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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 2014**

**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 2014.

The unaudited consolidated total comprehensive income attributable to owners of the Company for the three months ended 31 March 2014 was approximately RMB45,000.

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 2014 together with the unaudited comparative figures for the corresponding period in 2013 as follows:

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2014**

		(Unaudited)	
		For the three months ended	
		31 March	
	Note	2014 RMB'000	2013 RMB'000
<b>1. Operating revenue</b>		<b>135,662</b>	168,994
Including: Operating income	2	<b>135,662</b>	168,994
<b>2. Operating cost</b>		<b>135,591</b>	168,011
Including: Cost of sales		<b>118,851</b>	153,225
Business taxes and surcharges		<b>252</b>	35
Distribution costs		<b>10,872</b>	8,861
Administrative expenses		<b>5,673</b>	4,509
Finance costs		<b>-57</b>	1,381
Assets impairment loss		—	—
Add: Gain on changes in fair value (loss shall be stated as “-”)		—	—
Investment income (loss shall be stated as “-”)		—	—
Including: Investment income from associates and jointly controlling entities		—	—
<b>3. Operating profits (loss shall be stated as “-”)</b>		<b>71</b>	983
Add: Non-operating income		<b>291</b>	50
Less: Non-operating expenses		<b>202</b>	2
Including: Loss on disposal of non-current assets		—	—
<b>4. Total profits (loss shall be stated as “-”)</b>		<b>160</b>	1,031
Less: Income tax expenses		<b>165</b>	279
<b>5. Net profits (loss shall be stated as “-”)</b>		<b>-5</b>	752
<b>6. Earnings per share:</b>			
(1) Basic earnings per share		—	0.002
(2) Diluted earnings per share		—	0.002
<b>7. Other comprehensive income</b>		—	—
<b>8. Total comprehensive income</b>		<b>-5</b>	752
Attributable to owners of the Company		<b>45</b>	856
Attributable to non-controlling interests		<b>-50</b>	-104

Notes:

## 1. CORPORATE BACKGROUND

Xinjiang Tianye Water Saving Irrigation System Company Limited (the “Company”) is a joint stock limited liability company founded through co-investment by Xinjiang Tianye Company Limited (“Tianye Company”) and Xinjiang Shihezi Yunfa Investment Company Limited (新疆石河子運發投資有限責任公司) on 27 December 1999, its Corporate Business License No. is 650000410002177. Registered capital of the Company is RMB519,521,560.00 comprising 519,521,560 shares of a nominal value of RMB1 each, of which 317,121,560 domestic shares and 202,400,000 overseas H shares. Since 24 January 2008, listing of the Company’s H shares has been transferred from the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) to the Main Board of the Stock Exchange with its Stock Code changed from 8280 to 0840.

## 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”). The Company has early adopted five concrete standards since 1 January 2013, namely ASBE 9 — Employee compensation, ASBE 30 — Presentation of financial Statements, ASBE 33 — Consolidated financial statements which are revised by the Ministry of Finance in 2014 and ASBE 39 — Fair value measurements and ASBE 40 — Joint Arrangements which are newly promulgated by the Ministry of Finance to give a true and complete view of the related information about the financial positions, operating results and cash flows 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 of Hong Kong Limited.

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 2013.

## 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	
	2014 RMB'000	2013 RMB'000
Drip films and drip assemblies	90,680	102,616
PVC/PE pipelines	31,585	41,657
Provision of installation services	<u>9,792</u>	<u>24,721</u>
	132,057	168,994
Others operating income	<u>3,605</u>	<u>—</u>
	<u><u>135,662</u></u>	<u><u>168,994</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.

## **PROSPECTS**

During the reporting period, installation work of related water-saving irrigation projects delayed because of the slow down in temperature rising in northwest China, comparing to the corresponding period of last year, affecting sales of our products which resulted in declining revenue and profit of the group as compared to the corresponding period of last year. The company expects that along with the rapid rising of temperature, installation work of water-saving irrigation projects will resume gradually, the product sales will increase in the second quarter.

## **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 2014.

By order of the Board  
**Xinjiang Tianye Water Saving Irrigation System Company Limited\***  
**Li Shuang Quan**  
*Chairman*

Xinjiang, the PRC, 24 April 2014

*As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Li Shuang Quan (Chairman), Mr. Zhu Jia Ji, Mr. Shao Mao Xu, Mr. Chen Lin and Mr. Zhang Qiang and four independent non-executive Directors, namely Mr. Mak King Sau, Mr. Qin Ming, Mr. Cao Jian and Mr. Yin Feihu.*

\* *For identification purposes only*