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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: 00840)

AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31ST DECEMBER, 2025

RESULTS REVIEW

- The operating income for the year ended 31st December, 2025 was approximately RMB848,397,000, a decrease of approximately 43.39% from RMB1,498,562,000 for the year of 2024.
- The net loss attributable to the parent for the year ended 31st December, 2025 was approximately RMB54,825,000 (2024: net loss attributable to the parent of approximately RMB39,536,000).
- Basic and diluted loss per share for the year was approximately RMB0.11 (2024: loss of approximately RMB0.08).

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Xinjiang Tianye Water Saving Irrigation System Company Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31st December, 2025, together with the comparative figures for the corresponding period in 2024 as follows. These audited annual financial statements have been reviewed by the audit committee of the Company.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2025

Item	Notes	Current period RMB	Corresponding period last year RMB
I. Total operating income		848,396,650.54	1,498,561,932.18
Including: Operating income	6	848,396,650.54	1,498,561,932.18
II. Total operating costs		892,402,749.70	1,550,051,247.91
Including: Cost of sales	6	783,004,587.19	1,448,129,163.08
Taxes and surcharges		4,590,429.34	6,206,335.95
Distribution costs	7	15,586,185.33	20,292,689.28
Administrative expenses	8	66,021,881.48	56,292,650.86
Research and development expenses		20,115,734.02	15,104,789.35
Finance costs	9	3,083,932.34	4,025,619.39
Add: Other gains		11,313,947.55	11,759,106.85
Investment gains		567,768.75	-577,693.13
Credit impairment loss	10	-6,816,655.77	7,773,581.84
Assets impairment loss	11	-15,067,150.89	-9,551,574.81
Gain on disposal of assets		1,067,874.14	0.00

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2025

Item	Notes	Current period RMB	Corresponding period last year RMB
III. Operating profits (loss is denoted as “-”)		-52,940,315.38	-42,085,894.98
Add: Non-operating income		2,459,730.36	4,587,492.82
Less: Non-operating charges		1,840,202.02	2,085,498.65
		<hr/>	<hr/>
IV. Total profits (loss is denoted as “-”)		-52,320,787.04	-39,583,900.81
Less: Income tax expenses	12	2,676,548.45	5,214,888.35
		<hr/>	<hr/>
V. Net profits (loss is denoted as “-”)		-54,997,335.49	-44,798,789.16
(I) 1. Net profits from continuing operation (loss is denoted as “-”)		-54,997,335.49	-44,798,789.16
2. Net profits from discontinued operation (loss is denoted as “-”)		0.00	0.00
(II) 1. Net profits attributable to owners of the parent company (loss is denoted as “-”)		-54,824,904.28	-39,535,871.71
2. Minority interests (loss is denoted as “-”)		-172,431.21	-5,262,917.45
		<hr/>	<hr/>
VI. Earnings per share:			
(I) Basic earnings per share (loss is denoted as “-”)	14	-0.11	-0.08
(II) Diluted earnings per share (loss is denoted as “-”)	14	-0.11	-0.08
		<hr/>	<hr/>
VII. Other comprehensive income		0.00	0.00
		<hr/>	<hr/>
VIII. Total comprehensive income (loss is denoted as “-”)		-54,997,335.49	-44,798,789.16
Total comprehensive income attributable to owners of the parent company (loss is denoted as “-”)		-54,824,904.28	-39,535,871.71
Total comprehensive income attributable to minority shareholders (loss is denoted as “-”)		-172,431.21	-5,262,917.45
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CONSOLIDATED BALANCE SHEET

As at 31st December, 2025

Item	Notes	Current period RMB	Closing balance at the end of last year RMB
Current assets:			
Cash		477,698,737.13	422,324,054.34
Trade receivables	15	220,347,769.16	252,539,231.04
Receivables financing		2,721,813.94	3,273,014.02
Prepayments	16	69,364,578.99	72,020,140.85
Other receivables		22,752,891.17	21,796,549.11
Inventories	17	172,955,630.60	168,559,209.41
Contract assets	18	111,024,623.28	68,524,296.15
Other current assets		16,424,545.53	12,412,877.64
		<u>1,093,290,589.80</u>	<u>1,021,449,372.56</u>
Total current assets			
Non-current assets:			
Long-term equity investment		0.00	134,266.57
Fixed assets		104,378,940.14	108,178,851.36
Construction-in-progress	19	1,173,864.90	1,722,536.19
Productive biological assets	20	32,313,018.34	34,473,017.48
Right-of-use assets	21	39,803,736.28	41,192,029.10
Intangible assets		14,229,543.29	16,117,998.47
Long-term deferred expenses		5,138,281.94	5,549,164.40
Deferred income tax assets	22	2,952,280.06	4,129,814.17
		<u>199,989,664.95</u>	<u>211,497,677.74</u>
Total non-current assets			
		<u>1,293,280,254.75</u>	<u>1,232,947,050.30</u>
Total assets			

CONSOLIDATED BALANCE SHEET

As at 31st December, 2025

Item	Notes	Current period RMB	Closing balance at the end of last year RMB
Current liabilities:			
Short-term borrowings		20,014,608.90	14,991,773.02
Trade payables	23	403,815,447.02	452,530,564.05
Contract liabilities	24	332,037,649.25	181,424,245.48
Employee remuneration payables		5,431,597.62	5,647,622.44
Tax and levy payables	25	2,134,804.38	7,643,636.04
Other payables		44,616,636.53	47,678,873.20
Non-current liabilities due within one year	26	53,034,776.68	3,828,729.32
Other current liabilities		4,952,704.51	2,202,348.64
Total current liabilities		<u>866,038,224.89</u>	<u>715,947,792.19</u>
Non-current liabilities:			
Long-term borrowings		0.00	49,900,000.00
Lease liabilities		44,215,941.60	43,533,204.43
Deferred income		26,393,699.67	13,443,645.31
Deferred income tax liabilities	22	25,084.78	114,240.29
Total non-current liabilities		<u>70,634,726.05</u>	<u>106,991,090.03</u>
Total liabilities		<u>936,672,950.94</u>	<u>822,938,882.22</u>
Equity of owners:			
Share capital		519,521,560.00	519,521,560.00
Capital reserve		52,931,858.62	52,931,858.62
Special reserve		300.00	32,735.56
Surplus reserve		34,724,097.27	34,724,097.27
Undistributed profits (loss is denoted as “-”)		-280,317,490.61	-225,492,586.33
Total equity attributable to owners of the parent company		<u>326,860,325.28</u>	<u>381,717,665.12</u>
Minority interests		29,746,978.53	28,290,502.96
Total equity of owners		<u>356,607,303.81</u>	<u>410,008,168.08</u>
Total liabilities and equity of owners		<u><u>1,293,280,254.75</u></u>	<u><u>1,232,947,050.30</u></u>

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

Expressed in RMB

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 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 RMB1.00 each in aggregate, of which 317,121,560 shares are held by domestic legal persons and 202,400,000 shares are overseas H shares. The Company transferred its share listing from the Growth Enterprise Market of the Hong Kong Stock Exchange to the Main Board of the Hong Kong Stock Exchange on 24th January, 2008, with its stock code changed from 8280 to 0840.

