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新疆天業(集團)有限公司
XINJIANG TIANYE (GROUP) LIMITED*
(a state-owned enterprise established in the PRC)

LONG THRIVE HOLDINGS LIMITED
長茂控股有限公司
(a company incorporated in the BVI with limited liability)



新疆天業節水灌溉股份有限公司
XINJIANG TIANYE WATER SAVING IRRIGATION SYSTEM COMPANY LIMITED*
(a joint stock limited company incorporated in the PRC)
(Stock Code: 840)

JOINT ANNOUNCEMENT

**(1) THE SALE AND PURCHASE OF THE DOMESTIC SHARES IN
XINJIANG TIANYE WATER SAVING IRRIGATION SYSTEM
COMPANY LIMITED*;**

(2) MANDATORY UNCONDITIONAL CASH OFFER BY



高銀(證券)有限公司
GOLDIN EQUITIES LIMITED

**ON BEHALF OF
LONG THRIVE HOLDINGS LIMITED
FOR ALL THE ISSUED H SHARES IN
XINJIANG TIANYE WATER SAVING IRRIGATION SYSTEM
COMPANY LIMITED*
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY
XINJIANG TIANYE (GROUP) LIMITED*,
LONG THRIVE HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH THEM);
AND**

(3) RESUMPTION OF TRADING IN H SHARES

Financial adviser to Long Thrive Holdings Limited



高銀融資有限公司
GOLDIN FINANCIAL LIMITED

Independent financial adviser to the Independent Board Committee

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BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

SHARE TRANSFER AGREEMENTS

Pursuant to the Share Transfer Agreements, Tianye Holdings has conditionally agreed to acquire and the respective Vendors have conditionally agreed to sell the Sale Shares, being 61,386,798 Domestic Shares from Mr. Guo and 50,335,128 Domestic Shares from Mr. Wang, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of the Share Transfer Agreements becoming effective. As at the date of this joint announcement, the Sale Shares, in aggregate of 111,721,926 Domestic Shares, represent approximately 21.51% of the entire issued share capital of the Company. The Share Transfer Agreements only take effect upon the obtaining of all consents and approvals of relevant government authorities of the PRC. All such consents and approvals have been obtained and completed and the Share Transfer Agreements took effect on 25 April 2011.

MANDATORY UNCONDITIONAL CASH OFFER

Prior to the acquisition of the Sale Shares, Tianye Holdings and parties acting in concert with it were interested in 202,164,995 Domestic Shares, representing approximately 38.91% of the entire issued share capital of the Company. As at the date of this joint announcement, Tianye Holdings and parties acting in concert with it became interested in an aggregate of 313,886,921 Domestic Shares, representing approximately 60.42% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, Tianye Holdings is required to make mandatory unconditional general offers in cash for all the outstanding Shares other than those already owned or agreed to be acquired by Tianye Holdings and parties acting in concert with it. As each of the Remaining Domestic Shareholders has provided an irrevocable undertaking to Tianye Holdings that each of them (i) will not accept an offer for its Domestic Shares; and (ii) will not sell, transfer or dispose of any of its Domestic Shares to Tianye Holdings or other third parties before the close of the H Share Offer or take such actions that will make any of its Domestic Shares available for acceptance, the mandatory unconditional cash offer will not be extended to the Domestic Shares.

For each H Share HK\$1.20 (equivalent to RMB1.00) in cash

The offer price per H Share to be made by Long Thrive is equivalent to RMB1.00, being the purchase price per Sale Share from the Vendors by Tianye Holdings under the Share Transfer Agreements, and converted into Hong Kong dollars based on the exchange rate of RMB0.8363 to HK\$1 quoted on The People's Bank of China as at 9 May 2011, being the date of this joint announcement.

There will be 202,400,000 H Shares subject to the H Share Offer. The H Share Offer is valued at HK\$242,880,000 based on the offer price of HK\$1.20 per H Share.

