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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)

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 would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that after the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2015, the net profit of the Group for the year ended 31 December 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 China’s economic downturn, which reduced the demand in some of the Group’s products, dropping the sale volume and the product price and resulted in the decrease of the gross margin of the products.

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

The Group’s final results for the financial year ended 31 December 2015 are still under review and subject to finalization and confirmation by the auditor of the Company as well as approvals of the audit committee of the Company and the Board at the respective meetings to be held by the end of March 2016. The audited final results announcement of the Group for the financial year ended 31 December 2015 will be published by the end of March 2016.

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, 9 March 2016

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*