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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 2009**

**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 2009.

The unaudited consolidated total comprehensive loss attributable to owners of the parent for the three months ended 31 March 2009 was approximately RMB3,820,000.

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 2009 together with the unaudited comparative figures for the corresponding period in 2008 as follows:

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2009**

		(Unaudited)	
		For the three months ended	
		31st March	
		2009	2008
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2	<b>89,098</b>	150,379
Cost of sales		<u><b>(82,433)</b></u>	<u>(133,838)</u>
Gross profits		<b>6,665</b>	16,541
Other income		<b>848</b>	515
Distribution costs		<b>(4,840)</b>	(5,465)
Administrative expenses		<b>(3,516)</b>	(3,825)
Finance costs		<u><b>(2,801)</b></u>	<u>(3,704)</u>
(Loss)/profit before tax		<b>(3,644)</b>	4,062
Income tax expense		<u><b>(52)</b></u>	<u>(93)</u>
<b>(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>		<u><b>(3,696)</b></u>	<u>3,969</u>
Total comprehensive loss/(income) attributable to:			
Owners of the parent		<b>(3,820)</b>	3,437
Minority interests		<u><b>124</b></u>	<u>532</u>
		<u><b>(3,696)</b></u>	<u>3,969</u>
(Loss)/earning per share — basic		<u><b>RMB(0.74 cents)</b></u>	<u>RMB0.66 cents</u>

*Notes:*

**1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

The unaudited consolidated first quarterly results have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited consolidated results have been prepared on the historical cost basis except for financial instruments, which are initially measured at fair values.

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 2008.

In the current period, the Group has applied, for the first time, a number of new/revised standards and interpretations issued by the HKICPA, which are effective for the accounting periods beginning on or after 1 January 2009. The adoption of these new/revised standards and interpretations has had no material effect on the results and financial positions of the Group for the current and prior periods.

The Group has not early applied the new/revised standards and interpretations that have been issued by HKICPA but are not yet effective in the current period.

## 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 three months ended	
	31st March	
	2009	2008
	RMB'000	RMB'000
Drip films and drip assemblies	50,447	95,120
PVC/PE pipelines	38,651	55,125
Provision of installation service	—	134
	<u>89,098</u>	<u>150,379</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

As a result of further deterioration of the global economic crisis, the purchasing power of clients for agricultural production accessories was weakened, which resulted in lower price of agricultural by-products. Operating loss was recorded as a result of the lower demands for the products of the Company and their prices and gross profits. Given the situation, the Group will enhance the research on diversification of applications of drips, speed up the marketing activities and expand the applications and client base of the products so as to minimize the adverse effect of the ongoing economic crisis on the Group.

## REVIEW OF RESULTS

The audit committee of the Company, which consists of four independent non executive directors, has reviewed the unaudited consolidated results announcement of the Group for the three months ended 31 March 2009.

By order of the Board  
**Xinjiang Tianye Water Saving Irrigation System Company Limited\***  
**Guo Qing Ren**  
*Chairman*

Xinjiang, the PRC, 24 April 2009

*As at the date of this announcement, the Board comprises four executive Directors namely Guo Qing Ren, Shi Xiang Shen, Li Shuang Quan and Zhu Jia Ji, and four independent non-executive Directors namely He Lin Wang, Xia Jun Min, Gu Lie Feng and Mak King Sau.*

\* For identification purpose only