The shareholding structure of the Company is: Tianze Water Investment is a controlling shareholder of the Company holding approximately 60.42% of the issued share capital of the Company. Tianye Group is entitled to exercise an aggregate of 51.00% of the voting rights in Tianze Water Investment, which is a subsidiary of Tianye Group ; 0.46% of the Company’s share is held by China Academy of Machinery Science and Technology Group Co., Ltd.* (中國機械科學總院集團有限公司); 0.16% of the Company’s share is held by Shihezi State-owned Assets Management (Group) Co., Ltd. (石河子國有資產經營(集團)有限公司); 38.96% of all issued capital of the Company is held by H Shareholders (shareholders of foreign listed foreign investment shares).

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 films and drippers. It engages in water-saving irrigation project construction and installation, with an annual production capacity of 6 million tonnes of agricultural films, water saving drip irrigation devices and ancillary capabilities. It is the first domestic one-stop water-saving irrigation service provider integrating production, research and development, sales, training, engineering services and technology export.

These financial statements had been approved by the sixth meeting of the eighth session of the Board on 31st March, 2026 for publication.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

1. CORPORATE BACKGROUND (Continued)

The Company included 16 subsidiaries, namely, Gansu Tianye Water Saving Device Co., Ltd* (甘肅天業節水有限公司) (hereinafter referred to as “Gansu Tianye”), Xinjiang Tiantun Supply Chain Co., Ltd* (新疆天屯供應鏈有限責任公司) (hereinafter referred to as “Tiantun Supply Chain”), Akesu Tianye Water Saving Co., Ltd* (阿克蘇天業節水有限公司) (hereinafter referred to as “Akesu Tianye”), Shihezi Tiancheng Water Saving Device Co., Ltd* (石河子市天誠節水器材有限公司) (hereinafter referred to as “Tiancheng Water Saving”), Liaoning Tianye Water Saving Irrigation Co., Ltd* (遼寧天業節水灌溉有限公司) (hereinafter referred to as “Liaoning Tianye”), Xinjiang Tianye Nanjiang Water Saving Agriculture Co., Ltd* (新疆天業南疆節水農業有限公司) (hereinafter referred to as “Nanjiang Water Saving”), Zhongxinnong Modern Water Saving Technology Company Limited* (中新農現代節水科技有限公司) (hereinafter referred to as “Zhongxinnong Water Saving”), Xinjiang Tianye Wisdom Agriculture Technology Company Limited* (新疆天業智慧農業科技有限公司) (hereinafter referred to as “Wisdom Agriculture”), Shihezi Xiyu Water Conservancy and Hydropower Construction and Installation Engineering Co., Ltd.* (石河子西域水利水電建築安裝工程有限責任公司) (hereinafter referred to as “Xiyu Water Conservancy”), Shihezi City Tianye Xiying Water Saving Device Co., Ltd.* (石河子市天業西營節水器材有限責任公司) (hereinafter referred to as “Xiying Water Saving”), Liaoning Tianfu Ecological Agriculture Development Group Co., Ltd.* (遼寧天阜生態農業發展集團有限公司) (hereinafter referred to as “Tianfu Ecological”), Xinjiang Hongrui Huixin New Material Technology Co., Ltd.* (新疆泓瑞匯鑫新材料科技有限公司) (hereinafter referred to as “Hongrui Huixin”), Xinjiang Tianye Modern Agricultural Technology Co., Ltd.* (新疆天業現代農業科技有限公司) (hereinafter referred to as “Modern Agricultural”), Shihezi Silu Tianyang Pre-Mixed Concrete Co., Ltd.* (石河子市絲路天楊預拌砂有限公司) (hereinafter referred to as “Silu Tianyang”), Henan Tianye Modern Agricultural Technology Co., Ltd.* (河南天業現代農業科技有限公司) (hereinafter referred to as “Henan Tianye”), and Beijing Tianye International Agricultural Engineering and Technology Co., Ltd.* (北京天業國際農業工程科技有限公司) (hereinafter referred to as “Beijing 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.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

These financial statements have been prepared in accordance with the “Accounting Standards for Business Enterprises — Basic Standards” promulgated by the Ministry of Finance and various specific accounting standards, the application guidelines on accounting standards for business enterprises, the interpretation of accounting standards for business enterprises and other relevant requirements (hereinafter referred to as the “Accounting Standards for Business Enterprises”), and relevant requirements of the “Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 — General Requirements of Financial Report” promulgated by China Securities Regulatory Commission.

In addition, these financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities promulgated by the Stock Exchange of Hong Kong Limited, and also comply with the applicable disclosure requirements of the Companies Ordinance of Hong Kong.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.2 Continue as a going concern

These financial statements are prepared on a going concern basis.

Upon evaluation, there is no event of the Company which casts material doubts to the going concern abilities for 12 months from the end of the reporting period.

3. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The below disclosure has covered the Company's specific accounting policies and accounting estimates formulated based on actual production and operation characteristics.

3.1 Statement of compliance with the Accounting Standards for Business Enterprises

These financial statements are in accordance with the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and give a true and complete view on the consolidated and parent company's financial position as at 31st December, 2025 as well as the consolidated and parent company's operating results and cash flow for year 2025 for the Company.

3.2 Accounting Period

An accounting year runs with the Gregorian calendar which lasts from 1st January to 31st December.

3.3 Operating cycle

The Company's operating cycle is 12 months.

3.4 Functional currency

The Company adopts Renminbi as the functional currency.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.5 Accounting treatment for business combinations under and not under common control

Accounting treatment for business combinations under common control: Assets and liabilities (including the goodwill arising from the acquisition of the combined party by the ultimate controlling party) obtained by the acquiring party in business combinations are measured at the carrying amounts of assets and liabilities attributable to the combined party as recorded in the consolidated financial statement of the ultimate controlling party at the date of combination. Based on the difference between the carrying amount of net asset obtained in the combination and the carrying amount (or the total nominal amount of issued shares) of combination consideration paid, the share capital premium in the capital reserve is adjusted. If the share capital premium in the capital reserve is insufficient to offset the difference, any excess is adjusted against the retained earnings.

Accounting treatment for business combinations not under common control: The cost of combination is the assets paid, the liabilities incurred or committed and the fair value of the equity securities issued by the acquirer for acquisition of control over the acquiree on the date of acquisition. The excess of the cost of combination over the fair value of the attributable net identifiable assets of the acquiree acquired in the combination is recognized as goodwill. Where the cost of combination is less than the fair value of the attributable net identifiable assets of the acquiree acquired in the combination, the difference is included in profit or loss for the current period. All identifiable assets, liabilities and contingent liabilities of the acquiree obtained in the combination which satisfy recognition conditions are measured at fair value at the acquisition date.

