
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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)

**(1) RESIGNATION, APPOINTMENT AND
RE-ELECTION OF DIRECTORS,
(2) RE-ELECTION OF SUPERVISORS,
(3) PROPOSED AMENDMENTS TO THE
ARTICLES OF ASSOCIATION,
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

An extraordinary general meeting ("EGM") of the Company will be held at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC on Wednesday, 18 August 2010. The notice convening the EGM is set out on pages 23 to 26 of this circular.

Whether or not you are able to attend such meeting, please complete and return the form of proxy enclosed with 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 the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meetings or any adjourned meeting should you so wish.

* For identification purpose only

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DEFINITIONS

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

“Articles of Association”	the articles of association of the Company as may be amended from time to time;
“Associates”	has the meaning as defined under the Listing Rules;
“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 18 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 registered capital of the Company which are subscribed for in RMB;
“EGM”	the extraordinary general meeting of the Company to be convened on Wednesday, 18 August 2010 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 23 to 26 of this circular;
“EGM Notice”	the notice dated 2 July 2010 for convening the EGM as set out on pages 23 to 26 of this circular;
“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\$;
“Latest Practicable Date”	29 June 2010, being the Latest Practicable Date prior to the printing of this circular for ascertaining certain information in this circular;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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;
“SFO”	the 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;
“Substantial Shareholder(s)”	has the meaning as defined under the Listing Rules;
“Supervisor(s)”	the supervisor(s) of the Company;
“Tianye Company”	新疆天業股份有限公司 (Xinjiang Tianye Company Limited*), a company established in the PRC with limited liability on 9 June 1997, and 438,592,000 A shares of which were listed on the Shanghai Stock Exchange as at the date hereof; and
“Tianye Holdings”	新疆天業(集團)有限公司 (Xinjiang Tianye (Group) Limited*), a company established in the PRC with limited liability on 28 June 1996 and wholly-owned by SACC of No. 8 Division, which is principally engaged in the production and sales of tomato paste and citric acid; vehicles and road transportation, production and sales of plastic products; sales of steel, building, materials, textile, car accessories, livestock products, dried and fresh fruits, mechanical equipment and chemical industrial products; plantation; cultivation; promotion of water saving agricultural technology; research on water saving agricultural engineering technologies; and import and export business. It owns approximately 43.27% of the registered capital of Tianye Company as at the date hereof.

* For identification purpose only



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)

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

2 July 2010

To the Shareholders

Dear Sir or Madam

**(1) RESIGNATION, APPOINTMENT AND
RE-ELECTION OF DIRECTORS,
(2) RE-ELECTION OF SUPERVISORS,
(3) PROPOSED AMENDMENTS TO THE
ARTICLES OF ASSOCIATION,
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information relating to resolutions to be proposed at the EGM to be held at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC on Wednesday, 18 August 2010 at 11:00 a.m.

* *For identification purpose only*

LETTER FROM THE BOARD

2. RESIGNATION, APPOINTMENT AND RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the Board comprised four executive Directors (namely Mr. Guo Qing Ren, Mr. Shi Xiang Shen, Mr. Li Shuang Quan and Mr. Zhu Jia Ji) and four independent non-executive Directors (Mr. He Lin Wang, Mr. Xia Jun Min, Mr. Gu Lie Feng and Mr. Mak King Sau).

A. Resignation of Mr. Guo Qing Ren

Due to reallocation of appointments, Mr. Guo will focus his efforts on strategic development planning and decision-making for material matters in Tianye Holdings and its other group companies. Therefore, Mr. Guo tendered his resignation as chairman and executive Director of the Company upon the conclusion of his term of appointment on 18 August 2010 under Clause 10.02 of the Articles of Association. There is no disagreement between Mr. Guo and the Board. The Company and Mr. Guo confirm that there is no matter regarding his resignation that needs to be brought to the attention of the Shareholders of the Company.

B. Proposed Appointments of Directors

An ordinary resolution is set out in the notice of EGM seeking approval of the appointments of Mr. Hou Guo Jun, Mr. Yin Xiu Fa and Mr. Chen Lin as executive Directors and Mr. Wang Yun as independent non-executive Director of the Company for a term of three years effective from the date on which the said resolution is passed at the EGM.

