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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, 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 of the Laws of Hong Kong) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) 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, the Group is expected to record an estimated net loss of not more than approximately RMB25,000,000 for the six months ended 30 June 2022, as compared to the net profit of approximately RMB751,000 for the corresponding period of the previous year.

Based on information currently available to the Group, the above expected net loss was primarily due to (i) the continuous rise in operating costs as affected by the relatively significant fluctuation of raw material prices over the past year, and the substantial increase in operating loss as compared to the previous year resulting from the drop in gross profit of the principal businesses; (ii) the decrease in engineering income of the Group during the first half of this year, together with the decrease in engineering profit due to higher product costs as affected by raw material prices; and (iii) the decrease in gross profit of sales as a result of the excessive product costs and the decrease in sales volume due to the lower production volume of products of the Group as affected by the fluctuation of raw material prices.

The Board would also like to inform the Shareholders 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 Board 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 2022 is expected to be announced on 16 August 2022.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By Order of the Board
Xinjiang Tianye Water Saving Irrigation System Company Limited
Li He
Chairman

Xinjiang, the PRC, 7 August 2022

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Li He (Chairman), Ms. Yang Ling and Mr. Jiang Dayong, and four independent non-executive Directors, namely Mr. Li Lianjun, Ms. Gu Li, Mr. Hung Ee Tek and Mr. He Xinlin.

** For identification purposes only*