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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)**

**ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE  
TAKEOVERS CODE**

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.

Reference is made to the announcement of the Company dated 7 March 2011 in relation to the possible acquisition of shares of the Company by the ultimate holding company of the Company (the “**Announcement**”). Unless the context requires otherwise, capitalised terms and expressions used herein shall have the same meanings as those defined in the Announcement.

The Board has made reasonable enquires with Tianye Holdings and wishes to update the Shareholders on the progress of the Possible Acquisition that further discussions have been held between Tianye Holdings, Mr. Guo and Mr. Wang in respect of the terms of the agreements relating to the Possible Acquisition. In addition, Tianye Holdings is considering the structure of the mandatory unconditional general offer to be made under the Takeovers Code, if the Possible Acquisition materialises. However, no agreement has been entered into between Tianye Holdings, Mr. Guo or Mr. Wang in relation to the Possible Acquisition.

**The Possible Acquisition may or may not materialise. Further announcement in this regard will be made as and when appropriate. Shareholders and the investing public are advised to exercise caution when dealing in the Shares.**

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

Xinjiang, the PRC, 7 April 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 purpose only*