Mr. Hou Guo Jun

Experience

Mr. Hou Guo Jun, aged 42, obtained a senior engineer qualifications certificate from the personnel affairs office of Xinjiang Uygur Autonomous Region in November 2000 and graduated from Nanyang Technological University of Singapore in July 2009 with a MBA degree. He has 15 years' experience in enterprise management. Mr. Hou is currently chairman of Tianye Company and Shihezi Tai An Construction Works Company Limited.

Other directorships held

Save as disclosed above, Mr. Hou did not hold any directorships with any other listed companies during the three years immediately preceding the Latest Practicable Date.

Length of Service

Mr. Hou will enter into a service agreement with the Company with a term of three years, effective from the date on which the relevant resolution is passed at the EGM.

LETTER FROM THE BOARD

Director's emoluments

Mr. Hou will receive an annual Director's fee to be determined by the Board by reference to his duties and responsibilities with the Company and the market rate for the position subject to the approval of Shareholders. In addition, Mr. Hou is also entitled to an annual discretionary bonus after working for 12 months, provided that the aggregate amount of bonus payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited consolidated profit attributable to the Shareholders of the Company (after deducting tax and profit attributable to minority interest) in respect of that financial year of the Company. Mr. Hou may not vote on any resolution of the Directors regarding the amount of the bonus payable to him.

Relationships

Mr. Hou is not related in any way to 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 known to the Directors, as at the Latest Practicable Date, Mr. Hou did not have any interests 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. Hou that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Hou required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Yin Xiu Fa

Experience

Mr. Yin Xiu Fa, aged 63, has over 20 years' experience in technology research and management in the plastics industry, having been the workshop director, deputy general manager and general manager of the general plastics factory of Tianye Company.

Other directorships held

Save as disclosed above, Mr. Yin did not hold any directorships with any other listed companies during the three years immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

Length of Service

Mr. Yin will enter into a service agreement with the Company with a term of three years, effective from the date on which the relevant resolution is passed at the EGM.

Director's emoluments

Mr. Yin will receive an annual Director's fee to be determined by the Board by reference to his duties and responsibilities with the Company and the market rate for the position subject to the approval of Shareholders. In addition, Mr. Yin is also entitled to an annual discretionary bonus after working for 12 months, provided that the aggregate amount of bonus payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited consolidated profit attributable to the Shareholders of the Company (after deducting tax and profit attributable to minority interest) in respect of that financial year of the Company. Mr. Yin may not vote on any resolution of the Directors regarding the amount of the bonus payable to him.

Relationships

Mr. Yin is not related in any way to 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 known to the Directors, as at the Latest Practicable Date, Mr. Yin did not have any interests 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. Yin that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Yin required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Chen Lin

Experience

Mr. Chen Lin, aged 34, graduated from Shihezi University with undergraduate qualifications and obtained a senior agricultural specialist qualifications certificate awarded by the PRC Ministry of Agriculture in October 2009. He has been engaged in agricultural water conservation research

LETTER FROM THE BOARD

in the past 12 years and has been in charge of and participated in numerous projects on water-saving agricultural irrigation technologies. Mr. Chen is currently deputy general manager of Tianye Company.

Other directorships held

Save as disclosed above, Mr. Chen did not hold any directorships with any other listed companies during the three years immediately preceding the Latest Practicable Date.

Length of Service

Mr. Chen will enter into a service agreement with the Company with a term of three years, effective from the date on which the relevant resolution is passed at the EGM.

Director's emoluments

Mr. Chen will receive an annual Director's fee to be determined by the Board by reference to his duties and responsibilities with the Company and the market rate for the position subject to the approval of Shareholders. In addition, Mr. Chen is also entitled to an annual discretionary bonus after working for 12 months, provided that the aggregate amount of bonus payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited consolidated profit attributable to the Shareholders of the Company (after deducting tax and profit attributable to minority interest) in respect of that financial year of the Company. Mr. Chen may not vote on any resolution of the Directors regarding the amount of the bonus payable to him.

