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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)

INSIDE INFORMATION ANNOUNCEMENT

This announcement is made by Xinjiang Tianye Water Saving Irrigation System Company Limited (the “**Company**”) pursuant to the Inside Information Provisions (“**Inside Information Provisions**”) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**SEHK**”).

PROPOSED RESTRUCTURING

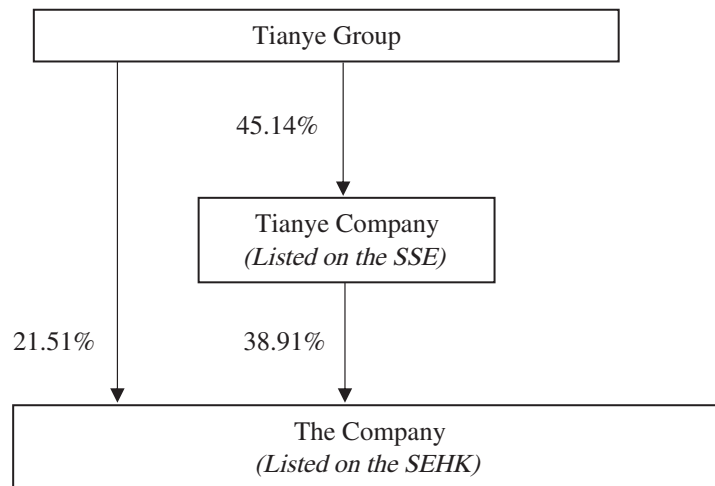
The Company has been informed by Xinjiang Tianye (Group) Limited* (新疆天業(集團)有限公司) (“**Tianye Group**”), its controlling shareholder, that for the purpose of streamlining the corporate shareholding structure and management of the Company in accordance with the strategic development of Xinjiang Tianye Co., Ltd.* (新疆天業股份有限公司) (“**Tianye Company**”), it is proposed that Tianye Company shall transfer all of its shareholding interest in the Company (i.e. approximately 38.91% of all the issued shares of the Company) to Tianye Group (the “**Proposed Restructuring**”).

The share transfer under the Proposed Restructuring shall be conducted off-market by way of agreement, and the consideration of which shall be based on a valuation of the assets of the Company (without taking into account the share price of the Company) conducted by a qualified valuer in accordance with applicable laws and regulations.

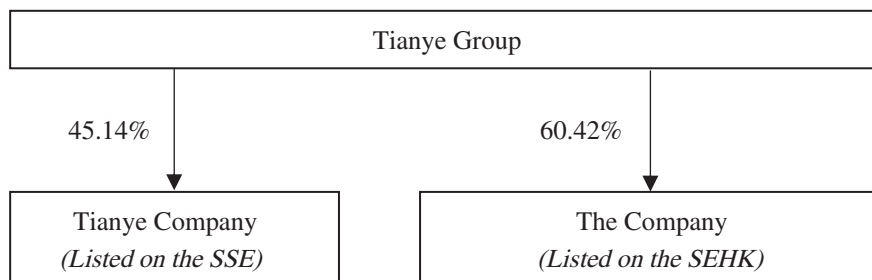
SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND IMMEDIATELY AFTER THE PROPOSED RESTRUCTURING

Tianye Company, with its shares listed on the Shanghai Stock Exchange (the “SSE”), is a subsidiary of Tianye Group. As at the date of this announcement, Tianye Group directly holds (i) approximately 21.51% of all the issued shares of the Company; and (ii) approximately 45.14% of all the issued shares of Tianye Company, which in turn holds 38.91% of all the issued shares of the Company. All of the shares of the Company held by Tianye Company are domestic shares.

The following diagram sets out the shareholding structure of the Company as at the date of this announcement:



The following diagram sets out the shareholding structure of the Company immediately after the completion of the Proposed Restructuring:



The Proposed Restructuring, if materialised, would trigger an obligation on the part of Tianye Group to make a general offer for all the shares of the Company other than those owned or agreed to be acquired by itself or parties acting in concert with it under Rule 26.1 of the Code on Takeovers and Mergers (the “**Takeovers Code**”), unless otherwise waived by the Securities and Futures Commission (the “**SFC**”). In this regard, the Company has been informed by Tianye Group that it has applied for, and the SFC has on 17 February 2023 granted, a waiver from the obligation to make a general offer pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code in relation to the Proposed Restructuring.

The Proposed Restructuring is still at a preliminary stage and there is no assurance that the Proposed Restructuring will materialise or eventually be consummated. As such, the Proposed Restructuring may or may not proceed. The Company will publish further announcement on the Proposed Restructuring as and when appropriate and in accordance with the Listing Rules and Inside Information Provisions.

Shareholders of the Company and the public are reminded to exercise caution when dealing in the securities of the Company.

By order of the Board
Xinjiang Tianye Water Saving Irrigation System Company Limited*
Li He
Chairman

Hong Kong, 21 February 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Li He (Chairman), Ms. Yang Ling and Mr. Jiang Dayong, and four independent non-executive Directors, namely Mr. Li Lianjun, Ms. Gu Li, Mr. Hung Ee Tek and Mr. He Xinlin.

* *For identification purposes only*