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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)

**ANNOUNCEMENT — VOLUNTARY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2021**

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 2021.

The unaudited consolidated total comprehensive loss attributable to owners of the Company for the three months ended 31 March 2021 was approximately RMB2,748,000.

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 (the “**Board**”) of directors (the “**Directors**”) 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 2021 together with the unaudited comparative figures for the corresponding period in 2020 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2021

		(Unaudited)	
		For the three months ended	
		31 March	
		2021	2020
	Note	RMB'000	RMB'000
1. Operating revenue		141,017	50,955
Including: Operating income	3	141,017	50,955
2. Operating cost		143,525	63,365
Including: Cost of sales		125,566	46,106
Business taxes and surcharges		1,004	342
Distribution costs		7,241	7,359
Administrative expenses		9,880	9,008
Research and development expenses		947	289
Finance costs		380	344
Assets impairment loss		-1,493	-83
Add: Gains from disposal of assets (loss shall be stated as “-”)		—	-44
Other income		364	593
3. Operating profits (loss shall be stated as “-”)		-2,144	-11,861
Add: Non-operating income		11	34
Less: Non-operating expenses		—	69
4. Total profits (loss shall be stated as “-”)		-2,133	-11,896
Less: Income tax expenses		179	23
5. Net profits (loss shall be stated as “-”)		-2,312	-11,919

(Unaudited)
For the three months ended
31 March

	2021	2020
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
6. Earnings per share:		
(loss shall be stated as “-”)		
(1) Basic earnings per share	-0.0053	-0.0227
(2) Diluted earnings per share	-0.0053	-0.0227
7. Other comprehensive income	0	0
8. Total comprehensive income		
(loss shall be stated as “-”)	-2,312	-11,919
Attributable to owners of the Company	-2,748	-11,787
Attributable to non-controlling interests	436	-132
	<u><u>436</u></u>	<u><u>-132</u></u>

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. It engages in water-saving irrigation project construction and installation, with an annual production capacity of 6 million tonnes of agricultural tapes, water saving drip irrigation devices and ancillary capabilities, is the first domestic one-stop water-saving irrigation service provider integrating production, research and development, sales, training, engineering services and technology export.

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 2020.

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	
	2021	2020
	RMB'000	RMB'000
Drip films and drip assemblies	13,462	7,911
PVC/PE pipelines	50,443	18,392
Provision of installation services	52,377	21,559
	<u>116,282</u>	<u>47,862</u>
Others operating income	<u>24,735</u>	<u>3,093</u>
	<u><u>141,017</u></u>	<u><u>50,955</u></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.

REVIEW AND PROSPECTS

The “Outline of the 14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long-Range Objectives Through the Year 2035” has proposed to insist on the prioritised development of agriculture and rural areas and comprehensively promoting rural revitalization, and setting a target of maintaining 1.8 billion mu of arable land. With the implementation of high-standard farmland construction projects, the construction of 1.075 billion mu of concentrated and continuous high-standard farmland has been completed. The water-saving irrigation market has a broad prospect as the government will promote the water-saving renovation and refined management of large and medium-sized irrigation areas to develop key water-saving irrigation projects with simultaneous development of comprehensive reform of water price.

With more than 20 years of development history in the water-saving agricultural irrigation industry, the Company has established a high brand and industry reputation with its independent innovation capability and technology. In 2020, the Company pursues the development strategy focused on the business operations featuring “product, engineering, agricultural services, and trade”, while expanding and strengthening our profit-oriented and advantageous product line. In the meantime, we will vigorously explore the engineering business in the Southern area of Xinjiang and inland areas to strategically establish our operation of agricultural services across the country, and proactively promote the development of the incremental trade business.

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 2021.

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

Xinjiang, the PRC, 26 April 2021

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*