Relationships

Mr. Chen is not related in any way to 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 known to the Directors, as at the Latest Practicable Date, Mr. Chen did not have any interests 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. Chen that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Chen required to be disclosed pursuant to Rule 13.51 (2) of the Listing Rules.

LETTER FROM THE BOARD

Mr. Wang Yun

Experience

Mr. Wang Yun, aged 39, is nominated for appointment as independent non-executive Director. He graduated from National Huaqiao University majoring in law. He was awarded the title of senior economist by the PRC Ministry of Labour and Social Security in 2006. He has over 10 years' experience in securities investment, having served in the investment banking departments of Southern Securities, Shanxi Securities Exchange Centre and Beijing Securities. He is currently council chairman of the Chinese-Filipino Commerce and Trade Association.

Other directorships held

Save as disclosed above, Mr. Wang did not hold any directorships with any other listed companies during the three years immediately preceding the Latest Practicable Date.

Length of Service

Mr. Wang will enter into a service agreement with the Company with a term of three years, effective from the date on which the relevant resolution is passed at the EGM.

Director's emoluments

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

Relationships

Mr. Wang is not related in any way to 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 known to the Directors, as at the Latest Practicable Date, Mr. Wang did not have any interests 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. Wang that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Wang required to be disclosed pursuant to Rule 13.51 (2) of the Listing Rules.

LETTER FROM THE BOARD

C. Re-election of Directors

To comply with Clause 10.02 of the Articles of Association and paragraph A.4.2 of the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules, all Directors (except for Mr. Guo Qing Ren) shall be re-elected at the EGM at an interval of three years. Accordingly, the following Directors will retire at the EGM and, being eligible, will immediately thereafter offer themselves for re-elections at the EGM:

Mr. Shi Xiang Shen

Experience

Mr. Shi Xiang Shen, aged 66, is an executive Director. Mr. Shi graduated from Beijing Economic Distant Learning University majoring in Economic Management in 1989. He obtained a senior accountant qualification certificate issued by the PRC Ministry of Agriculture in 1991. Mr. Shi had been employed as the chief accountant of Tianye Holdings. He has been a Director since he joined the Group in 2000 and is responsible for the Group's financial management and capital operation.

Other directorships held

Save as disclosed above, Mr. Shi did not hold any directorships with any other listed companies during the three years immediately preceding the Latest Practicable Date.

Length of Service

Mr. Shi will enter into a service agreement with the Company with a term of three years, effective from the date of re-election.

Director's emoluments

Mr. Shi does not receive any remuneration from the Company as he is entitled to retirement benefits granted by the Social Security Administration as a retired personnel of Tianye Holdings, and the Company is not required to make any reimbursements in respect of his retirement benefits. In addition, Mr. Shi is also entitled to an annual discretionary bonus after working for 12 months, provided that the aggregate amount of bonus payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited consolidated profit attributable to the Shareholders of the Company (after deducting tax and profit attributable to minority) in respect of that financial years of the Company. Mr. Shi may not vote on any resolution of the Directors regarding the amount of the bonus payable to him.

LETTER FROM THE BOARD

Relationships

Mr. Shi is not related in any way to 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

As at the Latest Practicable Date, Mr. Shi had personal interests of 36,864 domestic shares of Tianye Company. Save as disclosed herein, Mr. Shi does not have any interests in the shares or underlying shares of the Company 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. Shi that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Shi required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Li Shuang Quan

Experience

Mr. Li Shuang Quan, aged 46, is executive Director and General Manager of the Company. Mr. Li graduated from Nanjing Glass Fiber Research and Design Vocational University majoring in Silicate Technology in 1988. He obtained a senior engineer qualification certificate issued by the PRC Ministry of Agriculture in 2001. In 1998, he was recognised as the “Sixth Session Outstanding Talents of the Agricultural No. 8 Division”. Mr. Li was also recognised as the “Tenth Session Outstanding Talents of the Agricultural No. 8 Division” in 2003. He was granted special subsidies for experts by the PRC State Council in 2004. He joined the Group in 1999 and has been a Director since 2002 and general manager of the Company since 2007. Mr. Li is responsible for the management of technology and research and development of the Group.

Other directorships held

Save as disclosed above, Mr. Li did not hold any directorships with any other listed companies during the three years immediately preceding the Latest Practicable Date.