Direct expenses arising in relation to business combination are included in profit or loss for the current period at its occurrence. Transaction fees of the issuance of equity securities or debt securities for business combination are included at the initial recognized amount of such equity securities or debt securities.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.6 Criteria for determining control and preparation method of consolidated financial statements

1. *Criteria for determining control*

The consolidation scope of consolidated financial statements is determined based on control, and it includes the Company and all subsidiaries. Control exists when the Company has the power over the investee and rights to variable returns from its involvement in the relevant activities of the investee and has the ability to affect those returns through its power over the investee.

2. *Consolidation procedures*

When preparing the consolidated financial statements, the Company considers the entire enterprise group as a single accounting entity and presents the overall financial position, operating results and cash flows of the enterprise group based on the consistent accounting policies. The impact of internal transactions between the Company and its subsidiaries, and among its subsidiaries, shall be offset. If internal transactions indicate impairment losses on relevant assets, such losses shall be recognized in full. Any inconsistent accounting policies and accounting period adopted by a subsidiary will be subject to necessary adjustments to align with those of the Company when preparing the consolidated financial statements.

Owners' equity, net profit or loss of the current period and comprehensive income attributable to minority shareholders of the current period of subsidiaries are stated separately under owners' equity in the consolidated balance sheet, net profits and total comprehensive income in the consolidated income statement respectively. Loss of the current period assumed by minority shareholders of a subsidiary in excess of minority shareholders' share of owners' equity in that subsidiary at the beginning of the period is offset against minority interests.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.7 Changes in significant accounting policies and accounting estimates

1. *Changes in significant accounting policies*

Implementation of Requirements of Relevant Accounting for Standard Warehouse Receipts Transactions under the “Q&A for the Implementation of Financial Instrument Standards” (《金融工具準則實施問答》)

The Ministry of Finance issued the Accounting Treatment Implementation Q&A for Standard Warehouse Receipts Transactions on 8th July, 2025, which clearly states that pursuant to the recognition and measurement standards for financial instruments, where an enterprise earns price differences by frequently entering into contracts for the purchase and sale of standard warehouse receipts on a futures exchange without taking physical delivery of the commodities corresponding to such standard warehouse receipts, it generally indicates that the enterprise has a practice of reselling the subject matter of the contracts within a short period after receipt to obtain profits from short-term fluctuations. The enterprise shall treat the contracts for the purchase and sale of standard warehouse receipts entered into by it as financial instruments, and perform accounting treatment in accordance with the requirements of the recognition and measurement standards for financial instruments. If an enterprise resells standard warehouse receipts shortly after acquiring them in accordance with the aforementioned contracts, it shall not recognize sales revenue, and the difference between the consideration received and the carrying amount of the sold standard warehouse receipts shall be recognized as investment income; if an enterprise holds unsold standard warehouse receipts at the end of the period, these shall be presented as other current assets. For standard warehouse receipts obtained in accordance with the aforementioned contracts, if doing so eliminates or significantly reduces an accounting mismatch, an enterprise may, upon initial recognition, elect to measure them at fair value through profit or loss, and shall apply this election consistently to all standard warehouse receipts that meet the eligibility criteria. For standard warehouse receipts that have been designated at initial recognition to be measured at fair value through profit or loss, an enterprise shall not revoke such designation in subsequent periods.

In accordance with the requirements of the “Notice on Strictly Implementing the Accounting Standards for Business Enterprises and Conscientiously Carrying Out the Work on the 2025 Annual Reports of Enterprises” (Cai Kuai [2025] No. 33), where an enterprise adjusts its accounting treatment methods due to the implementation of the aforementioned provisions related to standard warehouse receipts, it shall adjust the information for the comparative periods in the financial statements.

The implementation of this provision did not have a material impact on the Company’s financial position and operation results.

2. *Changes in significant accounting estimates*

There was no change in the Company’s significant accounting estimates during the reporting period.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

4. TAXATION

Disclosure of taxable entities with different enterprise income tax rates

Name of taxable entity	Income tax rate (%)
The Company, Gansu Tianye, Akesu Tianye, Tiancheng Water Saving and Xiyu Water Conservancy	15
Tiantun Supply Chain, Liaoning Tianye, Xiying Water Saving, Wisdom Agriculture, Nanjiang Water Saving, Hongrui Huixin, Modern Agricultural, Henan Tianye, Zhongxinnong Water Saving and Beijing Tianye	20
Silu Tianyang and Tianfu Ecological	25

Income tax

- (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 2025.
- (2) The Company's subsidiaries, Gansu Tianye, Akesu Tianye, Tiancheng Water Saving and Xiyu Water Conservancy, were subject to an enterprise income tax at a tax rate of 15% in 2025 as they complied with the requirements of the preferential tax policies of the Western Development.
- (3) According to the Announcement on Further Implementing the Preferential Income Tax Policies for Small and Micro-sized Enterprises of the Ministry of Finance and the State Taxation Administration (Announcement [2022] No. 13 of the Ministry of Finance and the State Taxation Administration), the Announcement on the Preferential Income Tax Policies for Small and Micro-sized Enterprises and Individual Industrial and Commercial Entities of the Ministry of Finance and the State Taxation Administration (Announcement [2023] No. 6 of the Ministry of Finance and the State Taxation Administration), and the Announcement on Policies Concerning Taxes and Fees to Further Support the Development of Small and Micro-sized Enterprises and Individual Industrial and Commercial Entities of the Ministry of Finance and the State Taxation Administration (Announcement [2023] No. 12 of the Ministry of Finance and the State Taxation Administration), from 1st January, 2023 to 31st December, 2027, for small and low-profit enterprises, their taxable income shall be calculated at a reduced rate of 25%, and enterprise income tax shall be levied at a rate of 20%. The above preferential tax policies are applicable to subsidiaries, namely Tiantun Supply Chain, Liaoning Tianye, Xiying Water Saving, Wisdom Agriculture, Nanjiang Water Saving, Hongrui Huixin, Modern Agricultural, Henan Tianye, Zhongxinnong Water Saving and Beijing Tianye.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

5. CHANGE IN THE SCOPE OF CONSOLIDATION

(I) Disposal of Subsidiaries

1. Transactions or events involving the loss of control of subsidiaries for the current period

Name of subsidiary	Disposal proceeds at the time of loss of control	Disposal ratio at the time of loss of control (%)	Disposal method at the time of loss of control	Time of loss of control	Judgement basis for the time of loss of control	The difference between the disposal proceeds and the share of the subsidiary's net assets at the consolidated financial statements level corresponding to the disposed investment	Carrying amount of the remaining equity at consolidated financial statements level at the date of loss of control	Fair value of the remaining equity at consolidated financial statements level at the date of loss of control	Profit or loss arising from the remaining equity remeasured at fair value	Recognition	Amount
										method and main assumptions for the fair value of the remaining equity at consolidated financial statements level at the date of loss of control	transferred into investment profit or loss/retained earnings with other comprehensive income related to the equity investment in the original subsidiary
Xinjiang Tianbei Runtong Construction Engineering Co., Ltd.* (新疆天北潤通建設工程有限公司)	1.00	51.00%	Equity transfer	2025/8/31	Share transfer agreement	702,035.32					

