
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 forms 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) PROPOSED GRANT OF ISSUE MANDATE,
(2) PROPOSED GRANT OF REPURCHASE MANDATE,
(3) RESIGNATION, RETIREMENT AND PROPOSED RE-ELECTION AND
ELECTION OF DIRECTORS,
(4) RETIREMENT AND PROPOSED RE-ELECTION AND
ELECTION OF SUPERVISORS
AND
(5) NOTICES OF ANNUAL GENERAL MEETING AND CLASS MEETINGS

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 2012 (the “Annual Report”).

The notice for convening the annual general meeting (“AGM”), the H Shareholders’ Class Meeting and the Domestic Shareholders’ Class Meeting (“Class Meetings”) 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, 31 May 2013 are set out on pages 20–34 of this circular. Whether or not you are able to attend such meetings, please complete and return the forms 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 meetings. Completion and return of the forms of proxy will not preclude you from attending and voting at the meetings or any adjourned meeting(s) 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 held on Friday, 31 May 2013 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 20–26 of this circular;
“AGM Notice”	the notice dated 10 April 2013 for convening the AGM as set out on pages 20–26 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;
“Class Meetings”	the H Shareholders’ Class Meeting and Domestic Shareholders’ Class Meeting, the respective notices of which are set out on pages 27 to 34 to this circular, or any adjournment thereof respectively;
“Class Meetings Notices”	the notices for convening the Class Meetings set out on pages 27 to 34 in this circular;
“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 limited company incorporated in the PRC, whose H Shares are listed and traded on the Main Board of the Stock Exchange;
“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 of the Company;

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“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;
“Domestic Shareholders’ Class Meeting”	the class meeting for holders of Domestic Shares to be held on Friday, 31 May 2013 at 1:30 p.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 31 to 34 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 Exchange and subscribed for and traded in HK\$;
“H Shareholders’ Class Meeting”	the class meeting for holders of H Shares to be held on Friday, 31 May 2013 at 1:00 p.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 27 to 30 of this circular;
“Issue 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;
“Latest Practicable Date”	5 April 2013, 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;
“Mandatory Provisions”	the Mandatory Provisions for the Articles of Association of the Companies to be Listed Overseas (《到境外上市公司章程必備條款》) issued on 27 August 1994 by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System;

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“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;
“Repurchase Mandate”	subject to the conditions set out in the proposed resolution approving the repurchase mandate at the AGM and the Class Meetings, the general mandate to be granted to the Board to exercise the power of the Company to repurchase H Shares, the aggregate nominal amount of which shall not exceed 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of passing of the relevant resolution as set out in the AGM Notice and the Class Meetings Notices;
“RMB”	Renminbi, the lawful currency of the PRC;
“SAFE”	State Administration of Foreign Exchange of the PRC (《中華人民共和國國家外匯管理局》) or its successor authority;
“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;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers;
“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, the A shares of which are listed on the Shanghai Stock Exchange. It owns approximately 38.91% of the registered capital of the Company as at the Latest Practicable Date;

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“Tianye Holdings” Xinjiang Tianye (Group) Limited* (新疆天業(集團)有限公司), which was established in the PRC with limited liability on 28 June 1996, was wholly owned by SACC of No. 8 Division. It owns approximately 43.27% and 21.50% of the registered capital of Tianye Company and the Company respectively at the Latest Practicable Date;

“%” per cent.

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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. Yin Xiu Fa (*Chairman*)
Mr. Shi Xiang Shen
Mr. Li Shuang Quan
Mr. Zhu Jia Ji
Mr. Shao Mao Xu
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

10 April 2013

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED GRANT OF ISSUE MANDATE,
(2) PROPOSED GRANT OF REPURCHASE MANDATE,
(3) RESIGNATION, RETIREMENT AND PROPOSED RE-ELECTION AND
ELECTION OF DIRECTORS,
(4) RETIREMENT AND PROPOSED RE-ELECTION AND
ELECTION OF SUPERVISORS
AND
(5) NOTICES OF ANNUAL GENERAL MEETING AND CLASS MEETINGS**

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LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide you with information about the resolutions relating to (1) the proposed grant of Issue Mandate, (2) the proposed grant of Repurchase Mandate, (3) the resignation, retirement and proposed re-election and election of Directors, (4) the retirement and proposed re-election and election of Supervisors, and (5) notices of AGM and Class Meetings.

2. PROPOSED GRANT OF ISSUE MANDATE

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

The Company has in issue an aggregate of 317,121,560 Domestic Shares and 202,400,000 H 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 an Issue Mandate to issue, allot and deal with additional Shares up to a maximum of 63,424,312 Domestic Shares and 40,480,000 H 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 Issue Mandate if given in the Special Resolution No. 1 as at the date of passing of the Special Resolution No. 1.

3. PROPOSED GRANT OF REPURCHASE MANDATE

The Company Law, the Mandatory Provisions and the Articles of Association provide for certain restrictions on share repurchase which are applicable to all classes of shares of the Company.

The Company Law (to which the Company is subject) provides that a joint stock limited company incorporated in the PRC may not repurchase its shares unless such repurchase is effected for the purpose of (a) reducing its registered capital; (b) in connection with a merger between itself and another entity that holds its shares; (c) granting shares as reward to the staff of the company; or (d) the repurchase is made at the request of its shareholders who disagrees with shareholders’ resolutions in connection with a merger or division. The Mandatory Provisions, which the Company has incorporated in the Articles of Association, provide that subject to obtaining the approval of the relevant PRC regulatory authorities and in compliance with the Articles of Association, the Company may repurchase its issued shares for the purpose of reducing its share capital or in connection with a merger between itself and another entity that holds its Shares or in circumstances permitted by laws or administrative regulations.