Length of Service

Mr. Li will enter into a service agreement with the Company with a term of three years, effective from the date of re-election.

LETTER FROM THE BOARD

Director's emoluments

Mr. Li will receive an annual Director's fee to be determined by the Board by reference to his duties and responsibilities with the Company and the market rate for the position subject to the approval of Shareholders. His emoluments for the financial year ended 31 December 2009 amounted to RMB223,000. In addition, Mr. Li is also entitled to an annual discretionary bonus after working for 12 months, provided that the aggregate amount of bonus payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited consolidated profit attributable to the Shareholders of the Company (after deducting tax and profit attributable to minority interest) in respect of that financial years of the Company. Mr. Li may not vote on any resolution of the Directors regarding the amount of the bonus payable to him.

Relationships

Mr. Li is not related in any way to 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 known to the Directors, as at the Latest Practicable Date, Mr. Li did not have any interests 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. Li that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Li required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Zhu Jia Ji

Experience

Mr. Zhu Jia Ji, aged 47, is executive Director and deputy general manager of the Company. Mr. Zhu graduated from Agricultural and Machinery School of Shihezi, Xinjiang. He obtained an engineer qualification certificate issued by the PRC Ministry of Agriculture in 2002. He has been a deputy general manager in sales of the Company since he joined the Group in December 1999. He is also the Chairman of Kuitun Tiantun and Hami Tianye, both subsidiaries of the Company.

LETTER FROM THE BOARD

Other directorships held

Save as disclosed above, Mr. Zhu did not hold any directorships with any other listed companies during the three years immediately preceding the Latest Practicable Date.

Length of Service

Mr. Zhu will enter into a service agreement with the Company with a term of three years, effective from the date on which the relevant resolution is passed at the EGM.

Director's emoluments

Mr. Zhu will receive an annual Director's fee to be determined by the Board by reference to his duties and responsibilities with the Company and the market rate for the position subject to the approval of Shareholders. His emoluments for the financial year ended 31 December 2009 amounted to RMB194,000. In addition, Mr. Zhu is also entitled to an annual discretionary bonus after working for 12 months, provided that the aggregate amount of bonus payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited consolidated profit attributable to the Shareholders of the Company (after deducting tax and profit attributable to minority) in respect of that financial years of the Company. Mr. Zhu may not vote on any resolution of the Directors regarding the amount of the bonus payable to him.

Relationships

Mr. Zhu is not related in any way to 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 known to the Directors, as at the Latest Practicable Date, Mr. Zhu did not have any interests 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. Zhu that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Zhu required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

LETTER FROM THE BOARD

Mr. He Lin Wang

Experience

Mr. He Lin Wang, aged 69, is an independent non-executive Director. Mr. He has obtained a senior engineer qualification certificate issued by the PRC Ministry of Agriculture. He had held the position of the chief engineer of Shihezi Water Conservation Bureau (石河子市水利局) and a director of the Xinjiang Agricultural Engineering Society. He has been an independent non-executive Director since he joined the Group in April 2005.

Other directorships held

Save as disclosed above, Mr. He did not hold any directorships with any other listed companies during the three years immediately preceding the Latest Practicable Date.

Length of Service

Mr. He will enter into a service agreement with the Company with a term of three years, effective from the date of re-election.

Director's emoluments

Mr. He will receive an annual Director's fee to be determined by the Board by reference to his duties and responsibilities with the Company and the market rate for the position subject to the approval of Shareholders. His emoluments for the financial year ended 31 December 2009 amounted to RMB30,000.

Relationships

Mr. He is not related in any way to 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 known to the Directors, as at the Latest Practicable Date, Mr. He did not have any interests 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. He that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. He required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

LETTER FROM THE BOARD

Mr. Xia Jun Min

Experience

Mr. Xia Jun Min, aged 40, is an independent non-executive Director. He graduated from Xinjiang Finance and Economic College majoring in Accounting in 1995 and obtained a bachelor's degree from the Central Communist Party Institution majoring in Politics and Law in 1998. He has obtained qualifications as a certified public accountant and a registered assets valuer in the PRC. He is presently a deputy president of Xinjiang Fangxia Assets Valuation Company Limited, the president and the chief accountant of Xinjiang Fangxia Certified Public Accountants Company Limited and an independent non-executive director of Xingjiang Yilite Industry Company Limited. Mr. Xia has been an independent non-executive Director since he joined the Group in April 2005.

