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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)

(1) PROPOSAL FOR GENERAL MANDATE TO ISSUE SHARES,
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,
AND
(3) NOTICE OF ANNUAL GENERAL MEETING

This circular is dispatched together with the annual report of Xinjiang Tianye Water Saving Irrigation System Company Limited* (**"the Company"**) for the year ended 31 December 2010 (the **"Annual Report"**).

The notice for 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 Thursday, 12 May 2011 is set out on pages 8–12 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 such meetings 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:

“AGM”	the annual general meeting of the Company to be convened on Thursday, 12 May 2011 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 8–12 of this circular;
“AGM Notice”	the notice dated 25 March 2011 for convening the AGM as set out on pages 8–12 of this circular;
“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 company established in the PRC with limited liability on 27 December 1999. Pursuant to an approval granted by the relevant PRC authorities on 18 December 2003, the Company restructured its capital and was converted into a joint stock limited liability company, whose H Shares are listed and traded on the Main Board of the Stock Exchange on 24 January 2008;
“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;
“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;

DEFINITIONS

“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 Exchange and subscribed for and traded in HK\$;
“Latest Practicable Date”	22 March 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“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 supervisors 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;
“Tianye Holdings Group”	新疆天業(集團)有限公司 (Xinjiang Tianye (Group) Limited*) and its subsidiaries (excluding the Group); and
“%”	per cent.

* For identification purpose only

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. Hou Guo Jun (*Chairman*)
Mr. Shi Xiang Shen
Mr. Yin Xiu Fa
Mr. Li Shuang Quan
Mr. Zhu Jia Ji
Mr. Chen Lin

Registered office:

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

Independent non-executive Directors:

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

Principal place of business

in Hong Kong:
Unit 2209, 22/F.,
Wu Chung House,
213 Queen's Road East,
Wanchai,
Hong Kong

Supervisors:

Ms. Ni Mei Lan
Mr. He Jie
Mr. Huang Jun Liu
Mr. Zhou Qian

25 March 2011

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR GENERAL MANDATE TO ISSUE SHARES,
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

* *For identification purpose only*

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide you with information relating to (a) the renewal of General Mandate to issue Shares, (b) the proposed amendments to the Articles of Association, and other 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 Thursday, 12 May 2011.

2. 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 No. 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 No. 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 number of existing share capital of the Company up to a maximum of 20% of 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 No. 1 as at the date of passing of the Special Resolution No. 1.

3. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board proposes to make certain amendments to the Articles of Association to allow the Company to expand its business scope by including “hydraulic engineering (irrigation and drainage) (Class C)”. Accordingly, the Board proposes to seek the approval of the Shareholders by way of a special resolution at the AGM 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 AGM to approve such amendments; and (ii) the Company obtaining the approval of the Ministry of Commerce of the PRC or its authorised agencies (in necessary) to such amendments. Prior to the proposed amendments to the Articles of Association becoming effective, the existing Articles of Association will continue to be in force.

The proposed amendments to the Articles of Association are set out below:

The second paragraph of the existing Article 2.02 of the Articles of Association reads:

“The scope of business of the company include: development and marketing of high and new water saving irrigation technologies; interim testing and marketing of advanced water saving fittings; technology transfer and service for water saving irrigation; development and utilization of computer application software for water saving irrigation; production and sales of PVC pipelines for water supply, PE pipelines

LETTER FROM THE BOARD

and assemblies, pressure compensatory style drip films, labyrinth-style drip films, embedded-style drip films, agriculture films and drippers; import of scrap steel, scrap steel, scrap aluminium, scrap paper and scrap plastic; grade one subcontractor for construction of water saving irrigation project (specific scope is subject to quality certificate); business of exporting products and technologies produced by this enterprise itself and business of importing machinery and equipment, parts and components, raw and auxiliary materials and technologies required by this enterprise, other than goods and technologies solely operated by this enterprise or prohibited from import and export by the State; recycling and processing of scrap and obsolete plastic; distribution of electrical and mechanical goods (other than compact size vehicles) and chemical goods (other than dangerous chemical items and highly poisonous items).”