6. OPERATING INCOME/COST OF SALES

(1) Breakdown

Item	Current period		Corresponding period last year	
	Income	Cost	Income	Cost
Principal businesses	826,619,799.03	768,050,072.06	1,455,896,031.92	1,414,282,145.00
Other businesses	21,776,851.51	14,954,515.13	42,665,900.26	33,847,018.08
Total	<u>848,396,650.54</u>	<u>783,004,587.19</u>	<u>1,498,561,932.18</u>	<u>1,448,129,163.08</u>
Of which: income generated from contracts with customers	<u>847,573,119.53</u>	<u>782,701,457.12</u>	<u>1,494,419,104.17</u>	<u>1,445,090,689.29</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

6. OPERATING INCOME/COST OF SALES (CONTINUED)

(2) Breakdown of income generated from contracts with customers by types of goods or services

Item	Current period		Corresponding period last year	
	Income	Cost	Income	Cost
Project income	436,682,337.17	397,939,483.89	578,051,507.54	567,036,834.40
Trading income	187,862,238.82	183,090,354.15	501,559,971.23	497,858,325.27
PVC pipes/PE pipes	159,208,344.67	149,795,041.00	301,007,898.33	277,551,748.21
Building materials	12,328,337.69	9,930,017.86	21,888,310.35	24,215,246.12
Drip films, drip tapes and drip assembles	30,538,540.68	27,295,175.16	53,388,344.47	47,619,991.00
Other businesses	20,953,320.50	14,651,385.06	38,523,072.25	30,808,544.29
Total income generated from contracts with customers	<u>847,573,119.53</u>	<u>782,701,457.12</u>	<u>1,494,419,104.17</u>	<u>1,445,090,689.29</u>

(3) Breakdown of income generated from contracts with customers by regions of operation

Item	Current period	Corresponding period last year
Domestic	<u>847,573,119.53</u>	<u>1,494,419,104.17</u>
Sub-total	<u>847,573,119.53</u>	<u>1,494,419,104.17</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

7. DISTRIBUTION COSTS

Item	Current period	Corresponding period last year
Salaries, benefits and social security contributions	11,809,709.36	14,863,916.49
Sales service fees	1,113,166.20	2,879,746.72
Tender fees	825,968.41	420,979.97
Travel expenses	648,690.85	762,095.02
Depreciation charge	429,019.17	527,524.53
Rental expenses	164,361.88	140,270.76
Materials consumption fees	61,743.61	87,104.12
Others	533,525.85	611,051.67
Total	<u>15,586,185.33</u>	<u>20,292,689.28</u>

8. ADMINISTRATIVE EXPENSES

(1) Breakdown

Item	Current period	Corresponding period last year
Salaries benefits	40,049,832.61	37,148,470.58
Agency service fees	6,070,800.30	3,711,774.15
Depreciation and amortization charge	5,321,476.57	5,214,243.10
Water, electricity and heating expenses	2,131,425.84	844,989.89
Losses from work suspension	1,652,681.23	1,948,310.05
Travel expenses	1,604,842.03	1,441,181.56
Rental expenses	1,042,875.23	1,459,128.93
Office costs	509,183.06	522,033.91
Car expenses	471,757.57	517,914.26
Service fees	337,064.02	990,829.94
Others	6,829,943.02	2,493,774.49
Total	<u>66,021,881.48</u>	<u>56,292,650.86</u>

- (2) Included in the administrative expenses for the year was RMB0.75 million of auditor's remuneration (2024: RMB0.73 million).

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

9. FINANCE COSTS

Item	Current period	Corresponding period last year
Interest expenses	3,381,956.20	4,520,225.95
Including: Interest expenses of lease liabilities	398,418.69	669,898.52
Less: Interest income	435,892.84	657,253.64
Commission	137,868.98	162,647.08
Total	<u>3,083,932.34</u>	<u>4,025,619.39</u>

10. CREDIT IMPAIRMENT LOSS

Item	Current period	Corresponding period last year
Bad debt loss	<u>6,816,655.77</u>	<u>-7,773,581.84</u>
Total	<u>6,816,655.77</u>	<u>-7,773,581.84</u>

11. ASSETS IMPAIRMENT LOSS

Item	Current period	Corresponding period last year
Inventory impairment loss and contract performance cost impairment loss	11,519,532.08	8,524,025.69
Contract assets impairment loss	2,515,411.91	-16,992.39
Fixed assets impairment loss	1,032,206.90	1,013,053.34
Goodwill impairment loss	0.00	31,488.17
Total	<u>15,067,150.89</u>	<u>9,551,574.81</u>

NOTES TO FINANCIAL STATEMENTS
For the year ended 31st December, 2025

12. INCOME TAX EXPENSES

(1) Breakdown

Item	Current period	Corresponding period last year
Current income tax charges	1,588,169.85	5,590,496.54
Deferred income tax charges	1,088,378.60	-375,608.19
Total	<u>2,676,548.45</u>	<u>5,214,888.35</u>

(2) Reconciliation between accounting profits and income tax expenses

Item	Current period	Corresponding period last year
Total profits	-52,320,787.04	-39,583,900.81
Income tax expenses calculated at the statutory or applicable tax rates	-7,848,118.06	-5,937,585.12
Effect of different tax rates applicable to subsidiaries	345,977.12	-1,254,271.26
Effect of adjustments to income tax for prior periods	-532,787.47	1,602,153.10
Effect of non-deductible costs, expenses and losses	468,270.60	-77,301.30
Effect of deductible losses that have not been recognized for deferred income tax assets during the prior period	-993,252.62	-27,514.55
Effect of deductible temporary differences or deductible losses that have not been recognized for deferred income tax assets during the period (<i>Note</i>)	12,889,969.85	11,711,825.59
Profit or loss attributable to joint ventures and associates	20,139.84	86,653.97
Tax effect of additional deduction	-1,397,272.20	-686,484.77
Others	-276,378.61	-202,587.30
Income tax expenses	2,676,548.45	5,214,888.35

(3) No profits tax in Hong Kong was levied because the Company and its subsidiaries did not generate profits in Hong Kong or gain profits from Hong Kong in 2025 and 2024.

13. DIVIDENDS

The Board does not recommend the payment of any dividend in respect of the year ended 31st December, 2025 (2024: Nil).

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

14. CALCULATION OF BASIC EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

(1) Basic earnings per share

Basic earnings per share are calculated by dividing consolidated net profits attributable to the ordinary shareholders of the parent company by weighted average number of outstanding ordinary shares of the Company:

Item	Current period	Corresponding period last year (Adjusted)
Consolidated net profits attributable to the ordinary shareholders of the parent company	-54,824,904.28	-39,535,871.71
Weighted average number of outstanding ordinary shares of the Company	519,521,560.00	519,521,560.00
Basic earnings per share	-0.11	-0.08
Including: Basic earnings per share from continuing operations	-0.11	-0.08
Basic earnings per share from discontinued operations	0.00	0.00

(2) Calculation of diluted earnings per share

Calculation of diluted earnings per share is the same as the calculation of basic earnings per share.

