- (i) the prior approval of the Shareholders for the reduction in the notice period for the Proposed Withdrawal to at least five clear Business Days shall have been obtained;
- (ii) in respect of the H Shares, there is no change in the board lot size, the share certificates, the share registrar and the trading currency in connection with the proposal to transfer its listing status; and
- (iii) there is no other fact that leads the Stock Exchange to believe that the reduced notice period is not feasible.

Accordingly, the EGM and the separate Class Meetings are respectively convened to seek the approval of the Shareholders for, amongst other things, the Proposed Withdrawal and the

proposed reduction in the notice period for the Proposed Withdrawal. After Shareholders' approval shall have been obtained, a notice of the Proposed Withdrawal will be published at least five clear Business Days from the date on which the Shareholders shall have approved the Proposed Withdrawal at the EGM and separate Class Meetings.

The Directors consider that it is in the interests of the Shareholders and the Company as a whole that the notice period for the Proposed Withdrawal be reduced so that the Proposed Withdrawal and the Proposed Introduction can be carried out as soon as practicable after obtaining the relevant approvals from the Shareholders at the EGM and the Class Meetings as well as from the CSRC.

CONDITIONS OF THE PROPOSED WITHDRAWAL AND THE PROPOSED INTRODUCTION

The implementation of the Proposed Withdrawal and the Proposed Introduction are conditional upon, amongst other things:

- (i) the Main Board Listing Committee granting approval for the listing of, and permission to deal in, the H Shares on the Main Board as mentioned under the paragraph headed "The Proposed Withdrawal and the Proposed Introduction" above;
- (ii) the CSRC granting approval for the listing of the H Shares on the Main Board;
- (iii) the passing of relevant resolutions at the EGM and the separate Class Meetings to approve, amongst other things, the Proposed Withdrawal, the Proposed Introduction and the proposed reduction in the notice period for the Proposed Withdrawal;
- (iv) the publication of a notice of the Proposed Withdrawal after obtaining the approval of Shareholders referred to in condition (iii) above not less than five clear Business Days after the approval of the Shareholders for the Proposed Withdrawal;
- (v) the GEM Listing Committee granting a waiver for the reduction of the notice period for the Proposed Withdrawal from a minimum of three months under Rule 9.19(3) of GEM Listing Rules to at least five clear business days from the date on which the Shareholders shall have approved the Proposed Withdrawal at the EGM and the separate Class Meetings and the fulfillment of such waiver by the Company; and
- (vi) the obtaining of all other relevant consents (if any) which are required in connection with the implementation of the Proposed Withdrawal and the Proposed Introduction and fulfillment of all conditions which may be attached to such consents.

EFFECTS OF THE PROPOSED WITHDRAWAL AND THE PROPOSED INTRODUCTION

Subject to the fulfillment of the conditions set out in the immediately preceding paragraph, it is expected that dealings in the H Shares on GEM will cease at 9:30 a.m. on the Effective Date and dealings in the H Shares on the Main Board will commence at 9:30 a.m. on the Effective Date.

The Company will make an announcement after the EGM and the respective Class Meetings to publish the results of the EGM and the respective Class Meetings and other information on the Proposed Withdrawal and the trading arrangements of the H Shares with respect to the Proposed Withdrawal and the Proposed Introduction. The Company will also issue a notice of the Proposed Withdrawal from the date on which the Shareholders shall have approved the Proposed Withdrawal at the EGM and the respective Class Meetings.

The Proposed Withdrawal and the Proposed Introduction will have no effect on the existing share certificates in respect of the H Shares which will continue to be good evidence of legal title and will not involve any transfer or exchange of the existing share certificates. The Directors propose no change to be made to the board lot size, trading currency of the H Shares and the share registrar of the H Shares in connection with the Proposed Withdrawal and the Proposed Introduction. The H Shares will continue to be traded in board lots of 2,000 H Shares. Please note that if and when the H Shares are listed on the Main Board, you may be required to sign a new client agreement with your stockbrokers.

