

IPO FACT SHEET

Til Enviro Limited (1790 HK)

ISSUE STATISTICS

Offer Size:	HK\$150.0m – HK\$200.0m
Placement Tranche:	250m
Price:	HK\$0.60 – HK\$0.80
Board lot:	5,000
Entry fee:	HK\$4,040.31
Historical PE	10.2x – 13.6x
Net tangible asset per share:	HK\$0.92 – HK\$0.96
Market Cap (post-IPO):	HK\$600.0m – HK\$800.0m
Open:	31 Oct 2018
Close:	12.00 noon on 6 Nov 2018
Trading:	19 Nov 2018
Sponsor:	Red Sun Capital Limited

Year ended 31 Dec	(HK\$'000)	yoy % chg
Revenue		
2016	207,419	-17.2%
2017	366,381	76.6%
Profit for the year/period		
2016	45,555	1.1%
2017	58,900	29.3%

BACKGROUND

- The Group is a wastewater treatment service provider operating and managing four wastewater treatment facilities located in Yinchuan, being the capital city of Ningxia, the PRC.
- According to the CIC Report, the Group is the leading and the largest wastewater treatment services provider in Yinchuan and Ningxia in terms of both wastewater treatment capacity and volume.
- Its total designed wastewater treatment capacity accounted for approximately 65.3% and 37.5% of the total designed wastewater treatment capacity in Yinchuan and Ningxia, respectively, as of 31 December 2017.
- Its total wastewater treatment volume accounted for approximately 78.0% and 43.4% of the total wastewater treatment volume in Yinchuan and Ningxia, respectively, during the year ended 31 December 2017.
- Pursuant to the Concession Agreement, the Group is granted an exclusive right for 30 years since September 2011 to September 2041 to operate and manage its four wastewater treatment facilities in Yinchuan.

BUSINESS STRATEGY AND FUTURE PLANS

- Continue to complete the contemplated upgrading and expansion works for its existing wastewater treatment facilities.
- Strengthen its market position in the PRC through undertaking new wastewater treatment projects when the opportunities arise.
- Continue to enhance the quality control system by establishing a new wastewater inflow and outflow remote real-time monitoring system.

COMPETITIVE STRENGTHS

- Extensive experiences and proven track record in the provision of wastewater treatment services in Yinchuan and in upgrading and expanding the treatment capacities of its Wastewater Treatment Plants in Yinchuan.
- Well-positioned to benefit from the PRC Government's increasing focus and policy support on environmental protection as well as population growth in urban areas.
- The Group receives its service fees based on a contractually guaranteed basic volume of wastewater and a fixed rate of tariff.
- An experienced management team with strong technical skills and an in-depth understanding and knowledge in managing operations.

KEY RISKS

- The Group may not be able to renew its Concession Agreement upon its expiry and may not be able to secure new projects to sustain or grow its business.
- The Group's largest customer accounted for approximately 97.0%, 97.0%, 98.2% and 98.0% of revenue during each of the financial years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018, respectively, and in the event that its Concession Agreement is early terminated, it could have a material adverse impact on business, financial condition and operational results.
- The Group recognises revenue from its wastewater treatment construction services for the upgrading and expansion works, but typically do not receive any actual payments in return for that until the operational phase of these upgraded and/or expanded parts, which may adversely affect the Group's results of operations and liquidity, and its revenue may decline after 2020 after all of the upgrading and expansion works have been completed.
- The Group may not be granted revisions to its tariffs and/or basic volumes in a timely manner and it cannot guarantee that such revisions could fully cover the increase in its actual costs incurred in day-to-day operations as well as in its contemplated upgrading and expansion works which are capital intensive in nature.

DIVIDEND POLICY

- No fixed dividend policy

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Funding the remaining contemplated upgrading and expansion works	107.2	80%
Funding its identification and evaluation of new wastewater treatment projects in Ningxia and/or in other regions in the PRC should the opportunities arise	13.4	10%
Establishing and future upgrading of its own centralised monitoring system providing realtime data on the wastewater quality and wastewater treatment processes	6.7	5%
As general working capital and for general corporate purposes	6.7	5%
Total:	134.0	100%

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