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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Xinjiang Tianye Water Saving Irrigation System Company Limited\*, you should at once hand this circular, together with the enclosed 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)**

**(1) PROPOSED GRANT OF ISSUE MANDATE;**  
**(2) PROPOSED GRANT OF REPURCHASE MANDATE;**  
**(3) PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION;**  
**AND**  
**(4) NOTICES OF ANNUAL GENERAL MEETING**  
**AND H SHARES CLASS MEETING**

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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 2019 (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 Tuesday, 30 June 2020 are set out on pages 15 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 54, 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 purposes only*

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## DEFINITIONS

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*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 Tuesday, 30 June 2020 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 19 of this circular;
“AGM Notice”	the notice dated 15 May 2020 for convening the AGM as set out on pages 15 to 19 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;
“CG Code”	the Corporate Governance Code contained in Appendix 14 of the Listing Rules;
“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, 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 Share(s)”	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 Tuesday, 30 June 2020 at 1:00 p.m. at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC;
“Group”	the Company and its subsidiaries;

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## DEFINITIONS

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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“H Share(s)”	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 Tuesday, 30 June 2020 at 12:00 noon 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 to 22 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”	8 May 2020, 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;

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## DEFINITIONS

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“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;
“Shareholder(s)”	the holder(s) of H Shares and Domestic Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder(s)”	has the meaning as defined under the Listing Rules;
“Supervisor(s)”	the supervisor(s) of the Company;
“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 is a controlling shareholder of the Company;
“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 42.05% and 21.51% of the registered capital of Tianye Company and the Company respectively at the Latest Practicable Date; and
“%”	per cent.

\* For identification purpose only



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

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

(Stock Code: 840)

*Executive Directors:*

Mr. Chen Lin (*Chairman*)  
Mr. Huang Dong  
Mr. Tan Xinmin

*Independent non-executive Directors:*

Mr. Yin Feihu  
Mr. Qin Ming  
Ms. Gu Li  
Mr. Hung Ee Tek

*Supervisors:*

Mr. Chen Cailai  
Mr. Xie Xinghui  
Ms. Chen Jun

*Registered office:*

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

*Principal place of business*

*in Hong Kong:*  
Unit A, 27/F.,  
Billion Plaza II,  
10 Cheung Yue Street,  
Cheung Sha Wan, Kowloon,  
Hong Kong

15 May 2020

*To the Shareholders*

Dear Sir or Madam,

- (1) PROPOSED GRANT OF ISSUE MANDATE;**  
**(2) PROPOSED GRANT OF REPURCHASE MANDATE;**  
**(3) PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION;**  
**AND**  
**(4) NOTICES OF ANNUAL GENERAL MEETING**  
**AND H SHARES CLASS MEETING**

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

The purpose of this circular is to provide you with information relating to (1) the proposed grant of Issue Mandate, (2) proposed grant of Repurchase Mandate, (3) the proposed amendment to the Articles of Association, and (4) notices of AGM and H Shares Class Meeting.

### 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 to) 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 into 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.

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## LETTER FROM THE BOARD

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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.



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## LETTER FROM THE BOARD

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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) 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 AMENDMENT 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. Set forth below are the amendments:

##### 1. To amend Article 8.05 under Chapter 8

**Prior to amendment:** Notices of general meetings, containing the agenda, the date and the venue of the relevant meeting, must be given to all Shareholders listed in the register of members at least 45 days (including the date of such general meeting) prior to the day the relevant general meeting is intended to be held, and in written form or in any other manners as prescribed by the Articles of Association. Shareholders who intend to attend the relevant general meeting must respond, in writing to the Company, 20 days prior to the day the relevant general meeting is intended to be held.

**After amendment:** Notices of general meetings shall be given in written form at least 20 days (excluding the date of such general meeting), while notices of extraordinary general meetings, containing the agenda, the date and the venue of the relevant meeting, must be given to all Shareholders listed in the register of members at least 15 days (excluding the date of such general meeting) prior to the day the relevant general meeting is intended to be held, and in written form or in any other manners as prescribed by the Articles of Association. Shareholders who intend to attend the relevant general meeting must respond, in writing to the Company, 10 days prior to the day the relevant general meeting is intended to be held.

##### 2. To amend Article 9.06 under Chapter 9

**Prior to amendment:** Notice of a class meeting, containing the agenda, the date and the venue of the relevant class meeting, must be given to all holders of that particular class as listed in the register of members 45 days prior to the day the relevant class meeting is intended to be held, and in written form or in the manners as

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## LETTER FROM THE BOARD

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prescribed by the Articles of Association. Shareholders who intend to attend the relevant class meeting must respond, in writing to the Company, 20 days prior to the day the relevant class meeting is intended to be held.