LETTER FROM THE BOARD

The Listing Rules permit the shareholders of a PRC joint stock limited company to grant a general mandate to its directors to repurchase shares of such company that is listed on the Stock Exchange. Such mandate is required to be given by way of a special resolution passed by its shareholders in general meeting and special resolutions passed by holders of domestic shares and holders of overseas listed foreign shares at separate meetings.

H Shares are traded on the Stock Exchange in Hong Kong dollars. Therefore, the repurchase of H Shares by the Company is subject to the approval of the SAFE (or its successor authority), and the price payable by the Company upon any repurchase of H Shares will be paid in Hong Kong dollars.

In accordance with the requirements of the Articles of Association applicable to capital reduction, the Company will have to notify its creditors of the passing of the resolution for the reduction of the registered capital of the Company. In addition, the Company Law provides that the shares repurchased by a company will have to be cancelled and the registered capital of that company will therefore be reduced by an amount equivalent to the aggregate nominal value of the shares so cancelled. In the event of a reduction of registered capital, the Company shall inform its creditors by way of written notice and announcement within a prescribed period after the passing of the relevant resolutions approving such reduction. The creditors shall be entitled to request the Company for repayment of loan and/or provision of guarantee. The statutory notification requirement allows the creditors an opportunity for the recovery and/or security of the debt (in particular for those unsecured debts) where the Company's registered capital is to be reduced.

Conditions to repurchase of H Shares

In order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to repurchase any H Shares (including where such repurchase may lead to an enhancement of the net asset value per Share and/or the earnings per Share), approval is proposed to be sought from the Shareholders for the grant of the Repurchase Mandate to the Directors. In accordance with the legal and regulatory requirements described above, the Directors give notices to convene the AGM and the Class Meetings. At each such meeting, a special resolution will be proposed to grant to the Directors the Repurchase Mandate, i.e. a conditional general mandate to repurchase H Shares in issue on the Stock Exchange with an aggregate nominal value not exceeding 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of passing of such special resolution.

The Repurchase Mandate will be conditional upon (a) the special resolution for approving the grant of the Repurchase Mandate being passed at each of the AGM and the Class Meetings; and (b) the approvals of SAFE (or its successor authority) and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate. If the above conditions are not fulfilled, the Repurchase Mandate will not be exercisable by the Directors.

The Repurchase Mandate would expire on the earlier of (a) the conclusion of the next annual general meeting of the Company; or (b) the expiration of a period of twelve months following the passing of the relevant resolution at the AGM and the Class Meetings; or (c)

LETTER FROM THE BOARD

the date on which the authority conferred by the special resolution is revoked or varied by a special resolution of the Shareholders in a general meeting or by a special resolution of holders of H Shares or holders of Domestic Shares at their respective class meetings.

The H Shares which may be repurchased by the Company pursuant to the Repurchase Mandate shall not exceed 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of passing of the resolution approving the Repurchase Mandate at the AGM and the Class Meetings.

An explanatory statement giving certain information regarding the Repurchase Mandate is set out in the Appendix to this circular.

4. RESIGNATION, RETIREMENT AND PROPOSED RE-ELECTION AND ELECTION OF DIRECTORS

Resignation of Directors

Due to reallocation of appointments, Mr. Yin Xiu Fa (“**Mr. Yin**”) and Mr. Shi Xiang Shen (“**Mr. Shi**”) will focus their efforts on other duties as assigned by Tianye Holdings. Therefore, each of Mr. Yin and Mr. Shi has tendered their resignations as executive Directors of the Company upon conclusion of AGM. There are no disagreements between each of Mr. Yin, Mr. Shi and the Board. The Company and each of Mr. Yin and Mr. Shi confirms that there is no matter regarding their resignations that needs to be brought to the attention of the Shareholders.

Retirement and Proposed Re-election of Directors

In accordance with the provisions of the Articles of Association, Mr. Li Shuang Quan, Mr. Zhu Jia Ji, Mr. Chen Lin, Mr. Shao Mao Xu, , Mr. He Lin Wang, Mr. Gu Lie Feng, Mr. Xia Jun Min, Mr. Mak King Sau and Mr. Wang Yun will retire by rotation at the forthcoming AGM. Mr. Li Shuang Quan, Mr. Zhu Jia Ji, Mr. Chen Lin, Mr. Shao Mao Xu, and Mr. Mak King Sau being eligible for re-election, will offer themselves for re-election as executive Directors for a term of three years effective from the date on which the resolutions for their re-elections are passed at the AGM.

Each of Mr. He Lin Wang (“**Mr. He**”), Mr. Gu Lie Feng (“**Mr. Gu**”), Mr. Xia Jun Min (“**Mr. Xia**”) and Mr. Wang Yun (“**Mr. Wang**”) has tendered notice that they will retire as independent non-executive Directors of the Company at the forthcoming AGM and will not offer themselves for re-elections. There are no disagreements between each of Mr. He, Mr. Gu, Mr. Xia, Mr. Wang and the Board. The Company and each of Mr. He, Mr. Gu, Mr. Xia and Mr. Wang confirms that there is no matter regarding their retirements that needs to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

Proposed election of Directors

Ordinary resolutions will be proposed at the AGM seeking approval of the elections of Mr. Zhang Qiang as an executive Director and each of Mr. Qin Ming, Mr. Cao Jian and Mr. Yin Feihu as independent non-executive Directors of the Company for a term of three years effective from the date on which the said resolution are passed at the AGM.

