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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 NINE MONTHS ENDED 30 SEPTEMBER 2020**

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 nine months ended 30 September 2020.

The total unaudited consolidated loss attributable to owners of the Company for the nine months ended 30 September 2020 was approximately RMB724,000.

This announcement is made voluntarily by the Company pursuant to the requirement(s) 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 nine months ended 30 September 2020 together with the unaudited comparative figures for the corresponding period in 2019 as follows:

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	<i>Note</i>	For the nine months ended 30th September,	
		2020	2019
		RMB’000	RMB’000
		(unaudited)	(unaudited)
1. Operating revenue	2	475,065	405,309
Including: Other operating income		17,491	2,395
Operating income		457,574	402,914
2. Operating cost		476,376	412,675
Including: Cost of sales		415,980	335,730
Business taxes and surcharges		2,829	2,445
Distribution costs		28,545	42,826
Administrative expenses		27,468	29,526
Research and development costs		2,703	1,758
Finance costs		1,173	(732)
Assets impairment loss		(2,322)	1,122
Less: Loss on disposal of assets		(442)	87
Add: Investment income		692	—
Add: Other income		1,405	1,085
3. Operating profits (losses shall be stated as “—”)		344	(6,194)
Add: Non-operating income		303	415
Less: Non-operating expenses		189	40
4. Total profits (losses shall be stated as “—”)		458	(5,819)
Less: Income tax expenses		662	724
5. Net profits (losses shall be stated as “—”)		(204)	(6,543)

	For the nine months ended	
	30th September,	
	2020	2019
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
6. Earnings/(Losses) per share — basic	<u>RMB(0.0004)</u>	<u>RMB(0.013)</u>
7. Other comprehensive income	—	—
8. Total comprehensive income	(204)	(6,059)
Total consolidated income attributable to owners of the Company	<u>(724)</u>	<u>(484)</u>
Total consolidated income attributable to minority interests	<u>520</u>	<u>(6,543)</u>
9. Dividend	<u>—</u>	<u>—</u>

NOTES:

1. BASIS OF PREPARATION

The unaudited condensed consolidated third quarterly results have been prepared on a going concern basis in accordance with the “Enterprise Accounting Standards — Basic Standards” and 38 specific accounting standards, subsequent practice notes, interpretations and other relevant regulations (collectively “ASBEs”) promulgated by the Ministry of Finance in 15 February 2006.

The accounting policies adopted in preparing the unaudited condensed consolidated third quarterly results were in consistent with those applied to the annual financial statements of the Group for the year ended 31 December 2019.

2. REVENUE

Revenue 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 nine months ended	
	30 September	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Drip films and drip assemblies	104,979	107,282
PVC/PE pipelines	220,978	259,840
Provision of installation services	131,617	35,792
Other operating income	17,491	2,395
	<u>475,065</u>	<u>405,309</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.

BUSINESS REVIEW

The Group is of the view that the water-saving agricultural irrigation industry in the PRC has a promising future, despite the increasingly fierce market competition resulting from the established market and scale in such industry. The Group effectively improved its economic efficiency by adopting various measures, such as strengthening the cost control in the production process, disposing of equipment, revitalizing idle assets, increasing labor productivity, and increasing efforts in the research and development and the market development for new products.

The Group believes that with the continuous implementation of the reform of state-owned enterprises, the implementation of various reforms have enhanced the Group's internal vitality and market competitiveness.

REVIEW OF RESULTS

The audit committee of the Company has reviewed the unaudited consolidated results announcement of the Group for the nine months ended 30 September 2020.

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

Xinjiang, the PRC, 15 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 purpose only*