Other directorships held

Save as disclosed above, Mr. Xia did not hold any directorships with any other listed companies during the three years immediately preceding the Latest Practicable Date.

Length of Service

Mr. Xia will enter into a service agreement with the Company with a term of three years, effective from the date of re-election.

Director's emoluments

Mr. Xia will receive an annual Director's fee to be determined by the Board by reference to his duties and responsibilities with the Company and the market rate for the position subject to the approval of Shareholders. His emoluments for the financial year ended 31 December 2009 amounted to RMB30,000.

Relationships

Mr. Xia is not related in any way to 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 known to the Directors, as at the Latest Practicable Date, Mr. Xia did not have any interests in the Shares within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

Matters that need to be brought to the attention of the Shareholders

Save as disclosed above, there are no other matters concerning Mr. Xia that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Xia required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Gu Lie Feng

Experience

Mr. Gu Lie Feng, aged 71, is an independent non-executive Director. Mr. Gu graduated from the Water Conservancy Engineering Department of Tsinghua University in 1965 with undergraduate qualifications and obtained a senior engineer qualification certificate issued by the PRC Ministry of Agriculture in 1991. He has been an independent non-executive Director since he joined the Group in April 2005.

Other directorships held

Save as disclosed above, Mr. Gu did not hold any directorships with any other listed companies during the three years immediately preceding the Latest Practicable Date.

Length of Service

Mr. Gu will enter into a service agreement with the Company with a term of three years, effective from the date of re-election.

Director's emoluments

Mr. Gu will receive an annual Director's fee to be determined by the Board by reference to his duties and responsibilities with the Company and the market rate for the position subject to the approval of Shareholders. His emoluments for the financial year ended 31 December 2009 amounted to RMB30,000.

Relationships

Mr. Gu is not related in any way to 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 known to the Directors, as at the Latest Practicable Date, Mr. Gu did not have any interests in the Shares within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

Matters that need to be brought to the attention of the Shareholders

Save as disclosed above, there are no other matters concerning Mr. Gu that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Gu required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Mak King Sau

Experience

Mr. Mak King Sau, aged 36, 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. He had served as the chief investment officer in a Hong Kong listed company. Mr. Mak also worked for a private equity fund. He is a member of American Institute Certified Public Accountant, and graduated from Boston University with a bachelor's degree in business administration in 1995 and from the University of London with a master's degree in financial and management in 1997. He has been an independent non-executive Director of the Group since October 2007.

Other directorships held

Save as disclosed above, Mr. Mak did not hold any directorships with any other listed companies during the three years immediately preceding the Latest Practicable Date.

Length of Service

Mr. Mak will enter into a service agreement with the Company with a term of three years, effective from the date of re-election.

Director's emoluments

Mr. Mak will receive an annual Director's fee to be determined by the Board by reference to his duties and responsibilities with the Company and the market rate for the position subject to the approval of Shareholders. His emoluments for the financial year ended 31 December 2009 amounted to RMB53,000.

Relationships

Mr. Mak is not related in any way to any Director, Supervisor or the senior management of the Company, or with any management Shareholder, substantial Shareholder or controlling Shareholder of the Company.

LETTER FROM THE BOARD

Interests in Shares

So far as known to the Directors, as at the Latest Practicable Date, Mr. Mak did not have any interests 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 13.51(2) of the Listing Rules.

3. RE-ELECTION OF SUPERVISORS

A. Proposed re-election of Supervisors

The Supervisory Committee currently comprises two Shareholders' representative Supervisors and one employees' representative Supervisor. In accordance with Clauses 13.02 and 13.03 of the Articles of Association, the term of office of a Supervisor shall be three years. The appointment and removal of shareholders' representative Supervisors shall require the approval of Shareholders at the general meeting, while the appointment and removal of employees' representative Supervisors shall require the approval of the labour union representing the employees of the Company.