The biographical details of each of the Directors proposed to be re-elected or elected are set out as follows:

Proposed re-election of Directors

Mr. Li Shuang Quan

Mr. Li Shuang Quan, aged 49, is an executive Director. Mr. Li graduated from Nanjing Glass Fiber Research and Design Vocational University with a major in Silicate Technology in 1988. He obtained a senior engineer qualification certificate issued by Ministry of Agriculture of the PRC in 2001. In 1998, he was recognized as the “Sixth Session Outstanding Calibre of the Agricultural No. 8 Division”. Mr. Li was also recognized as the “Tenth Session Outstanding Calibre of the Agricultural No. 8 Division” in 2003. He had worked as a manager of technology and research and development department and was later promoted to a factory director in Shihezi Plastic Factory for more than 10 years until 1996. He was a director of Tianye Company from April 2001 to June 2007 and was granted the special subsidies by the State Council of the PRC in 2004. He joined the Group in 1999 and has been a Director since 2002, a deputy general manager of the Company since 2003 and the Chief Executive Officer of the Group from May 2007 to November 2012. Mr. Li is responsible for the management of technology and research and development of the Group. He has extensive experience in the development, manufacture and sales of the products of the Group and the management of the Group.

For the year ended 31 December 2012, Mr. Li has received an annual Director’s remuneration of RMB502,942.

Mr. Zhu Jia Ji

Mr. Zhu Jia Ji, aged 49, is an executive Director and deputy general manager of the Group. Mr. Zhu graduated from Agricultural and Machinery School of Shihezi, Xinjiang. He obtained an engineer qualification certificate issued by Ministry of Agriculture of the PRC in 2002. He has been a deputy sales manager of the Company since he joined the Group in December 1999. He is also the Chairman of Kuitun Tiantun and Hami Tianye, both are subsidiaries of the Company. Mr. Zhu was appointed as an executive Director on 10th May, 2007 and was appointed as a director of Tianye Company on 30th June, 2007.

For the year ended 31 December 2012, Mr. Zhu has received an annual Director’s remuneration of RMB449,875.

LETTER FROM THE BOARD

Mr. Chen Lin

Mr. Chen Lin, aged 37, is an executive Director. Mr. Chen 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 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. Since he joined the Group in August 2010, he has been an executive Director.

Mr. Shao Mao Xu

Mr. Shao Mao Xu, aged 54, is an executive Director and deputy general manager of the Group. Mr. Shao graduated from Xinjiang Production and Construction Regiment Party Institution with a major in Economic Management. Mr. Shao was awarded a Qualification Certificate for Engineering by the Ministry of Agriculture of the PRC in September 2006. He joined the Group in March 2002 and has been a deputy general manager of the Company since June 2009. Mr. Shao was appointed as an executive Director of the Group in June 2012.

For the year ended 31 December 2012, Mr. Shao has received an annual Director's remuneration of RMB225,003.

Mr. Mak King Sau

Mr. Mak King Sau, aged 38, is an 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 degree in business administration in 1995 and from the University of London with a master degree in financial and management in 1997. In 2010, Mr. Mak joined Sino-Life (Hong Kong) Limited (a wholly-owned subsidiary of Sino-Life Group Limited) (stock code: 8296) as general manager, a position which he currently still holds. Mr. Mak is also an independent non-executive director of Travel Expert (Asia) Enterprises Limited, a company listed on the Stock Exchange (stock code: 1235). He has been an independent non-executive Director since October 2007.

For the year ended 31 December 2012, Mr. Mak has received an annual Director's remuneration of RMB48,600.

LETTER FROM THE BOARD

Proposed election of Directors

Mr. Zhang Qiang

Mr. Zhang Qiang, aged 39, Chief Executive Officer of the Company. Mr. Zhang graduated from the Open University of China with a major in Computer Science and Technology in 2005. He obtained a senior engineer qualification certificate in 2011. Mr. Zhang joined Tianye Holdings since July 1995 and worked as production coordinator, production manager and deputy manager of Tianye Zhongfa Company Limited. He was appointed as the deputy general manager of Tianye Company in January 2009 and Chief Executive Officer of the Company in November 2012.

Mr. Qin Ming

Mr. Qin Ming, aged 42, graduated from Xinjiang University with a major in law. Mr. Qin has obtained qualifications as a registered accountant and a lawyer in PRC. Currently, he works in Tian Yang Law Firm and he is also the legal counsel of Xinjiang Bayi Iron & Steel Co., Ltd., Xinjiang Tianshan Wool Tex Stock Co., Ltd., and Citic Guoan Wine Co., Ltd.. He has over 10 years of experience in legal affairs.

Mr. Cao Jian

Mr. Cao Jian, aged 62, graduated from Dalian Institute of Technology with a degree in Chemical Engineering. He is currently vice chairman of China Plastics Processing Industry Association. He had worked as manager of Liaoning Plastic Industry Company, deputy general manager of China Light Industry Raw Materials Corporation and Zhong Qing Capital Limited.