15. TRADE RECEIVABLES

(1) Age disclosure of trade receivables by record date

Age	Closing balance	Opening balance
Within 1 year (inclusive, same for below)	126,965,605.88	199,529,361.17
1-2 years	72,512,883.10	24,641,457.56
2-3 years	12,632,224.17	17,544,870.06
3-4 years	9,421,860.21	16,194,110.72
4-5 years	13,495,105.00	12,186,916.15
Over 5 years	45,859,826.89	41,573,480.10
Sub-total	280,887,505.25	311,670,195.76
Less: provision for bad debt	60,539,736.09	59,130,964.72
Total	220,347,769.16	252,539,231.04

Note: The ageing analysis of trade receivables is based on the actual month of occurrence of the amount. For those amounts which incur earlier, settlement would be prioritized in the course of capital turnover.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

15. TRADE RECEIVABLES (Continued)

(2) Breakdown by category

Category	Book balance		Closing balance		Carrying amount
	Amount	Percentage (%)	Amount	Bad-debt provision Percentage of provision (%)	
Individually significant and for which bad debt provision has been separately made	19,163,243.97	6.82	19,163,243.97	100.00	0.00
Bad-debt provision based on portfolio	<u>261,724,261.28</u>	<u>93.18</u>	<u>41,376,492.12</u>	<u>15.81</u>	<u>220,347,769.16</u>
Total	<u><u>280,887,505.25</u></u>	<u><u>100.00</u></u>	<u><u>60,539,736.09</u></u>	<u><u>21.55</u></u>	<u><u>220,347,769.16</u></u>

Category	Book balance		Closing balance at the end of last year		Carrying amount
	Amount	Percentage (%)	Amount	Bad-debt provision Percentage of provision (%)	
Individually significant and for which bad debt provision has been separately made	20,826,018.81	6.68	20,826,018.81	100.00	0.00
Bad-debt provision based on portfolio	<u>290,844,176.95</u>	<u>93.32</u>	<u>38,304,945.91</u>	<u>13.17</u>	<u>252,539,231.04</u>
Total	<u><u>311,670,195.76</u></u>	<u><u>100.00</u></u>	<u><u>59,130,964.72</u></u>	<u><u>18.97</u></u>	<u><u>252,539,231.04</u></u>

NOTES TO FINANCIAL STATEMENTS
For the year ended 31st December, 2025

16. PREPAYMENTS

(1) Ageing analysis

Carrying amount	Closing balance			Closing balance at the end of last year (Adjusted)				
	Book balance	Percentage (%)	Provision for impairment	Carrying amount	Book balance	Percentage (%)	Provision for impairment	Carrying amount
Within 1 year	61,819,752.78	89.12	0.00	61,819,752.78	67,524,673.88	93.76	0.00	67,524,673.88
1-2 years	5,836,318.44	8.41	0.00	5,836,318.44	1,634,403.12	2.27	0.00	1,634,403.12
2-3 years	50,000.00	0.07	0.00	50,000.00	1,987,747.51	2.76	0.00	1,987,747.51
Over 3 years	1,658,507.77	2.40	0.00	1,658,507.77	873,316.34	1.21	0.00	873,316.34
Total	<u>69,364,578.99</u>	<u>100.00</u>	<u>0.00</u>	<u>69,364,578.99</u>	<u>72,020,140.85</u>	<u>100.00</u>	<u>0.00</u>	<u>72,020,140.85</u>

(2) Top 5 prepayments

Name of entity	Book balance	Percentage to prepayments balance (%)
Marketing management center of Xinjiang Tianye Company Limited	53,531,128.10	77.17
Northwestern Chemical Sales Branch of PetroChina Company Limited* (中國石油天然氣股份有限公司西北化工銷售分公司)	5,831,320.73	8.41
Henan Boliao Construction Engineering Co., Ltd.* (河南博遼建築工程有限公司)	3,750,000.00	5.41
Yucheng Construction Group Co., Ltd.* (羽城建設集團有限公司)	1,312,584.00	1.89
Gansu Darun Technology Development Co., Ltd.* (甘肅大潤科技開發有限公司)	<u>720,000.00</u>	<u>1.04</u>
Sub-total	<u>65,145,032.83</u>	<u>93.92</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

17. INVENTORIES

(1) Breakdown

Item	Book balance	Closing balance		Closing Balance at the end of last year		
		Provision for impairment of inventories/ impairment provision for contract performance cost	Carrying amount	Book balance	Provision for impairment of inventories/ impairment provision for contract performance cost	Carrying amount
Raw materials	79,372,248.12	20,388,379.01	58,983,869.11	77,224,758.12	16,477,595.09	60,747,163.03
Revolving materials	48,055.78	48,055.78	0.00	48,055.78	48,055.78	0.00
Entrusted processing materials	5,664,914.91	2,156,724.02	3,508,190.89	4,932,198.61	1,752,253.68	3,179,944.93
Work-in-progress	5,318,827.96	0.00	5,318,827.96	4,231,960.76	0.00	4,231,960.76
Finished goods	126,818,066.15	21,673,323.51	105,144,742.64	117,840,262.35	17,440,121.66	100,400,140.69
Total	<u>217,222,112.92</u>	<u>44,266,482.32</u>	<u>172,955,630.60</u>	<u>204,277,235.62</u>	<u>35,718,026.21</u>	<u>168,559,209.41</u>

(2) Provision for impairment of inventories

1) Breakdown

Item	Opening balance	Increase in provision during the period	Decrease during the period	
			Write-off	Closing balance
Raw materials	16,477,595.09	4,197,427.54	286,643.62	20,388,379.01
Revolving materials	48,055.78	0.00	0.00	48,055.78
Finished goods	17,440,121.66	6,917,634.20	2,684,432.35	21,673,323.51
Entrusted processing materials	1,752,253.68	404,470.34	0.00	2,156,724.02
Sub-total	<u>35,718,026.21</u>	<u>11,519,532.08</u>	<u>2,971,075.97</u>	<u>44,266,482.32</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

18. CONTRACT ASSETS

Project	Closing balance for the period			Closing balance at the end of last year		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Projects completed but not settled	<u>115,040,381.28</u>	<u>4,015,758.00</u>	<u>111,024,623.28</u>	<u>70,024,642.24</u>	<u>1,500,346.09</u>	<u>68,524,296.15</u>
Total	<u>115,040,381.28</u>	<u>4,015,758.00</u>	<u>111,024,623.28</u>	<u>70,024,642.24</u>	<u>1,500,346.09</u>	<u>68,524,296.15</u>

