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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: 840)**

### ANNOUNCEMENT

### TRANSFER OF EXISTING DOMESTIC SHARES BY THE HOLDER OF DOMESTIC SHARES OF THE COMPANY AND THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The board (the “**Board**”) of directors (the “**Directors**”) of Xinjiang Tianye Water Saving Irrigation System Company Limited\* (the “**Company**”) would like to announce the transfers of domestic shares by the existing holder of the domestic shares of the Company and the proposed amendment to the Articles of Association of the Company (the “**Articles**”).

The transfers of domestic shares are subject to the approval by the Ministry of Commerce (“**MOC**”) of the People’s Republic of China (the “**PRC**”), whereas the proposed amendments to the Articles are subject to approval by the shareholders of the Company and fulfillment of the requirement of filing for record with the MOC. A circular containing details of the proposed amendments to the Articles together with a notice of annual general meeting of the Company at which a special resolution in relation to the proposed amendment to the Articles will be put forth to be considered, and, if thought appropriate, approved by the shareholders of the Company, will be dispatched to the shareholders of the Company as soon as practicable.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

### TRANSFER OF EXISTING DOMESTIC SHARES OF THE COMPANY

The Company has been informed by Shenzhen City Li Tai Lai Investment Development Company Limited (深圳市利泰來投資發展有限公司) (“**Li Tai Lai**”), an existing holder of domestic shares of the Company, that on 3rd March, 2008, Li Tai Lai has entered into two agreements for transfer of domestic shares of the Company with Mr. Guo Shu Qing (郭書清) (“**Mr. Guo**”) and Mr. Wang Xiao Xian (王孝先) (“**Mr. Wang**”), the existing holders of domestic

\* For identification purpose only

shares and the promoter of the Company, respectively: (i) to transfer 52,000,000 domestic shares of the Company (representing approximately 10.01% of the total issued share capital of the Company) held by Li Tai Lai to Mr. Guo; and (ii) to transfer 41,994,831 domestic shares of the Company (representing approximately 8.08% of the total issued share capital of the Company) held by Li Tai Lai to Mr. Wang. Immediately following the completion of the transfer of shares, Li Tai Lai does not hold any domestic shares of the Company. The transfer of domestic shares by Li Tai Lai to Mr. Guo and Mr. Wang respectively is hereinafter referred as “Transfer”. The Transfer is subject to the approval by MOC.

The shareholding structure of the Company as at the date of this announcement and immediately after completion of the Transfer are as follows:

	<b>As at the date of this announcement</b>	<b>Percentage</b>	<b>Immediately after completion of the Transfer</b>	<b>Percentage</b>
	<u>Number of shares</u>	<u>%</u>	<u>Number of shares</u>	<u>%</u>
<b>Domestic shares</b>				
Xinjiang Tianye Company Limited (新疆天業股份有限公司)	202,164,995	38.91	202,164,995	38.91
Li Tai Lai	93,994,831	18.09	—	—
Mr. Guo	9,386,798	1.81	61,386,798	11.82
Mr. Wang	8,340,297	1.61	50,335,128	9.69
China Academy of Machinery Science and Technology	2,410,123	0.46	2,410,123	0.46
Northwest Sci-Tech University of Agriculture and Forestry	824,516	0.16	824,516	0.16
<b>H Shares</b>	<u>202,400,000</u>	<u>38.96</u>	<u>202,400,000</u>	<u>38.96</u>
<b>Total</b>	<u>519,521,560</u>	<u>100.00</u>	<u>519,521,560</u>	<u>100.00</u>

## PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to reflect the Transfer and for the purpose of complying with the Listing Rules and relevant laws and regulations of the PRC and Hong Kong, the special resolutions will be proposed in annual general meeting of the Company to approve the necessary amendments to the Articles (“**Articles Amendments**”) 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 annual general meeting by shareholders of the Company, the Articles Amendments will take effect subject to the completion of the Transfer. Accordingly, the Articles Amendments will not become effective if the Transfer does not complete nor the requirement of filing of the record of the Transfer for record with the MOC is not satisfied. Prior to the Articles Amendments becoming effective, the existing Articles will continue to be in force.

The following paragraph shall be added to the last paragraph of Article 3.06 of the Articles of Association:

“On 3rd March 2008, Shenzhen City Li Tai Lai Investment Development Company Limited transferred its 52,000,000 domestic shares to Guo Shu Qing and its 41,994,831 domestic shares to Wang Xiao Xian. After the transfers, the shareholding structure of the Company shall be: 519,521,560 ordinary shares, of which 202,164,995 shares held by Xinjiang Tianye Company Limited, representing 38.91% of the total issued shares capital of the Company; 61,386,798 shares held by Guo Shu Qing, representing 11.82% of the total issued shares capital of the Company; 50,335,128 shares held by Wang Xiao Xian, representing 9.69% of the total issued shares capital of the Company; 2,410,123 shares held by China Academy of Machinery Science and Technology, representing 0.46% of the total issued shares capital of the Company; 824,516 shares held by Northwest Sci-Tech University of Agriculture and Forestry, representing 0.16% of the total issued shares capital of the Company; and 202,400,000 shares held by the shareholders of H Shares, representing 38.96% of the total issued shares capital of the Company.”

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.

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

Xinjiang, the PRC  
3 March 2008

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

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