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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: 8280)

CLARIFICATION ANNOUNCEMENT PROPOSED CHANGE OF AUDITORS

The board of directors (the "Board") of Xinjiang Tianye Water Saving Irrigation System Company Limited (the "Company") wishes to clarify certain information contained in the Announcement of the Proposed Change of Auditors (the "Announcement") announced on 28 December 2006.

The Board would like to put on record that since the Company and Deloitte Touche Tohmatsu ("Deloitte") could not reach an agreement on the auditor's remuneration for the financial year ended 31 December 2006, the Company served on Deloitte a notice to remove them as the auditors of the Company (the "Notice") on 28 December 2006.

The Company is incorporated under the laws of the People's Republic of China (the "PRC") and it has been advised by its PRC lawyers that there is no requirement under PRC laws for removal of auditors to provide a confirmation letter to the Company confirming whether or not there are any circumstances connected with their removal which they consider should be brought to the attention of the shareholders of the Company.

To the best knowledge of the Directors, other than the reason stated above, there are no other information which should be brought to the attention of shareholders in relation to the proposed change of auditors that are price sensitive in nature. If the Company or Deloitte would like to bring any matter to the attention of the shareholders and creditors of the Company before or during the forthcoming extraordinary general meeting for removal of auditors, the Company will make an announcement accordingly.

By order of the Board of
**Xinjiang Tianye Water Saving
Irrigation System Company Limited***
Wong Hon Kei Anthony
Company Secretary

Xinjiang, the People's Republic of China, 3 January 2007

As at the date of this announcement, the Board comprises four executive Directors namely Guo Qing Ren, Shi Xiang Shen, Huang Yao Xin and Li Shuang Quan, and three independent non-executive Directors namely He Lin Wang, Xia Jun Min and Gu Lie Feng.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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