



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: 00840)

INTERIM REPORT
FOR THE SIX MONTHS ENDED 30TH JUNE, 2025

SUMMARY

- Total operating revenue for the six months ended 30th June, 2025 was approximately RMB319,937,000, representing a decrease of approximately 68.55% from approximately RMB1,017,421,000 for the corresponding period in the previous year.
- Unaudited net loss for the six months ended 30th June, 2025 was approximately RMB15,499,000, while net profit for the corresponding period in the previous year was approximately RMB13,857,000. The unaudited net loss attributable to owners of the parent company for the six months ended 30th June, 2025 was approximately RMB15,621,000, as compared with the net profit of approximately RMB16,487,000 for the corresponding period in the previous year.
- Basic losses per share for the six months ended 30th June, 2025 were approximately RMB0.030 (basic earnings per share for the corresponding period in 2024: RMB0.0317).
- The Board does not recommend the payment of interim dividend for the six months ended 30th June, 2025 (for the corresponding period in 2024: nil).

FOR THE SIX MONTHS ENDED 30TH JUNE, 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Xinjiang Tianye Water Saving Irrigation System Company Limited (the “**Company**”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30th June, 2025, together with the comparative figures for the corresponding period in 2024. These unaudited interim financial statements have been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended	
		30th June,	
		2025	2024
	Notes	RMB'000	RMB'000
		(unaudited)	(unaudited)
1. Total operating revenue	3	319,937	1,017,421
Including: Other operating income		2,076	5,861
Income from principal businesses		317,861	1,011,560
2. Total operating cost		338,106	1,001,086
Including: Cost of sales		295,296	958,824
Business taxes and surcharges		2,002	3,389
Distribution costs		7,407	8,284
Administrative expenses		29,789	27,077
Research and development expenses		4,574	2,738
Finance costs		1,397	1,388
Asset impairment loss		(256)	—
Credit impairment loss		(1,398)	(614)
Add: Other income		3,023	2,130
Gain from disposal of assets		705	—
3. Operating (losses)/profits		(15,146)	18,465
Add: Non-operating income		501	42
Non-operating expenses		(132)	(315)
4. Total profits	5	(14,777)	18,192
Less: Income tax expenses	6	(722)	(4,334)
5. Net (loss)/profit		(15,499)	13,857
Net (loss)/profit attributable to owners of			
the parent company		(15,621)	16,487
Profit/(loss) attributable to minority interests		122	(2,630)

		For the six months ended	
		30th June,	
		2025	2024
Notes		RMB'000	RMB'000
		(unaudited)	(unaudited)
6. Profit/(loss) per share — basic	7	RMB(0.030)	RMB0.03173
7. Other comprehensive income		—	—
8. Total comprehensive (loss)/profit		(15,499)	13,857
Total comprehensive (loss)/profit attributable to owners of the parent company		(15,621)	16,487
Total comprehensive profit/(loss) attributable to minority interests		<u>122</u>	<u>(2,630)</u>
9. Dividend	8	<u>—</u>	<u>—</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30th June, 2025 <i>RMB'000</i> (unaudited)	As at 31st December, 2024 <i>RMB'000</i> (audited)
	<i>Notes</i>		
Current assets:			
Cash		360,251	422,324
Trade receivables	9	240,362	252,539
Receivables financing		5,732	3,273
Prepayments		85,885	72,020
Other receivables		23,900	21,797
Inventories		232,711	168,559
Contract assets		0.00	68,524
Other current assets		17,279	12,413
Total current assets		966,120	1,021,449
Non-current assets:			
Long-term equity investments		134	134
Fixed assets		104,003	108,179
Construction in progress		5,346	1,723
Productive biological assets	10	34,499	34,473
Right-of-use assets		43,941	41,192
Intangible assets		15,120	16,118
Development expenses		1,497	—
Long-term deferred expenses		3,248	5,549
Deferred income tax assets		4,130	4,130
Total non-current assets		211,918	211,498
Total assets		1,178,038	1,232,947
Current liabilities:			
Short-term borrowings		50,000	14,992
Trade payables	11	353,040	452,530
Contract liabilities		198,163	181,424
Employee remuneration payables		5,184	5,648
Taxes payables		6,360	7,644
Other payables		51,595	47,679
Non-current liabilities due within one year		—	3,829
Other current liabilities		—	2,202
Total current liabilities		664,342	715,948