Mr. Yin Feihu

Mr. Yin Feihu, aged 59, a member of the Chinese Communist Party, graduated from China Agricultural University with a master degree in agricultural extension (MAE) and education background in agriculture, chemical engineering, computer and economic management. Currently, Mr. Yin is party secretary, vice president, and research associate with Xinjiang Academy of Agricultural And Reclamation Science, as well as a member of the International Geosphere-Biosphere Programme (IGBP), China National Committee, a director of Soil Science Society of China, managing director of Chinese Society of Plant Nutrition And Fertilizer Sciences, deputy director of National Cotton Processing Engineering Technology Research Center, vice chairman of Xinjiang Academy of Agricultural Sciences, vice chairman of Xinjiang Soil And Fertilizer Association, chairman of the Society of Plant Nutrition And Fertilizer Science, Xinjiang Production and Construction Corps, a doctoral tutor with China Agricultural University. He engaged in agricultural research for more than 30 years.

LETTER FROM THE BOARD

Length of Service of Directors proposed to be re-elected and elected

Upon their re-election or election becoming effective, each of Mr. Li Shuang Quan, Mr. Zhu Jia Ji, Mr. Chen Lin, Mr. Shao Mao Xu, Mr. Zhang Qiang, Mr. Mak King Sau, Mr. Qin Ming, Mr. Cao Jian and Mr. Yin Feihu will enter into a service agreement with the Company for a term of three years, effective from the date on which the relevant resolution for their respective re-election/election is passed at the AGM.

Emoluments of Directors proposed to be re-elected or elected

Upon their re-election or election becoming effective, each of Mr. Li Shuang Quan, Mr. Zhu Jia Ji, Mr. Shao Mao Xu and Mr. Zhang Qiang will receive an annual Director's fee for the year 2013 of RMB500,000, RMB450,000, RMB220,000 and RMB450,000 respectively, which is determined by the remuneration committee of the Board by reference to their respective duties and responsibilities with the Company and the market rate for the position subject to the approval of Shareholders. In addition, each of Mr. Li Shuang Quan, Mr. Zhu Jia Ji, Mr. Shao Mao Xu and Mr. Zhang Qiang 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. Each of Mr. Li Shuang Quan, Mr. Zhu Jia Ji, Mr. Shao Mao Xu and Mr. Zhang Qiang may not vote on any resolution of the Directors regarding the amount of the bonus payable to him.

Upon their re-election or election becoming effective, each of Mr. Mak King Sau, Mr. Qin Ming, Mr. Cao Jian and Mr. Yin Feihu will receive an annual Director's fee for the year 2013 of RMB48,000, RMB30,000, RMB30,000 and RMB30,000 respectively, which is determined by the remuneration committee of the Board by reference to their respective duties and responsibilities with the Company and the market rate for the position subject to the approval of Shareholders.

Confirmations from Directors

All of the above proposed Directors have confirmed that, save as disclosed above, (1) they do not hold any positions with the Group and has not been a director in any other listed companies in the past three years; (2) they are not connected with any Director, Supervisor, senior management or substantial or controlling Shareholders of the Company or any of its subsidiaries; and (3) they do not have any interest in any Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

In addition, they have confirmed that there is no other information in respect of their re-election or election that is discloseable pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

5. RETIREMENT AND PROPOSED RE-ELECTION AND ELECTION OF SUPERVISORS

In accordance with the provisions of the Articles of Association, Mr. He Jie, Mr. Zhou Qian, Ms. Ni Mei Lan and Mr. Huang Jun Lin will retire by rotation at the forthcoming AGM. Mr. He Jie and Mr. Zhou Qian being eligible for re-election, will offer themselves for re-election as Supervisors for a term of three years effective from the date on which the resolutions for their re-elections are passed at the AGM.

Retirements of Supervisors

Each of Ms. Ni Mei Lan and Mr. Huang Jun Lin has tendered notice that they will retire as Supervisors at the forthcoming AGM and will not offer themselves for re-elections. There are no disagreements between each of Ms. Ni and Mr. Huang and the Board. The Company and each of Ms. Ni and Mr. Huang confirms that there is no matter regarding their retirements that needs to be brought to the attention of the Shareholders.

Worker-representative Supervisor

In accordance with the requirements of the Company Law, the employees of the Company will re-elect Mr. Han Pan as the worker representative Supervisor through democratic election.

The biographical details of each of the Supervisors proposed to be re-elected by the Shareholders or elected by the employees of the Company are set out as follows:

Proposed re-election of Supervisors

Mr. He Jie

Mr. He Jie, aged 67, is a supervisor of the Company. Mr. He graduated from Tianjin Light Industry College in 1968 with a major in Plastic Modeling and Processing. He obtained a senior engineer qualification as approved by the Office of Professional Technical Staff of Xinjiang Uygur Autonomous Region in 1992. He has been a supervisor of the Company since he joined the Group in April 2005.

For the year ended 31 December 2012, Mr. He has received an annual Supervisor's remuneration of RMB42,000.

Mr. Zhou Qian

Mr. Zhou Qian, aged 41, is a supervisor of the Company. Mr. Zhou graduated from the Xinjiang Institute of Finance majoring in financial professional, has more than 18 years' experience in financial management, having served as the head of audit department in Tianye Company and financial controller of Hami Tianye Hongxing Water Saving Irrigation System Limited. Mr. Zhou has been a supervisor of the Company since he joined the Group on 18 August 2010.

