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

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

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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)

**PROPOSALS FOR GENERAL MANDATE TO ISSUE SHARES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATIONS,
AND
NOTICE OF ANNUAL GENERAL MEETING**

This circular is dispatched together with the annual report of the Company for the year ended 31st December, 2007 “**Annual Report**”).

AGM Notice convening the annual general meeting of the Company to be held at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC on Friday, 25th April, 2008 at 11:00 a.m. is set out on pages 8 to 11 of this circular. Whether or not you are able to attend such meeting, please complete and return the form of proxy enclosed with the Annual Report and this circular in accordance with the instructions printed thereon to the Hong Kong H share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for the holders of H Shares only) or at the Company's registered office at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC (for the holders of Domestic Shares only), as soon as possible and in any event not less than 24 hours before the time appointed for holding such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting should you so wish.

* *For identification purpose only*

10th March, 2008

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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 Friday, 25th April, 2008 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 8 to 11 of this circular;
“AGM Notice”	the notice dated 10th March, 2008 for convening the AGM as set out on pages 8 to 11 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”	chairman of the Board;
“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 company established in the PRC with limited liability on 18th December, 2003 whose H Shares are listed and traded on the Main Board of the Stock Exchange;
“Directors”	the directors 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;
“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;
“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;
“H Shares”	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 the Main Board of the Stock of Exchange and subscribed for and traded in HK\$;

* For identification purpose only

DEFINITIONS

“Latest Practicable Date”	6th March, 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“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, one of the promoters of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MOC”	the Ministry of Commerce of the PRC;
“PRC”	the People’s Republic of China, but for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	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;
“Supervisors”	the supervisors of the Company; and
“%”	per cent.

LETTER FROM THE BOARD



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 People's Republic of China)

(Stock Code: 840)

Executive Directors:

Mr. Guo Qing Ren (*Chairman*)
Mr. Shi Xiang Shen
Mr. Li Shuang Quan
Mr. Zhu Jia Ji

Independent non-executive Directors:

Mr. He Lin Wang
Mr. Xia Jun Min
Mr. Gu Lie Feng
Mr. Mak King Sau

Registered office:

No. 36, Bei San Dong Road,
Shihezi Economic and Technological
Development Zone,
Shihezi,
Xinjiang,
PRC

Principal place of business in

Hong Kong:
21/F New World Tower 1,
18 Queen's Road Central,
Central,
Hong Kong

10th March, 2008

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANADATE TO ISSUE SHARES,
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information relating to resolutions to be proposed at the AGM to be held at No.36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC on Friday, 25th April, 2008 at 11:00 a.m..

LETTER FROM THE BOARD

GENERAL MANDATE TO ISSUE SHARES

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

The Company has in issue an aggregate of 519,521,560 Shares as at the Latest Practicable Date. Special resolution no. 1 as set out in the AGM Notice (the “**Special Resolution 1**”) will be proposed at the AGM, namely (i) to grant to the Directors a General Mandate to issue, allot and deal with additional Shares up to a maximum of 103,904,000 Shares, representing 20% of the aggregate nominal amount of the issued share capital of the Company of that class as at the date of passing of the Special Resolution 1 on the basis that no further Shares will be issued or repurchased by the Company prior to the AGM; and (ii) to increase the aggregate nominal amount of share capital of the Company which the Directors may issue under the General Mandate if given in the Special Resolution 1 as at the date of passing of the Special Resolution 1.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On 3rd March, 2008, Li Tai Lai has entered into an agreement for transfer of its Domestic Shares with Mr. Guo Shu Qing and Mr. Wang Xiao Xian respectively. Pursuant to the shares transfer agreement with Mr. Guo Shu Qing, Li Tai Lai agreed to transfer its 52,000,000 Domestic Shares (representing approximately 10.01% of the total issued share capital of the Company) to Mr. Guo Shu Qing; and pursuant to the shares transfer agreement with Mr. Wang Xiao Xian, Li Tai Lai agreed to transfer its 41,994,831 Domestic Shares (representing approximately 8.08% of the total issued share capital of the Company) to Mr. Wang Xiao Xian. Immediately following the completion of the transfer of shares, Li Tai Lai does not hold Domestic Shares of the Company and will cease to be the holder of the Domestic Shares. Mr. Guo Shu Qing and Mr. Wang Xiao Xian are both the promoters and the existing holders of Domestic Shares of the Company.

LETTER FROM THE BOARD

The shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the above transfers are as follows:

	As at the Latest Practicable Date	Percentage	Immediately after completion of the transfers	Percentage
	Number of shares	%	Number of shares	%
Domestic Shares				
Xinjiang Tianye Company Limited	202,164,995	38.91	202,164,995	38.91
Li Tai Lai	93,994,831	18.09	—	—
Mr. Guo Shu Qing	9,386,798	1.81	61,386,798	11.82
Mr. Wang Xiao Xian	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
H Shares	<u>202,400,000</u>	<u>38.96</u>	<u>202,400,000</u>	<u>38.96</u>
Total:	<u>519,521,560</u>	<u>100</u>	<u>519,521,560</u>	<u>100</u>

The above transfers of the Domestic Shares are subject to the approval of the MOC. In order to reflect the above transfers of the Domestic Shares and for the purpose of complying with the Listing Rules and relevant laws and regulations of the PRC and Hong Kong, the special resolution No. 2 as set out in the AGM Notice (the “**Special Resolution 2**”) will be proposed at the AGM to approve 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 Special Resolution 2 at the AGM by shareholders of the Company, the proposed amendments to the Articles of Association will take effect subject to the completion of the above transfers of the Domestic Shares. Accordingly, the proposed amendments to the Articles of Association will not become effective if the above transfers of Domestic Shares do not complete nor the requirement of filing of the record of the above transfers for record with the MOC is not satisfied. Prior to the proposed amendments to the Articles of Association becoming effective, the existing Articles of Association will continue to be in force.

