
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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,
(4) RESIGNATION AND PROPOSED APPOINTMENT 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 2013 (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, 23 May 2014 are set out on pages 15–29 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, Level 22, Hopewell Centre, 183 Queen’s Road East, 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*

TABLE OF CONTENT

	<i>Page</i>
Definitions	1
Letter from the Board	
1. Introduction	5
2. Proposed Grant of Issue Mandate	5
3. Proposed Grant of Repurchase Mandate	5
4. Proposed Amendments to the Articles of Association	7
5. Resignation and Proposed Appointment of Supervisors	8
6. AGM and Class Meetings	9
7. Voting by Way of Poll	10
8. Closure of Register of Members	10
9. Responsibility Statement	10
10. Recommendation	11
Appendix — Explanatory Statement	12
Notice of Annual General Meeting	15
Notice of H Shareholders' Class Meeting	22
Notice of Domestic Shareholders' Class Meeting	26

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened on Friday, 23 May 2014 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 15 to 21 of this circular;
“Articles of Association”	the articles of association of the Company as may be amended from time to time;
“Board”	the board of Directors;
“Chairman”	chairman of the Board;
“Class Meetings”	collectively, the H Shareholders’ Class Meeting and Domestic Shareholders’ Class Meeting;
“Company”	新疆天業節水灌溉股份有限公司 (Xinjiang Tianye Water Saving Irrigation System Company Limited*), a joint stock company established in the PRC with limited liability on 18 December 2003, whose H Shares are listed and traded on the Main Board of the Stock Exchange;
“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;
“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, 23 May 2014 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 26 to 29 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;

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\$;
“H Shareholders’ Class Meeting”	the class meeting for holders of H Shares to be held on Friday, 23 May 2014 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 22 to 25 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”	2 April 2014, 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;
“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;

DEFINITIONS

“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;
“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; and
“%”	per cent



新疆天业节水灌溉股份有限公司
XINJIANG TIANYE WATER SAVING IRRIGATION SYSTEM COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 840)

Executive Directors:

Mr. Li Shuang Quan (*Chairman*)
Mr. Zhang Qiang
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. Qin Ming
Mr. Yin Feihu
Mr. Cao Jian
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:

Mr. Han Pan
Mr. He Jie
Mr. Zhou Qian (*tendered his resignation
as Supervisor of the Company which
becomes effective from the conclusion of AGM*)

7 April 2014

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED GRANT OF ISSUE MANDATE,
(2) PROPOSED GRANT OF REPURCHASE MANDATE,
(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,
(4) RESIGNATION AND PROPOSED APPOINTMENT OF SUPERVISORS
AND
(5) NOTICES OF ANNUAL GENERAL MEETING AND CLASS MEETINGS**

* For identification purpose only

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide you with information about the resolutions relating to (1) proposed grant of Issue Mandate, (2) proposed grant of Repurchase Mandate, (3) the proposed amendments to the Articles of Association, (4) the resignation and proposed appointment 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

LETTER FROM THE BOARD

Class Meetings; or (c) 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. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board announces that a special resolution will be proposed at the AGM to approve certain amendments to the Articles of Association. The proposed amendments to Article 2.02 of the Articles of Association are for the purpose to include leasing of mechanic equipment, properties and vehicles and sale of agricultural machinery and fertilizers into the business scope of the Company.

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; hydraulic engineering (irrigation and drainage) (Class C); production and sales of PVC pipelines for water supply, PE pipelines and assemblies, pressure compensatory style drip tape, labyrinth-style drip tape, embedded-style drip tape, agriculture films and drippers; import of scrap copper, scrap steel, scrap aluminum, 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.”

LETTER FROM THE BOARD

It is proposed that the existing Article 2.02 of the Articles of Association be deleted in its entirety and replaced with the following new Article 2.02:

Proposed new Article 2.02 of the Articles of Association:

“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 tape, labyrinth-style drip tape, embedded-style drip tape, agriculture films and drippers; import of scrap copper, scrap steel, scrap aluminum, 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, 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; leasing of mechanic equipment, properties and vehicles and sale of agricultural machinery and fertilizers.”

The Hong Kong and PRC legal advisers of the Company have confirmed that the proposed amendments to the Articles of Association are in compliance with the requirements of Listing Rules and the laws of the People’s Republic of China, respectively. The Company also confirms that there is nothing unusual about the proposed amendments to the Articles of Association for a company listed in Hong Kong.