**After amendment:** Notice of a class meeting shall be given in written form at least 20 days (excluding the date of such meeting), while notice of an extraordinary class meeting, containing the agenda, the date and the venue of the relevant class meeting, must be given to all holders of that particular class as listed in the register of members 15 days (excluding the date of such meeting) prior to the day the relevant class meeting is intended to be held, and in written form or in the manners as prescribed by the Articles of Association. Shareholders who intend to attend the relevant class meeting must respond, in writing to the Company, 10 days prior to the day the relevant class meeting is intended to be held.

3. Article 8.03 is added after Article 8.02 of Chapter 8, and the original Article 8.03 and subsequent articles are renumbered in sequence.

**Article 8.03:** The Company's provision of external guarantees as below shall be subject to approval at the general meeting.

- (I) Any guarantee in addition to the aggregate of external guarantees provided by the Company with a total amount equal to or more than 50% of the Company's latest audited net assets;
4. The Article 2.02 under Chapter 1 is amended because the Company shall be required to issue invoices based on its actual business operations according to the business development requirements of the Company and the invoice issuance administrative rules and the parent company will need to expand the scope of business operation, and it is proposed to include the following items to its existing business licence: (i) training business of high and new water saving irrigation technologies (excluding the establishment of for-profit private schools and training institutions) (ii) production and sales of plastics products; (iii) road transportation of general cargo; and (iv) sales of filters, seeds, fertilizers, pesticides (other than restricted pesticides and hazardous chemicals), seedlings; (v) plantation and sales of grains, oilseeds, cotton, fruits, vegetables, and forage grass (except those prohibited by the state); (vi) municipal engineering.

**Prior to amendment:** The scope of business of the company include: development and marketing of high and new water saving irrigation technologies; interim testing and marketing of advanced water saving fittings; technology transfer and service for water saving irrigation; development and utilization of computer application software for water saving irrigation; production and sales of PVC pipelines for water supply, PE pipelines 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 products (other than compact size vehicles), chemical goods (other than dangerous chemical items and highly poisonous items) and agricultural machinery and fertilizers; business of

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## LETTER FROM THE BOARD

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exporting products and technologies produced by the company itself, business of importing machinery and equipment, parts and components, raw and auxiliary materials and technologies required by the company, other than goods and technologies prohibited from import and export by the State; plantation and sales of agricultural produce; lease of land, machinery, equipment and property; integration of computer-based and information engineering systems; production and sales of PVC pipelines for drainage, PE pipelines, and various accessories; sales through e-commerce platforms; consultation, exploration, design and construction of water conservancy and hydropower engineering; and consultation, exploration, design and construction of municipal water supply and drainage and afforestation of landscapes and roads.

**After amendment:** The scope of business of the company include: development, consulting, exchange, transfer and marketing services and trainings (excluding establishment of for-profit private schools and training institutions) of high and new water saving irrigation technologies; interim testing and marketing of advanced water saving fittings; development and utilization of computer application software for water saving irrigation; production and sales of plastic products, PVC pipelines for water supply and drainage systems, 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; sales of filters, seeds, fertilizers, pesticides (other than restricted pesticides and hazardous chemicals), seedlings, electrical and mechanical products (other than compact size vehicles), chemical goods (other than dangerous chemical items and highly poisonous items) and agricultural machinery and fertilizers; professional grade C for irrigation and drainage in the water conservancy industry; class 1 construction contracting for agricultural water-saving irrigation projects (business operation of which is subject to the qualification certificates); import and export of cargos and technologies (excluding those that are prohibited by the government or require administrative approval); lease of machinery, equipment and property, and land use lease; information system integration services; development of and sales through e-commerce platforms; consultation, exploration, design and construction of water conservancy, municipal engineering and hydropower engineering; city pipeline construction activities; garden landscaping construction; plantation and sales of grains, oilseeds, cotton, fruits, vegetables, and forage grass (except those prohibited by the state); road transportation of general cargo (the operation of which shall be subject to approval by the relevant authorities in case that such business requires approval).

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 filing with the relevant governmental or regulatory authorities.

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## LETTER FROM THE BOARD

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### 5. AGM AND H SHARES CLASS MEETING

The AGM and the H Shares Class Meeting will be held on Tuesday, 30 June 2020 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 the H Shares Class Meeting at which the resolutions mentioned above will be proposed are set out on pages 15 to 22 of this circular.

Each Shareholder who has the right to attend and vote at the AGM and the H Shares Class Meeting, 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 H Shares Class Meeting. Forms of proxy for use by the Shareholders at the AGM and the H Shares Class Meeting are enclosed. Whether or not you intend to be present at the AGM and the H Shares Class Meeting, 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 54, 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 H Shares Class Meeting 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 H Shares Class Meeting or any adjourned meeting(s) should you so wish.