The H Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 28 February 2006, the date on which dealings in the H Shares on GEM commenced. If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on Main Board and the Company continues to comply with the stock admission requirements of HKSCC, the H Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the H Shares on Main Board. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All necessary arrangements have been made for the H Shares in issue to continue to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Please also note that the continuing obligations of listed issuers under the Listing Rules and the GEM Listing Rules are not the same. Under the GEM Listing Rules, the Company is required to publish its quarterly results on the internet website operated by the Stock Exchange. Upon the listing of the H Shares on the Main Board, the Company will cease the practice of quarterly reporting and will follow the relevant requirements of the Listing Rules which include, amongst other things, through paid announcements in newspapers generally circulated in Hong Kong, publish its interim results and annual results within three months and four months from the end of the relevant period or financial year-end respectively. The Directors are of the view that following the reporting requirements under the Listing Rules will provide investors and the Shareholders with a high degree of transparency and a more complete picture of the performance of the Group during the relevant period. The Directors also believe that the cessation of quarterly reporting would save significant publishing costs and other related expenses, and enable management to devote greater management time to other key aspects of the operation of the Company's business.

REASONS FOR THE PROPOSED WITHDRAWAL AND THE PROPOSED INTRODUCTION

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 28 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\$52,658,000) for the year ended 31 December 2005 to approximately RMB62,497,000 (equivalent to approximately HK\$62,497,000) for the year ended 31 December 2006.

After reviewing the financial performance of the Group and taking into consideration the potential advantages of the Proposed Introduction and the current 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, 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 Proposed Introduction.

Expected Timetable

The expected timetable for the Proposed Withdrawal and the Proposed Introduction is set out below :

- Despatch of the circular, the notices convening the EGM and the separate Class meetings and the related forms of proxy and reply slips to the Shareholders Thursday, 30 August 2007
- Despatch of the Listing Document to the Shareholders Thursday, 30 August 2007
- Latest time for lodgement with the instrument of transfer accompanied by the relevant share certificate in order to qualify for attending and voting at EGM and/or separate Class Meetings4:30 p.m. on Friday, 14 September 2007
- Close of register of members of the Company for determining entitlements of the Shareholders to attend and vote at EGM and Class Meetings (both day inclusive) from Saturday, 15 September 2007 to Monday, 15 October 2007
- Latest time for return of related reply slips for the EGM and the separate Class Meetings4:30 p.m. Monday, 24 September 2007
- Latest time to lodgement of related forms of proxy the EGM and the separate Class Meetings 9:00 a.m. on Saturday, 13 October 2007
- EGM 9:00 a.m. on Monday, 15 October 2007

- Class meeting of holders of the H Shares 10:00 a.m. on Monday, 15 October 2007
- Class meeting of holders of the Domestic Shares 11:00 a.m. on Monday, 15 October 2007
- Date of the announcement of results of the
EGM and the separate Class Meetings
which are to be published in The Standard
(in English), Hong Kong Economic Times
(in Chinese) and on the GEM website Tuesday, 16 October 2007
- Notice of the Proposed Withdrawal on or before Tuesday, 16 October 2007
- The CSRC granting approval for the listing of
the H Shares on the Main Board on or before Thursday, 29 November 2007
- Date of the announcement in respect of
the CSRC granting approval for the listing of
the H Shares on the Main Board on or before Friday, 30 November 2007
- Last day of dealing in the H Shares on GEM 4:00 p.m. on Friday, 7 December 2007
- Withdrawal of listing of the H Shares on
GEM effective from 9:30 a.m. on Monday, 10 December 2007
- Dealings in the H Shares on the Main
Board to commence on 9:30 a.m. on Monday, 10 December 2007
- Shareholders should note that the above expected timetable is subject to change.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In view of the Proposed Introduction and Proposed 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 EGM 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 EGM and the Class Meetings, the Articles Amendments will take effect subject to the Proposed Introduction and Proposed Withdrawal becoming unconditional and the listing of the H Shares on the Main Board. Accordingly, the Articles Amendments will not become effective if the Company does not proceed with the Proposed Introduction and Proposed 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 Proposed Introduction. 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:

Paragraph 1 of Article 10.01 of the Articles of Association:

“by deleting the words “the board of directors shall consist of 7 directors” and insert the words “the board of directors shall consist of at least 7 directors” after the words “The Company shall set up a board of directors,””

The Articles Amendments contain provisions complying with the relevant provisions of Appendices 3 and 13D to the Listing Rules, insofar as applicable to the Articles of Association.