LETTER FROM THE BOARD

Proposed election of Worker-representative Supervisor

Mr. Han Pan

Mr. Han Pan, aged 29, graduated from Henan Police Academy in July 2006 with a major in administrative law affairs. He worked in Shihezi Municipal Communist Youth League and Tianchen Chemical Company Limited. He joined the Group in January 2012 and served as deputy party secretary. He has over 6 years of experience in business administration management.

Length of service of Supervisors proposed to be re-elected and elected

Upon their re-election/election becoming effective, each of Mr. He Jie, Mr. Zhou Qian and Mr. Han Pan will enter into a service agreement with the Company with a term of three years, effective from the date on which the relevant resolution for their respective re-election/election is passed at the AGM and the relevant workers' election meeting.

Emoluments of Supervisors proposed to be re-elected or elected

Upon their re-election/election becoming effective, each of Mr. He Jie and Mr. Han Pan will receive an annual Supervisor's fee for the year 2013 of RMB42,000, RMB220,000 respectively, which is determined by the remuneration committee of the Board by reference to their respective duties and responsibilities with the Company and the market rate for the position subject to the approval of the Shareholders.

Confirmations from Supervisors

All of the above proposed Supervisors have confirmed that, save as disclosed above, (1) they do not hold any positions with the Group and has not been a director or supervisor in any other listed companies in the past three years; (2) they are not connected with any Director, Supervisor, senior management or substantial or controlling Shareholders of the Company or any of its subsidiaries; and (3) they do not have any interest in any Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

In addition, they have confirmed that there is no other information in respect of their re-election or election that is discloseable pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of the Shareholders.

6. AGM AND CLASS MEETINGS

The AGM and the Class Meetings will be held on Friday, 31 May 2013 at the conference room of the Company at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC.

LETTER FROM THE BOARD

The notices convening the AGM and the Class Meetings at which the resolutions mentioned above will be proposed are set out on pages 20 to 34 of this circular.

Each Shareholder who has the right to attend and vote at the AGM and the Class Meetings, is entitled to appoint one or more proxies, whether they are Shareholders or not, to attend and vote on his behalf at the AGM and the Class Meetings. Forms of proxy for use by the Shareholders at the AGM and the Class Meetings are enclosed. Whether or not you intend to be present at the AGM and the Class Meetings, you are requested to complete and return the forms 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 and the Class Meetings or any adjourned meeting(s). Completion and return of the forms of proxy will not preclude you from attending and voting at the AGM and the Class Meetings or any adjourned meeting(s) should you wish.

7. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, save for certain procedural or administrative matter to be decided by the chairman of the meeting, all votes of the Shareholders at the general meetings will be taken by poll. Accordingly, the chairmen of the AGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting will therefore demand a poll for every resolution to be put to the vote at the AGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting pursuant to the Articles of Association.

8. CLOSURE OF REGISTER OF MEMBERS

For the purpose of the AGM and the Class Meetings, the register of the members of the Company will be closed from Saturday, 11 May 2013 to Friday, 31 May 2013 (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 and the Class Meetings, 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 Friday, 10 May 2013.

9. 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

LETTER FROM THE BOARD

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.

10. RECOMMENDATION

The Directors consider that all the proposed resolutions as set out in the AGM Notice and the Class Meeting Notices 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 and the Class Meetings in respect thereof.

Yours faithfully
For and on behalf of the Board
Xinjiang Tianye Water Saving Irrigation System Company Limited*
Yin Xiu Fa
Chairman

* *For identification purpose only*

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to enable you to make an informed decision on whether to vote for or against the special resolution to approve the grant of the Repurchase Mandate to the Directors.

LISTING RULES RELATING TO THE REPURCHASE OF SECURITIES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below. The Company is empowered by the Articles of Association to repurchase its own securities.

SHARE CAPITAL

As at the Latest Practicable Date, the registered share capital of the Company was RMB519,521,560 comprising 317,121,560 Domestic Shares and 202,400,000 H Shares. Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no H Shares will be allotted and issued or repurchased by the Company on or prior to the date of the AGM and the Class Meetings, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 20,240,000 H Shares, being the maximum of 10% of the total H Shares in issue as at the date of passing the relevant resolution.

REASONS FOR THE REPURCHASE

The Directors believe that the Repurchase Mandate is in the interests of the Company and the Shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and its Shareholders.

FUNDING OF REPURCHASES

In repurchasing its H Shares, the Company may only apply funds from the Company's internal resources legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws, rules and regulations of the PRC, including but not limited to surplus funds and undistributed profits of the Company or the proceeds of a fresh issue of Shares made for the purpose of the repurchase.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with its position as at 31 December 2012, being disclosed in the Company's latest published audited accounts contained in the annual report for the year ended 31 December 2012. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company. The number of H Shares to

be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then prevailing, in the best interests of the Company.

STATUS OF REPURCHASED H SHARES

The Listing Rules provide that the listing of all the H Shares repurchased by the Company shall automatically be cancelled and the relevant share certificates shall be cancelled and destroyed. Under the PRC laws, the H Shares repurchased by the Company will be cancelled and the Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled.

H SHARE PRICES

The highest and lowest prices at which the H Shares have traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Highest <i>(HK\$)</i>	Lowest <i>(HK\$)</i>
2012		
April	1.14	1.00
May	1.04	0.80
June	0.89	0.72
July	0.89	0.72
August	0.89	0.63
September	0.76	0.64
October	0.86	0.67
November	0.93	0.77
December	1.01	0.80
2013		
January	1.13	0.94
February	1.05	0.84
March	1.02	0.82
April (up the Latest Practicable Date)	0.82	0.72

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws, rules and regulations of the PRC.