19. CONSTRUCTION-IN-PROGRESS

Item	Closing balance			Closing balance at the end of last year		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Equipment to be installed — Research and Development, Industrialization and Demonstration of High- efficiency Salt Discharge Subsurface Pipe Products (supporting the XPCC)	0.00	0.00	0.00	459,175.58	0.00	459,175.58
Equipment to be installed — Xinjiang Efficient Water-saving Industry Innovation Institute	0.00	0.00	0.00	991,488.14	0.00	991,488.14
Equipment to be installed — Research and Development, Industrialization and Demonstration of High- efficiency Salt Discharge Subsurface Pipe Products	0.00	0.00	0.00	35,415.93	0.00	35,415.93
Construction project of 2*180m ³ /h commercial concrete production line and supporting facilities	1,173,864.90	0.00	1,173,864.90			
Infrastructure construction project at Linze Plant Phase 3 (fire renovation of production workshop)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>236,456.54</u>	<u>0.00</u>	<u>236,456.54</u>
Total	<u>1,173,864.90</u>	<u>0.00</u>	<u>1,173,864.90</u>	<u>1,722,536.19</u>	<u>0.00</u>	<u>1,722,536.19</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

20. PRODUCING BIO-ASSETS

(1) Productive biological assets measured under the cost model

Item	Agricultural industry citrus	Total
1. Initial carrying amount		
(1) Closing balance at the end of last year	37,298,495.26	37,298,495.26
(2) Increase during the period		
— Additions	0.00	0.00
(3) Decrease during the period	0.00	0.00
(4) Closing balance	37,298,495.26	37,298,495.26
2. Accumulated depreciation		
(1) Closing balance at the end of last year	2,825,477.78	2,825,477.78
(2) Increase during the period		
— Provision	2,159,999.14	2,159,999.14
(3) Decrease during the period	0.00	0.00
(4) Closing balance	4,985,476.92	4,985,476.92
3. Provision for impairment	0.00	0.00
4. Carrying amount		
(1) Carrying amount at the end of the period	32,313,018.34	32,313,018.34
(2) Carrying amount at the end of last year	<u>34,473,017.48</u>	<u>34,473,017.48</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

21. RIGHT-OF-USE ASSETS

Item	Properties and buildings	Land use rights	Machinery and equipment	Transportation	Total
1. Initial carrying amount					
(1) Opening balance at the beginning of the year	7,553,145.08	48,579,779.41	147,132.93	333,659.94	56,613,717.36
(2) Increase during the period	3,208,337.36	0.00	252,462.34	910,820.97	4,371,620.67
— Additions of lease	3,208,337.36	0.00	252,462.34	910,820.97	4,371,620.67
(3) Decrease during the period	1,449,858.59	5,355,776.33	0.00	0.00	6,805,634.92
— Disposal	1,449,858.59	5,355,776.33	0.00	0.00	6,805,634.92
(4) Closing balance	9,311,623.85	43,224,003.08	399,595.27	1,244,480.91	54,179,703.11
2. Accumulated depreciation					
(1) Opening balance at the beginning of the year	2,446,041.20	12,880,975.61	61,305.45	33,366.00	15,421,688.26
(2) Increase during the period	1,408,618.15	3,732,191.40	84,154.10	129,983.45	5,354,947.10
— Provision	1,408,618.15	3,732,191.40	84,154.10	129,983.45	5,354,947.10
(3) Decrease during the period	1,224,047.30	5,176,621.23	0.00	0.00	6,400,668.53
— Disposal	1,224,047.30	5,176,621.23	0.00	0.00	6,400,668.53
(4) Closing balance	2,630,612.05	11,436,545.78	145,459.55	163,349.45	14,375,966.83
3. Impairment provision					
4. Carrying amount					
(1) Carrying amount at the end of the period	6,681,011.80	31,787,457.30	254,135.72	1,081,131.46	39,803,736.28
(2) Carrying amount at the beginning of the year	<u>5,107,103.88</u>	<u>35,698,803.80</u>	<u>85,827.48</u>	<u>300,293.94</u>	<u>41,192,029.10</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

22. DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES

(1) Deferred Income Tax Assets Un-eliminated

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for asset impairment	14,116,292.94	2,924,889.45	21,930,274.84	4,085,983.38
Lease liabilities	<u>39,836,389.79</u>	<u>6,303,132.61</u>	<u>40,819,297.63</u>	<u>6,443,355.78</u>
Total	<u>53,952,682.73</u>	<u>9,228,022.06</u>	<u>62,749,572.47</u>	<u>10,529,339.16</u>

(2) Deferred Income Tax Liabilities Un-eliminated

Item	Closing balance		Closing balance at the end of last year	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Right-of-use assets	<u>39,803,736.28</u>	<u>6,300,826.78</u>	<u>41,192,029.10</u>	<u>6,513,765.28</u>
Total	<u>39,803,736.28</u>	<u>6,300,826.78</u>	<u>41,192,029.10</u>	<u>6,513,765.28</u>

(3) Deferred Income Tax Assets or Liabilities Presented As Net Amount After Elimination

Item	At the end of the period		At the end of last year	
	Amount eliminated between deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after elimination	Amount eliminated between deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after elimination
Deferred income tax assets	<u>6,275,742.00</u>	<u>2,952,280.06</u>	<u>6,399,524.99</u>	<u>4,129,814.17</u>
Deferred income tax liabilities	<u>6,275,742.00</u>	<u>25,084.78</u>	<u>6,399,524.99</u>	<u>114,240.29</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st December, 2025

23. TRADE PAYABLES

Ageing analysis of trade payables based on the actual month of occurrence is as follows:

Age	Closing balance	Opening balance
Within 1 year	162,248,341.38	285,149,010.16
1–2 years	124,646,477.84	85,804,334.60
2–3 years	48,869,243.64	25,477,843.98
Over 3 years	68,051,384.16	56,099,375.31
Total	<u>403,815,447.02</u>	<u>452,530,564.05</u>

Note: The ageing analysis of trade payables is based on the actual month of occurrence of the amount. For those amounts which incur earlier, settlement would be prioritized in the course of capital turnover.

24. CONTRACT LIABILITIES

Item	Closing balance	Closing balance at the end of last year
Receipts in advance for sale of goods	17,565,214.98	13,918,007.90
Project funds in advance	314,472,434.27	167,506,237.58
Total	<u>332,037,649.25</u>	<u>181,424,245.48</u>

25. TAX AND LEVY PAYABLES

Item	Closing balance	Opening balance
EIT	1,291,940.87	2,141,243.80
Value-added tax	251,949.02	4,168,107.31
Individual income tax	208,158.43	201,721.82
City maintenance and construction tax	13,041.68	484,110.25
Education surcharge	14,500.39	307,537.35
Other taxes	355,213.99	340,915.51
Total	<u>2,134,804.38</u>	<u>7,643,636.04</u>

26. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Item	Closing balance	Closing balance at the end of last year
Long-term borrowings due within one year	49,734,016.88	47,370.82
Lease liabilities due within one year	3,300,759.80	3,781,358.50
Total	<u>53,034,776.68</u>	<u>3,828,729.32</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Operating income

For the year ended 31st December, 2025, operating income of the Group was approximately RMB848,397,000, representing a decrease of approximately 43.39% from approximately RMB1,498,562,000 for the year ended 31st December, 2024.