GENERAL MANDATE

The Directors are of the view that as the Existing General Mandate makes specific references to GEM, in connection with the Proposed Introduction on the Main Board, special resolution will be proposed at the EGM to revoke the Existing General Mandate and to grant to the Directors the Share Issue Mandate. The Share Issue Mandate will expire upon the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the passing of a special resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by the relevant resolutions. The relevant resolutions relating to the Share Issue Mandate are set out as resolution number 2 in the EGM Notice.

The Directors confirm that they have not exercised the Existing General Mandate to issue Shares after they were granted to the Directors pursuant to resolutions passed at the annual general meeting of the Company held on 10 May 2007 and that they have no present intention to exercise the Existing General Mandates prior to the Proposed Introduction.

PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The EGM Notice contains an ordinary resolution as to approve the appointment of Mr. Mak King Sau as an independent non-executive Director with effect from the date of passing of the relevant resolution for a term of three years.

Experience

Mr. Mak King Sau (麥敬修), aged 33, is a proposed independent non-executive Director. Mr. Mak has more than 10 years of experience in corporate finance and private equity fund investment industry. He was an associate director of an investment bank in Hong Kong for 3 years. He had served as the chief investment officer in a Hong Kong listed company for about 3 years. Mr. Mak also worked for a private equity fund for 3 years. He is a member of American Institute Certified Public Accountant, and graduated from Boston University with a bachelor degree in business administration in 1995 and from the University of London with a master degree in financial and management in 1997.

Other Directorship

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

Length of service

Mr. Mak will enter into a service agreement with the Company with effect from the date of re-election for a term of three years. Save as the above, Mr. Mak does not hold any position in the Group in the last few years.

Director's emoluments

Mr. Mak will receive an annual Director's fee to be determined by the Board subject to the authorization by the Shareholders with reference to his duties and responsibilities with the Company and the market rate for the position.

Relationships

Mr. Mak 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. Mak 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. Mak that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Mak required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules. There is no information which is discloseable nor is/was Mr. Mak involved in any of the matters required to be disclosed pursuant to any of requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

THE EGM AND CLASS MEETINGS

The notices convening the EGM and the separate Class Meetings are set out on pages 19 to 29 of the circular.

Special resolutions will be proposed at the EGM to consider and, if thought fit, approve, amongst other things, the following:

- (i) the Proposed Withdrawal;
- (ii) the Proposed Introduction;
- (iii) the proposed reduction in the notice period for the Proposed Withdrawal;
- (iv) the proposed revocation of the Existing General Mandate and grant of Share Issue Mandate;
and
- (v) the proposed amendments to the Articles of Association.

Special resolution will be proposed at each of the Class Meetings to consider and, if thought fit, approve, amongst other things, the following:

- (i) the Proposed Withdrawal;
- (ii) the Proposed Introduction; and
- (iii) The Proposed amendments to the Articles of Association.

Ordinary resolution will be proposed at the EGM to consider and, if thought fit, approve, amongst other things, the following:

- (i) the proposed appointment of an independent non-executive Director.

Whether or not you are able to attend the meetings, you are reminded to complete the forms of proxy enclosed with the circular, in accordance with the instructions printed thereon and send the relevant forms of proxy to the registered office of the Company at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC (for holders of Domestic Shares), or to the office of the Company's H Share Registrar, Tricor Investor Services Limited, on the 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong (for holders of H Shares) as soon as practicable and in any event not later than 24 hours before the respective time appointed for the holding of the separate Class Meetings of holders of H Shares and holders of Domestic Shares and the EGM. Completion and return of the relevant forms of proxy will not preclude you from attending and voting in person at the meetings or at any adjourned meetings should you so wish.