GENERAL

Under Rule 8.2 of the Takeovers Code, an offer document should normally be posted by or on behalf of Tianye Holdings and Long Thrive within 21 days of the date of this joint announcement.

It is the intention of Tianye Holdings, Long Thrive and the Company that the offer document and the offeree board circular are to be combined in a composite document. Such composite document setting out, among others, details of H Share Offer, accompanied by the form of acceptance and transfer of the H Shares, and incorporating the recommendation from the Independent Board Committee and the advice letter from the Independent Financial Adviser in respect of the H Share Offer will be jointly despatched by Tianye Holdings, Long Thrive and the Company to the Shareholders within 21 days of the date of this joint announcement.

The Independent Board Committee comprising Mr. He Lin Wang, Mr. Gu Lie Feng, Mr. Xia Jun Ming, Mr. Wang Yun and Mr Mak King Sau, all being the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the H Share Offer. Bridge Partners Capital Limited has been appointed by the Company as independent financial adviser to advise the Independent Board Committee in respect of the H Share Offer. The appointment of Bridge Partners Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

Shareholders and the investing public are advised to exercise caution when dealing in the Shares and if they are in any doubt about their position, they should consult their professional advisers.

RESUMPTION OF TRADING IN H SHARES

At the request of the Company, trading in the H Shares on the Stock Exchange has been suspended from 9:00 a.m. on 26 April 2011 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares from 9:00 a.m. on 11 May 2011.

Reference is made to the announcements of the Company dated 7 March 2011 and 7 April 2011 pursuant to Rule 3.7 of the Takeovers Code and Rule 13.09(1) of the Listing Rules.

The Board was informed by Tianye Holdings, the ultimate parent company of the Company, that on 21 April 2011, Tianye Holdings has entered into the Share Transfer Agreements with the respective Vendors, pursuant to which Tianye Holdings has conditionally agreed to acquire from the respective Vendors an aggregate of 111,721,926 Domestic Shares, representing approximately 21.51% of the entire issued share capital of the Company as at the date of this joint announcement, for an aggregate consideration of RMB111,721,926.

SHARE TRANSFER AGREEMENTS

Date: 21 April 2011 (after trading hours)

Parties: (1) Vendor: Mr. Guo
Purchaser: Tianye Holdings

(2) Vendor: Mr. Wang
Purchaser: Tianye Holdings

Save as to the number of Sale Shares being the subject matter, the considerations and the particulars of the Vendors of the relevant Share Transfer Agreements, the terms and conditions of the two Share Transfer Agreements are identical, including the purchase price per Sale Share of RMB1.00.

Sale Shares

Pursuant to the Share Transfer Agreements, Tianye Holdings has conditionally agreed to acquire and the respective Vendors have conditionally agreed to sell the Sale Shares, being 61,386,798 Domestic Shares from Mr. Guo and 50,335,128 Domestic Shares from Mr. Wang, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of the Share Transfer Agreements becoming effective. As at the date of this joint announcement, the Sale Shares, in aggregate of 111,721,926 Domestic Shares, represent approximately 21.51% of the entire issued share capital of the Company.

Consideration

The aggregate consideration for the Sale Shares is RMB111,721,926 in cash (equivalent to RMB1.00 per Sale Share), which was determined between Tianye Holdings and the Vendors after arm's length negotiations with reference to the prevailing market prices of H Shares and shall be payable by Tianye Holdings to the Vendors in cash within three business days after Tianye Holdings having obtained the confirmation letters issued by CSDCC in respect of the registration of the Sale Shares in the name of Tianye Holdings.

Condition of the Share Transfer Agreements

The Share Transfer Agreements only take effect upon the obtaining of all consents and approvals of relevant government authorities of the PRC and such condition must be fulfilled and is incapable of being waived.

The approvals by the Bureau of Commerce of Xinjiang Production & Construction Corps of the transfer of the Sale Shares from the respective Vendors to Tianye Holdings were granted on 25 April 2011. The condition of the Share Transfer Agreements was fulfilled and the Share Transfer Agreements took effect on 25 April 2011.

