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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)**

## **VOLUNTARY DISCLOSURE PROPOSED TRANSACTIONS WITH CONNECTED PERSON**

The Board wishes to announce that the Company proposes to acquire the 10% equity interest in Gansu Tianye, a non-wholly owned subsidiary of the Company, from its minority shareholders and to increase the registered capital of Gansu Tianye. As at the date of this announcement, Gansu Tianye is owned as to (i) 90% by the Company; (ii) 9.5% by Zhongfa Chemical; (iii) 0.18% by Gao Jin Ming (高進明); (iv) 0.18% by Wang Hong Tao (王洪濤); and (v) 0.14% by Chen Wei Zhong (陳衛忠).

Gansu Tianye was established on 4 April 2002 in the PRC and is principally engaged in the production, sales and installation of water saving plastic products; the development and promotion of water saving irrigation technologies; the production, sales and installation of new water saving equipment; the sales of the raw materials for light and chemical industries (other than those restricted by the State).

Zhongfa Chemical is a subsidiary of Tianye Company, a controlling shareholder of the Company holding approximately 38.91% of the issued share capital of the Company and hence is considered as a connected person of the Company for the purposes of the Listing Rules. By the time the terms of the proposed transactions will be determined, the proposed acquisition of the equity interest in Gansu Tianye between the Company and Zhongfa Chemical may constitute a connected transaction of the Company. The Company will make further announcement in relation to the development of the proposed transactions with the connected persons.

\* For identification purpose only

## DEFINITIONS

“Board”	the board of Directors
“Company”	Xinjiang Tianye Water Saving Irrigation System Company Limited* (新疆天業節水灌溉股份有限公司), a joint stock limited company established in the PRC with limited liability on 18 December 2003 under the Company Law or its predecessor, 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 (including the independent non-executive Directors) of the Company
“Gansu Tianye”	Gansu Tianye Water Saving Equipment Company Limited* (甘肅天業節水器材有限公司), a company incorporated in the PRC with limited liability on 4 April 2002 and a non-wholly owned subsidiary of the Company
“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 Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Administrative Region of the People’s Republic of China and Taiwan
“State”	the government of the PRC, including (without limitation) the National People’s Congress of the PRC and the State Council of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianye Company”	Xinjiang Tianye Company Limited* (新疆天業股份有限公司), a company established in the PRC with limited liability on 9th June, 1997 and 248,832,000 A shares of which were listed on the Shanghai Stock Exchange as at the date of this announcement, a controlling shareholder of the Company and Zhongfa Chemical

”Zhongfa Chemical” Xinjiang Shihezi Zhongfa Chemical Company Limited\* (新疆石  
河子中發化工有限責任公司), a non-wholly owned subsidiary of  
Tianye Company

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

Xinjiang, PRC, 19 August 2009

*As at the date of this announcement, the Board comprises four executive Directors namely Guo Qing Ren, Shi Xiang Shen, Li Shuang Quan and Zhu Jia Ji, and four independent non-executive Directors namely He Lin Wang, Xia Jun Min, Gu Lie Feng and Mak King Sau.*

*The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable enquiries, 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 the announcement, the omission of which would make any statement in this announcement misleading.*