DISCLOSURE OF INTERESTS

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, their associates, have any present intention to sell to the Company any of the H Shares in the Company if the Repurchase Mandate is approved at the AGM and the Class Meetings.

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, (i) Tianye Company was the Substantial Shareholder, which held 202,164,995 Domestic Shares, representing approximately 38.91% of the registered capital of the Company, (ii) Tianye Holdings, which is interested in approximately 43.27% of the registered capital of Tianye Company, held 111,721,926 Domestic Shares, representing 21.50% of the registered capital of the Company. On the basis that 519,521,560 Shares in issue as at the Latest Practicable Date and assuming that no other Shares will be issued or repurchased by the Company on or prior to the date of the AGM and the Class Meetings, if the Repurchase Mandate were exercised in full, the percentage interests in the Company held by Tianye Company and its associates would increase to approximately 62.87% of the then registered share capital of the Company. The Directors are not aware of any consequences which will arise under the Takeovers Code and/or any similar applicable law as a result of any repurchases to be made under the Repurchase Mandate. Moreover, the Directors will not make share repurchase on the Stock Exchange if such repurchase would result in the requirements under Rule 8.08 of the Listing Rules not being complied with.

As at the Latest Practicable Date, no connected person of the Company has notified the Company that he/she/it has a present intention to sell any H Shares nor has such connected person undertaken not to sell any of the securities held by him/her/it to the Company in the event that the Repurchase Mandate is granted.

SECURITIES REPURCHASE MADE BY THE COMPANY

The Company had not purchased any H Shares (whether on the Stock Exchange or otherwise) during the six months immediately preceding the Latest Practicable Date.

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 Friday, 31 May 2013 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 2012;
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2012;
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 2012;
4. To consider and approve the resolution for making appropriation to statutory surplus reserve fund for the year ended 31 December 2012;
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 2013;
6. To consider and approve the re-appointment of Pan-China Certified Public Accountants LLP as auditors of the Company and to authorize the Board to fix their remunerations;

* *For identification purpose only*

NOTICE OF ANNUAL GENERAL MEETING

7. To consider and approve the resignations of the following persons as executive Directors:
 - (a) Mr. Yin Xiu Fa; and
 - (b) Mr. Shi Xiang Shen;
8. To consider and re-elect/elect the following persons as executive Directors with effect from the date of passing of this resolution for a term of three years:
 - (a) Mr. Li Shuang Quan;
 - (b) Mr. Zhu Jia Ji;
 - (c) Mr. Chen Lin;
 - (d) Mr. Shao Mao Xu; and
 - (e) Mr. Zhang Qiang
9. To consider and re-elect/elect the following persons as independent non-executive Directors with effect from the date of passing of this resolution for a term of three years:
 - (a) Mr. Mak King Sau;
 - (b) Mr. Qin Ming;
 - (c) Mr. Cao Jian; and
 - (d) Mr. Yin Feihu.
10. To consider and re-elect the following persons as shareholders representative Supervisors with effect from the date of passing of this resolution for a term of three years:
 - (a) Mr. He Jie; and
 - (b) Mr. Zhou Qian.

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTIONS

1. “THAT:

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

NOTICE OF ANNUAL GENERAL MEETING

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

- (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. To authorize the Board of the Company to repurchase H Shares subject to the following conditions:
- (a) subject to paragraphs (b) and (c) below, during the Relevant Period (as defined in paragraph (d) below), the Board may exercise all the powers of the Company to repurchase H Shares in issue of the Company on the Stock Exchange, subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the governmental or regulatory body of securities in the PRC, the Stock Exchange or of any other governmental or regulatory body be and is approved;
 - (b) the aggregate nominal value of H Shares authorized to be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 per cent of the aggregate nominal value of H Shares in issue of the Company as at the date of the passing of this resolution;
 - (c) the approval in paragraph (a) above shall be conditional upon:
 - (i) the passing of a special resolution in the same terms as this Special Resolution No. 2 (except for this sub-paragraph (c)(i)) at the class meeting for holders of H Shares of the Company to be held on Friday, 31 May 2013 (or on such adjourned date as may be applicable); and the class meeting for holders of Domestic Shares of the Company to be held on Friday, 31 May 2013 (or on such adjourned date as may be applicable); and
 - (ii) the approval of the State Administration of Foreign Exchange of the PRC and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate; and
 - (iii) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedures set out in the Articles of Association;

NOTICE OF ANNUAL GENERAL MEETING

- (d) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earlier of:
- (i) the conclusion of the next annual general meeting following the passing of this special resolution;
 - (ii) the expiration of a period of twelve months following the passing of this special resolution; or
 - (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting or by a special resolution of holders of H Shares or holders of Domestic Shares of the Company at their respective class meetings; and
- (e) subject to approval of all relevant governmental authorities in the PRC for the repurchase of such H Shares being granted, the Board be hereby authorized to:
- (i) make such amendments to the Articles of Association of the Company as it thinks fit so as to reduce the registered capital of the Company and to reflect the new capital structure of the Company upon the repurchase of H Shares as contemplated in paragraph (a) above; and
 - (ii) file the amended Articles of Association of the Company with the relevant governmental authorities of the PRC and Hong Kong.

