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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)

PROFIT WARNING

This announcement is made by Xinjiang Tianye Water Saving Irrigation System Company Limited (the “**Company**”, together with its subsidiaries shall be referred to as the “**Group**”) pursuant to Rule 13.09(2) (a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that after the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2015, the net profit of the Group for the six months ended 30 June 2015 is expected to record a substantial decrease as compared to that for the same period in 2014 and may even record a considerable loss.

Based on the information currently available to the Company, such substantial decrease in net profit or considerable loss is mainly attributable to the impact of Chinese economic downturn, demand for some of our products decreased and resulted in drop in sales volume while decrease in gross margin was caused by reduced selling prices of products.

The Board would also like to inform the shareholders of the Company and potential investors that the financial position of the Group remains stable.

The information contained in this announcement is only a preliminary assessment by the management of the Company based on currently available information and such information has not been audited or reviewed by the Company’s auditor. The interim results of the Group for the six months ended 30 June 2015 is expected to be announced by the end of August 2015.

Shareholders of the Company and potential investors should exercise 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

Xinjiang, the PRC, 10 July 2015

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Chen Lin (Chairman), Mr. Zhu Jia Ji, Mr. Shao Mao Xu 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.

* *For identification purpose only*