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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)

**ANNOUNCEMENT — VOLUNTARY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2022**

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 three months ended 31 March 2022.

The unaudited consolidated total comprehensive loss attributable to owners of the Company for the three months ended 31 March 2022 was approximately RMB11,529,000.

This announcement is made voluntarily by the Company pursuant to the requirement 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 (the “**Board**”) of directors (the “**Directors**”) 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 three months ended 31 March 2022 together with the unaudited comparative figures for the corresponding period in 2021 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2022

		(Unaudited)	
		For the three months ended	
		31 March	
		2022	2021
	Note	RMB’000	RMB’000
1. Operating revenue		256,291	141,017
Including: Operating income	3	256,291	141,017
2. Operating cost		268,313	143,525
Including: Cost of sales		249,990	125,566
Business taxes and surcharges		412	1,004
Distribution costs		6,740	7,241
Administrative expenses		9,564	9,880
Research and development expenses		1,193	947
Finance costs		414	380
Assets impairment loss		0	-1,493
Add: Gains from disposal of assets (loss shall be stated as “-”)		16	—
Other income		251	364
		<hr/>	<hr/>
3. Operating profits (loss shall be stated as “-”)		-11,755	-2,144
Add: Non-operating income		434	11
Non-operating expenses		50	—
		<hr/>	<hr/>
4. Total profits (loss shall be stated as “-”)		-11,371	-2,133
Less: Income tax expenses		11	179
		<hr/>	<hr/>
5. Net profits (loss shall be stated as “-”)		-11,382	-2,312
		<hr/> <hr/>	<hr/> <hr/>

(Unaudited)
For the three months ended
31 March

	2022	2021
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
6. Earnings per share:		
(loss shall be stated as “-”)		
(1) Basic earnings per share	-0.0222	-0.0053
(2) Diluted earnings per share	-0.0222	-0.0053
7. Other comprehensive income	0	0
8. Total comprehensive income		
(loss shall be stated as “-”)	-11,382	-2,312
Attributable to owners of the Company	-11,529	-2,748
Attributable to non-controlling interests	<u>147</u>	<u>436</u>

NOTES:

1. CORPORATE BACKGROUND

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 (新疆石河子運發投資有限責任公司). 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 creditability code of its Business License of Enterprise Legal Person 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 are domestic shares held by legal persons and 202,400,000 are overseas H shares. The Company transferred its share listing from the Growth Enterprise Market (“**GEM**”) of the Stock Exchange to the Main Board of the Hong Kong Stock Exchange on 24 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 sale of PVC materials for water supply pipes, PE piping materials and accessories, pressure compensatory drip tapes, labyrinth-style drip tapes, embedded-style drip tapes, agricultural tapes and drippers. It engages in water-saving irrigation project installation, high-standard farmland construction, integrated agricultural services, smart agriculture and raw material trading business, 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited consolidated first quarterly results have been prepared on a going concern basis. The financial statements prepared by the Company are in accordance with the requirement of the Accounting Standards for Business Enterprises (“**ASBE**”) to give a true and complete view of the related information about the financial positions and operating results of the Company. In addition, the Company has also disclosed relevant financial information required by the Rules Governing the Listing of Securities on the Stock Exchange.

The accounting policies adopted in preparing the unaudited consolidated first quarterly results are consistent with those applied to the annual financial statements of the Group for the year ended 31 December 2021.

3. OPERATING INCOME

Operating income 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 three months ended	
	31 March	
	2022	2021
	RMB'000	RMB'000
Drip films and drip assemblies	10,721	13,462
PVC/PE pipelines	38,027	50,443
Project income	33,506	52,377
Trade income	156,218	0
	<u>238,472</u>	<u>116,282</u>
Others operating income	17,819	24,735
	<u>256,921</u>	<u>141,017</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.

REVIEW AND PROSPECTS

Target tasks of high-standard farmland construction was clearly put forward in the National High-standard Farmland Construction Plan (2021–2030): through new construction projects and renovation projects, it strived to make the effective irrigation area of large and medium-sized irrigation areas into high-standard farmland on a priority basis, so as to ensure that 1 billion mu of high-standard farmland will be built by 2022, 1.075 billion mu by 2025, and 1.2 billion mu by 2030. China will make an overall plan for the simultaneous implementation of high-efficiency water-saving irrigation and high-standard farmland construction, in order to complete the construction of 110 million mu of new high-efficiency water-saving irrigated farmland within the planning period. Moreover, the government shall assume the main responsibility of investment, through the adoption of approaches such as investment grants, reward in substitution of subsidies and loan interest subsidies to invest in the construction of high-standard farmland, indicating a bright market prospect in the future.

In 2022, by focusing closely on the development pattern of “modern agriculture” and capitalizing on “product, agricultural services, engineering, and trade”, the Company shall expand and strengthen our profit-oriented and advantageous product line. In the meantime, we will vigorously explore the engineering business in the Southern area of Xinjiang and inland areas to strategically establish our operation of agricultural services across the country, proactively promote the development of the incremental trade business, and enhance overall strengths and competitiveness of the Company, thereby improving our overall operating capacity.

REVIEW OF RESULTS

The audit committee of the Company, which consists of three independent non-executive Directors, has reviewed the unaudited consolidated results announcement of the Group for the three months ended 31 March 2022.

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

Xinjiang, the PRC, 20 April 2022

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

* *For identification purpose only*