All Shareholders' representative Supervisors are subject to re-election at the EGM for a term of three years. Accordingly, the following Supervisors shall retire at the EGM and, being eligible, offer themselves to be immediately re-elected at the EGM:

Mr. He Jie

Experience

Mr. He Jie, aged 65, Supervisor. Mr. He graduated from Tianjin Light Industry College in 1968 majoring in Plastic Modeling and Processing. He was recognised as a senior engineer by the Office of Professional and Technical Titles of Xinjiang Uygur Autonomous Region in 1992. He has been a Supervisor since he joined the Group in April 2005.

Other directorships held

Save as disclosed above, Mr. He did not hold any directorships with any other listed companies during the three years immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

Term

Mr. He will enter into a service agreement with the Company with a term of three years, effective from the date on which the relevant resolution is passed at the EGM.

Supervisor's remuneration

Mr. He will receive an annual fee to be determined by the Board by reference to his duties and responsibilities with the Company, qualifications, professional experience and the market rate for the position subject to the approval of Shareholders. His emoluments for the financial year ended 31 December 2009 amounted to RMB30,000. A further announcement will be made once his remuneration has been determined.

Relationships

Mr. He is not related in any way to 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 known to the Directors, as at the Latest Practicable Date, Mr. He did not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Huang Jun Lin

Experience

Mr. Huang Jun Lin, aged 70, is a Supervisor. Mr. Huang graduated from Xinjiang University in 1990 majoring in political theory. He is a senior political engineer and an "Outstanding Talents of Shihezi". He has been a Supervisor since he joined the Group in April 2005.

Other directorships held

Save as disclosed above, Mr. Huang did not hold any directorships with any other listed companies during the three years immediately preceding the Latest Practicable Date.

Term

Mr. Huang will enter into a service agreement with the Company with a term of three years, effective from the date on which the relevant resolution is passed at the EGM.

LETTER FROM THE BOARD

Supervisor's remuneration

Mr. Huang will receive an annual fee to be determined by the Board by reference to his duties and responsibilities with the Company, qualifications, professional experience and the market rate for the position subject to the approval of Shareholders. His emoluments for the financial year ended 31 December 2009 amounted to RMB30,000. A further announcement will be made once his remuneration has been determined.

Relationships

Mr. Huang is not related in any way to 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 known to the Directors, as at the Latest Practicable Date, Mr. Huang was interested in 53,248 domestic shares of the Company, representing 0.012% of the total issued share capital of the Company.

4. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board proposes to make certain amendments to the Articles of Association based on the operational requirements of the Company. Particulars of the proposed amendments to the Articles of Association are set out below:

(i) Article 10.01

The current first paragraph of Article 10.01 of the Articles of Association reads:

“The Company shall establish a Board of Directors, and the Board of Directors shall comprise at least seven directors. External Directors (refers to Directors who hold no position in the Company) shall account for half or more of the members of the Board of Directors, including three Independent Non-executive Directors (refer to Directors who are independent from the shareholders of the Company and who holds no position in the Company).”

The first paragraph of Article 10.01 is proposed to be deleted and substituted by the following:

“The Company shall establish a Board of Directors, and the Board of Directors shall comprise at least seven directors, including at least three Independent Non-executive Directors (refers to Directors who are independent from the shareholders of the Company and who hold no position in the Company).”

LETTER FROM THE BOARD

(ii) Article 13.02

The current first paragraph of Article 13.02 of the Articles of Association reads:

“Supervisory Committee shall comprise three members. External Supervisors (refers to supervisors who hold no position in the Company) shall account for half or more of the members of the Supervisory Committee, including two or more Independent Supervisors (refer to supervisors who are independent from the shareholders of the Company and who hold no position in the Company).”

The first paragraph of Article 13.02 is proposed to be deleted and substituted by the following:

“Supervisory Committee shall comprise no less than three members. External Supervisors (refers to supervisors who hold no position in the Company) shall account for half or more of the members of the Supervisory Committee, including two or more Independent Supervisors (refer to supervisors who are independent from the shareholders of the Company and who hold no position in the Company).”

