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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 of the Company (the “**Board**”) 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, the Group is expected to record a net loss for the year ended 31 December 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; (b) the drop of profit margin of our products resulted from an increase in production cost for the year ended 31 December 2018, as the price of PVC resins kept rising during the year; (c) the provision for impairment of inventory for the year; and (d) the provision for impairment of fixed assets.

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 Board based on currently available information and such information has not been audited or reviewed by the Company’s auditor. The annual results of the Group for the year ended 31 December 2018 is expected to be announced at the end of March 2019.

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

Hong Kong, 28 February, 2019

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chen Lin (Chairman), Mr. Tan Xinmin and Mr. Huang Dong, and four independent non-executive Directors, namely Mr. Yin Feihu, Mr. Qin Ming, Ms. Gu Li and Mr. Hung Ee Tek.

** For identification purposes only*