MANDATORY UNCONDITIONAL CASH OFFER

Prior to the acquisition of the Sale Shares, Tianye Holdings and parties acting in concert with it were interested in 202,164,995 Domestic Shares, representing approximately 38.91% of the entire issued share capital of the Company. As at the date of this joint announcement, Tianye

Holdings and parties acting in concert with it became interested in an aggregate of 313,886,921 Domestic Shares, representing approximately 60.42% of the entire issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, Tianye Holdings is required to make mandatory unconditional general offers in cash for all the outstanding Shares other than those already owned or agreed to be acquired by Tianye Holdings and parties acting in concert with it. As each of the Remaining Domestic Shareholders has provided an irrevocable undertaking to Tianye Holdings that each of them (i) will not accept an offer for its Domestic Shares; and (ii) will not sell, transfer or dispose of any of its Domestic Shares to Tianye Holdings or other third parties before the close of the H Share Offer or take such actions that will make any of its Domestic Shares available for acceptance, the mandatory unconditional cash offer will not be extended to the Domestic Shares. As Tianye Holdings is restricted from holding overseas listed foreign invested shares under the relevant rules and regulations in the PRC, Tianye Holdings, Ms. Chow and Long Thrive entered into an agreement dated 21 April 2011 to form a consortium, pursuant to which Long Thrive becomes a party acting in concert with Tianye Holdings and will make the H Share Offer. The said agreement between Tianye Holdings, Ms. Chow and Long Thrive stipulates, among others, the following major terms: (i) the sole purpose of establishing Long Thrive by Ms. Chow is to make the H Share Offer and assist Tianye Holdings to comply with the requirements under the Takeovers Code and relevant PRC regulation; (ii) Ms. Chow and Long Thrive agree that except with the consent of Tianye Holdings, save for the acquisition of the H Shares under the H Share Offer, they shall not directly or indirectly hold, own, control or dispose of any relevant securities of the Company (or entering into any agreement or arrangement in respect of any relevant securities of the Company); (iii) except with the consent of Tianye Holdings, Long Thrive shall not (and Ms. Chow shall procure Long Thrive not to) carry on any business or activities (other than activities for fulfilling the obligations under the H Share Offer); and (iv) the H Share Offer to be made by Long Thrive will be financed by a loan facility to be granted by a financial institution in Hong Kong and the related costs, interests and expenses shall be borne by Tianye Holdings.

Goldin Equities Limited will make the H Share Offer on behalf of Long Thrive for all the H Shares not already owned or agreed to be acquired by Tianye Holdings, Long Thrive and parties acting in concert with them.

Principal terms of the H Share Offer

For each H Share HK\$1.20 (equivalent to RMB1.00) in cash

The offer price per H Share to be made by Long Thrive is equivalent to RMB1.00, being the purchase price per Sale Share from the Vendors by Tianye Holdings under the Share Transfer Agreements, and converted into Hong Kong dollar, based on the exchange rate of RMB0.8363 to HK\$1 quoted on The People's Bank of China as at 9 May 2011, being the date of this joint announcement.

The H Shares to be acquired under the H Share Offer shall be fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, declared, made or paid on or after the date of the Share Transfer Agreements becoming effective.

As at the date of this joint announcement, the Company does not have any outstanding warrants or options or derivatives to acquire Shares or other securities which are convertible into Shares. Holders of H Shares and holders of Domestic Shares have the same voting right and the right to receive dividend.