The following table summarises the breakdown of operating income of the Group for each of the two years ended 31st December, 2025 and 31st December, 2024 by products:

Category	For the year ended 31st December, 2025		For the year ended 31st December, 2024 (Adjusted)		Year- on-year percentage change %
	Operating income <i>RMB'000</i>	% to total operating income %	Operating income <i>RMB'000</i>	% to total operating income %	
Project income	436,682	51.47	578,052	38.57	-24.46
Trading income	187,862	22.14	501,560	33.47	-62.54
PVC/PE pipelines	159,208	18.77	301,008	20.09	-47.11
Building materials	12,328	1.45	21,888	1.46	-43.68
Drip films, drip tapes and drip assemblies	30,539	3.60	53,388	3.56	-42.80
Other operating income	21,778	2.57	42,666	2.85	-48.96
Total	<u>848,397</u>	<u>100.00</u>	<u>1,498,562</u>	<u>100.00</u>	-43.39

For the year ended 31st December, 2025, trading income decreased by 62.54% to approximately RMB187,862,000 from approximately RMB501,560,000 in the last year and project income decreased by 24.46% to approximately RMB436,682,000 from approximately RMB578,052,000 in the last year. Sales of drip films, drip tapes and drip assemblies decreased by approximately 42.80% to approximately RMB30,539,000, while sales of PVC/PE pipelines decreased by approximately 47.11% to approximately RMB159,208,000. At the same time, the sales volume of drip films, drip tapes and drip assemblies changed from approximately 5,768 tonnes to approximately 2,249 tonnes, while the sales volume of PVC/PE pipelines changed from approximately 44,069 tonnes in the last year to approximately 25,722 tonnes. The decline in income from the above categories was mainly attributable to the downsizing of high-standard farmland construction and water-saving construction projects, which led to a reduced demand for PVC/PE pipe materials, drip films, drip tapes and drip assemblies ancillary to these projects, as well as a corresponding decrease in the scale of related raw material trading business.

Gross profit and gross profit margin

Gross profit and gross profit margin slightly increased from approximately RMB50,433,000 and 3.37% for the year ended 31st December, 2024 to approximately RMB65,392,000 and 7.71% for the year ended 31st December, 2025, respectively, mainly attributable to the increase in gross profit of construction projects.

Cost of sales

For the year ended 31st December, 2025, cost of sales of the Group was approximately RMB783,005,000, representing a decrease of approximately 45.93% from approximately RMB1,448,129,000 for the year ended 31st December, 2024. Costs of sales for the year ended 31st December, 2025 comprised direct materials costs of approximately RMB668,295,000, direct labour costs of approximately RMB51,835,000 and production overhead of approximately RMB62,875,000, which accounted for approximately 85.35%, 6.62% and 8.03%, respectively, of the total costs of sales for year 2025. Costs of sales for the year ended 31st December, 2024 comprised direct materials costs of approximately RMB1,108,543,000, direct labour costs of approximately RMB255,160,000 and production overhead of approximately RMB84,426,000, which accounted for approximately 76.55%, 17.62% and 5.83%, respectively, of the total costs of sales for year 2024.

Distribution costs

Distribution costs were approximately RMB15,586,000 for the year ended 31st December, 2025, representing a decrease of approximately 23.19% from 2024. The amount accounted for approximately 1.84% of the total operating income for the year ended 31st December, 2025, which was approximately 0.49% slightly higher than its share of total operating income of approximately 1.35% in the last year. Distribution costs mainly comprised salaries benefits fees, sales service fee and sale commission, etc. The decrease in distribution costs in 2025 was mainly due to the decrease in annual sales income, which resulted in the decrease in sales service fee and sale commission.

Administrative expenses

Administrative expenses increased by approximately 17.28% from 2024 to approximately RMB66,022,000 for the year ended 31st December, 2025. The amount accounted for approximately 7.78% of total operating income for the year ended 31st December, 2025, which increased by approximately 4.02% from its share of total operating income of approximately 3.76% in the last year. For the year ended 31st December, 2025, the increase in administrative expenses was mainly due to the growth of remuneration and the increase in agency service fees.

Finance income/costs

Finance costs for the year ended 31st December, 2025 was approximately RMB3,084,000, consisting mainly of interest expenses and commission charges, net of interest income, while finance costs for the year ended 31st December, 2024 was approximately RMB4,026,000. The decrease of 23.39% was mainly due to the decrease in interest expense of 25.18% to approximately RMB3,382,000.

Assets impairment loss

The impairment loss for the year ended 31st December, 2025 was approximately RMB15,067,000, which was mainly generated from impairment loss for inventory impairment of approximately RMB11,520,000, fixed assets impairment loss of RMB1,032,000 and contract assets impairment loss of RMB2,515,000. The impairment loss for the year ended 31st December, 2024 was approximately RMB9,552,000, which was mainly generated from provision for impairment of inventories and contract performance impairment loss of approximately RMB8,524,000 and fixed assets impairment loss of RMB1,013,000. The reasons for the provision of various impairment losses were: a) the impairment of inventories was mainly attributable to the impairment of inventories provided for the decline of market value of the Company's drip products; b) the impairment of contract assets represented the impairment provision for engineering projects that have been completed but have not been settled.

Net loss

As a result of the factors discussed above, the Group's audited net loss for the year ended 31st December, 2025 was approximately RMB54,997,000, while the net total loss for the corresponding period of last year was approximately RMB44,799,000. The Group's net loss accounted for approximately 6.48% of its turnover for the year ended 31st December, 2025 and the total loss accounted for approximately 3.00% of its turnover for the corresponding period of last year.

Net loss attributable to owners of the parent company

As a result of the factors discussed above, the net loss attributable to owners of the parent company had a net loss of approximately RMB54,825,000 for the year ended 31st December, 2025 and a net loss of approximately RMB39,536,000 for the year ended 31st December, 2024. For the two years ended 31st December, 2025 and 2024, the Group's net loss margins were approximately 6.46% and 2.64%, respectively.

FUTURE PROSPECTS

Driven by the continuous and in-depth advancement of the national food security strategy and rural revitalization strategy, core policies such as high-standard farmland construction, modernization of irrigation areas, agricultural water conservation and efficiency enhancement, and ecological protection and high-quality development of the Yellow River Basin continue to offer policy support for the industry. During the “15th Five-Year Plan” period, the agricultural modernization and water conservancy infrastructure upgrading plans of Xinjiang and the Xinjiang Production and Construction Corps have been implemented, creating broad long-term growth opportunities for the Company. Looking ahead, the Company will remain committed to its strategic goal of “building a leading domestic integrated service provider for the entire digital agriculture industry chain”, uphold its founding mission of “promoting water conservation, benefiting agriculture, and serving the nation through industry,” and adhere to the overall business principle of “pursuing progress while maintaining stability and improving quality and efficiency”. Guided by its strategic objectives, the Company will seize industry development opportunities and implement a market deployment strategy of “consolidating its foundation within Xinjiang, expanding its presence beyond Xinjiang, and exploring nationwide application scenarios”.

