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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)

**CONTINUING CONNECTED TRANSACTION
RENEWAL OF TENANCY AGREEMENTS**

The Board announces that on 25 April 2008, certain tenancy agreements in respect of office premises and factory premises have been renewed for a term of three years commencing from 1 July 2008 to 30 June 2011.

As Tianye Company is a controlling shareholder of the Company, the entering into of the tenancy agreements constitutes a continuing connected transaction for the Company under the Listing Rules.

Given that the aggregate annual rent payable under the tenancy agreements, being approximately RMB1,464,000, is less than 2.5% of each of applicable percentage ratio under Rule 14A.34 of the Listing Rules, the Company is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements.

TENANCY AGREEMENT FOR OFFICE AND FACTORY PREMISES

- (1) Date of agreement : 25 April 2008
- Landlord : Tianye Company
- Tenant : the Company
- Premises : (a) office premises located at 3rd Floor of No. 36 Bei San Dong Road, Economic and Technological Development Zone, Shihezi, Xinjiang, PRC
- (b) factory premises located at No. 36 Bei San Dong Road, Economic and Technological Development Zone, Shihezi, Xinjiang, PRC
- (c) factory premises located at No. 94-22 Bei Yi Dong Road, Economic and Technological Development Zone, Shihezi, Xinjiang, PRC
- Terms : three (3) years commencing from 1 July 2008 to 30 June 2011 (both days inclusive)
- Rental : RMB1,455,820 per annum (including management fee) payable in cash on 31 December of each year
- Gross floor area : approximately 26,810 sq.m.
- (2) Date of agreement : 25 April 2008
- Landlord : Tianye Company
- Tenant : Tianye Installation
- Premises : office premises located at 1st Floor of No. 36 Bei San Dong Road, Economic and Technological Development Zone, Shihezi, Xinjiang, PRC
- Terms : three (3) years commencing from 1 July 2008 to 30 June 2011 (both days inclusive)
- Rental : RMB3,500 per annum (including management fee) payable in cash on 31 December of each year
- Gross floor area : approximately 40 sq.m.

- (3) Date of agreement : 25 April 2008
- Landlord : Tianye Company
- Tenant : Tianye Recycling
- Premises : office premises located at Gong San Xiao Qu, Bei Yi Road, Shihezi, Xinjiang, PRC
- Terms : three (3) years commencing from 1 July 2008 to 30 June 2011 (both days inclusive)
- Rental : RMB4,320 per annum (including management fee) payable in cash on 31 December of each year
- Gross floor area : approximately 60 sq.m.

CAP AMOUNTS

Based on the annual rental payable under the tenancy agreements, the historical amounts and cap amounts for each of the financial periods/years ending are as follows:

	Six months ended 31 December 2005	Year ended 31 December 2006	Year ended 31 December 2007	Six months ending 31 December 2008	Year ending 31 December 2009	Year ending 31 December 2010	Six months ending 30 June 2011
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Cap amount for the tenancy agreements	RMB732,000	RMB1,464,000	RMB1,464,000	RMB732,000	RMB1,464,000	RMB1,464,000	RMB732,000
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There is no other similar transaction which should be aggregated with the tenancy agreements pursuant to Rules 14A.25 to 14A.27 of the Listing Rules

REASONS FOR THE TRANSACTION

The purpose of entering the tenancy agreements is to renew the existing tenancy agreements for the same premises being occupied by the Company and its subsidiaries as offices premises and factory premises at the same terms. The existing tenancy agreements will expire on 30 June 2008.

The terms of the tenancy agreements are arrived on an arm's length basis with reference to the prevailing market rents for the similar premises in the Xinjiang Uygur Autonomous Region of PRC. The Board, including the independent non-executive Directors, is of the opinion that the terms of the tenancy agreements are agreed on normal commercial terms and are fair and reasonable and it is the interests of the Company to enter into the tenancy agreements.

INFORMATION RELATING TO THE COMPANY AND TIANYE COMPANY

The Company and its subsidiaries are principally engaged in the design, manufacturing and sale of drip films, PVC/PE pipelines and drip assemblies used in water saving irrigation system. They also provide installation service of water saving irrigation system for their customers.

Tianye Company is principally engaged in the production and sale of plastic and chemical products; vehicles transportation; sale of machinery facilities (other than small vehicles and those products required special approval by the government of the PRC), construction material hardware electric apparatus, steel productions grain cotton, textiles products, vehicle accessories, livestock products and dried and fresh fruits; agricultural cultivation, livestock feeding and exploitation of land and agricultural water for use; production and sales of tomato paste; collating, processing and sales of used plastic, import and export of goods and technologies; and processing of agricultural by-products.

CONNECTION BETWEEN THE PARTIES

As the date hereof, the Company is held as to approximately 38.91% by Tianye Company as recorded in the register under the SFO. Furthermore, the Company is currently holding 95% of the registered capital of Tianye Installation and 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 Xia Jian Guo (夏建國) own 4.5% and 0.5% of the registered capital of Tianye Installation respectively. The Company is also holding 98% of the registered capital of Tianye Recycling and 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), 0.2% by Tang Hong Jian (湯宏建) and 0.2% by Wang Lin (王琳)) owns 2% of the registered capital of Tianye Recycling. In the circumstances, the entering into of the tenancy agreements constitutes a continuing connected transaction for the Company under the Listing Rules and the aggregate annual rental payable under the tenancy agreements by the subsidiaries of the Company and Tianye Company is approximately RMB1,464,000. As the annual aggregate consideration involved in the tenancy agreements is less than 2.5% of the relevant applicable percentage ratios under Rule 14A.34 of the Listing Rules, the Company is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements. Details of the tenancy agreements will be included in the annual report and accounts of the Company in accordance with Rule 14A.46 of the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

“Board”	the board of Directors
“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 18 December 2003 under the Company Law or its predecessor
“Company Law”	The Company Law of the PRC as enacted by the Standing Committee of the Eighth National People's Congress of the PRC on 29 December 1993 and came into force on 1 July 1994, as amended, supplemented or otherwise modified from time to time
“Directors”	the directors (including the independent non-executive Directors) of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Administrative Region of the People’s Republic of China and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 9 June 1997, and 248,832,000 A shares of which were listed on the Shanghai Stock Exchange as at the date hereof
“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 22 December 2003 with a registered capital of RMB10,000,000, owned as to 95% by the Company
“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 25 December 2002 with a registered capital of RMB2,500,000, owned as to 98% by the Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC

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

Xinjiang, PRC, 25 April 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.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in the announcement, the omission of which would make any statement in this announcement misleading.

* For identification purposes only