Comparison of value

The offer price of approximately HK\$1.20 per H Share represents:

- (i) a discount of approximately 29.82% to the closing price of HK\$1.71 per H Share as quoted on the Stock Exchange on 21 April 2011, being the last trading day immediately before the date of this joint announcement;
- (ii) a discount of approximately 35.83% to the closing price of HK\$1.87 per H Share as quoted on the Stock Exchange on 22 February 2011, being the last trading day immediately before the date of the announcement of the Company dated 7 March 2011 regarding a possible offer (the “Last Trading Day”);
- (iii) a discount of approximately 31.43% to the average closing price of approximately HK\$1.75 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 26.38% to the average closing price of HK\$1.63 per H Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (v) a discount of approximately 23.57% to the audited consolidated total equity attributable to the owners of the Company of approximately RMB1.31 (equivalent to approximately HK\$1.57) per Share as at 31 December 2010, being the date which the latest audited financial results of the Group were made up.

Highest and lowest H Share prices

The highest and lowest closing prices of the H Shares quoted on the Stock Exchange during the six-month period preceding the Last Trading Day were HK\$1.87 per H Share on 22 February 2011 and HK\$1.00 per H Share on 27 August 2010, 30 August 2010 and 31 August 2010, respectively.

Value of the H Share Offer

There will be 202,400,000 H Shares subject to the H Share Offer. The H Share Offer is valued at HK\$242,880,000 based on the offer price of HK\$1.20 per H Share.

Financial resources sufficiency

Goldin Financial Limited, the financial adviser to Long Thrive, is satisfied that sufficient financial resources are available to Long Thrive to meet acceptances in full of the H Share Offer.

Effects of accepting the H Share Offer

By accepting the H Share Offer, the relevant Shareholders will sell their H Shares to Long Thrive free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to

receive in full all dividends and other distributions, declared, made or paid on or after 25 April 2011, being the date of the Share Transfer Agreements becoming effective. As at the date of this joint announcement, no dividend or other distribution has been declared by the Company the payment of which will be made on or after 25 April 2011, being the Share Transfer Agreements becoming effective.

Stamp duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the H Shares or consideration payable by Long Thrive in respect of the relevant acceptances of the H Share Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the H Share Offer. Long Thrive will arrange for payment of the seller's ad valorem stamp duty on behalf of accepting Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the H Share Offer and the transfer of the H Shares.

Payment

Payment in cash in respect of acceptances of the H Share Offer will be made as soon as possible but in any event within 10 days of the date on which duly completed acceptances together with relevant documents of title are received by Long Thrive to render each such acceptance complete and valid.

Dealing and interests in the Company's securities

Except for the acquisition of the Sale Shares from the respective Vendors under the Share Transfer Agreements, Tianye Holdings, Long Thrive and parties acting in concert with them have not dealt in the Shares, options, convertible notes, derivatives, warrants or other securities convertible into Shares during the period commencing from the date falling six months before 7 March 2011 (being the date of announcement of the Company regarding a possible offer) and up to the date of this joint announcement. Save for the 202,164,995 Domestic Shares beneficially owned by Tianye Company and the Sale Shares acquired by Tianye Holdings under the Share Transfer Agreements, Tianye Holdings, Long Thrive and parties acting in concert with them do not hold, own or control any Shares, convertible securities, warrants or options as at the date of this joint announcement.

As at the date of this joint announcement, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the securities of Tianye Holdings, Long Thrive or the Company and which might be material to the H Share Offer and there is no agreement or arrangement to which Tianye Holdings or Long Thrive is a party which relate to circumstances in which it may or may not invoke or see to invoke a pre-condition or a condition to the H Share Offer.

As at the date of this joint announcement, none of Tianye Holdings, Long Thrive and parties acting in concert with them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 under the Takeovers Code) in the Company nor has received an irrevocable commitment to accept the H Share Offer, nor has entered into any arrangement or contract in relation to the outstanding derivative in respect of securities in the Company.

Overseas Shareholders

The availability of the H Share Offer to Shareholders with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. Shareholders with registered addresses in jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) immediately prior to the Share Transfer Agreements becoming effective, and (ii) as at the date of this joint announcement.

