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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)

**INSIDE INFORMATION ANNOUNCEMENT
POTENTIAL HEDGING BUSINESS**

This announcement is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board of Directors of Xinjiang Tianye Water Saving Irrigation System Company Limited (the “Company”) has announced that as the prices for polyvinyl chloride (“PVC”) and polyethylene (“PE”) futures have dropped substantially and are below the purchase prices in the spot market due to the decreasing international crude oil prices and falling petroleum and petrochemical product prices, the Company intends to develop PVC and PE hedging business (the “hedging business”) to lower the risks in relation to raw material purchases for the purpose of locking in the procurement costs of PVC and PE.

The potential intention of developing hedging business is only limited to PVC and PE buying hedges. The Company intends to limit its hedged positions of PVC and PE futures to its annual usage of PVC and PE materials. For 2015, the Company’s intended hedged position for PVC shall be capped at 35,000 tonnes with an amount not exceeding RMB175 million; that for PE shall be capped at 5,000 tonnes with a total amount of not exceeding RMB40 million. The Board of Directors believes that the PVC and PE hedging business to be developed by the Company will help reducing the risks of floating transaction prices in the spot market and maintain the procurement costs of raw materials. The Company will stringently monitor the transactions of the hedging business and implement internal control to restrain the scale of hedging capital. Hedging will not be executed until approval is obtained in accordance with approval authorities.

The Company wishes to emphasize that since the potential hedging business is still at its preliminary stage, no specific business arrangement is determined and no agreement or letter of intent is signed by our Company. Specific issues on such potential hedging business are yet to be negotiated. The Company will make further announcement(s) or take other corresponding compliance actions, if necessary, in accordance with the requirements of the Securities and Futures Ordinance and the Listing Rules in due course.

Shareholders of the Company and potential investors are advised to exercise extreme caution when dealing in the shares of the Company.

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

Xinjiang, China, 23 January 2015

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Chen Lin (Chairman), Mr. Zhu Jia Ji, Mr. Shao Mao Xu 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 purpose only*