

IPO FACT SHEET
China Everbright Water Limited (1857)
ISSUE STATISTICS

Offer Size:	HK\$310.87m - HK\$452.27m
Placement Tranche:	103.97m
Price:	HK\$2.99-HK\$4.35
Board lot:	1,000
Entry fee:	HK\$4,393.84
Historical PE	11.3-16.4x
Net tangible asset per share:	HK\$1.97-HK\$2.02
Market Cap (post-IPO):	HK\$5,488.3m- HK\$5,626.8m
Open:	24 Apr 2019
Close:	12.00 noon on 29 Apr 2019
Trading:	08 May 2019
Sponsor:	China International Capital Corporation Hong Kong Securities Limited, China Everbright Capital Limited

Year ended 31 Dec	(HK\$'000)	yoy % chg
Revenue		
FY2017	3,591,633	44.0%
FY2018	4,768,318	32.8%
Profit for the year		
FY2017	580,793	55.9%
FY2018	736,755	26.9%

BACKGROUND

- The Group is a leading integrated water environmental solutions provider in the PRC, providing a comprehensive range of environmental water services.
- Their business spans wastewater treatment, water environment treatment, integrated utilization of water resources and water ecological protection.
- According to Frost & Sullivan, they are the largest Central State-Owned Enterprise operating in the wastewater treatment industry in the PRC, as well as the third largest wastewater treatment service provider in the Bohai Economic Rim in terms of treatment capacity in 2017. They are also one of the top 10 integrated water resources solutions providers in the PRC in terms of 2017 market share, and one of only three companies in the PRC that was ranked in the top 10 in both the municipal wastewater treatment market and the water environment management market in 2017.
- They are listed on the SGX-ST Main Board.

BUSINESS STRATEGY AND FUTURE PLANS

- Continue to strengthen their presence in the Bohai Economic Rim and the Yangtze River Delta, and to expand their services to other economically developed areas, such as the Guangdong-Hong-Kong-Macau Greater Bay Area, the Pearl River Delta, as well as their surrounding suburban and rural areas.
- Seize policy opportunities in the PRC water industry, further expand their market share and continue to diversify their project portfolio through organic growth and acquisitions and create synergies between their existing projects.
- Enhance their core technologies through innovative research and development initiatives to increase their technical competitiveness.
- Continue to implement management systems to improve the quality and efficiency of their operation and ensure their sustainable and stable development
- Explore different channels of financing to achieve prudent financial and operational management in order to provide sustainable return for their Shareholders.

COMPETITIVE STRENGTHS

- They are a leading integrated water environmental solutions provider in the PRC, benefitting from the PRC government’s favorable policies and the rapid development of the water industry.
- They have extensive experience in providing diversified types of water environment solutions and they are well positioned to take advantage of opportunities which arise in their markets to pioneer new service offerings.
- They have strong potential for organic growth as well as expansion through acquisitions as supported by a proven track record and a strong project pipeline.
- They are devoted to the development of their core technology and have strong research and development capabilities.
- They possess unparalleled competitive edge and growth prospects founded on the “Everbright” brand.
- They have an experienced and market-driven management team with strong execution capabilities.

KEY RISKS

- They are subject to risks associated with changes in regulations and policies for wastewater treatment, river-basin ecological restoration, sponge city construction, reusable water, water supply, sludge treatment and disposal and wastewater source heat pump projects in the PRC.
- their operations are concentrated within Bohai Economic Rim and Yangtze River Delta, and the successful operation of their business depends heavily on the wastewater treatment projects they are involved in, and their business, financial condition, results of operations and prospects rely heavily on the economic development, social conditions, government creditworthiness, investment environment, government policies or environmental conditions in the PRC, especially in areas at which their projects are located.
- Changes in the relevant accounting standards applicable to service concession arrangements and changes in their judgments and assumptions in applying these accounting standards may have a material impact on their results of operation and financial position.
- They require substantial funding for their projects, and failure to obtain adequate funding or refinance their existing debt at reasonable rates, or at all, could adversely affect their business, financial condition and results of operations, and could prevent us from fulfilling their financial obligations and business objectives.
- Their projects are subject to construction and operational risks, including accidents, disruptions and delays.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Will be used for expanding their market share in the PRC water industry and diversifying their project portfolio and creating synergies	273.3	85.0%
Will be used for enhancing their core technologies through innovative research and development initiatives and acquisitions of advanced technologies	32.2	10.0%
Will be used for working capital and other general corporate purposes.	16.10	5.0%
Total:	321.60	100.00%

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