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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 2018**

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 2018.

The unaudited consolidated total comprehensive loss attributable to owners of the Company for the three months ended 31 March 2018 was approximately RMB3,973,000.

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 2018 together with the unaudited comparative figures for the corresponding period in 2017 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2018

		(Unaudited)	
		For the three months ended	
		31 March	
		2018	2017
	Note	<i>RMB'000</i>	<i>RMB'000</i>
1. Operating revenue		79,252	144,510
Including: Operating income	3	79,252	144,510
2. Operating cost		83,739	142,975
Including: Cost of sales		70,996	126,290
Business taxes and surcharges		530	743
Distribution costs		5,914	9,922
Administrative expenses		6,535	7,171
Finance costs		-23	-1,151
Assets impairment loss		-213	0
Add: Gain on changes in fair value (loss shall be stated as “-”)		2	0
Other income		300	0
3. Operating profits (loss shall be stated as “-”)		-4,185	1,535
Add: Non-operating income		58	315
Less: Non-operating expenses		24	109
4. Total profits (loss shall be stated as “-”)		-4,151	1,741
Less: Income tax expenses		77	478
5. Net profits (loss shall be stated as “-”)		-4,228	1,263

(Unaudited)
For the three months ended
31 March

	2018	2017
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
6. Earnings per share:		
(loss shall be stated as “-”)		
(1) Basic earnings per share	-RMB0.0076	RMB0.0012
(2) Diluted earnings per share	-RMB0.0076	RMB0.0012
7. Other comprehensive income	0	0
8. Total comprehensive income		
(loss shall be stated as “-”)	-4,228	1,263
Attributable to owners of the Company	-3,973	643
Attributable to non-controlling interests	-255	620
	<u><u> </u></u>	<u><u> </u></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 27th December 1999, and is headquartered in Shihezi City, Xinjiang Uygur Autonomous Region. The creditability code of its Business License of Enterprise Legal Person is 91650000757655578C 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 share 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.

The Company operates in the plastic product manufacturing industry. Its business scope mainly covers production and sale of PVC materials for water supply pipes, PE piping materials and accessories, pressure compensatory drip tapes, labyrinth-style drip tapes, embedded-style drip tapes, agricultural tapes and drippers.

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. In addition, the Company has also disclosed relevant financial information required by the Rules Governing the Listing of Securities on the Stock Exchange.

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 2017.

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	
	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Drip films and drip assemblies	16,718	74,276
PVC/PE pipelines	40,582	38,082
Provision of installation services	16,674	26,013
	<u>73,974</u>	<u>138,371</u>
Others operating income	<u>5,277</u>	<u>6,139</u>
	<u><u>79,252</u></u>	<u><u>144,510</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.

REVIEW AND PROSPECTS

As the PRC government continued its efforts to strengthen environmental regulation of processing manufacturers and supervise and eliminate product quality issues, a portion of small and medium enterprises engaged in the manufacture of water saving equipment were shut down in March 2018 due to their failure to meet environmental requirements. In such case, small and medium enterprises intensified market competition by dumping their inventories of water saving equipment at low prices. Therefore, the Group experienced a significant decline in sales of products during the first quarter of 2018.

Considering the PRC government states in its report that beautiful rural areas will be further developed, while ecological and environmental protection and treatment will be strengthened, the directors of the Group therefore look forward to exploring new development opportunities by closely following the government work focused on “three rural issues” and riding on ongoing national policies in 2018. On the other hand, the Group will capitalize on favorable timing of the reform taking place in the water saving industry to continue improving its market presence by proactively participating in the development of sewage treatment projects, water-saving projects, and municipal water supply and drainage pipeline networks. Furthermore, the Group will continue the promotion and application of large-diameter PVC pipeline materials and nanometer high-strength drip tapes to expand its market size, improve its market share of water-saving equipment, and boost its brand influence.

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 2018.

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

Xinjiang, the PRC, 30 April 2018

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Chen Lin (Chairman), Mr. Zhang Qiang, Mr. Li He and Mr. Yang Wan Sen, and three independent non-executive Directors, namely Mr. Yin Feihu, Mr. Qin Ming and Mr. Mak King Sau.

* *For identification purpose only*