Name of Shareholder	Immediately prior to the Share Transfer Agreements becoming effective		As at the date of this joint announcement	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Domestic Shares				
Tianye Holdings and parties acting in concert with it				
— Tianye Company	202,164,995	38.91	202,164,995	38.91
— Tianye Holdings	—	—	111,721,926	21.51
Sub-total	<u>202,164,995</u>	<u>38.91</u>	<u>313,886,921</u>	<u>60.42</u>
Mr. Guo	61,386,798	11.82	—	—
Mr. Wang	50,335,128	9.69	—	—
Remaining Domestic Shareholders				
— 機械科學研究總院 (China Academy of Machinery Science and Technology*)	2,410,123	0.46	2,410,123	0.46
— 西北農林科技大學 (Northwest A&F University*)	<u>824,516</u>	<u>0.16</u>	<u>824,516</u>	<u>0.16</u>
H Shares				
Public Shareholders	<u>202,400,000</u>	<u>38.96</u>	<u>202,400,000</u>	<u>38.96</u>
Total	<u>519,521,560</u>	<u>100.00</u>	<u>519,521,560</u>	<u>100.00</u>

INFORMATION ON THE GROUP

The Group is principally engaged in the design, manufacture, installation and sale of irrigation system and equipment.

Certain information of the Company as extracted from the Company's audited financial results as disclosed in the annual report of the Company for the year ended 31 December 2010 is set out below:

	For the year ended 31 December	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	588,491	571,028
Profit before taxation	20,853	7,180
Profit attributable to owners of the Company	17,151	6,479
Equity attributable to owners of the Company	<u>682,683</u>	<u>665,532</u>

INFORMATION ON TIANYE HOLDINGS AND LONG THRIVE

Tianye Holdings is a state-owned enterprise and is wholly-owned by SAAC of No.8 Division. Tianye Holdings is directly interested in approximately 43.27% of the registered capital of Tianye Company. Tianye Company is a company established in the PRC with its shares listed on the Shanghai Stock Exchange and is directly interested in approximately 38.91% of the entire issued share capital of the Company. Tianye Holdings is the holding company of Tianye Company and is the ultimate parent company of the Company. Tianye Holdings is principally engaged in production and sale of tomato paste, citric acid, vehicles and road transportation, production and sale of plastic products; sale of steel, building, materials, textile, car accessories, livestock products, dried and fresh fruits, mechanical equipment and chemical industrial products; growing, cultivation, promotion of water saving agricultural technology, research on water saving agricultural projects, import and export business.

Long Thrive is a company incorporated in the BVI with limited liability on 20 January 2011, and is beneficially and wholly-owned by Ms. Chow. Except for the entering into of the agreement with Tianye Holdings and Ms. Chow on 21 April 2011 to form a consortium for the purpose of making the H Share Offer and the loan facility agreement (together with collateral documentation) with a financial institution on 25 April 2011 to finance the H Share Offer, Long Thrive has not conducted any other business since its incorporation.

Ms. Chow is the sole director and shareholder of Long Thrive. She is also the financial controller, company secretary, qualified accountant and one of the authorised representatives of the Company. Ms. Chow has obtained her bachelor degree in accountancy from the Hong Kong Polytechnic University. She is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Ms. Chow worked for an international accounting firm for six years and she has over ten years of experience in the fields of professional accounting services, taxation, company secretarial and financial management.

TIANYE HOLDINGS AND LONG THRIVE'S INTENTION ON THE GROUP

It is the intention of Tianye Holdings that the Group will continue with its existing principal activities after the close of the H Share Offer. Tianye Holdings does not intend to introduce any major changes to the existing operation or business of the Company or re-deploy the employees of the Group. Tianye Holdings will conduct a review of the business operations and financial position of the Company after the close of the H Share Offer with a view to formulating a business plan and strategy suited for the Company. Subject to the result of the review, Tianye Holdings may explore other business or investment opportunities which might enhance the Group's future development. Tianye Holdings has no intention to dispose of or deploy the assets of the Group (other than those in its ordinary course of business). As at the date of this joint announcement, Tianye Holdings has no intention or plans for any acquisition or disposal of assets and/or business by the Group. Both Long Thrive and Ms. Chow confirm that save for the existing roles of Ms. Chow as the financial controller, company secretary, qualified accountant and one of the authorised representatives of the Company or such other roles as may be designated by the Board to Ms. Chow, they do not intend to participate in any other roles in the Company. It is also intended that Long Thrive will hold the accepted H Shares and neither Long Thrive nor Ms. Chow will take any roles in the Company, save for the aforesaid existing role of Ms. Chow in the Company.

