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## DEFINITIONS

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

“Alaer Tiannong”	Xinjiang Alaer Tiannong Water Saving Irrigation Company Limited (新疆阿拉爾天農節水灌溉有限責任公司), a company established in the PRC on 6th August, 2002 with a registered capital of RMB10,000,000 and owned as to 51% by the Company and 49% by Talimu Agriculture and mainly engaging in manufacture and sale of irrigation system and equipment. Huang Jun Lin (黃俊林), who is a Supervisor, is a director of Alaer Tiannong
“Articles of Association”	the articles of association of the Company, adopted by a resolution of the Shareholders on 10th May, 2007, a summary of which is set out in Appendix IV to this document
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“CAGR”	compound annual growth rate
“CCASS”	the Central Clearing and Settlement System established and operated by Hongkong Clearing
“Class Meetings”	the respective class meetings of the holders of the H Shares and holders of Domestic Shares to be held at 10:00 a.m. and 11:00 a.m. respectively on 15th October, 2007 at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC or any adjournment thereof
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	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 established in the PRC with limited liability on 18th December, 2003 under the Company Law or its predecessor
“Company Law”	the Company Law of the PRC (中華人民共和國公司法) as enacted by the Standing Committee of the Eighth National Peoples’ Congress of the PRC on 29th December, 1993 and came into force on 1st July, 1994, as amended, supplemented or otherwise modified from time to time
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC securities market
“Directors(s)”	the director(s) of the Company

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“Domestic Share(s)”	domestic shares of nominal value RMB1.00 each in the registered capital of the Company which are subscribed for or credited as fully paid up in Renminbi
“Exemption Notice”	the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Subsidiary Legislation L of Chapter 32 of the Laws of Hong Kong)
“Extraordinary General Meeting”	an extraordinary general meeting of the Company to be held at 9:00 a.m. on Monday, 15th October, 2007 at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC
“Gansu Tianye”	Gansu Tianye Water Saving Equipment Company Limited (甘肅天業節水器材有限公司), formerly named Gansu Zhangye Tianye Water Saving Equipment Company Limited (甘肅省張掖市天業節水器材有限公司), a company established in the PRC on 4th April, 2002 with a registered capital of RMB11,050,000, owned as to 90% by the Company, 9.5% by Xinjiang Shihezi Zhongfa Chemical Company Limited (新疆石河子中發化工有限責任公司) (which is owned as to 97.47% by Tianye Company, 0.77% by Zhang Xin Li (張新力), 0.58% by Guo Shu Qing (郭書清), 0.30% by An Zhi Ming (安志明), 0.28% by Song Xiao Ling (宋曉玲), 0.30% by Xue He Ping (薛和平), 0.16% by Ni Mei Lan (倪美蘭) and 0.14% by Xia Yue Xing (夏月星)), 0.18% by Gao Jin Ming (高進明), 0.18% by Wang Hong Tao (王洪濤) and 0.14% by Chen Wei Zhong (陳衛忠), and is mainly engaging in trading of PVC pipes. Ni Mei Lan (倪美蘭) is also a Supervisor
“GDP”	gross domestic product
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Committee”	the sub-committee of the board of the Stock Exchange with responsibility for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GEM website”	the internet website operated by the Stock Exchange for the purpose of GEM
“Group”	the Company and its subsidiaries or, where the context so requires in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries for the time being
“H Shares”	overseas listed foreign shares of nominal value RMB1.00 each in the registered capital of the Company, which are subscribed for and traded in Hong Kong dollars