(iii) Article 13.03

The current first paragraph of Article 13.03 of the Articles of Association reads:

“Two members of Supervisory Committee shall be shareholders’ representatives (including External Supervisors and Independent Supervisors) and one member shall be employees’ representatives. Supervisor acting as shareholders’ representative shall be appointed and removed by general meeting of shareholders and supervisor acting as employees’ representative shall be appointed and removed by voting by employees.”

The first paragraph of Article 13.02 is proposed to be deleted and substituted by the following:

“One-third or more of the members of Supervisory Committee shall be employees’ representatives and the rest shall be shareholders’ representatives. Supervisor acting as shareholders’ representative shall be appointed and removed by general meeting of shareholders and supervisor acting as employees’ representative shall be appointed and removed by voting by employees.”

Accordingly, the Board proposes to seek the approval of the Shareholders by way of a special resolution at the EGM to amend the Articles of Association. The proposed amendments to the Articles of Association shall come into effect upon the later of (i) the passing of the special resolutions of the Shareholders at the EGM to approve such amendments; and (ii) the Company obtaining the approval of the PRC Ministry of Commerce or its authorised agencies (if necessary) to such amendments.

LETTER FROM THE BOARD

The Articles of Association are written in Chinese without an official English version. Therefore, any English translation is for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail.

5. EGM

The EGM Meeting will be held on Wednesday, 18 August 2010 at the conference room of the Company at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC, at which special resolutions will be proposed to seek approval of the Shareholders, among other things, for the amendments to the Articles of Association. At the EGM Meeting, votes of the Shareholders will be conducted by way of poll.

Each Shareholder who has the right to attend and vote at the EGM, is entitled to appoint one or more proxies, whether they are Shareholders or not, to attend and, on a poll, vote on his behalf at the EGM. The notices of the EGM Meeting are set out on pages 23 to 26 of this circular. Forms of proxy for use by the Shareholders at the EGM are enclosed. Whether or not you intend to be present at the EGM, you are requested to complete and return the respective 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 EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting should you so wish.

An announcement will be made by the Company following conclusion of the EGM to inform Shareholders of the results of the meeting.

6. CLOSURE OF REGISTER OF MEMBERS

For the purpose of the EGM, the register of the members of the Company will be closed from Thursday, 29 July 2010 to Wednesday, 18 August 2010 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for entitlement to attend and vote at the EGM, 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 (for the holders of H Shares only) or lodged at the registered office of the Company 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 practicable and in any event not later than 4:00 p.m. on Wednesday, 28 July 2010.

LETTER FROM THE BOARD

7. RECOMMENDATION

The Directors consider that all the proposed resolutions as set out in the EGM 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 EGM 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 EXTRAORDINARY 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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “EGM”) 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 People’s Republic of China (the “**PRC**”) on Wednesday, 18 August 2010 at 11:00 a.m. for the following purposes and to pass the following resolutions:

ORDINARY RESOLUTIONS

1. To approve the resignation of Mr. Guo Qing Ren as an executive director of the Company;
2. To consider and approve the appointment of Mr. Hou Guo Jun as an executive director of the Company with effect from the date of passing of the relevant resolution at the EGM for a term of three years;
3. To consider and approve the appointment of Mr. Yin Xiu Fa as an executive director of the Company with effect from the date of passing of the relevant resolution at the EGM for a term of three years;
4. To consider and approve the appointment of Mr. Chen Lin as an executive director of the Company with effect from the date of passing of the relevant resolution at the EGM for a term of three years;
5. To consider and approve the appointment of Mr. Wang Yun as an independent non-executive director of the Company with effect from the date of passing of the relevant resolution at the EGM for a term of three years;
6. To re-elect and appoint Mr. Shi Xiang Shen as an executive director of the Company;
7. To re-elect and appoint Mr. Li Shuang Quan as an executive director of the Company;
8. To re-elect and appoint Mr. Zhu Jia Ji as an executive director of the Company;

* For identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

9. To re-elect and appoint Mr. He Lin Wang as an independent non-executive director of the Company;
10. To re-elect and appoint Mr. Xia Jun Min as an independent non-executive director of the Company;
11. To re-elect and appoint Mr. Gu Lie Feng as an independent non-executive director of the Company;
12. To re-elect and appoint Mr. Mak King Sau as an independent non-executive director of the Company;
13. To re-elect and appoint Mr. He Jie as a supervisor;
14. To re-elect and appoint Mr. Huang Jun Lin as a supervisor;