BOARD COMPOSITION OF THE COMPANY

As at the date of this joint announcement, the Board comprises six executive Directors and five independent non-executive Directors.

Tianye Holdings and Long Thrive do not intend to propose any change to the existing composition of the Board for the time being. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made by the Company accordingly.

MAINTAINING THE LISTING STATUS OF THE COMPANY

Tianye Holdings and Long Thrive intend to maintain the listing of the H Shares on the Stock Exchange after the close of the H Share Offer. The Company, Tianye Holdings and Long Thrive will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the H Share Offer to ensure that the minimum public float of not less than 25% of the Company's entire issued share capital as required under the Listing Rules will be restored or maintained (as applicable) following the close of the H Share Offer. The Company, Tianye Holdings and Long Thrive have considered that the appropriate course of actions to take shall include placing down of sufficient number of accepted H Shares to ensure there will be not less than 25% of the Company's entire issued share capital held by the public in compliance with the Listing Rules and the Takeovers Code. The Company, Tianye Holdings and Long Thrive will issue a separate announcement as and when necessary regarding the decision of any such placing down, if the circumstances warrant.

The Stock Exchange has stated that if, upon the close of the H Share Offer, the number of Shares held by the public is less than the minimum required percentage of the Company's issued share capital currently applicable to the Company is held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the H Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings in the H Shares.

DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined in the Takeovers Code) including persons who owns or controls 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, Tianye Holdings and Long Thrive are reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“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 Rules. 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 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.”

GENERAL

Under Rule 8.2 of the Takeovers Code, an offer document should normally be posted by or on behalf of Tianye Holdings and Long Thrive within 21 days of the date of this joint announcement.

It is the intention of Tianye Holdings, Long Thrive and the Company that the offer document and the offeree board circular are to be combined in a composite document. Such composite document setting out, among others, details of H Share Offer, accompanied by the form of acceptance and transfer of the H Shares, and incorporating the recommendation from the Independent Board Committee and the advice letter from the Independent Financial Adviser in respect of the H Share Offer will be jointly despatched by Tianye Holdings, Long Thrive and the Company to the Shareholders within 21 days of the date of this joint announcement.

The Independent Board Committee comprising Mr. He Lin Wang, Mr. Gu Lie Feng, Mr. Xia Jun Ming, Mr. Wang Yun and Mr. Mak King Sau, all being the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the H Share Offer. Bridge Partners Capital Limited has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee in respect of the H Share Offer. The appointment of Bridge Partners Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

Shareholders and the investing public are advised to exercise caution when dealing in the Shares and if they are in any doubt about their position, they should consult their professional advisers.

RESUMPTION OF TRADING IN H SHARES

At the request of the Company, trading in the H Shares on the Stock Exchange has been suspended from 9:00 a.m. on 26 April 2011 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares from 9:00 a.m. on 11 May 2011.

