

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



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)

PRICE-SENSITIVE INFORMATION

AND

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE

AND

RESUMPTION OF TRADING

This announcement is made by Xinjiang Tianye Water Saving Irrigation System Company Limited* (the “Company”) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “Takeovers Code”) and Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

POSSIBLE ACQUISITION OF SHARES BY THE ULTIMATE PARENT COMPANY

The board (the “Board”) of directors of the Company (the “Directors”) wishes to announce that the Board has been informed by 新疆天業(集團)有限公司 (Xinjiang Tianye (Group) Limited*, “Tianye Holdings”), the ultimate parent company of the Company, that Tianye Holdings is currently engaged in preliminary discussions with Mr. Guo Shu Qing (“Mr. Guo”) and Mr. Wang Xiao Xian (“Mr. Wang”) regarding a possible acquisition of all the shares of the Company (the “Shares”) held by each of Mr. Guo and Mr. Wang (the “Possible Acquisition”). As at the date of this announcement, Tianye Holdings and parties acting in concert with it are interested in an aggregate of 202,164,995 domestic Shares, representing approximately 38.91% of the total issued share capital of the Company. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Mr. Guo and Mr. Wang hold 61,386,798 domestic Shares and 50,335,128 domestic Shares respectively, representing approximately 11.82% and approximately 9.69% of the total issued share capital of the Company respectively.

As at the date of this announcement, no agreement (whether formal or informal; written or oral) has been entered into between Tianye Holdings, Mr. Guo and/or Mr. Wang in relation to the Possible Acquisition. If the Possible Acquisition materialises, Tianye Holdings will be required to make a mandatory unconditional general offer under the Takeovers Code for all the issued Shares other than those already owned or agreed to be acquired by Tianye Holdings and parties acting in concert with it, and such offer, if made, is likely to be solely in cash. Shareholders will be informed of any further development in the Possible Acquisition as and when appropriate and on a monthly basis until an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with the Possible Acquisition is made.

Save as disclosed in this announcement, the Board confirms that there is no negotiation or agreement relating to any intended acquisition or realization which is discloseable under Rule 13.23 of the Listing Rules, and the Board is not aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be price-sensitive nature.

As at the date of this announcement, the Company has a total of 519,521,560 Shares of RMB1.00 each in issue, comprising 317,121,560 domestic Shares of RMB1.00 each and 202,400,000 H Shares of RMB1.00 each. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

The Possible Acquisition may or may not materialise. Shareholders and the investing public are advised to exercise caution when dealing in the Shares.

DEALING DISCLOSURE

The respective associates (as defined in the Takeovers Code) including persons holding 5% or more of a class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and Tianye Holdings are reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive (as defined in the Takeovers Code) in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 2:30 p.m. on 22 February 2011 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 7 March 2011.

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

Xinjiang, the PRC, 7 March 2011

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

All Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *for identification purposes only*