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“Hami Huimin”	Hami Huimin Recycling Company Limited (哈密惠民回收有限責任公司), a company established in the PRC on 20th March, 2007 with a registered capital of RMB500,000, wholly owned by Hami Tianye and mainly engaging in recycling of used materials
“Hami Tianye”	Hami Tianye Hongxing Water Saving Irrigation Company Limited (哈密天業紅星節水灌溉有限責任公司), a company established in the PRC on 15th October, 2003 with a registered capital of RMB19,000,000, owned as to 60% by the Company and 40% by State-owned Assets Operation and Administration Company Limited of No. 13 Division (第十三師國有資產經營有限公司) and mainly engaging in manufacture and sale of irrigation system and equipment
“HKFRS”	the Hong Kong Financial Reporting Standards (“HKFRSs”) promulgated by Hong Kong Institute of Certified Public Accountants; HKFRS includes all HKFRSs, Hong Kong Accounting Standards, Statements of Standard Accounting Practice and their interpretations
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party or Parties”	a person or an entity which is independent of any of the Promoters, Directors, Supervisors, chief executives of the Company, Substantial Shareholders and any of their respective associates
“Introduction”	the proposed listing of the entire issued H Shares of the Company on the Main Board by way of introduction pursuant to the Listing Rules
“Joint Sponsors”	Sun Hung Kai and KGI Capital, the joint sponsors to the Introduction
“KGI Capital”	KGI Capital Asia Limited, a licensed corporation under the SFO for regulated activities of type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance), being one of the joint sponsors to the Company in respect of the Introduction
“Kuitun Tiantun”	Kuitun Tiantun Water Saving Company Limited (奎屯天屯節水有限責任公司), a company established in the PRC on 4th September, 2006 with a registered capital of RMB12,000,000, owned as to 80% by the Company and 20% by State-owned Assets Operation and Administration Company Limited of No. 7 Division (第七師國有資產經營有限公司), and mainly engaging in manufacture and sale of irrigation system and equipment. Zhu Jia Ji (朱嘉冀), who is an executive Director, is a director of Kuitun Tiantun
“Latest Practicable Date”	27th August, 2007, being the latest practicable date prior to the printing of this document for ascertaining certain information contained herein

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“Li Tai Lai”	Shenzhen City Li Tai Lai Investment Development Company Limited (深圳市利泰來投資發展有限公司), a limited liability company established in the PRC on 11th May, 1998, owned as to 58% by Yang Ming Gui (楊明貴), 12% by Hu Hai (胡海), 10% by Xu Jiang (許江), 10% by Wan Ping (萬平), 5% by Zhao Xiao Ning (趙小寧) and 5% by Li Yu Sen (李育森). It is a passive investor of the Company, one of the Promoters and Substantial Shareholders. It engages in enterprise investment and the supply and marketing of goods and materials in the PRC (excluding restricted items and franchised, state controlled and monopolized merchandises)
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date on which dealings in the H Shares on the Main Board commence, expected to be on 10th December, 2007
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Machinery Science”	China Academy of Machinery Science and Technology (機械科學研究總院) a state-owned enterprise established in the PRC, which was restructured into the present form in 2000, and one of the Promoters
“Main Board”	the securities market operated by the Stock Exchange under the Rules Governing the Listing of Securities on the Stock Exchange prior to the establishment of GEM (excluding the option market), which stock market continues to be operated in parallel with GEM
“Mandatory Provisions”	the Mandatory Provisions for the Articles of Association of Companies Seeking a Listing Outside the PRC (到境外上市公司章程必備條款) promulgated on 27th August, 1994 by the Securities Commission and the State Commission for Restructuring the Economic System of the PRC, as amended, supplemented or otherwise modified from time to time
“No. 1 Division”	No. 1 Division of Agricultural Construction of XPCR (新疆生產建設兵團農業建設第一師), an administrative management unit under the supervision of XPCR
“No. 7 Division”	No. 7 Division of Agricultural Construction of XPCR (新疆生產建設兵團農業建設第七師), an administrative management unit under the supervision of XPCR
“No. 8 Division”	No. 8 Division of Agricultural Construction of XPCR (新疆生產建設兵團農業建設第八師), an administrative management unit under the supervision of XPCR
“No. 13 Division”	No. 13 Division of Agricultural Construction of XPCR (新疆生產建設兵團農業建設第十三師), an administrative management unit under the supervision of XPCR