The proposed amendments to the Articles of Association are subject to the approval of the Shareholders by way of special resolution at the AGM and all necessary approvals, authorisations, or registration (if applicable) to be obtained from or filed with the relevant governmental or regulatory authorities.

5. RESIGNATION AND PROPOSED APPOINTMENT OF SUPERVISORS

The Board announces the following changes:

Mr. Zhou Qian (“Mr. Zhou”) has tendered his resignation as Supervisor of the Company which becomes effective from the conclusion of AGM, due to his personal commitments. Mr. Zhou has confirmed that he has no disagreement with the Board and there is no matter regarding his resignation that needs to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

Proposed Appointment of Supervisor

The biographical details of the Supervisor proposed to be appointed are set out as follows:

Mr. Yang Ming (“Mr. Yang”)

Mr. Yang, aged 45, graduated from The Open University of China in 2011 with a major in computer science and technology. He obtained a professional qualification of senior engineer in 2012. He joined Tianye Holdings in 1998 and served as deputy officer of technology center. He has over 20 years of experience in protection technology and research and development of information technology.

Length of service of Supervisor proposed to be appointed

Upon his appointment becoming effective, Mr. Yang will enter into a service agreement with the Company with a term of two years, effective from the date on which the relevant resolution for his appointment is passed at the AGM. Mr. Yang will not receive any supervisor’s fee from the Company.

Confirmations from Supervisor

The above proposed Supervisor has confirmed that, save as disclosed above, (1) he does 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) he is not connected with any Director, Supervisor, senior management or substantial or controlling Shareholders of the Company or any of its subsidiaries; and (3) he does not have any interest in any Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

In addition, he has confirmed that there is no other information in respect of his appointment 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, 23 May 2014 at the conference room of the Company at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC.

The notices convening the AGM and Class Meetings at which the resolutions mentioned above will be proposed are set out on pages 15 to 29 of this circular.

LETTER FROM THE BOARD

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, Level 22, Hopewell Centre, 183 Queen's Road East, 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. 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 so 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 chairman of the AGM and the Class Meetings will therefore demand a poll for every resolution to be put to the vote at the AGM and the Class Meetings 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, 3 May 2014 to Friday, 23 May 2014 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for entitlement to attend and vote at the forthcoming AGM and the Class Meetings of the Company, 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, Level 22, Hopewell Centre, 183 Queen's Road East, 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 at Domestic Shares only) as soon as practicable and in any event not later than 4:00 p.m. on Friday, 2 May 2014.

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 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

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 notice and the Class Meetings notices in respect thereof.

Yours faithfully
For and on behalf of the Board
Xinjiang Tianye Water Saving Irrigation System Company Limited*
Li Shuang Quan
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 2013, being disclosed in the Company's latest published audited accounts contained in the annual report for the year ended 31 December 2013. 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>
2013		
April	0.82	0.66
May	0.86	0.67
June	0.80	0.66
July	0.71	0.61
August	0.67	0.62
September	0.83	0.63
October	0.80	0.70
November	0.80	0.71
December	0.80	0.72
2014		
January	0.93	0.65
February	0.71	0.63
March	0.70	0.61
April (up to the Latest Practicable Date)	0.66	0.64

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.

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.

IMPLICATION UNDER THE TAKEOVERS CODE

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.

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, 23 May 2014 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 2013;
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2013;
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 2013;
4. To consider and approve the resolution for making appropriation to statutory surplus reserve fund for the year ended 31 December 2013;
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 2014;
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;
7. To consider and approve the resignation of Mr. Zhou Qian as supervisor; and
8. To consider and approve the appointment of Mr. Yang Ming as supervisor with effect from the date of passing of this resolution for a term of two years.

* *For identification purpose only*

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 authorise 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, 23 May 2014 (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, 23 May 2014 (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

- (a) 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
 - (b) 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 of the Company with the relevant governmental authorities of the PRC and Hong Kong.
3. “**THAT** conditional upon the passing of special resolutions nos. 1 and 2 set out in the notice convening this meeting, the aggregate nominal amount of shares of RMB1.00 each in the share capital of the Company which is purchased or repurchased by the Company pursuant to the authority granted to the Board of the Company by special resolution no. 2 set out in the notice convening this meeting shall be added to the aggregate nominal amount of share capital of the Company that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the directors of the Company pursuant to special resolution no. 1 set out in the notice convening this meeting, provided that such shares shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution.”

