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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 2015**

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 2015.

The unaudited consolidated total comprehensive loss attributable to owners of the Company for the three months ended 31 March 2015 was approximately RMB3,454,000.

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 2015 together with the unaudited comparative figures for the corresponding period in 2014 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2015

		(Unaudited)	
		For the three months ended	
		31 March	
		2015	2014
		<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note</i>		
1. Operating revenue		110,751	135,662
Including: Operating income	3	110,751	135,662
2. Operating cost		114,269	135,591
Including: Cost of sales		99,221	118,851
Business taxes and surcharges		45	252
Distribution costs		10,262	10,872
Administrative expenses		4,761	5,673
Finance costs		-19	-57
Assets impairment loss		-1	—
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		—	—
3. Operating profits (loss shall be stated as “-”)		-3,518	71
Add: Non-operating income		42	291
Less: Non-operating expenses		14	202
4. Total profits (loss shall be stated as “-”)		-3,490	160
Less: Income tax expenses		90	165
5. Net profits (loss shall be stated as “-”)		<u>-3,580</u>	<u>-5</u>
6. Earnings per share:			
(1) Basic earnings per share		—	—
(2) Diluted earnings per share		—	—
7. Other comprehensive income		—	—
8. Total comprehensive income (loss shall be stated as “-”)		-3,580	-5
Attributable to owners of the Company		-3,454	45
Attributable to non-controlling interests		<u>-126</u>	<u>-50</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 27 December 1999, and is headquartered in Shihezi City, Xinjiang Uygur Autonomous Region. The registration number of its Business License of Enterprise Legal Person is 650000410002177 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 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.

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. 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. 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 2014.

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	
	2015	2014
	RMB'000	RMB'000
Drip films and drip assemblies	54,537	90,680
PVC/PE pipelines	53,964	31,585
Provision of installation services	<u>1,066</u>	<u>9,792</u>
	109,567	132,057
Others operating income	<u>1,184</u>	<u>3,605</u>
	<u><u>110,751</u></u>	<u><u>135,662</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, as impacted by the negative pressure of the economy of mainland China, the sales prices of the Group's products had decreased and the gross profits lowered, resulting in a loss incurred by the Group for the first quarter. The directors of the Group consider that, given the implementation of the targeted economic austerity policy by the Chinese government, the investment by China towards the agriculture and water-saving irrigation will be further increased and is beneficial for the Group to exit from the current predicament.

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 2015.

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

Xinjiang, the PRC, 24 April 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 purposes only*