



MAGICIAN INDUSTRIES (HOLDINGS) LIMITED

通達工業(集團)有限公司[†]

(Incorporated in Bermuda with limited liability)

(Stock code: 526)

CLARIFICATION ANNOUNCEMENT

Reference is made to (i) the Company's announcement dated 1 June 2007 relating to the resignation of Moores Rowland Mazars ("MRM") as auditors of the Group with effect from 31 May 2007 and the appointment of Mazars CPA Limited ("Mazars") to fill the casual vacancy; (ii) the Group's annual report 2007 and the Group's announcement of audited results 2007 dated 23 July 2007 in relation to the independent auditor's report ("Auditor's Report") by Mazars contained therein.

In the Auditor's Report, under the heading "Basis for disclaimer of opinion", under paragraph 1, Mazars stated that "*We were not able to form a view in the previous year on the stated at 31 March 2006. We had expressed a qualified opinion in our audit report accordingly and details of our qualification were fully explained in the 2006 annual report*" and under paragraph 2 "*We were not able to form a view in the previous year on the We had expressed a qualified opinion in our audit report accordingly and details of our qualification were fully explained in the 2006 annual report*" as if Mazars were the auditors of the Group for the year 2006.

The Group would clarify that MRM was the auditors of the Group for the year 2006. Mazars confirmed that any reference to "we" stated in the Auditor's Report relating to the audit work and report for the year 2006 should refer to MRM. It was an inadvertent oversight.

Despite the aforesaid, Mazars confirmed that as all directors of Mazars were previously MRM partners, Mazars cannot avoid the legal responsibility for MRM's audit opinion in 2006. Mazars also confirmed that nothing aforesaid shall alter their views and the qualified opinion on the Group's accounts audited by them.

As at the date of this announcement, the Board comprises Mr Xu Jin (Chairman), being executive director, Mr Lau Kin Hon being non-executive director, Mr He Chengying, Mr Chan Man Sum Ivan and Mr Cheung Kiu Cho Vincent being independent non-executive directors.

On behalf of the Board
Magician Industries (Holdings) Limited
Xu Jin
Chairman

Hong Kong, 13 September 2007

[†] For identification purpose only