By Order of the Board
Xinjiang Tianye Water Saving Irrigation System Company Limited*
Yin Xiu Fa
Chairman

Xinjiang PRC, 10 April 2013

As at the date of this notice, the Board comprises six executive Directors, namely Mr. Yin Xiu Fa (Chairman), Mr. Shi Xiang Shen, Mr. Li Shuang Quan, Mr. Zhu Jia Ji, Mr. Shao Mao Xu 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.

* For identification purpose only

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 Saturday, 11 May 2013 to Friday, 31 May, 2013, 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 Friday, 10 May, 2013. The Shareholders or their proxies being registered before the close of business on Friday, 10 May, 2013 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) 2623183 (for holders of Domestic Shares only)) on or before 4:00 p.m. on Friday, 10 May, 2013.
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) 2623183



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 H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN THAT a class meeting for holders of H Shares (the “**H Shareholders' Class Meeting**”) 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, 31 May 2013 at 1:00 p.m. for the following purposes and to pass the following resolutions:

SPECIAL RESOLUTION

1. To authorize the board (the “**Board**”) of directors (the “**Directors**”) of the Company to repurchase H Shares of the Company (the “**H Shares**”) subject to the following conditions:
 - (a) subject to paragraphs (b) and (c) below, during the Relevant Period (as defined in paragraph (d) below), the Board may exercise all the powers of the Company to repurchase H Shares in issue of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the governmental or regulatory body of securities in the PRC, the Stock Exchange or of any other governmental or regulatory body be and is approved;
 - (b) the aggregate nominal value of H Shares authorized to be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 percent of the aggregate nominal value of H Shares in issue of the Company as at the date of the passing of this resolution;

* For identification purpose only

NOTICE OF H SHAREHOLDERS' CLASS MEETING

- (c) the approval in paragraph (a) above shall be conditional upon:
- (i) the passing of a special resolution in the same terms as this Special Resolution No. 1 (except for this sub-paragraph (c)(i)) at the annual general meeting for holders of shares of the Company to be held on Friday, 31 May 2013 (or on such adjourned date as may be applicable); and the class meeting for holders of Domestic Shares of the Company to be held on Friday, 31 May 2013 (or on such adjourned date as may be applicable); and
 - (ii) the approval of the State Administration of Foreign Exchange of the PRC and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate; and
 - (iii) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedures set out in the Articles of Association;
- (d) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earlier of:
- (i) the conclusion of the next annual general meeting following the passing of this special resolution;
 - (ii) the expiration of a period of twelve months following the passing of this special resolution; or
 - (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting or by a special resolution of holders of H Shares or holders of Domestic Shares of the Company at their respective class meetings; and

NOTICE OF H SHAREHOLDERS' CLASS MEETING

- (e) subject to approval of all relevant governmental authorities in the PRC for the repurchase of such H Shares being granted, the Board be hereby authorized to:
- (i) make such amendments to the Articles of Association of the Company as it thinks fit so as to reduce the registered capital of the Company and to reflect the new capital structure of the Company upon the repurchase of H Shares as contemplated in paragraph (a) above; and
 - (ii) file the amended Articles of Association of the Company with the relevant governmental authorities of the PRC and Hong Kong.

Yours faithfully,
By Order of the Board
Xinjiang Tianye Water Saving Irrigation System Company Limited*
Yin Xiu Fa
Chairman

Xinjiang, the PRC, 10 April 2013

As at the date of this notice, the Board comprises six executive Directors, namely Mr. Yin Xiu Fa (Chairman), Mr. Shi Xiang Shen, Mr. Li Shuang Quan, Mr. Zhu Jia Ji, Mr. Shao Mao Xu 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.

* For identification purpose only

NOTICE OF H SHAREHOLDERS' CLASS MEETING

Notes:

1. The register of members of the Company will be temporarily closed from Saturday, 11 May 2013 to Friday, 31 May 2013 (both days inclusive) during which no transfer of H Shares of the Company will be registered in order to determine the list of holders of H Shares of the Company (the “**H Shareholders**”) for attending the H Shareholders’ Class Meeting. In order to determine the eligibility to attend the H Shareholders’ Class Meeting, the last lodgment for H Share transfer should be made on Friday, 10 May 2013 at Tricor Investor Services Limited by or before 4:00 p.m. The H Shareholders or their proxies being registered before the close of business on Friday, 10 May 2013 are entitled to attend the H Shareholders’ Class Meeting by presenting their identity documents. The address of Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.
2. Each H Shareholder having the rights to attend and vote at the H Shareholders’ Class Meeting is entitled to appoint one or more proxies (whether a H Shareholder or not) to attend and vote on his behalf.
3. H Shareholders can appoint a proxy by an instrument in writing (i.e. by using the Proxy Form enclosed). The Proxy Form shall be signed by the person appointing the proxy or an attorney authorised by such person in writing. If the Proxy Form is signed by an attorney, the power of attorney or other documents of authorization shall be notarially certified. To be valid, the Proxy Form and the notarially certified power of attorney or other documents of authorisation must be delivered to the registered address of the Company in not less than 24 hours before the time scheduled for the holding of the H Shareholders’ Class Meeting or any adjournment thereof.
4. H Shareholders who intend to attend the H Shareholders’ Class Meeting are requested to deliver the duly completed and signed reply slip for attendance to the Company’s registered and principal office in person, by post or by facsimile on or before 4:00 p.m., Friday, 10 May 2013.
5. H Shareholders or their proxies shall present proofs of their identities upon attending the H Shareholders’ Class Meeting. Should a proxy be appointed, the proxy shall also present the Proxy Form.
6. The H Shareholders’ Class Meeting is expected to last for less than one day. The H Shareholders and proxies attending the H Shareholders’ Class Meeting shall be responsible for their own travelling and accommodation expenses.
7. The Company’s registered address:

No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone,
Shihezi, Xinjiang, the PRC
Fax: (86993) 2623183



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)

NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN THAT a class meeting for holders of Domestic Shares (the “**Domestic Shareholders’ Class Meeting**”) 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, 31 May, 2013 at 1:30 p.m. for the following purposes and to pass the following resolutions:

SPECIAL RESOLUTION

1. To authorize the board (the “**Board**”) of directors (the “**Directors**”) of the Company to repurchase H Shares of the Company (“**H Shares**”) subject to the following conditions:
 - (a) subject to paragraphs (b) and (c) below, during the Relevant Period (as defined in paragraph (d) below), the Board may exercise all the powers of the Company to repurchase H Shares in issue of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the governmental or regulatory body of securities in the PRC, the Stock Exchange or of any other governmental or regulatory body be and is approved;
 - (b) the aggregate nominal value of H Shares authorized to be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 percent of the aggregate nominal value of H Shares in issue of the Company as at the date of the passing of this resolution;

* *For identification purpose only*

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- (c) the approval in paragraph (a) above shall be conditional upon:
 - (i) the passing of a special resolution in the same terms as this Special Resolution No. 1 (except for this sub-paragraph (c)(i)) at the annual general meeting for holders of shares of the Company to be held on Friday, 31 May 2013 (or on such adjourned date as may be applicable); and the class meeting for holders of H Shares of the Company to be held on Friday, 31 May 2013 (or on such adjourned date as may be applicable); and
 - (ii) the approval of the State Administration of Foreign Exchange of the PRC and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate; and
 - (iii) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedures set out in the Articles of Association;
- (d) for the purpose of this special resolution, "Relevant Period" means the period from the passing of this special resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting following the passing of this special resolution;
 - (ii) the expiration of a period of twelve months following the passing of this special resolution; or
 - (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting or by a special resolution of holders of H Shares or holders of Domestic Shares of the Company at their respective class meetings; and

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- (e) subject to approval of all relevant governmental authorities in the PRC for the repurchase of such H Shares being granted, the Board be hereby authorized to:
- (i) make such amendments to the Articles of Association of the Company as it thinks fit so as to reduce the registered capital of the Company and to reflect the new capital structure of the Company upon the repurchase of H Shares as contemplated in paragraph (a) above; and
 - (ii) file the amended Articles of Association of the Company with the relevant governmental authorities of the PRC and Hong Kong.

Yours faithfully,
By Order of the Board
Xinjiang Tianye Water Saving Irrigation System Company Limited*
Yin Xiu Fa
Chairman

Xinjiang, the PRC, 10 April 2013

As at the date of this notice, the Board comprises six executive Directors, namely Mr. Yin Xiu Fa (Chairman), Mr. Shi Xiang Shen, Mr. Li Shuang Quan, Mr. Zhu Jia Ji, Mr. Shao Mao Xu 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.

* For identification purpose only

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Notes:

1. The register of members of the Company will be temporarily closed from Saturday, 11 May 2013 to Friday, 31 May 2013 (both days inclusive) during which no transfer of domestic shares of the Company (“**Domestic Shares**”) will be registered in order to determine the list of holders of Domestic Shares of the Company (the “**Domestic Shareholders**”) for attending the Domestic Shareholders’ Class Meeting. In order to determine the eligibility of attending the Domestic Shareholders’ Class Meeting, the last lodgment for Domestic Share transfer should be made on Friday, 10 May 2013 at the Company’s registered and principal office by or before 4:00 p.m. The Domestic Shareholders or their proxies being registered before the close of business on Friday, 10 May 2013 are entitled to attend the Domestic Shareholders’ Class Meeting by presenting their identity documents.
2. Each Domestic Shareholder having the rights to attend and vote at the Domestic Shareholders’ Class Meeting is entitled to appoint one or more proxies (whether a Domestic Shareholder or not) to attend and vote on his behalf.
3. Domestic Shareholders can appoint a proxy by an instrument in writing (i.e. by using the proxy form enclosed). The proxy form shall be signed by the person appointing the proxy or an attorney authorised by such person in writing. If the proxy form is signed by an attorney, the power of attorney or other documents of authorization shall be notarially certified. To be valid, the proxy form and the notarially certified power of attorney or other documents of authorisation must be delivered to the registered address of the Company in not less than 24 hours before the time scheduled for the holding of the Domestic Shareholders’ Class Meeting or any adjournment thereof.
4. Domestic Shareholders who intend to attend the Domestic Shareholders’ Class Meeting are requested to deliver the duly completed and signed reply slip for attendance to the Company’s registered and principal office in person, by post or by facsimile on or before 4:00 p.m., Friday, 10 May 2013.
5. Domestic Shareholders or their proxies shall present proofs of their identities upon attending the Domestic Shareholders’ Class Meeting. Should a proxy be appointed, the proxy shall also present the Proxy Form.
6. The Domestic Shareholders’ Class Meeting is expected to last for less than one day. The Domestic Shareholders and proxies attending the Domestic Shareholders’ Class Meeting shall be responsible for their own travelling and accommodation expenses.
7. The Company’s registered address:

No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone,
Shihezi, Xinjiang, the PRC
Fax: (86993) 2623183