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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

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 Circular (the “**Circular**”) dated 3 January 2007. Terms defined in the Circular, unless otherwise defined herein, shall have the same meaning in this announcement.

Reference is made to the second last sentence of the first paragraph, page 3 of the Circular - “The Company was informed by Deloitte that they will not issue the confirmation letter unless there is a matter needed to be brought to the attention of the Shareholders.” Such statement was made by the Board because on 2 January 2007 the Directors received a letter from Deloitte stating that “Please be informed that we are in the process of deliberating the issues internally and will advise you later the matters, if any, that should be brought to the attention of the Company’s Shareholders” and the Board interpreted the statement to mean Deloitte will not issue the confirmation letter unless there is a matter needed to be brought to the attention at the Shareholders, given also the background the Company has repeatedly asked Deloitte to issue such confirmation letter but to no avail. However, on 8 January 2007, Deloitte sent to the Directors another letter stating that the statement “The Company was informed by, Deloitte that they will not issue the confirmation letter unless there is a matter needed to be brought to the attention of the Shareholders” was not a true statement as they had never informed the Company to this effect. Deloitte went on to state in the letter that in fact they are bound by the Code of Ethics for Professional Accountants Section 441 (the “Code”) issued by Hong Kong Institute of Certified Public Accountants to issue a termination letter on a change of auditors and would in due course issue a termination letter to be mentioned pursuant to the Code. Deloitte went on to state in the letter “We also note that we have the right under article 170 of the Companies Law of the PRC to make a statement at the Shareholders meeting. We reserve our right in this regard and if we wish to make such a statement we will let you know within a reasonable time prior to the meeting”. Up to the moment the Company makes this announcement, the Company has not received any confirmation/termination letter from Deloitte. The Company confirms that it will issue an announcement upon receiving a confirmation/termination letter from Deloitte.

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

Hong Kong, 17 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 Rules Governing the Listing of Securities on GEM 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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** For identification purposes only*

*Please also refer to the published version of this announcement in **The Standard**.*