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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)

**ANNOUNCEMENT — VOLUNTARY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2017**

SUMMARY

This announcement is made voluntarily by the Company pursuant to the requirement set out in chapter 13 of the Listing Rules. The Board announces the unaudited consolidated results of the Group for the three months ended 31 March 2017.

The unaudited consolidated total comprehensive income attributable to owners of the Company for the three months ended 31 March 2017 was approximately RMB643,000.

This announcement is made voluntarily by the Company pursuant to the requirement set out in chapter 13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). The board of directors (the “Board”) of Xinjiang Tianye Water Saving Irrigation System Company Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2017 together with the unaudited comparative figures for the corresponding period in 2016 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2017

| | | (Unaudited) | |
|---|-------------|----------------------------|----------------|
| | | For the three months ended | |
| | | 31 March | |
| | | 2017 | 2016 |
| | <i>Note</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| 1. Operating revenue | | 144,510 | 148,028 |
| Including: Operating income | 3 | 144,510 | 148,028 |
| 2. Operating cost | | 142,975 | 149,512 |
| Including: Cost of sales | | 126,290 | 134,548 |
| Business taxes and surcharges | | 743 | 569 |
| Distribution costs | | 9,922 | 9,019 |
| Administrative expenses | | 7,171 | 5,695 |
| Finance costs | | -1,151 | -67 |
| Assets impairment loss | | 0 | -252 |
| Add: Gain on changes in fair value (loss shall be stated as “-”) | | 0 | 0 |
| Investment income (loss shall be stated as “-”) | | 0 | 1,563 |
| 3. Operating profits (loss shall be stated as “-”) | | 1,535 | 79 |
| Add: Non-operating income | | 315 | 515 |
| Less: Non-operating expenses | | 109 | 0 |
| 4. Total profits (loss shall be stated as “-”) | | 1,741 | 594 |
| Less: Income tax expenses | | 478 | 239 |
| 5. Net profits (loss shall be stated as “-”) | | 1,263 | 355 |
| 6. Earnings per share: | | | |
| (1) Basic earnings per share | | RMB0.0012 | RMB0.0005 |
| (2) Diluted earnings per share | | RMB0.0012 | RMB0.0005 |
| 7. Other comprehensive income | | 0 | 0 |
| 8. Total comprehensive income (loss shall be stated as “-”) | | 1,263 | 355 |
| Attributable to owners of the Company | | 643 | 235 |
| Attributable to non-controlling interests | | 620 | 120 |

Notes:

1. CORPORATE BACKGROUND

Xinjiang Tianye Water Saving Irrigation System Company Limited (hereinafter referred to as the “Company”) was co-founded by the joint investment from Xinjiang Tianye Company Limited and Xinjiang Shihezi Yunfa Investment Company Limited (新疆石河子運發投資有限責任公司). It was registered with the Administration for Industry & Commerce of Xinjiang Uygur Autonomous Region on 27th December 1999, and is headquartered in Shihezi City, Xinjiang Uygur Autonomous Region. The creditability code of its Business License of Enterprise Legal Person is 91650000757655578C and its registered capital is RMB519,521,560.00, comprising of 519,521,560 shares of RMB1 each in aggregate, of which 317,121,560 are domestic shares held by legal persons and 202,400,000 are overseas H shares. The Company transferred its share listing from the Growth Enterprise Market (“GEM”) of the Stock Exchange to the Main Board of the Hong Kong Stock Exchange on 24 January 2008, with its Stock Code changed from 8280 to 0840.

The Company operates in the plastic product manufacturing industry. Its business scope mainly covers production and sale of PVC materials for water supply pipes, PE piping materials and accessories, pressure compensatory drip tapes, labyrinth-style drip tapes, embedded-style drip tapes, agricultural tapes and drippers.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited consolidated first quarterly results have been prepared on a going concern basis. The financial statements prepared by the Company are in accordance with the requirement of the Accounting Standards for Business Enterprises (“ASBE”) to give a true and complete view of the related information about the financial positions and operating results of the Company. In addition, the Company has also disclosed relevant financial information required by the Rules Governing the Listing of Securities on the Stock Exchange.

The accounting policies adopted in preparing the unaudited consolidated first quarterly results are consistent with those applied to the annual financial statements of the Group for the year ended 31 December 2016.

3. OPERATING INCOME

Operating income represents the fair value of the consideration received and receivable for goods sold to external customers, net of value-added tax, returns and discounts, and the consideration received and receivable for the services provided during the period, and is analysed as follows:

| | For the three months ended | |
|------------------------------------|----------------------------|----------------|
| | 31 March | |
| | 2017 | 2016 |
| | RMB'000 | RMB'000 |
| Drip films and drip assemblies | 74,276 | 66,429 |
| PVC/PE pipelines | 38,082 | 60,617 |
| Provision of installation services | 26,013 | 7,419 |
| | <u>138,371</u> | <u>134,465</u> |
| Others operating income | 6,139 | 13,563 |
| | <u>144,510</u> | <u>148,028</u> |

Note: According to the sales mix of the Group, drip assemblies are usually sold as auxiliary products of drip films. Therefore, drip films and drip assemblies are classified under the same category.

PROSPECTS

The Directors of the Group believe that the Chinese government recognizes the water saving agriculture as the direction and strategic position for the national economic development, during which, further investments in the agricultural water-saving construction projects, along with the improving agricultural water-saving policies, will enhance the sustainability of the agricultural industry. As a result, the Group will fully maximize its own strengths and proactively partake in the efficient water-saving construction projects organized the Chinese government. To further enhance our market competitive strength, we will implement our strategies pertaining to diverse and premier products with our product upgrade and iteration amid the promotion and application of new technologies, while capitalizing the internet as a vehicle to expand our marketing and services.

REVIEW OF RESULTS

The audit committee of the Company, which consists of three independent non executive directors, has reviewed the unaudited consolidated results announcement of the Group for the three months ended 31 March 2017.

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

Xinjiang, the PRC, 20 April 2017

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Chen Lin (Chairman), Mr. Zhang Qiang, Mr. Li He and Mr. Yang Wan Sen, and three independent non-executive Directors, namely Mr. Yin Feihu, Mr. Qin Ming and Mr. Mak King Sau.

* *For identification purposes only*