

**XINJIANG TIANYE WATER SAVING  
IRRIGATION SYSTEM COMPANY LTD:  
ACTUALLY, THIS COMPANY IS A BIT OF A JOKE**

For the uninitiated, on reading the Placing Prospectus of Xinjiang Tianye Water Saving Irrigation System Company Ltd () (Code: 8280, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd), one may be led to believe that this company has discovered something that is unique.

Not so. Far from it.

Xinjiang Tianye Water Saving Irrigation System describes its chief product as being ‘drip films’ and that the Company is a ‘pioneer in providing one-stop solution for water saving irrigation system in the PRC ( the People’s Republic of China)’, but, actually, the products that this company is churning out have been used around the world for the past half a century, at least.

As for the nomenclature of ‘drip films’, in the West, these are known as drip pipes, plastic or PVC ((polyvinyl chloride) pipes with little holes, drilled into them at regular intervals, that are placed alongside trees and plants in order to irrigate the growths, directly, and, thereby, at the same time, save water.

They are found in nearly every garden centre in North and South America and in nearly every part of Europe.

But Management of Xinjiang Tianye Water Saving Irrigation System has the chutzpah to state, at Page 139 of the Placing Prospectus, dated February 21, 2006:

*‘The Group aims to become a leading one-stop solution provider for water saving irrigation system in the PRC and worldwide. Since the problems of insufficient irrigation water supply and suitable farmland for agriculture in the PRC have become increasingly serious, it is necessary to improve the existing cultivation methods in the PRC. The Directors believe that there is significant potential demand for water saving irrigation system in the PRC, which can improve the production yield and reduce the wastage of irrigation water.’*

This Page of the Prospectus, then, goes on to state that the aim of the Company is to become an international supplier of PVC pipes and connectors and drip lines to the international marketplace.

In the meantime, it is stated:

*‘In respect of the international market, the Group plans to explore the markets in the mid-Asia and Middle East countries.’*

For the time being, of course, Management will concentrate on selling its wares to a tiny portion on the PRC, proper, as opposed the Hongkong Special Administrative Region (HKSAR) of the PRC, called Xinjiang, an autonomous region in the extreme western part of the PRC, proper, also known as Xinjiang Uygur or Sinkiang Uighur ().

This area of the PRC has an estimated human population of a little less than 16 million people.

Xinjiang Tianye Water Saving Irrigation System is controlled by the Government of the PRC, by the way.

## **The Flotation**

Xinjiang Tianye Water Saving Irrigation System pitched its story, contained in its Placing Prospectus of February 21, 2006, when it launched an attempt to garner something in the neighbourhood of \$HK200 million by the Placing of 176 million, one-renminbi Shares (about 96 cents, Hongkong) at a price of not less than \$HK1.18 per Share and not more than \$HK1.48 per Share.

The Placing Price was established at the bottom of the expected price range, at \$HK1.18 per Share, resulting in the Company, netting only \$HK177 million, according to an official announcement of Management.

The net proceeds from this Share Placement is earmarked for the following purposes, it is stated at Page 144 of the Prospectus:

1. About \$HK25 million for '*upgrading and reforming the existing production facilities*'; and,
2. About \$HK177 million for '*acquiring new production facilities*'.

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