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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 2012**

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 2012.

The unaudited consolidated total comprehensive income attributable to owners of the Company for the nine months ended 30 September 2012 was approximately RMB6,407,000.

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 nine months ended 30 September 2012 together with the unaudited comparative figures for the corresponding period in 2011 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

		(Unaudited)	
		For the nine months ended	
		30 September	
		2012	2011
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2	518,999	569,547
Cost of sales		<u>(463,339)</u>	<u>(502,669)</u>
Gross profits		55,660	66,878
Other income		1,539	582
Distribution costs		(26,539)	(27,249)
Administrative expenses		(14,570)	(14,643)
Other expenses		(1,520)	(804)
Finance costs		<u>(5,823)</u>	<u>(3,415)</u>
Profit before tax		8,747	21,349
Income tax expenses		<u>(2,110)</u>	<u>(3,666)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>6,637</u>	<u>17,683</u>
Total comprehensive income/(loss) attributable to:			
Owners of the Company		6,407	18,275
Non-controlling interests		<u>230</u>	<u>(592)</u>
		<u>6,637</u>	<u>17,683</u>
Earning per share — basic		<u>RMB0.012</u>	<u>RMB0.035</u>

Notes:

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited consolidated third quarterly results have been prepared in accordance with Hong Kong Financial Reporting Standards 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 certain financial instruments, which are initially measured at fair values.

The accounting policies adopted in preparing the unaudited consolidated third quarterly results are consistent with those applied to the annual financial statements of the Group for the year ended 31 December 2011.

In the current period, the Group has applied a number of new and revised standards, amendments to standards and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the accounting periods beginning on or after 1 January 2012. The adoption of these new and revised HKFRSs had no material effect on the results and financial positions of the Group for the current and prior accounting periods.

The Group has not early applied the new and 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 nine months ended	
	30 September	
	2012	2011
	RMB'000	RMB'000
Drip films and drip assemblies	341,650	364,516
PVC/PE pipelines	177,349	205,031
	518,999	569,547

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 the PRC government increasingly emphasizes on the agricultural water saving irrigation, the number of companies entering into the industry has increased dramatically and the competition is going intense, meanwhile, the extreme increase of labor cost and transportation cost results in the Group's revenue failing to meet the expectation and records a significant decrease as compared to the corresponding period of last year. The directors of the Group believe that leveraging on the Group's technology edges, proactively exploring the application of agricultural water saving irrigation on the planting of agricultural products such as rice and wheat and guiding clients to establish value-added assessment system to the application of agricultural water saving irrigation technology will effectively avoid the low price competition from other competitors and ensure the Group a stable journey of going through the over-competition period.

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 2012.

By order of the Board
Xinjiang Tianye Water Saving Irrigation System Company Limited*
Yin Xiu Fa
Chairman

Xinjiang, the PRC, 25 October 2012

As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Yin Xiu Fa (Chairman), Mr. Shi Xiang Shen, Mr. Li Shuang Quan, Mr. Zhu Jia Ji, Mr. Shao Mao Xu and Mr. Chen Lin and five independent non-executive Directors, namely Mr. He Lin Wang, Mr. Xia Jun Min, Mr. Gu Lie Feng, Mr. Mak King Sau and Mr. Wang Yun.

* *For identification purpose only*