RIGHT TO DEMAND A POLL

Pursuant to the Articles of Association, at any general meeting of the Company a resolution put to the vote of the meeting shall be decided on a show of hand unless a poll is taken as may from time to time be required under the GEM Listing Rules or any other applicable laws, rules or regulations or unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (i) the chairman of the meeting;
- (ii) at least five members of the Company present in person or by proxy and entitled to vote or who represent in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (iii) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

RECOMMENDATION

The Board considers that the Proposed Introduction, the Proposed Withdrawal, the proposed reduction in the notice period for the Proposed Withdrawal, the proposed revocation of the Existing General Mandate, the proposed grant of the Share Issue Mandate and the proposed amendments to the Articles of Association to be in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all the resolutions to be proposed at the EGM.

DEFINITIONS

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

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| “Articles Amendments” | the amendments to be proposed to be made to the Articles of Association at the Class Meetings so as to conform them with the applicable laws, rules and regulations in the PRC and Hong Kong for the purposes of the Main Board Migration; |
| “Articles of Association” | the articles of association of the Company as may be amended from time to time; |
| “Associate(s)” | has the meaning given to it by the Listing Rules; |

“Board”	the board of Directors;
“Business Day”	a day on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities;
“CCASS”	Central Clearing and Settlement System;
“Chairman”	the chairman of the Board;
“Class Meeting(s)”	the Domestic Share Class Meeting and /or the H Shares Class Meeting of the Company to be convened on 15 October 2007 at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Zhihezi, Xinjiang, the PRC;
“Company”	新疆天業節水灌溉股份有限公司, Xinjiang Tianye Water Saving Irrigation System Company Limited, a joint stock limited company incorporated in the PRC and the H Shares of which are listed on GEM;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;
“Domestic Shares”	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 Proposed Introduction, the Proposed Withdrawal and the Articles Amendments, further details of which are contained in the notice convening the said meeting set out in the circular;
“Effective Date”	expected to be on 10 December 2007, the date on which the Proposed Withdrawal and the Proposed Introduction become effective;
“EGM”	an extraordinary general meeting of the Company to be held at Conference Room, No. 36 Bei San Dong Road, Shihezi Economic and Technological Development Zone, Zhihezi, Xinjiang , the PRC on 15 October 2007 at 9:00 a.m. or any adjournment thereof;

“EGM Notice”	the notice convening the EGM, which is set out on pages 19 to 23 of the circular;
“Existing General Mandate”	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;
“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 (as defined in the GEM Listing Rules);
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“H Share(s) ”	the overseas listed foreign invested share(s) of nominal value of RMB1.00 each in the share capital of the Company which are listed on GEM and subscribed for and traded in HK\$;
“H Shares Class Meeting”	the class meeting of holders of H Shares to be held for the purpose of approving the Proposed Introduction, Proposed Withdrawal and the Articles Amendments, further details of which are contained in the notice convening the said meeting set out in the circular;
“Introduction Document”	the introduction document dated 30 August 2007 to be issued by the Company in connection with the Proposed Introduction to be dispatched together with this Circular;
“Joint Sponsors”	Sun Hung Kai International Limited and KGI Capital Asia Limited;
“Latest Practicable Date”	28 August 2007, being the latest practicable date prior to the publishing of this announcement, for the purpose of ascertaining certain information contained in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time, and any applicable practice notes, supplementary guidance or other regulations issued by the Stock Exchange;

“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM;
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Proposed Committee”	the listing committee of the Stock Exchange;
“Proposed Introduction”	the proposed listing of the H Shares on the Main Board by way of introduction pursuant to the Listing Rules;
“Proposed Withdrawal”	the proposed voluntary withdrawal of the listing of the H Shares on GEM;
“RMB”	Renminbi, the lawful currency for the time being of the PRC;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	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;
“Shareholders”	the holders of H Shares and Domestic Shares from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Share Issue Mandate”	a general mandate proposed to be granted to the Directors to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate amount of Domestic Shares in issue and 20% of the aggregate nominal amount of the H Shares in issue as at the date of the passing of the relevant special resolution as set out in the EGM Notice;
“Supervisor(s)”	members of the supervisory committee of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = 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.

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

Xinjiang, the People's Republic of China, 30 August 2007

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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

* *For identification purposes only*