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“Non-competition Undertakings”	the deed of non-competition undertaking in favour of the Company given by each of Li Tai Lai and Yang Ming Gui (楊明貴) dated 7th February, 2006 and by each of Tianye Company and Tianye Holdings date 18th August, 2007, the principal terms of which are summarized in the paragraph “Relationship with Tianye Holdings Group” under the section headed “Business” of this document
“Northwest Sci-Tech”	Northwest Sci-Tech University of Agriculture and Forestry (西北農林科技大學), the predecessor of which was established in the PRC in 1934, is funded by the Ministry of Education of the PRC (中華人民共和國教育部), mainly engages in territory education, and is one of the Promoters
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC” or “China”	the People’s Republic of China which for the purpose of this document, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC GAAP”	accounting rules and regulations in the PRC
“PRC Securities Law”	the “Securities Law of the PRC” (中華人民共和國證券法) promulgated by the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會) on 29th December 1998 and effective since 1st July 1999, as amended, supplemented or otherwise modified from time to time
“Promoter(s)”	referring to Tianye Company, Li Tai Lai, Machinery Science, Northwest Sci-Tech, Wang Xiao Xian (王孝先) and Guo Shu Qing (郭書清)
“Proposed Withdrawal”	the proposed withdrawal of trading of the H Shares on GEM
“Regulations for the Reduction of State Shares”	Provisional Administrative Measures for the Reduction of State Shares and the Raising of the National Social Security Fund (減持國有股募集社會保障資金管理暫行辦法) promulgated by the State Council on 12th June, 2001
“R & D”	research and development
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC governmental authority responsible for matters relating to foreign exchange administration
“SAAC of No. 8 Division”	State-owned Assets Administrative Commission of No. 8 Division (第八師國有資產管理委員會), a PRC government body which owns 100% of the registered capital of Tianye Holdings
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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“Share(s)”	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Shares
“Special Regulations”	the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) promulgated by the State Council on 4th August, 1994, as amended, supplemented or otherwise modified from time to time
“State” or “PRC Government”	the government of the PRC
“State Administration”	State Administration for Industry and Commerce (中華人民共和國國家工商管理總局)
“State Council”	the State Council of the PRC (中國國務院), the highest governmental body in the PRC in charge of the formulation and implementation of state policies
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and where the context requires, refers to Tianye Company, Tianye Holdings, Li Tai Lai and Yang Ming Guo (楊明貴)
“Sun Hung Kai”	Sun Hung Kai International Limited, a licensed corporation under the SFO for regulated activities of type 1 (dealing in securities) and type 6 (advising on corporate finance), being one of the joint sponsors to the Company in respect of the Introduction
“Supervisors”	the member(s) of the supervisory committee of the Company
“  trademark”	the trademark “  ” licensed to the Company by Tianye Company pursuant to the Trademark Licence Agreement
“Talimu Agriculture”	Xinjiang Talimu Agriculture Development Company Limited (新疆塔里木農業綜合開發股份有限公司) which is owned as to 50.79% by Xinjiang Akesu Agricultural Industrial & Commerce Union Chief Company (新疆阿克蘇農墾農工商聯合總公司), a state-owned enterprise under the supervision of No. 1 Division of Agricultural Construction of XPCR. The A shares of Talimu Agriculture have been listed on the Shanghai Stock Exchange since 29th April, 1999