	As at 30th June, 2025 RMB'000 (unaudited)	As at 31st December, 2024 RMB'000 (audited)
<i>Notes</i>		
Non-current liabilities:		
Long-term borrowings	49,800	49,900
Lease liabilities	51,634	43,533
Deferred income	13,038	13,444
Deferred income tax liabilities	128	114
Total non-current liabilities	114,600	106,991
Total liabilities	778,942	822,939
Equity of owners:		
Share capital	519,522	519,522
Capital reserve	52,932	52,932
Special reserve	4,620	33
Surplus reserve	34,724	34,724
Retained earnings	(241,114)	(225,493)
Total equity attributable to owners of the parent company	370,684	381,718
Minority interests	28,412	28,290
Total equity of owners	399,096	410,008
Total liabilities and equity of owners	1,178,038	1,232,947

CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the six months ended 30th June, 2025

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Total equity attributable to owners of the parent company	Minority interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1st January, 2024	519,522	23,084	—	34,724	(160,983)	416,347	34,324	450,671
Total comprehensive loss for the period	—	3,327	1,917	—	16,487	21,731	(2,630)	19,102
At 30th June, 2024	<u>519,522</u>	<u>26,411</u>	<u>1,917</u>	<u>34,724</u>	<u>(144,496)</u>	<u>438,078</u>	<u>31,694</u>	<u>469,772</u>
At 1st January, 2025	519,522	52,932	33	34,724	(225,493)	381,718	28,290	410,008
Total comprehensive income for the period	—	—	4,587	—	(15,621)	(11,034)	122	(10,912)
At 30th June, 2025	<u>519,522</u>	<u>52,932</u>	<u>4,620</u>	<u>34,724</u>	<u>(241,114)</u>	<u>370,684</u>	<u>28,412</u>	<u>399,096</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2025

	2025 <i>RMB'000</i> (unaudited)	2024 <i>RMB'000</i> (unaudited)
Net cash flow generated from operating activities	(90,368)	74,064
Net cash flow generated from investing activities	713	(20,797)
Net cash flow generated from financing activities	27,582	23,587
Net increase in cash and cash equivalents	(62,073)	76,854
Balance of cash and cash equivalents at 1st January	422,324	340,795
Balance of cash and cash equivalents at 30th June	360,251	417,649

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2025

1. GENERAL

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 (新疆石河子輝發投資有限公司). 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 Unified Social Credit Identifier of the Company's current Business License 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 shares are domestic shares held by legal persons and 202,400,000 shares are overseas H shares. The Company transferred its share listing from the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) to the Main Board of the Stock Exchange on 24th 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 sales of PVC materials for water supply pipes, PE piping materials and accessories, pressure compensatory drip tapes, labyrinth-style drip tapes, embedded-style drip tapes, and agricultural tapes and drippers. It engages in water-saving irrigation project construction and installation, as well as the land-based agricultural services, with an annual production capacity of 6 million tonnes of agricultural tapes, water saving drip irrigation devices and ancillary capabilities, is the first domestic one-stop water-saving irrigation service provider integrating production, research and development, sales, training, engineering services and technology export.