NOTICE OF ANNUAL GENERAL MEETING

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

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; hydraulic engineering (irrigation and drainage) (Class C); production and sales of PVC pipelines for water supply, PE pipelines and assemblies, pressure compensatory style drip tape, labyrinth-style drip tape, embedded-style drip tape, agriculture films and drippers; import of scrap copper, scrap steel, scrap aluminum, 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.”

It is proposed that the existing Article 2.02 of the Articles of Association be deleted in its entirety and replaced with the following new Article 2.02:

“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 tape, labyrinth-style drip tape, embedded-style drip tape, agriculture films and drippers; import of scrap copper, scrap steel, scrap aluminum, 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

NOTICE OF ANNUAL GENERAL MEETING

produced by this enterprise itself, 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; leasing of mechanic equipment, properties and vehicles and sale of agricultural machinery and fertilizers.”

By Order of the Board
Xinjiang Tianye Water Saving Irrigation System Company Limited*
Li Shuang Quan
Chairman

Xinjiang, PRC, 7 April 2014

As at the date of this notice, the Board comprises five executive Directors, namely Mr. Li Shuang Quan (Chairman), Mr. Zhu Jia Ji, Mr. Shao Mao Xu, Mr. Chen Lin and Mr. Zhang Qiang and four independent non-executive Directors, namely Mr. Yin Feihu, Mr. Qin Ming, Mr. Cao Jian and Mr. Mak King Sau.

* For identification purpose only

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, Level 22, Hopewell Centre, 183 Queen's Road East, 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 the members of the Company will be closed from Saturday, 3 May 2014 to Friday, 23 May 2014 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for entitlement to attend and vote at the forthcoming annual general meeting of the Company, all instrument of transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's H

NOTICE OF ANNUAL GENERAL MEETING

Share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 4:00 p.m. on Friday, 2 May 2014.

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, Level 22, Hopewell Centre, 183 Queen's Road East, 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, 2 May 2014.
6. As required under the Listing Rules, voting of the resolutions as set out in this notice will be by poll.
7. The AGM is expected to last for less than half 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, 23 May 2014 at 1:00 p.m. for the following purposes and to pass the following resolution:

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;
 - (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, 23 May 2014 (or on such adjourned date as may be applicable);

* *For identification purpose only*

NOTICE OF H SHAREHOLDERS' CLASS MEETING

and the class meeting for holders of Domestic Shares of the Company to be held on Friday, 23 May 2014 (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 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

NOTICE OF H SHAREHOLDERS' CLASS MEETING

- (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*
Li Shuang Quan
Chairman

Xinjiang, PRC, 7 April 2014

As at the date of this notice, the Board comprises five executive Directors, namely Mr. Li Shuang Quan (Chairman), Mr. Zhu Jia Ji, Mr. Shao Mao Xu, Mr. Chen Lin and Mr. Zhang Qiang and four independent non-executive Directors, namely Mr. Yin Feihu, Mr. Qin Ming, Mr. Cao Jian and Mr. Mak King Sau.

* For identification purpose only

Notes:

1. The register of the members of the Company will be closed from Saturday, 3 May 2014 to Friday, 23 May 2014 (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, 2 May 2014 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, 2 May 2014 are entitled to attend the H Shareholders' Class Meeting by presenting their identity documents. The address of Tricor Investor Services Limited is Level 22, Hopewell Centre, 183 Queen's Road East, 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, 2 May 2014.

NOTICE OF H SHAREHOLDERS' CLASS MEETING

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 half 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 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, 23 May 2014 at 1:30 p.m. for the following purposes and to pass the following resolution:

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;
 - (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, 23 May 2014 (or on such adjourned date as may be applicable);

* *For identification purpose only*

NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING

and the class meeting for holders of H Shares of the Company to be held on Friday, 23 May 2014 (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
- (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

NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING

- (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*
Li Shuang Quan
Chairman

Xinjiang, PRC, 7 April 2014

As at the date of this notice, the Board comprises five executive Directors, namely Mr. Li Shuang Quan (Chairman), Mr. Zhu Jia Ji, Mr. Shao Mao Xu, Mr. Chen Lin and Mr. Zhang Qiang and four independent non-executive Directors, namely Mr. Yin Feihu, Mr. Qin Ming, Mr. Cao Jian and Mr. Mak King Sau.

* For identification purpose only

Notes:

1. The register of the members of the Company will be closed from Saturday, 3 May 2014 to Friday, 23 May 2014 (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, 2 May 2014 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, 2 May 2014 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, 2 May 2014.

NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING

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 half 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