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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: 840)**

**CLARIFICATION ANNOUNCEMENT**

Reference is made to the announcement of the Company dated 24 November 2008 in relation to the profit warning of the Group's consolidated results for the twelve months ending 31 December 2008. The Board would like to clarify certain information as stated in the Announcement.

Reference is made to the announcement of Xinjiang Tianye Water Saving Irrigation System Company Limited (the "Company", together with its subsidiaries, the "Group") dated 24 November 2008 (the "Announcement") in relation to profit warning of the Group's consolidated results for the twelve months ending 31 December 2008.

As stated in the Announcement, the Group anticipates its consolidated results for the twelve months ending 31 December 2008 will have a substantial decrease as compared with the corresponding period in 2007. The board (the "Board") of directors of the Company would like to clarify that:

The decrease is mainly due to the lower gross profit margin from the Group's operations caused by the fluctuations in raw materials price amid financial crisis, as disclosed in paragraph two of the Announcement, had, together with the decreasing selling prices of products, resulted in decreasing gross profit margin of the Group for the twelve months ending 31 December 2008.

Shareholders of the Company or potential investors are reminded to exercise caution when dealing in the shares of the Company.

By order of the Board of  
**Xinjiang Tianye Water Saving Irrigation System Company Limited\***  
Guo Qing Ren  
*Chairman*

Xinjiang, China, 24 November 2008

*As at the date of this announcement, the Board comprises four executive Directors namely Guo Qing Ren, Shi Xiang Shen, Zhu Jia Ji and Li Shuang Quan, and four independent non-executive Directors namely He Lin Wang, Xia Jun Min, Gu Lie Feng and Mak King Sau.*

\* *For identification purpose only*