The Company included 16 subsidiaries, namely, Gansu Tianye Water Saving Device Co., Ltd* (hereinafter referred to as “**Gansu Tianye**”), Xinjiang Tiantun Supply Chain Co., Ltd* (hereinafter referred to as “**Tiantun Supply Chain**”), Akesu Tianye Water Saving Co., Ltd* (hereinafter referred to as “**Akesu Tianye**”), Shihezi Tiancheng Water Saving Device Co., Ltd (hereinafter referred to as “**Tiancheng Water Saving**”), Liaoning Tianye Water Saving Irrigation Co., Ltd* (hereinafter referred to as “**Liaoning Tianye**”), Xinjiang Tianye Nanjiang Water Saving Agriculture Co., Ltd* (hereinafter referred to as “**Nanjiang Water Saving**”), Zhongxinnong Modern Water Saving Technology Company Limited* (hereinafter referred to as “**Zhongxinnong Water Saving**”), Xinjiang Tianye Wisdom Agriculture Technology Company Limited* (hereinafter referred to as “**Wisdom Agriculture**”), Shihezi Xiyu Water Conservancy and Hydropower Construction and Installation Engineering Co., Ltd.* (hereinafter referred to as “**Xiyu Water Conservancy**”), Shihezi Tianye Xiyong Water Saving Device Co., Ltd.* (hereinafter referred to as “**Xiyong Water Saving**”), Liaoning Tianfu Ecological Agriculture Development Group Co., Ltd.* (hereinafter referred to as “**Tianfu Ecological**”), Xinjiang Hongrui Huixin New Material Technology Co., Ltd.* (hereinafter referred to as “**Hongrui Huixin**”), Xinjiang Tianye Modern Agricultural Technology Co., Ltd.* (hereinafter referred to as “**Modern Agricultural**”), Beijing Tianye International Agricultural Engineering and Technology Co., Ltd.* (hereinafter referred to as “**Beijing Tianye**”), Shihezi Silu Tianyang Pre-Mixed Concrete Co., Ltd.* (hereinafter referred to as “**Silu Tianyang**”) and Henan Tianye Modern Agricultural Technology Co., Ltd.* (hereinafter referred to as “**Henan Tianye**”) into the consolidated financial statements for the period. For details, please refer to the change in the scope of consolidation and information on interests in other entities as set forth in the notes to these financial statements.

The unaudited condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is the functional currency of the Group.

2. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE

The Company's unaudited condensed consolidated financial statements have been prepared on a going concern basis in accordance with the "Accounting Standards for Business Enterprises — Basic Standards" (《企業會計準則 — 基本準則》) and 38 specific accounting standards, subsequent practice notes, interpretations and other relevant regulations (collectively "ASBEs") promulgated by the Ministry of Finance on 15th February, 2006. In addition, the Company has also disclosed relevant financial information required by Appendix D2 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The accounting policies applied are consistent with those as referred to in the annual financial statements for the year ended 31st December, 2024, save for the new and amended standards as set forth below.

3. TOTAL OPERATING REVENUE

Total operating revenue is measured at the fair value of the consideration received and receivables for goods sold to external customers, net of value-added tax, returns and discounts, and the consideration received and receivables for the services provided during the period, and is analysed as follows:

	For the six months ended	
	30th June,	
	2025	2024
	RMB'000	RMB'000
Drip tapes and drip assemblies	293	33,274
PVC/PE pipelines	74,678	161,552
Income from trading	65,404	390,258
Provision of installation services	170,564	416,650
Building materials products	4,396	9,826
Other operating income	4,602	5,861
	<u>319,937</u>	<u>1,017,421</u>

Notes:

1. According to the sales mix of the Group, drip assemblies are usually sold as auxiliary products of drip tapes. Therefore, drip tapes and drip assemblies are classified under the same category.
2. Other operating income was primarily attributable to income derived from external processing of spare and accessory parts by mechanical workshops and gain from fixed assets leasing.
3. Building materials products are purchased from Shihezi Silu Tianyang Pre-Mixed Concrete Co., Ltd.*

4. BUSINESS AND GEOGRAPHICAL SEGMENT

During the period, the sole principal activity of the Group was the design, manufacture, installation and sales of irrigation system and equipment and related operations in the PRC and accordingly, no analysis of business and geographical segment is presented.

5. TOTAL PROFITS

	For the six months ended 30th June,	
	2025	2024
	RMB'000	RMB'000
Total profits have been arrived at after charging:		
Depreciation	19,438	13,297
and after crediting:		
Bank interest income	<u>374</u>	<u>550</u>

6. INCOME TAX EXPENSES

	For the six months ended 30th June,	
	2025	2024
	RMB'000	RMB'000
Enterprise Income Tax	<u>721</u>	<u>4,334</u>

- (1) On 9th November, 2023, the Company obtained the high-tech enterprise certificate with the certificate number of GR202365000655 for a term of three years and was entitled to a preferential tax treatment of enterprise income tax at a reduced tax rate of 15% in 2024.
- (2) The Company's subsidiaries, Gansu Tianye, Akesu Tianye, Tiancheng Water Saving, Zhongxinnong Water Saving and Xiyu Water Conservancy were subject to an enterprise income tax at a tax rate of 15% in 2024 as they complied with the requirements of the preferential tax policies of the Western Development.
- (3) Pursuant to the relevant requirements of the Notice on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Businesses (Cai Shui 2023 No. 6), from 1st January, 2023 to 31st December, 2024, for the portion of annual taxable income not exceeding RMB1 million of small enterprises with little profit, a reduced rate of 25% was included in taxable income and enterprise income tax was paid at a rate of 20%.