### 6. 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 H Shares Class Meeting will therefore demand a poll for every resolution to be put to the vote at the AGM and H Shares Class Meeting pursuant to the Articles of Association.

### 7. CLOSURE OF REGISTER OF MEMBERS

For the purpose of the AGM and the H Shares Class Meeting, the register of the members of the Company will be closed from Tuesday, 9 June 2020 to Tuesday, 30 June 2020 (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 and the H Shares Class Meeting 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 4:30 p.m. on Monday, 8 June 2020.

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## LETTER FROM THE BOARD

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### 8. 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.

### 9. RECOMMENDATION

The Directors consider that all the proposed resolutions as set out in the AGM Notice and the notice of H Shares 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 notices of AGM and Class Meetings in respect thereof.

Yours faithfully

For and on behalf of the Board

**Xinjiang Tianye Water Saving Irrigation System Company Limited\***

**Chen Lin**

*Chairman*

*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 2019, being disclosed in the Company's latest published audited accounts contained in the annual report for the year ended 31 December 2019. 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:

	<b>Highest</b> <i>(HK\$)</i>	<b>Lowest</b> <i>(HK\$)</i>
<b>2019</b>		
May	0.380	0.335
June	0.390	0.345
July	0.395	0.325
August	0.365	0.290
September	0.340	0.295
October	0.485	0.295
November	0.350	0.255
December	0.395	0.260
<b>2020</b>		
January	0.360	0.310
February	0.360	0.290
March	0.325	0.255
April	0.385	0.255
May (up to the Latest Practicable Date)	0.385	0.290

### 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 43.35% of the registered capital of Tianye Company, held 111,721,926 Domestic Shares, representing approximately 21.51% 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.



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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

## 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 Tuesday, 30 June 2020 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 2019;
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2019;
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 2019;
4. To consider and approve the resolution for making appropriation to statutory surplus reserve fund for the year ended 31 December 2019;
5. To authorise the board of Directors (the “**Board**”) to fix the remuneration of the Directors and the supervisors of the Company for the year 2020; and
6. To consider and approve the re-appointment of Pan-China Certified Public Accountants LLP as auditors of the Company and to authorise the Board to fix their remunerations.

\* *For identification purposes only*

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## NOTICE OF ANNUAL GENERAL MEETING

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### 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 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.”

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## NOTICE OF ANNUAL GENERAL MEETING

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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 authorised 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 Tuesday, 30 June 2020 (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 Tuesday, 30 June 2020 (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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## NOTICE OF ANNUAL GENERAL MEETING

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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 authorised 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) make filing for 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.”
4. To approve the proposal in relation to the amendments to the Articles of Association of the Company and authorize the Board of the Company to handle the relevant filing and amendment (if necessary) procedures and other related matters arising from the amendments to Articles of Association of the Company on behalf of the Company. For details of the amendments, please refer to the circular of the Company dated 15 May 2020.

By Order of the Board  
**Xinjiang Tianye Water Saving Irrigation System Company Limited\***  
**Chen Lin**  
*Chairman*

Xinjiang, PRC, 15 May 2020

\* *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 and, 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

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## NOTICE OF ANNUAL GENERAL MEETING

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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 Tuesday, 9 June 2020 to Tuesday, 30 June 2020 (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 Share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 4:30 p.m. on Monday, 8 June 2020.
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 54, 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) 2861 1465 (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 Wednesday, 10 June 2020.
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 a 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 Technological Development Zone, Shihezi, Xinjiang, the PRC

Fax: (86993) 2623183

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## NOTICE OF H SHAREHOLDERS' CLASS MEETING

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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)**

## 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 Tuesday, 30 June 2020 at 12:00 noon for the following purposes and to pass the following resolutions:

### SPECIAL RESOLUTION

1. To authorise 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 authorised 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 Tuesday, 30 June 2020 (or on such adjourned date as may be

\* For identification purposes only

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## NOTICE OF H SHAREHOLDERS' CLASS MEETING

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- applicable); and the class meeting for holders of Domestic Shares of the Company to be held on Tuesday, 30 June 2020 (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 authorised 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\***  
**Chen Lin**  
*Chairman*

Xinjiang, PRC, 15 May 2020

\* *For identification purpose only*

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## NOTICE OF H SHAREHOLDERS' CLASS MEETING

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### Notes:

1. The register of the members of the Company will be closed from Tuesday, 9 June 2020 to Tuesday, 30 June 2020 (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 Monday, 8 June 2020 at Tricor Investor Services Limited by or before 4:30 p.m. The H Shareholders or their proxies being registered before the close of business on Monday, 8 June 2020 are entitled to attend the H Shareholders’ Class Meeting by presenting their identity documents. The address of Tricor Investor Services Limited is Level 54, 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., Wednesday, 10 June 2020.
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