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- “Tianye Company” Xinjiang Tianye Company Limited (新疆天業股份有限公司), a company established in the PRC with limited liability on 9th June, 1997, 248,832,000 A shares of which were listed on the Shanghai Stock Exchange as at the Latest Practicable Date, and one of the Promoters and Substantial Shareholders. Guo Qing Ren (郭慶人), an executive Director, Yu Tian Chi (余天池), a former Director who ceased to be a Director in 2003 and Zhu Jia Ji (朱嘉冀), an executive Director, are directors of Tianye Company. Tianye Company is owned as to approximately 43.27% of the registered capital by Tianye Holdings
- “Tianye Group” Tianye Company and its subsidiaries (excluding the Group); upon listing of the H Shares on GEM, the Company is not a subsidiary of Tianye Company
- “Tianye Holdings” Xinjiang Tianye (Group) Limited (新疆天業(集團)有限公司), which was established in the PRC with limited liability on 28th June, 1996, was wholly owned by SAAC of No. 8 Division and engages in the production and sales of tomato paste, citric acid, vehicles and road transportation (the above are limited to be operated by subsidiaries); general operations include chemical products (not including dangerous items), production and sales of plastic products; sale of steel, building materials, textile, car accessories, livestock products, dried and fresh fruits, mechanical equipment and chemical industrial products (except special approval projects); growing, cultivation, promotion of water saving agricultural technology, research on water saving agricultural projects, import and export business (except operations that are prohibited under the relevant laws and regulations of the PRC). Guo Qing Ren (郭慶人), an executive Director and Zhang Xin Li (張新力), a former Director who ceased to be a Director in 2003, are directors of Tianye Holdings. It owns approximately 43.27% of the registered capital of Tianye Company
- “Tianye Holdings Group” Tianye Holdings and its subsidiaries (including Tianye Group but excluding the Group)
- “Tianye Installation” Shihezi Development Zone Tianye Water Saving Engineering Installation Company Limited (石河子開發區天業節水工程安裝有限責任公司), a company established in the PRC on 22nd December, 2003 with a registered capital of RMB10,000,000, owned as to 95% by the Company, 4.5% by Shihezi Taian Construction Company Limited (石河子市泰安建築工程有限公司) (which is owned as to 51% by Tianye Company and 49% by 13 Independent Third Parties) and 0.5% by Xia Jian Guo (夏建國), and mainly engaging in installation, provisions of services and consultation services regarding agricultural water saving irrigation equipment

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“Tianye Recycling”	Shihezi Tianye Recycling Company Limited (石河子天業物資回收有限責任公司), a company established in the PRC on 25th December, 2002 with a registered capital of RMB2,500,000, owned as to 98% by the Company and 2% by Alashankou Tianye Company Limited (阿拉山口天業有限責任公司) (which is owned as to 99.6% by Xinjiang Tianye Foreign Trade Company Limited (新疆天業對外貿易有限責任公司) (which is owned as to 99.75% by Tianye Company and 0.25% by Xinjiang Shihezi Zhongfa Chemical Company Limited (新疆石河子中發化工有限責任公司)), 0.2% by Tang Hong Jian (湯宏建) and 0.2% by Wang Lin (王琳)), and mainly engaging in recycling of used materials
“Track Record Period”	the three years ended 31st December, 2006 and the six months ended 30th June, 2007
“Trademark Licence Agreement”	an agreement dated 1st June, 2003 or an renewed agreement dated 25th May, 2006 entered into between the Company and Tianye Company in respect of the use of the “  ” trademark by the Company
“UK”	the United Kingdom
“U.S.”	the United States of America
“XPCR”	Xinjiang Production and Construction Regiment (新疆生產建設兵團), a provincial administrative managerial authority
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“hectare”	a metric unit of area, 1 hectare is equal to 10,000 sq.m.
“tonne”	1,000 kilograms
“Zhaoqing Tianye”	Zhaoqing Tianye Plastic Manufacturing Company Limited (肇慶天業塑料製品有限公司), a company established in the PRC on 5th September, 2006 with a registered capital of RMB3,000,000, owned as to 80% by the Company and 20% by Zhaoqing Tifo New Fibre Co., Ltd., and mainly engaging in recycling of used materials
“sq.ft.” and “sq.m.”	square feet and square metres, respectively
“%” or “per cent.”	percentage

*For ease of reference, the English names of the PRC established companies, governmental authorities and departments, entities and documents have been included in this document as translations of their Chinese names for identification purposes only. In the event of any inconsistency, the Chinese version shall prevail.*



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*Unless otherwise specified in this document, amounts denominated in RMB have been translated, for the purpose of illustration only, into HK\$ as follows:*

$$HK\$1.00 = RMB1.00$$

*The exchange rates above are for reference only. No representation is made by the Group that any amounts in RMB or HK\$ could have been or could be converted at the above rate or at any other rates or at all.*