Pursuant to the relevant requirements of the Notice of the Ministry of Finance and the State Taxation Administration on Further Implementation of Preferential Income Tax Policies for Small and Micro Enterprises (Cai Shui 2022 No. 13), from 1st January, 2022 to 31st December, 2024, for the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million of small enterprises with little profit, a reduced rate of 25% was included in taxable income and enterprise income tax was paid at a rate of 20%.

The above preferential taxation policies are applicable to subsidiaries including Tiantun Supply Chain, Liaoning Tianye, Xiyong Water Saving, Wisdom Agriculture, Nanjiang Water Saving, Hongrui Huixin, Modern Agricultural and Henan Tianye.

7. EARNINGS PER SHARE — BASIC

The calculations of basic earnings per share for the six months ended 30th June, 2025 are based on the net loss attributable to owners of the parent company of approximately RMB15,621,000 (net profit for the corresponding period in 2024: approximately RMB16,487,000) and the weighted average number of 519,521,560 (for the corresponding period in 2024: 519,521,560 ordinary shares) ordinary shares in issue during the period.

No diluted earnings per share has been presented for the two periods ended 30th June, 2025 and 2024 as there was no dilutive share outstanding during both periods.

8. DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30th June, 2025 (for the corresponding period in 2024: nil).

9. TRADE RECEIVABLES

(1) Aging analysis

Age	As at 30th June, 2025 <i>RMB'000</i>	As at 31st December, 2024 <i>RMB'000</i>
Within 1 year	187,947	165,862
1–2 years	24,641	22,822
2–3 years	17,465	21,609
3–4 years	16,194	12,542
4–5 years	12,187	22,758
Over 5 years	40,558	46,914
Total	298,992	292,507

The trade receivables are based on the month when amounts are actually recorded.

(2) Breakdown by category

Category	As at 30th June, 2025				
	RMB'000				
	Book balance Amount	Percentage (%)	Bad-debt provision Amount	Percentage of provision (%)	Carrying amount
Individually significant and for which bad debt provision has been separately made	20,158	6.74	20,158	100	0
Bad-debt provision made on a group basis	278,834	93.26	38,472	13.80	240,362
Total	298,992	100	58,630	19.61	246,094

Category	As at 31st December, 2024				
	RMB'000				
	Book balance Amount	Percentage (%)	Bad-debt provision Amount	Percentage of provision (%)	Carrying amount
Individually significant and for which bad debt provision has been separately made	20,826	6.68	20,826	100.00	—
Bad-debt provision made on a group basis	290,844	93.32	38,305	13.17	252,539
Total	311,670	100.00	59,131	18.97	252,539

10. PRODUCTIVE BIOLOGICAL ASSETS

Breakdown

Item	Planting Tangerines RMB'000	Total
Initial carrying amount		
Opening balance	34,473	34,473
Increase during the period		
1) Additions	26	26
Decrease during the period		
1) Disposal		
Closing balance		
Accumulated depreciation		
Opening balance		
Increase during the period		
1) Provision		
Decrease during the period		
1) Disposal		
Closing balance		
Provision for impairment		
Opening balance		
Increase during the period		
1) Provision		
Decrease during the period		
1) Disposal		
Closing balance		
Carrying amount		
Carrying amount at the end of the period	34,499	34,499
Carrying amount at the beginning of the period	34,473	34,473

11. TRADE PAYABLES

Included in the balance of the Group were trade payables with the following aging analysis:

	As at 30th June, 2025 <i>RMB'000</i>	As at 31st December, 2024 <i>RMB'000</i>
Age:		
Within 1 year	155,901	285,149
1–2 years	123,963	85,804
2–3 years	32,808	25,478
Over 3 years	40,368	56,099
	<u>353,040</u>	<u>452,530</u>

The trade payables are based on the month when amounts are actually recorded.