The second paragraph of the Article 2.02 is proposed to be deleted and substituted by the following:

“The scope of business of the company include: development and marketing of high and new water saving irrigation technologies; interim testing and marketing of advanced water saving fittings; technology transfer and service for water saving irrigation; development and utilization of computer application software for water saving irrigation; hydraulic engineering (irrigation and drainage) (Class C); production and sales of PVC pipelines for water supply, PE pipelines and assemblies, pressure compensatory style drip films, labyrinth-style drip films, embedded-style drip films, agriculture films and drippers; import of scrap steel, scrap steel, scrap aluminium, scrap paper and scrap plastic; recycling and processing of scrap and obsolete plastic; distribution of electrical and mechanical goods (other than compact size vehicles) and chemical goods (other than dangerous chemical items and highly poisonous items); grade one subcontractor for construction of water saving irrigation project (specific scope is subject to quality certificate); business of exporting products and technologies produced by this enterprise itself and business of importing machinery and equipment, parts and components, raw and auxiliary materials and technologies required by this enterprise, other than goods and technologies solely operated by this enterprise or prohibited from import and export by the State.”

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.

4. AGM

The AGM will be held on Thursday, 12 May 2011 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, in relation to the renewal of General Mandate and amendments to the Articles of Associations. At the AGM, votes of the Shareholders will be conducted by way of poll.

LETTER FROM THE BOARD

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, on a poll, vote on his behalf at the AGM. The notice of the AGM is set out on pages 8–12 of this circular. 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 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 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 so wish.

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

5. CLOSURE OF REGISTER OF MEMBERS

For the purpose of the AGM, the register of the members of the Company will be closed from Friday, 22 April 2011 to Thursday, 12 May 2011 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for entitlement to attend and vote at the AGM, 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 Thursday, 21 April 2011.

6. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance 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 enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

LETTER FROM THE BOARD

7. 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*
Hou Guo Jun
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 People's Republic of China (the “**PRC**”) on Thursday, 12 May 2011 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 31 December 2010;
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2010;
3. To consider and approve the audited consolidated financial statements of the Company and its subsidiaries and the auditors' report for the year ended 31 December 2010;
4. To consider and approve the resolution for making appropriation to statutory surplus reserve fund for the year ended 31 December 2010;
5. To authorize the board of Directors (the “**Board**”) to fix the remuneration of the Directors and the supervisors of the Company for the year 2011;
6. To consider and approve the re-appointment of Pan-China (H.K.) CPA Limited as auditors of the Company and to authorize the Board to fix their remunerations;

SPECIAL RESOLUTIONS

1. “**THAT:**

(A) there being granted to the Board an unconditional general mandate (“**General Mandate**”) to issue, allot and deal with additional domestic shares of nominal value of RMB1.00 each in the registered capital of the

* *For identification purpose only*

NOTICE OF ANNUAL GENERAL MEETING

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) the General 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-month 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 in a general meeting.
 - (c) the Board will only exercise its power under the General Mandate in accordance with the Company Law of 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;
- (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 and Hong Kong for approval and record (as the case may be); and

NOTICE OF ANNUAL GENERAL MEETING

- (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** the proposed amendments to the Articles of Association as set out in the circular of the Company dated 25 March 2011 be and are hereby approved, and the Board be and is hereby authorized to deal with on behalf of the Company the relevant filing and amendments (where necessary) procedures and other related issues arising from the amendments to the Articles of Association.” (for Chinese circular)

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

Xinjiang PRC, 25 March 2011

As at the date of this notice, the Board comprises six executive Directors, namely Mr. Hou Guo Jun (Chairman), Mr. Shi Xiang Shen, Mr. Li Shuang Quan, Mr. Zhu Jia Ji, Mr. Yin Xiu Fa and Mr. Chen Lin and five independent non-executive Directors, namely Mr. He Lin Wang, Mr. Xia Jun Min, Mr. Gu Lie Feng, Mr. Mak King Sau and Mr. Wang Yun.

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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, 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 Friday, 22 April 2011 to Thursday, 12 May 2011, 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 Thursday, 21 April 2011. The Shareholders or their proxies being registered before the close of business on Thursday, 21 April 2011 are entitled to attend the AGM by presenting their identity documents.
5. Shareholders 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 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) 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. on Thursday, 21 April 2011.
6. Voting of the resolutions as set out in this notice will be by poll.

NOTICE OF ANNUAL GENERAL MEETING

7. The AGM is expected to last for less than one day. The Shareholders and proxies attending the AGM shall be responsible for their own travelling and accommodation expenses.

8. The Company's registered address:

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

Fax: (86993) 2623163