LETTER FROM THE BOARD

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.”

ACTION TO BE TAKEN

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of the AGM, the register of the members of the Company will be closed from Thursday, 3rd April, 2008 to Friday, 25th April, 2008 (both days inclusive), during which no transfer of shares will be registered. In order to be entitled to attend and vote at the AGM and to qualify for the entitlement to the proposed final dividend, all instrument of transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 4 p.m. on Wednesday, 2nd April, 2008.

LETTER FROM THE BOARD

PROCEDURE FOR DEMANDING A POLL

Subject to the requirements under the 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.

Unless a poll is demanded, a declaration by the chairman of the meeting that a resolution has been passed based on the results of the show of hands and entry to that effect in the minutes of the meeting, shall be conclusive evidence of that fact without further proof of the number or proportion of the votes recorded or the percentage of votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn by the person or persons who demanded it.

RESPONSIBILITY STATEMENT

This circular includes particulars given in company with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement in this circular misleading.

RECOMMENDATION

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

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

* *For identification purpose only*

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “AGM”) of Xinjiang Tianye Water Saving Irrigation System Company Limited* (the “Company”) will be held at No.36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC on Friday, 25th April, 2008 at 11:00 a.m. for the following purposes and to pass the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the report of the directors (the “**Directors**”) of the Company for the year ended 31st December, 2007;
2. To consider and approve the report of the Supervisory Committee of the Company for the year ended 31st December, 2007;
3. To consider and approve the audited financial statements of the Company and its subsidiary and the auditors’ report for the year ended 31st December, 2007;
4. To consider and approve the declaration by the board of Directors (the “**Board**”) of a final dividend of RMB0.036 per share for the year ended 31st December, 2007, payable to each shareholder whose names appear on the register of members of the Company as at Wednesday, 2nd April, 2008 and to authorise the Directors to take any necessary actions required under the applicable laws and regulations in connections hereto;
5. To consider and approve the resolution for making appropriation to statutory surplus reserve fund for the year ended 31st December, 2007;
6. To authorise the Board to fix the remuneration of the Directors and the Supervisors of the Company for the year 2008;

NOTICE OF ANNUAL GENERAL MEETING

7. To consider and approve the re-appointment of SHINEWING (HK) CPA Limited as auditors of the Company and to authorise the Board to fix their remunerations; and
8. To consider and approve proposal(s) put forward at such meeting by any shareholder(s) holding 5% of the shares of the Company carrying the right to vote at such meeting (if any).

SPECIAL RESOLUTIONS

1. “**THAT:**

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

NOTICE OF ANNUAL GENERAL MEETING

- (B) contingent on the Board resolving to issue additional shares pursuant to (A) above, the Board be authorised to:
- (a) increase the registered capital of the Company in accordance with the issue of the Domestic Shares and/or H Shares aforesaid, and attend to the relevant registration procedures with the relevant authorities in the PRC and Hong Kong;
 - (b) make appropriate amendments to the relevant provisions in articles of association of the Company (the “**Articles of Association**”) in relation to the registered capital of the Company and any other articles that require corresponding amendments so as to reflect the change in the registered capital and shareholding structure of the Company as a result of the allotment or issue of new shares and to submit the relevant amendments to the Articles of Association to the relevant authorities of the PRC for approval and record; and
 - (c) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of such new shares.”
2. “**THAT** subject to fulfillment of the requirements of obtaining approval from the Ministry of Commerce of the PRC (the “**MOC**”) and shareholders of the Company and filing for record with MOC, 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.”

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

Xinjiang PRC, 10th March, 2008

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Any member entitled to attend and vote at the AGM is entitled to appoint in written form for one or more than one proxy to attend and vote at the AGM on his behalf. A proxy need not be a member of the Company.
2. The form of proxy for the AGM is herewith enclosed. In order to be valid, the form of proxy and, if such proxy 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 Thursday, 3rd April, 2008 to Friday, 25th April, 2008, 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 Wednesday, 2nd April, 2008.
5. Shareholders of the Company who intend to attend the AGM should complete and return the enclosed reply slip for attendance to the H Share registrar and transfer office of the Company in Hong Kong at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for the holders of H Shares only) or at the Company's registered office at No.36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC (for the holders of Domestic Shares only), by hand, by post or by fax (the fax number of the Company's H Share registrar and transfer office: (852) 28611465 for holders of H Shares only or the Company's fax number: (86993) 2623163 (for holders of Domestic Shares only)) on or before 4:00 p.m., Wednesday, 2nd April, 2008.

* *For identification purpose only*