12. CAPITAL COMMITMENTS

	As at 30th June, 2025 <i>RMB'000</i>	As at 31st December, 2024 <i>RMB'000</i>
Capital expenditure of the Group in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	<u>400</u>	<u>730</u>

13. CONNECTED TRANSACTIONS

(a) Transactions

During the period, the Group had the following significant transactions with Xinjiang Tianye (Group) Limited* (新疆天業(集團)有限公司) (“**Tianye Holdings**”, together with its subsidiaries other than the Group, “**Tianye Holdings Group**”):

	For the six months ended 30th June, 2025 <i>RMB'000</i>		2024 <i>RMB'000</i>
Nature of transaction/business			
Sales of finished goods	24,056		12,499
Purchase of raw materials	34,307		43,214
Rental income from premises	151		151
Rental of plant and machineries	136		136

(b) Compensation to key management personnel

The remuneration paid to the Directors, supervisors and other key management personnel of the Company are as follows:

	For the six months ended	
	30th June,	
	2025	2024
	RMB'000	RMB'000
Directors and supervisors	365	431
Other key management personnel	955	987
Total	1,320	1,418

14. MAJOR TRANSACTIONS/BALANCES WITH OTHER STATE-CONTROLLED ENTERPRISES IN THE PRC

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government (“**State-controlled Entities**” and each a “**State-controlled Entity**”). In addition, the Group itself is part of a larger group of companies under Tianye Holdings which is controlled by the PRC government.

The Group conducts business with other State-controlled Entities. The Directors consider that those State-controlled Entities are independent third-parties with respect to the Group’s business transactions with them.

In establishing its pricing strategies and approval process for transactions with other State-controlled Entities, the Group does not differentiate whether or not the counterparty is a State-controlled Entity.

Material transactions/balances of the Group with other State-controlled Entities are as follows:

(a) Material transactions

	For the six months ended	
	30th June,	
	2025	2024
	RMB'000	RMB'000
Nature of transaction		
Sales of goods	67,040	114,860
Purchase of raw materials	34,660	55,648
Interest expenses	1,714	1,899

(b) Material balances

	As at 30th June, 2025 <i>RMB'000</i>	As at 30th June, 2024 <i>RMB'000</i>
Bank balances	360,251	417,649
Trade and other receivables	23,900	31,066
Trade and other payables	<u>51,595</u>	<u>47,411</u>

Except as disclosed above, the Directors are of the opinion that transactions with other State-controlled Entities are not significant to the Group's operations.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the six months ended 30th June, 2025, the unaudited total operating revenue of the Group was approximately RMB319,937,000, representing a decrease of approximately 68.55% from approximately RMB1,017,421,000 for the corresponding period in the previous year. The decrease in the total operating revenue was mainly due to the significant decrease in the number of high-standard farmland construction projects resulting from the changes in the market environment and the adjustments in government policies during the year, which led to a drastic decline in the sales volume of the Company's PVC pipeline products and a corresponding decrease in the income from engineering business.

Gross profit

For the six months ended 30th June, 2025, the unaudited gross profit was approximately RMB24,641,000, with gross profit margin of approximately 7.70%, while the unaudited gross profit and gross profit margin for the corresponding period in the previous year were approximately RMB58,598,000 and approximately 5.76%, respectively, representing an increase of approximately 1.94 percentage points in gross profit margin. This was mainly due to the increase in the gross profit for the products of the Group during the period.

Operating costs and expenses

Unaudited distribution costs for the six months ended 30th June, 2025 and the corresponding period in the previous year were approximately RMB7,407,000 and approximately RMB8,284,000, respectively, representing a decrease of approximately RMB877,000 or approximately 10.58%. The decrease in distribution costs was mainly due to a decrease in product sales, which led to a reduction in distribution costs.

Unaudited administrative expenses for the six months ended 30th June, 2025 and the corresponding period in the previous year were approximately RMB29,789,000 and approximately RMB27,077,000, respectively, representing an increase of approximately RMB2,712,000 or approximately 10.02%.

