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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 NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 2018.

The total unaudited consolidated loss attributable to owners of the Company for the nine months ended 30 September 2018 was approximately RMB20,403,000

This announcement is made voluntarily by the Company pursuant to the requirement(s) 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 nine months ended 30 September 2018 together with the unaudited comparative figures for the corresponding period in 2017 as follows:

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2018**

		For the nine months ended 30th September,	
	<i>Note</i>	2018	2017
		RMB'000	RMB'000
		(unaudited)	(unaudited)
1. Operating revenue	2	324,898	519,233
Including: Other operating income		11,519	17,628
Operating income		313,379	501,605
2. Operating cost		345,540	514,988
Including: Cost of sales		297,316	463,024
Business taxes and surcharges		2,184	2,674
Distribution costs		22,961	27,533
Administrative expenses		23,505	23,205
Finance costs		(213)	(1,425)
Assets impairment loss		(213)	(23)
Less: Loss on disposal of assets		(751)	
Add: Other income		1,057	—
3. Operating profits (losses shall be stated as “-“)		(20,336)	4,245
Add: Non-operating income		93	1,207
Less: Non-operating expenses		82	112
4. Total profits (losses shall be stated as “-“)		(20,325)	5,340
Less: Income tax expenses		397	1,135
5. Net profits (losses shall be stated as “-“)		(20,722)	4,205
6. Earnings/(Losses) per share — basic		RMB(0.040)	RMB0.007
7. Other comprehensive income		—	—
8. Total comprehensive income		(20,722)	4,205
Total consolidated income attributable to owners of the Company		(20,403)	3,573
Total consolidated income attributable to minority interests		(319)	632
9. Dividend		—	—

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated third quarterly results have been prepared on a going concern basis in accordance with the “Enterprise Accounting Standards — Basic Standards” and 38 specific accounting standards, subsequent practice notes, interpretations and other relevant regulations (collectively “ASBEs”) promulgated by the Ministry of Finance in 15 February 2006.

The accounting policies adopted in preparing the unaudited condensed consolidated third quarterly results were in consistent with those applied to the annual financial statements of the Group for the year ended 31 December 2017.

2. REVENUE

Revenue 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 nine months ended	
	30 September	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Drip films and drip assemblies	97,283	253,344
PVC/PE pipelines	164,796	160,823
Provision of installation services	51,300	87,438
Other operating income	11,519	17,628
	<u>324,898</u>	<u>519,233</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.

BUSINESS REVIEW

The Group is in the opinion that as the government vigorously supports the development of the water-saving irrigation industry, the demand for water-saving agricultural irrigation products will continue to grow in the future with a broad prospect for the water-saving irrigation market. However, poor quality and low-cost products produced by small, scattered and disorganized enterprises flooded the market, and seriously affected the healthy development of the industry, causing a material impact on our sales of products during the reporting period. The water-saving market will be improved with the government's increasing efforts to supervise environmental protection and quality.

In this regard, the Group actively advanced a state-owned enterprise reform by accelerating the extension of the industrial chain, developing various industries simultaneously, and actively pursuing business diversity. Besides expediting the research, development, promotion and application of new products, the Group continued to enhance its competitiveness through market expansion and consolidation.

REVIEW OF RESULTS

The audit committee of the Company has reviewed the unaudited consolidated results announcement of the Group for the nine months ended 30 September 2018.

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

Xinjiang, the PRC, 26 October 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*