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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 Friday, 23 May 2014 at 11:00 a.m. for the following purposes and to pass the following resolutions:

### **ORDINARY RESOLUTIONS**

1. To consider and approve the report of the directors (the “**Directors**”) of the Company for the year ended 31 December 2013;
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2013;
3. To consider and approve the audited consolidated financial statements of the Company and its subsidiaries and the auditors' report for the year ended 31 December 2013;
4. To consider and approve the resolution for making appropriation to statutory surplus reserve fund for the year ended 31 December 2013;
5. To authorize the board of Directors (the “**Board**”) to fix the remuneration of the Directors and the supervisors of the Company for the year 2014;
6. To consider and approve the re-appointment of Pan-China Certified Public Accountants LLP as auditors of the Company and to authorize the Board to fix their remunerations;
7. To consider and approve the resignation of Mr. Zhou Qian as supervisor; and
8. To consider and approve the appointment of Mr. Yang Ming as supervisor with effect from the date of passing of this resolution for a term of two years.

## 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.”

2. To authorise the Board of the Company to repurchase H Shares subject to the following conditions:
- (a) subject to paragraphs (b) and (c) below, during the Relevant Period (as defined in paragraph (d) below), the Board may exercise all the powers of the Company to repurchase H Shares in issue of the Company on the Stock Exchange, subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the governmental or regulatory body of securities in the PRC, the Stock Exchange or of any other governmental or regulatory body be and is approved;
  - (b) the aggregate nominal value of H Shares authorized to be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 per cent of the aggregate nominal value of H Shares in issue of the Company as at the date of the passing of this resolution;
  - (c) the approval in paragraph (a) above shall be conditional upon:
    - (i) the passing of a special resolution in the same terms as this Special Resolution No. 2 (except for this sub-paragraph (c)(i)) at the class meeting for holders of H Shares of the Company to be held on Friday, 23 May 2014 (or on such adjourned date as may be applicable); and the class meeting for holders of Domestic Shares of the Company to be held on Friday, 23 May 2014 (or on such adjourned date as may be applicable); and
    - (ii) the approval of the State Administration of Foreign Exchange of the PRC and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate; and
    - (iii) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedures set out in the Articles of Association;
  - (a) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earlier of:
    - (i) the conclusion of the next annual general meeting following the passing of this special resolution;
    - (ii) the expiration of a period of twelve months following the passing of this special resolution; or
    - (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting or by a special resolution of holders of H Shares or holders of Domestic Shares of the Company at their respective class meetings; and

- (b) subject to approval of all relevant governmental authorities in the PRC for the repurchase of such H Shares being granted, the Board be hereby authorized to:
- (i) make such amendments to the Articles of Association of the Company as it thinks fit so as to reduce the registered capital of the Company and to reflect the new capital structure of the Company upon the repurchase of H Shares as contemplated in paragraph (a) above; and
  - (ii) file the of the Company with the relevant governmental authorities of the PRC and Hong Kong.
3. “**THAT** conditional upon the passing of special resolutions nos. 1 and 2 set out in the notice convening this meeting, the aggregate nominal amount of shares of RMB1.00 each in the share capital of the Company which is purchased or repurchased by the Company pursuant to the authority granted to the Board of the Company by special resolution no. 2 set out in the notice convening this meeting shall be added to the aggregate nominal amount of share capital of the Company that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the directors of the Company pursuant to special resolution no. 1 set out in the notice convening this meeting, provided that such shares shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution.”
4. To consider and approve the amendments to the articles of association of the Company (the “**Articles of Association**”) as follows:

Existing Article 2.02 of the Articles of Association reads:

“The scope of business of the company include: development and marketing of high and new water saving irrigation technologies; interim testing and marketing of advanced water saving fittings; technology transfer and service for water saving irrigation; development and utilization of computer application software for water saving irrigation; hydraulic engineering (irrigation and drainage) (Class C); production and sales of PVC pipelines for water supply, PE pipelines and assemblies, pressure compensatory style drip tape, labyrinth-style drip tape, embedded-style drip tape, agriculture films and drippers; import of scrap copper, scrap steel, scrap aluminum, scrap paper and scrap plastic; recycling and processing of scrap and obsolete plastic; distribution of electrical and mechanical goods (other than compact size vehicles) and chemical goods (other than dangerous chemical items and highly poisonous items); grade one subcontractor for construction of water saving irrigation project (specific scope is subject to quality certificate); business of exporting products and technologies produced by this enterprise itself and business of importing machinery and equipment, parts and components, raw and auxiliary materials and technologies required by this enterprise, other than goods and technologies solely operated by this enterprise or prohibited from import and export by the State.”

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

“The scope of business of the company include: development and marketing of high and new water saving irrigation technologies; interim testing and marketing of advanced water saving fittings; technology transfer and service for water saving irrigation; development and utilization of computer application software for water saving irrigation; hydraulic engineering (irrigation and drainage) (Class C); production and sales of PVC pipelines for water supply, PE pipelines and assemblies, pressure compensatory style drip tape, labyrinth-style drip tape, embedded-style drip tape, agriculture films and drippers; import of scrap copper, scrap steel, scrap aluminum, scrap paper and scrap plastic; recycling and processing of scrap and obsolete plastic; distribution of electrical and mechanical goods (other than compact size vehicles) and chemical goods (other than dangerous chemical items and highly poisonous items); grade one subcontractor for construction of water saving irrigation project (specific scope is subject to quality certificate); business of exporting products and technologies produced by this enterprise itself, business of importing machinery and equipment, parts and components, raw and auxiliary materials and technologies required by this enterprise, other than goods and technologies solely operated by this enterprise or prohibited from import and export by the State; leasing of mechanic equipment, properties and vehicles and sale of agricultural machinery and fertilizers.”

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

Xinjiang, PRC, 7 April 2014

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

*Notes:*

1. Any member entitled to attend and vote at the AGM is entitled to appoint in written form for one or more than one proxy to attend and vote at the AGM on his behalf. A proxy need not be a member of the Company.
2. The form of proxy for the AGM is herewith enclosed. In order to be valid, the form of proxy, if such proxy from is signed by a person under a power of attorney or authority on behalf of the appointer, a notarially certified power of attorney (if any) or other authority (if any) under which it is signed, must be deposited at the Company's H Share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for the holders of H Shares only) or at the Company's registered office at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC (for the holders of Domestic Shares only), not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting should you so wish.
3. Shareholders or their proxies shall present proofs of identities when attending the AGM.

4. The register of the members of the Company will be closed from Saturday, 3 May 2014 to Friday, 23 May 2014 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for entitlement to attend and vote at the forthcoming annual general meeting of the Company, all instrument of transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 4:00 p.m. on Friday, 2 May 2014.
5. Shareholders who intend to attend the AGM should complete and return the enclosed reply slip for attendance to the H Share registrar and transfer office of the Company in Hong Kong at Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for the holders of H Shares only) or to the Company's registered office at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC (for the holders of Domestic Shares only), by hand, by post or by fax (the fax number of the Company's H Share registrar and transfer office: (852) 28611465 (for holders of H Shares only) or the Company's fax number: (86993) 2623183 (for holders of Domestic Shares only)) on or before 4:00 p.m. on Friday, 2 May 2014.
6. As required under the Listing Rules, voting of the resolutions as set out in this notice will be by poll.
7. The AGM is expected to last for less than half day. The Shareholders and proxies attending the AGM shall be responsible for their own travelling and accommodation expenses.
8. The Company's registered address:

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

Fax: (86993) 2623183

\* *For identification purpose only*