Unaudited net finance costs for the six months ended 30th June, 2025 and the corresponding period in the previous year were approximately RMB1,397,000 and approximately RMB1,388,000, respectively. The slight increase in finance costs was mainly due to a decrease in interest income.

Asset impairment loss

Unaudited reversal of asset impairment loss for the six months ended 30th June, 2025 and the corresponding period in the previous year was RMB256,000 and RMB0, respectively.

Credit impairment loss

For the six months ended 30th June, 2025 and the corresponding period in the previous year, unaudited reversal of credit impairment loss was RMB1,398,000 and RMB614,000, respectively.

Net profit attributable to owners of the parent company

For the six months ended 30th June, 2025, the Group recorded the unaudited net loss attributable to owners of the parent company of approximately RMB15,621,000 as compared with the net profit of approximately RMB16,487,000 for the corresponding period in the previous year. The net loss recorded was primarily due to the significant decrease in the number of high-standard farmland construction projects resulting from the changes in the market environment and the adjustments in government policies during the year, which led to a drastic decline in the sales volume of the Company's PVC pipeline products and a corresponding decrease in the income from engineering business. As a result, the overall gross profit margins of construction projects and product sales declined significantly, resulting in the loss.

Future prospects

As a pioneer and leader in modern water-saving irrigation agriculture in China, the Company is committed to supporting the national rural revitalization strategy by focusing on the entire industry chain of water-saving agriculture. The Company concentrates on its five major business segments, namely research and production of plastic products, construction of water conservancy projects, sales of plastic products, crop cultivation and land transfer, and smart agricultural information networks; and its mission is to develop, optimize and strengthen various integrated agricultural water-saving industry chains. It strives to achieve specialization, intensification and scale through technological innovation, model innovation and financial innovation, positioning itself as a modern comprehensive service provider in water-saving agriculture that offer integrated general contracting, engineering and service solutions.

With the steady recovery of economic activities, China is intensifying its efforts to strengthen the construction of modern irrigation areas and digital irrigation areas, and to coordinate and foster the development of irrigation areas and high-standard farmland systems. Green economy and water conservation economy are gradually becoming new engines for global economic development, facilitating industrial upgrading and economic structural transformation. The Company is capitalizing on this development opportunity to further improve the upstream and downstream deployment of the industry chain, increase research and development investment, and expand marketing results. Overall order backlog and operating cash flow show a favorable development trend.

Looking forward, the Company will continue to increase investment in water-saving irrigation technology research and development, endeavor to achieve breakthroughs in core technologies, and maintain industry leadership. By deepening the cooperation among industry, academic and research bodies, the transformation of technological achievements will be accelerated and core competitiveness will be enhanced. The Company will actively explore domestic and international markets, implement diversified sales strategies, and customize solutions to meet the needs of different regions. By strengthening cooperation with upstream and downstream enterprises, the Company will consolidate industry chain resources to attain synergic development, further expand the layout of the agricultural full industry chain with a focus on developing digital agricultural services and agricultural trade logistics, continuously optimizing the digital agricultural service system for water-saving, and widely applying advanced technologies to improve agricultural production efficiency and water resource utilization. Increased investment in digital equipment production will drive production automation, intelligent transformation and product innovation. The Company will proactively fulfill social responsibility, help farmers to increase their earnings and enhance agricultural efficiency, and foster a green production method, thereby contributing to the modernization of China's agriculture and the high-quality development of its water conservancy sector.

Liquidity, financial resources and capital structure

During the period, the Group raised its funding primarily from cash generated from its business operations.

As at 30th June, 2025, the Group had a gearing ratio (which is defined as total borrowings over total equity) of 12.53% (as at 31st December, 2024: 11.49%). The Directors confirm that the Group financed its operations primarily from cash generated from its business operations and the Group had not experienced any liquidity problem for the six months ended 30th June, 2025.

Contingent Liabilities

As at 30th June, 2025, the Company did not have any significant contingent liabilities.