DEFINITIONS

Unless the context requires otherwise, the following expressions have the following meanings in this joint announcement:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“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 incorporated in the PRC with limited liability on 18 December 2003, the H Shares of which are listed on the Main Board of the Stock Exchange
“CSDCC”	中國證券登記結算有限責任公司 (China Securities Depository and Clearing Corporation Limited*) or its delegated authority
“connected person(s)”	the meaning ascribed to it under the Listing Rules
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share Offer”	the mandatory unconditional cash offer to be made by Goldin Equities Limited on behalf of Long Thrive for all the H Shares not already owned or agreed to be acquired by Tianye Holdings, Long Thrive or parties acting in concert with them in accordance with the Takeovers Code
“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 of Exchange and subscribed for and traded in HK\$

“Independent Board Committee”	an independent committee of the Board established for making recommendation to the Independent Shareholders in respect of the H Share Offer
“Independent Financial Adviser”	Bridge Partners Capital Limited, a licensed corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser to the Independent Board Committee in respect of the H Share Offer
“Independent Shareholders”	all Shareholders other than Tianye Holdings, Long Thrive and parties acting in concert with them and holders of the Domestic Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Thrive”	Long Thrive Holdings Limited, a company incorporated in the BVI with limited liability
“Mr. Guo”	Guo Shu Qing, a Shareholder holding 61,386,798 Domestic Shares
“Mr. Wang”	Wang Xiao Xian, a Shareholder holding 50,335,128 Domestic Shares
“Ms. Chow”	Chow Yuk Lan, the sole director and shareholder of Long Thrive, and also the financial controller, company secretary, qualified accountant and one of the authorised representatives of the Company
“PRC”	the People’s Republic of China, and for the purpose of this joint announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Remaining Domestic Shareholders”	the holders of Domestic Shares other than the Vendors
“SAAC of No. 8 Division”	新疆生產建設兵團農八師國有資產管理委員會 (State-owned Assets Administrative Commission of No. 8 Division*), a PRC government body which owns 100% of the registered capital of Tianye Holdings
“Sale Shares”	an aggregate of 111,721,926 Domestic Shares (as to 61,386,798 Domestic Shares personally and beneficially owned by Mr. Guo and 50,335,128 Domestic Shares personally and beneficially owned by Mr. Wang) acquired by Tianye Holdings pursuant to the terms and conditions of the Share Transfer Agreements
“Share(s)”	Domestic Shares and/or H Shares
“Share Transfer Agreements”	the conditional sale and purchase agreements dated 21 April 2011 entered into between Tianye Holdings and the respective Vendors in relation to the sale and purchase of the Sale Shares
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 its shares listed on the Shanghai Stock Exchange
“Tianye Holdings”	新疆天業(集團)有限公司 (Xinjiang Tianye (Group) Limited*), a state-owned enterprise and is wholly-owned by SAAC of No. 8 Division
“Vendors”	Mr. Guo and Mr. Wang
“%”	per cent.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

For and on behalf of
Xinjiang Tianye (Group) Limited
Guo Qingren
Chairman

For and on behalf of
Long Thrive Holdings Limited
Chow Yuk Lan
Sole Director

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

Xinjiang, the PRC, 9 May 2011

As at the date of this joint 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.

As at the date of this joint announcement, the directors of Tianye Holdings are Mr. Guo Qingren (Chairman), Mr. Zhang Xinli, Mr. Huang Yangxin, Mr. Wu Bin, Ms. Song Xiaoling, Mr. An Zhiming, Mr. Wang Zheng and Mr. Hong Xianzhang.

As at the date of this joint announcement, the sole director of Long Thrive is Ms. Chow Yuk Lan.

All Directors jointly and severally accept full responsibility for the accuracy of information contained in this joint announcement (other than the information in relation to Tianye Holdings and Long Thrive and their intention on the Group and parties acting in concert with them) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by Tianye Holdings and Long Thrive) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

All directors of Tianye Holdings jointly and severally accept full responsibility for the accuracy of information contained in this joint announcement (other than those relating to the Company and Long Thrive) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Company and Long Thrive) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The sole director of Long Thrive accepts full responsibility for the accuracy of information contained in this joint announcement (other than those relating to the Company and Tianye Holdings) and confirms, having made all reasonable inquiries, that to the best of her knowledge, opinions expressed in this joint announcement (other than those expressed by the Company and Tianye Holdings) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

** for identification purpose only*