In the future, the Company will always adhere to an innovation-driven core strategy, leverage its high-tech enterprise and “Specialized, Refined, Distinctive, and Innovative” research and development platforms, and continuously increase investment in core technology research and development. It will focus on key areas such as large-diameter composite pipeline technology, efficient water-saving irrigation technology, and integrated smart agriculture service systems to advance technological breakthroughs and results transformation. The Company will deepen collaborations among industry, academia and research, actively participate in the formulation of industry standards, consolidate differentiated technological advantages and influence, and empower strategic implementation through technological upgrades. As part of its core operating strategy of improving quality and efficiency, the Company will continue optimizing its business structure, focus on high-margin segments such as EPC general contracting and smart agriculture system integration, and proactively optimize lowly-efficient business segments. It will strengthen full-chain supply management and cost control, mitigate raw material price volatility risks, refine management of accounts receivable and cash flow, and further enhance its asset-light operation model to achieve simultaneous growth in scale and profitability, thereby strengthening the operating foundation for strategic implementation. The Company will uphold compliance operations as the fundamental bottom line for its strategic development, strictly comply with the Hong Kong Stock Exchange Listing Rules and relevant domestic and overseas laws and regulations, and continuously improve corporate governance and internal control systems. It will enhance its ability to identify and respond to various operational risks, reinforce safety production and compliance safeguards, and ensure steady progress in strategic implementation. Ultimately, the Company will deliver sustained and stable operating results to reward all shareholders, contribute to national food security and rural revitalization, and actively promote the modernization of China’s agriculture.

INDEBTEDNESS

Borrowings

As at 31st December, 2025, the Group had outstanding bank loans of RMB69,715,000 (2024: RMB64,892,000).

Commitments

As at 31st December, 2025, the Group had capital commitments contracted for but not provided in the consolidated financial statements of RMB750,000 (2024: RMB730,000).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Liquidity ratios

The current ratio and quick ratio of the Group as at 31st December, 2025 were approximately 1.26 and 0.96, respectively, while the current ratio and quick ratio as at 31st December, 2024 were 1.43 and 1.07, respectively.

Financial resources

The Group currently finances its operations mainly by internal generated funds, bank loans and cash on hand. The Directors are of the view that, in the long run, the Group will generate its liquidity from business operations and will consider making use of further equity finances, when necessary.

Capital expenditures

For the year ended 31st December, 2025, capital expenditures of the Group in respect of acquisition of property, plant and equipment, deposit paid for acquisition of property, plant and equipment and prepaid lease payment amounted to approximately RMB574,000 (2024: approximately RMB574,000), which were in line with the expansion plans of the Group.

Capital structure

For the year ended 31st December, 2025, the gearing ratio (which is defined as total borrowings over total equity) of the Group was 19.55% (2024: 15.83%). This was primarily due to the fact that the bank loan amounted to RMB69,715,000 in 2025 and RMB64,892,000 in 2024. The Directors confirm that the Group financed its operations principally from cash generated from its business operations and banking facilities and had not experienced any liquidity problem for the year ended 31st December, 2025.

Funding and treasury policies

The Directors confirm that the Group's funding and treasury policies are mainly based on its cash flow forecast and budgetary system that monitor and control the sources and applications of funds.

The objectives of the Group's funding and treasury policies are to prevent the unreasonable utilization of funding, enhance the effectiveness on the utilization of working capital, ensure the punctual repayment of the Group's liabilities upon the relevant maturity date and ensure liquidity of the working capital, so as to optimize the Group's net cash flow position.

Contingent liabilities

As at 31st December, 2025, the Group had no contingent liabilities (2024: Nil).

Events after the reporting period

There were no other significant events after the reporting period and up to the date of this announcement.

Exposure to fluctuations in exchange rates and related hedges

The Group's present operations are mainly carried on in the PRC and the Group's monetary assets, loans and transactions are principally denominated in Renminbi ("RMB"). During the year, there was no significant fluctuation in the exchange rate of RMB and the Group was not exposed to any significant foreign currency exchange risk in its operations. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure in both 2024 and 2025.

EMPLOYEE AND SALARY POLICIES

The Directors considered the quality of employees as the most critical factor in maintaining the Group's business growth and enhancing our profitability. The Group offers salary packages with reference to the performance and working experience of individual employees, and the prevailing market rates. As at 31st December, 2025, the Group had 430 employees (2024: 500) in total.

RETIREMENT BENEFIT SCHEME AND OTHER BENEFITS

The Group provides employee benefits covering old-aged insurance scheme, medical insurance scheme, unemployment insurance scheme, labour injury insurance scheme and maternity insurance scheme (collectively under the social insurance scheme) for its staff, whereby the Group is required to make monthly contributions to these schemes. The Group has no obligation for the payment of retirement and other post-retirement benefits for employees save for the monthly contributions described above. Expenses incurred by the Group in connection with these retirement benefit plans were approximately RMB7,748,000 for the year ended 31st December, 2025.

According to the Enterprise Annuity Scheme of Xinjiang Tianye (Group) Limited, the Company and its subsidiaries shall pay enterprise annuity for their employees, who are set to receive the accumulated amount on their individual accounts (including principal and investment income) in a lump sum once they retire at the age prescribed by the requirements of the PRC or otherwise become unemployed, the amount of which is included in expenses incurred from the retirement benefits scheme.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

For the year ended 31st December, 2025, the Group had no material investment.

MATERIAL INVESTMENTS

For the year ended 31st December, 2025, the Group had no material investment.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31st December, 2025 (2024: Nil).

CORPORATE GOVERNANCE PRACTICES

The Group believes that the application of rigorous corporate governance practices can lead to the improvement in its credibility and transparency, and thus further instill confidence of its shareholders and the public. Throughout the year ended 31st December, 2025, the Group has complied with the code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules, as the code of conduct for securities transactions by the Directors and supervisors of the Company. Following specific enquiry made by the Company, all Directors and supervisors of the Company have confirmed that, except as described below, they have complied with the required standards under the Model Code for the year ended 31st December, 2025.

DIRECTORS’ AND SUPERVISORS’ INTERESTS IN A COMPETING BUSINESS

For the year ended 31st December, 2025, the Directors are not aware of any business or interest of the Directors, the supervisors, the management shareholders 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.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company, or the laws of the PRC, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31st December, 2025.

AUDIT COMMITTEE

The audit committee of the Company reviewed the Group’s consolidated annual result for the year ended 31st December, 2025, including the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters in respect of the audited financial statements for the year ended 31st December, 2025 with the management.

AUDITORS

The Company has appointed BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor of the Company and to audit the financial statements for the year ended 31st December, 2025.

THE ANNUAL REPORT

The annual report of the Company for the year ended 31st December, 2025 will be despatched to the shareholders of the Company and published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.tianyejieshui.com.cn>) in due course.

APPRECIATION

Finally, I would like to take this opportunity to thank the Group's shareholders and business partners for their support and encouragement to the Group during the past year. I would also like to thank our Directors and all staff members of the Group for their hard work and contribution to the Group.

By order of the Board
Xinjiang Tianye Water Saving Irrigation System Company Limited*
Zhou Gang
Chairman

Xinjiang, the PRC, 31st March, 2026

As at the date of this announcement, 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*