Foreign currency exposure

As confirmed by the Directors, the Group's present operations are mainly carried out in the PRC, and all of the Group's receipts and payments in relation to the operations are basically denominated in Renminbi. In this respect, there is no significant currency mismatch in its operational cashflows and the Group is not exposed to any significant foreign currency exchange risk in its operations.

Employee and salary policies

The Directors consider the quality of employees as the most critical factor in maintaining the Group's business growth and enhancing its profitability. The Group offers salary packages with reference to the performance and working experience of individual employees, and the prevailing market rates. As at 30th June, 2025, the Group had about 469 full-time employees.

Retirement benefit scheme and other benefits

The employee benefits provided by the Group to its employees include old-aged insurance scheme, medical insurance scheme, unemployment insurance scheme, labour injury insurance scheme and maternity insurance scheme (collectively under the social insurance scheme), whereby the Group is required to make monthly contributions to these schemes. The Company has no obligation in relation to the payment of retirement and other post-retirement benefits for employees save for the monthly contributions described above. Expenses incurred by the Company in connection with these retirement benefit schemes were approximately RMB5,281,000 for the six months ended 30th June, 2025.

Housing pension scheme

According to the relevant requirements under “The Decision Regarding the Reinforcement of Reform on Housing Systems in Cities and Towns by the State Council” (《國務院關於深化城鎮住房制度改革的決定》), “The Notice Regarding the Further Reinforcement of Reform on Housing Systems and Acceleration of Housing Facilities in Cities and Towns by the State Council” (《國務院關於進一步深化城鎮住房制度改革加快住房建設的通知》) and “Housing Pension Administrative Rules” (《住房公積金管理條例》), all administrative and business units and their staff members shall make contribution to a housing pension for the establishment of a housing pension scheme. The contributions made by each staff member and their respective unit belong to the staff member. The percentage of the housing pension contributed by the staff members and their units shall not be less than 5% of the average monthly salaries of such staff members in the previous financial year. These contributions may vary from those made in cities with better conditions. The housing pension scheme is mandatory.

Charge of assets

As at 30th June, 2025, the Group had no charge of assets.

Material investment and future plan

As at 30th June, 2025, the Group had no material investments or future plans for material investments.

Material acquisitions and disposals

As at 30th June, 2025, the Group had no material acquisitions or disposals.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June, 2025, the interests and short positions of the Directors and chief executives of the Company in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) under Appendix C3 of the Listing Rules, to be notified to the Company and the Stock Exchange are as follows:

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

During the six months ended 30th June, 2025, the Company, its holding companies or any of its subsidiaries had not entered into any arrangement enabling the Directors or executives of the Company, including their respective associates, to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other associated corporations.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

(A) Domestic Shareholders

As at 30th June, 2025, the register of substantial shareholders maintained by the Company pursuant to Section 336 of Part XV of the SFO shows that the following persons or entities (other than Directors or chief executive) had notified the Company of relevant interests and short positions in the shares or underlying shares of the Company:

Name	Capacity	Number of the domestic shares of the Company held	Approximate percentage of the total issued domestic shares of the Company	Approximate percentage of the total issued share capital of the Company
		(Note 1)		(Note 2)
Xinjiang Tianye (Group) Limited (Note 3)	Beneficial owner	313,886,921	98.98%	60.42%

Notes:

1. The letter "L" denotes the person/entity's long position in the shares.
2. The approximate percentage of shareholding is calculated with reference to the total issued shares of 519,521,560 shares (including domestic shares and H shares).
3. The domestic shares held by Xinjiang Tianye (Group) Limited represents approximately 98.98% of the total domestic shares in issue.

(B) H Shareholders

Name	Capacity	Number of H shares of the Company held (Note 1)	Approximate percentage of the total issued H shares of the Company	Approximate percentage of the total issued share capital of the Company (Note 2)
Long Thrive Holdings Limited (“Long Thrive”) (Note 3)	Beneficial owner	14,407,000 (L)	7.12%	2.77%
Mr. Ding Wei (“Mr. Ding”) (Note 4)	Interest in controlled corporation	14,407,000 (L)	7.12%	2.77%
Ms. Wang Bing (“Ms. Wang”) (Note 5)	Interest of spouse	14,407,000 (L)	7.12%	2.77%

Notes:

1. The letter “L” denotes the person/entity’s long position in the shares.
2. The approximate percentage of shareholding is calculated with reference to the total issued shares of 519,521,560 shares (including domestic shares and H shares) of the Company.
3. The H shares held by Long Thrive represent approximately 7.12% of the total H shares in issue of the Company.
4. Long Thrive directly held 14,407,000 H shares. Long Thrive is wholly-owned by Mr. Ding. By virtue of the SFO, Mr. Ding is deemed to be interested in the 14,407,000 H shares held by Long Thrive.
5. Ms. Wang is the spouse of Mr. Ding. By virtue of the SFO, Ms. Wang is deemed to be interested in the 14,407,000 H shares held by Long Thrive.

Save as disclosed above, as at 30th June, 2025, the Directors and chief executive of the Company were not aware of any persons (other than the Directors and chief executive of the Company) who had an interest and short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the six months ended 30th June, 2025, the Directors were not aware of any business or interests of the Directors, the management of the Company, shareholders of the Company and their respective associates (as defined under the Listing Rules) that competes or may compete (directly or indirectly) with the business of the Group and any other conflicts of interests which any such persons has or may have with the Group.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30th June, 2025 (corresponding period in 2024: nil).

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters, including reviewing the unaudited interim financial accounts.

CODE ON CORPORATE GOVERNANCE PRACTICES

By applying rigorous corporate governance practices, the Group believes that its accountability and transparency will be improved which further instills confidence in the shareholders of the Company and the public in the Group. Throughout the six months ended 30th June, 2025, the Group has complied with the code provisions as set out in Appendix C1 of the Listing Rules (the “CG Code”). No Director is aware of any information that reasonably indicates that there was any non-compliance with the code provisions of the CG Code by the Company at any time for the six months ended 30th June, 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for securities transactions by Directors of the Company. Following specific enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards under the Model Code for the six months ended 30th June, 2025.

PRE-EMPTIVE RIGHTS

The articles of association of the Company or laws of China do not contain provisions regarding pre-emptive rights obliging the Company to offer new shares for sale to its existing shareholders of the Company proportionately.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company and/or any of its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company (including the sale of treasury shares (as defined in the Listing Rules)) for the six months ended 30th June, 2025. As at the end of the reporting period, the Company or its subsidiaries holds no treasury shares.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcements of the Company dated 4th June, 2025 and 29th August, 2025, State-owned Assets Supervision and Administration Commission of Xinjiang Production and Construction Corps 8th Division* (新疆生產建設兵團第八師國有資產監督管理委員會) (the “**8th Division SASAC**”), Xinjiang Tianye (Group) Limited* (新疆天業(集團)有限公司) (“**Tianye Group**”) and Xinjiang Tianze Water Conservancy Investment and Development Co., Ltd.* (新疆天澤水利投資發展有限公司) (“**Tianze Water Conservancy**”) entered into an equity transfer agreement, an entrusted voting right agreement and an entrusted nomination right for directors agreement on 29th August, 2025 to confirm the relevant restructuring arrangement (the “**Restructuring Arrangement**”). Upon completion of the Restructuring Arrangement, (1) Tianze Water Conservancy directly holds 313,886,921 domestic shares of the Company, representing approximately 98.98% of the Company’s total issued domestic shares and approximately 60.42% of the Company’s total issued share capital; (2) Tianye Group and the 8th Division SASAC hold 51% and 49% of the voting rights in Tianze Water Conservancy, respectively; and (3) the 8th Division SASAC and the Xinjiang Production and Construction Corps State-owned Assets Supervision and Administration Commission* (新疆生產建設兵團國有資產監督管理委員會) hold 90% and 10% of the equity interest in Tianye Group, respectively.

By order of the Board

Xinjiang Tianye Water Saving Irrigation System Company Limited*

Zhou Gang

Chairman

Xinjiang, the PRC
23rd September, 2025

As at the date of this report, the Board comprises four executive Directors, namely Mr. Zhou Gang (Chairman), Mr. Jiang Dayong, Mr. Wang Dongwei and Mr. Li Zheng, and three independent non-executive Directors, namely Ms. Gu Li, Mr. Hung Ee Tek and Mr. He Xinlin.

* For identification purpose only