SPECIAL RESOLUTION

15. To consider and approve the amendments to the articles of association of the Company (the “Articles of Association”) as follows:

(i) Article 10.01

The current first paragraph of Article 10.01 of the Articles of Association reads:

“The Company shall establish a Board of Directors, and the Board of Directors shall comprise at least seven directors. External Directors (refers to Directors who hold no position in the Company) shall account for half or more of the members of the Board of Directors, including three Independent Non-executive Directors (refer to Directors who are independent from the shareholders of the Company and who holds no position in the Company).”

The first paragraph of Article 10.01 is proposed to be deleted and substituted by the following:

“The Company shall establish a Board of Directors, and the Board of Directors shall comprise at least seven directors, including at least three Independent Non-executive Directors (refers to Directors who are independent from the shareholders of the Company and who hold no position in the Company).”

(ii) Article 13.02

The current first paragraph of Article 13.02 of the Articles of Association reads:

“Supervisory Committee shall comprise three members. External Supervisors (refers to supervisors who hold no position in the Company) shall account for half or more of the members of the Supervisory Committee, including two

NOTICE OF EXTRAORDINARY GENERAL MEETING

or more Independent Supervisors (refer to supervisors who are independent from the shareholders of the Company and who hold no position in the Company).”

The first paragraph of Article 13.02 is proposed to be deleted and substituted by the following:

“Supervisory Committee shall comprise no less than three members. External Supervisors (refers to supervisors who hold no position in the Company) shall account for half or more of the members of the Supervisory Committee, including two or more Independent Supervisors (refer to supervisors who are independent from the shareholders of the Company and who hold no position in the Company).”

(iii) Article 13.03

The current first paragraph of Article 13.03 of the Articles of Association reads:

“Two members of Supervisory Committee shall be shareholders’ representatives (including External Supervisors and Independent Supervisors) and one member shall be employees’ representatives. Supervisor acting as shareholders’ representative shall be appointed and removed by general meeting of shareholders and supervisor acting as employees’ representative shall be appointed and removed by voting by employees.”

The first paragraph of Article 13.02 is proposed to be deleted and substituted by the following:

“One-third or more of the members of Supervisory Committee shall be employees’ representatives and the rest shall be shareholders’ representatives (including External Supervisors and Independent Supervisors). Supervisor acting as shareholders’ representative shall be appointed and removed by general meeting of shareholders and supervisor acting as employees’ representative shall be appointed and removed by voting by employees.”

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

Xinjiang PRC, 2 July 2010

Notes:

1. Any member entitled to attend and vote at the EGM is entitled to appoint in written form for one or more than one proxy to attend and vote at the EGM on his behalf. A proxy need not be a member of the Company.

* For identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. The form of proxy for the EGM is herewith enclosed. In order to be valid, the form of proxy, 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 EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting should you so wish.
3. Shareholders or their proxies shall present proofs of identities when attending the EGM.
4. The register of members of the Company will be closed from Thursday, 29 July 2010 to Wednesday, 18 August 2010, both days inclusive, during which no transfer of the shares of the Company will be effected. All transfers accompanied by the relevant share certificates for H Shares must be lodged with Company's H Share registrar and transfer office (for the holders of H Shares only) or lodged at the registered office of the Company (for the holders of Domestic Shares only) not later than 4:00 p.m. on Wednesday, 28 July 2010. The Shareholders or their proxies being registered before the close of business on Wednesday, 28 July 2010 are entitled to attend the EGM by presenting their identification documents.
5. Shareholders who intend to attend the EGM 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 Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for the holders of H Shares only) or to 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) 2861 1465 (for holders of H Shares only) or the Company's fax number: (86993) 262 3163 (for holders of Domestic Shares only)) on or before 4:00 p.m. on Wednesday, 28 July 2010.
6. Voting of the resolutions as set out in this notice will be by poll.
7. The EGM is expected to last for less than one day. Shareholders and their proxies shall attend the EGM at their own cost of travelling and accommodation.
8. The Company's registered address:

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

Fax: (86993) 262 3163