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新疆天業節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)

PROFIT WARNING

This announcement is made by Xinjiang Tianye Water Saving Irrigation System Company Limited (the “**Company**”, together with its subsidiaries shall be referred to as the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”).

The board of directors (the “**Board**”) of the Company would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that after the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2018, the Group’s result is expected to record a decrease of net profit of not more than 270% for the six months ending 30 June 2018 as compared to the same period last year and net loss is expected to be recorded for the six months ended 30 June 2018.

Based on information currently available to the Group, the above expected net loss was primarily attributable to: (a) the increase in competition in the water-saving agricultural irrigation industry; and (b) the drop of profit margin of our products resulted from a sharp increase in production cost for the six months ended 30 June 2018, as the selling prices of our products increased slightly amid an increasing price of PVC resins during the first half of 2018.

The Board would also like to inform the Shareholders and potential investors that the financial position of the Group remains stable.

The information contained in this announcement is only a preliminary assessment by the directors of the Company based on currently available information and such information has not been audited or reviewed by the Company's auditor. The interim results of the Group for the six months ended 30 June 2018 is expected to be announced by the middle of August 2018.

Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

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

Xinjiang, the PRC, 31 July 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*