

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)

INSIDE INFORMATION ANNOUNCEMENT

Reference is made to the announcements (the “**Announcements**”) of Xinjiang Tianye Water Saving Irrigation System Company Limited (the “**Company**”) dated 22 September 2020, 24 September 2020 and 29 September 2020. Unless otherwise specified, capitalized terms used herein shall have the same meanings as those defined in the Announcements. This announcement is made by the Company pursuant to the Inside Information Provisions (“**Inside Information Provisions**”) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited.

As mentioned in the Announcements, Tianye Group directly and indirectly holds 60.41% equity interest in the Company, whereas the Eighth Division SASAC, as the administrative management authority of XPCC Eighth Agricultural Division, directly holds 100% equity interest in Tianye Group. The XPCC Eighth Agricultural Division is the administrative management arm of Xinjiang Production and Construction Corps.

To minimize the risk of the Company being categorised as a blocked person and a sanctioned subsidiary of Xinjiang Production and Construction Corps, despite no shareholding relationship between the Eighth Division SASAC and Xinjiang Production and Construction Corps, the Company was informed by Tianye Company that Tianye Company proposed to issue new shares and/or convertible bonds in an amount not exceeding RMB2,200,000,000 (the “**Private Placement**”). After the Private Placement, the shareholding ratio of Tianye Group in Tianye Company will be diluted to less than 50%.

The Private Placement is expected to be completed on or before November 30, 2020 (Hong Kong time), which is prior to the date of issue of General License 2A, being 12:01 a.m. eastern daylight time, November 30, 2020 (“**Completion of Issue**”).

The Company has recently obtained legal opinion from the Company’s United States legal advisors (the “**U.S. Legal Advisors**”) in relation to the Sanction. The U.S. Legal Advisors are of the view that it is unlikely the Company will be regarded as a blocked person and a sanctioned subsidiary of Xinjiang Production and Construction Corps if the Private Placement is completed as scheduled prior to the Completion of Issue. If Tianye Group fails to complete the Private Placement at the time of the Completion of Issue, the Company may be regarded as a blocked person and a sanctioned subsidiary of Xinjiang Production and Construction Corps.

The Company will continue to monitor the situation involving the Sanction, and an announcement will be made in due course and appropriate measures will be taken in accordance with the Inside Information Provisions and Rule 13.09(2)(a) of the Listing Rules.

Shareholders and potential investors of the Company (including but not limited to the U.S. investors) are advised to exercise extreme caution when dealing in the securities of the Company.

By Order of the Board
Xinjiang Tianye Water Saving Irrigation System Company Limited
Chen Lin
Chairman

Hong Kong, 6 October 2020

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chen Lin (Chairman), Mr. Huang Dong and Mr. Tan Xinmin, and four independent non-executive Directors, namely Mr. Yin Feihu, Mr. Qin Ming, Ms. Gu Li and Mr. Hung Ee Tek.

* *For identification purposes only*