
SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read the whole document including the appendices hereto, which constitute an integral part of this document, before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

We are a water supply operator principally engaged in the supply of tap water, raw water and pipeline direct drinking water in China. According to the Frost & Sullivan Report, we had the largest water pipeline network in terms of water pipeline length among all water supply companies in China in 2022. In addition, we ranked sixth among all water supply companies in China in terms of each of city water sales volume and tap water sales volume with a market share of 0.7% and 1.1% in 2022, respectively, according to the Frost & Sullivan Report. We are also a leading and fast-growing pipeline direct drinking water operator in China. In 2022, we ranked first among all pipeline direct drinking water supply companies in China in terms of water sales amount with a market share of 7.3%, according to the Frost & Sullivan Report.

Our history can be traced back to 2003, when we, as part of the CWA Group, began our tap water supply business by investing in our first city water supply joint venture in Guangdong Province, China, in response to the PRC government’s policy to promote private sector participation in the public utilities industry. In 2004, we constructed our first water treatment plant and related pipeline network for the provision of tap water supply services to end-users in Henan Province. Since then, we have been growing our city water supply business in China, by expanding to more geographic markets and building on government initiatives in promoting the integration of urban and rural water supply. As of March 31, 2023, our water pipeline network reached approximately 148,000 km in length and covered an estimated population of more than 30 million for city water supply. As of March 31, 2023, we had an extensive portfolio of city water supply projects covering 60 districts, counties and county-level cities across 13 provinces and municipalities in China, comprising (i) 60 tap water supply projects with 158 tap water treatment plants in operation; and (ii) eight raw water supply projects in operation. Our city water supply business had a total designed installed and planned capacity of 14.1 million tonnes per day as of March 31, 2023, comprising 8.3 million tonnes per day in operation, 1.6 million tonnes per day under construction and 4.2 million tonnes per day under planning.

Leveraging our extensive experience in the water supply industry, we began to engage in the pipeline direct drinking water supply business in 2015 through joint venture cooperation with Changsha Water Cup, a pipeline direct drinking water equipment supplier, to provide pipeline direct drinking water in Ningxiang, Hunan Province. We further expanded this business in 2019 by establishing another joint venture with international partners with advanced water filtration technologies and in 2021 by investing in various pipeline direct drinking water companies in China. As of March 31, 2023, we operated more than 3,600 pipeline direct drinking water supply projects in 183 districts, counties and county-level cities across 22 provinces, municipalities and autonomous regions in China, serving an estimated user population of approximately 4.5 million, of which approximately 2.4 million was within the regions where our existing city water supply projects were located. In addition, we had more than 700 pipeline direct drinking water supply projects under construction as of March 31, 2023. As a pioneer in pipeline direct drinking water supply in China, we also work closely with local governments in promoting the supply of safe drinking water, by assisting them in the drafting of local policies and standards in relation to the pipeline direct drinking water industry and in the construction of pipeline direct drinking water systems in local communities.

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During the Track Record Period, we generated revenue from both the city water supply business and pipeline direct drinking water supply business. Our revenue increased from HK\$8,469.7 million for the year ended March 31, 2021 to HK\$10,147.3 million for the year ended March 31, 2022 and further to HK\$10,247.9 million for the year ended March 31, 2023. Our profit for the year attributable to owners of the Company increased from HK\$1,398.6 million for the year ended March 31, 2021 to HK\$1,503.6 million for the year ended March 31, 2022 and further to HK\$1,515.9 million for the year ended March 31, 2023.

BUSINESS MODEL

Our business comprises two segments, namely (i) city water supply (城市供水); and (ii) pipeline direct drinking water supply (管道直飲水供應). The table below sets forth a breakdown of our revenue by business segment during the Track Record Period:

	Year ended March 31,					
	2021		2022		2023	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
City water supply:						
City water supply operations	2,794,220	33.0	3,361,094	33.1	3,353,844	32.7
City water supply construction services . .	3,577,513	42.2	3,939,274	38.8	3,506,444	34.2
Installation and maintenance services . . .	1,656,498	19.6	1,851,657	18.3	1,700,235	16.6
Other services ⁽¹⁾	296,878	3.5	294,900	2.9	370,641	3.6
Subtotal	8,325,109	98.3	9,446,925	93.1	8,931,164	87.2
Pipeline direct drinking water supply . . .	144,561	1.7	700,396	6.9	1,316,765	12.8
Total	8,469,670	100.0	10,147,321	100.0	10,247,929	100.0

Note:

- (1) Other services during the Track Record Period mainly represented (i) service fees for collection of sewage treatment fees, waste disposal fees and city construction fees on behalf of the government authorities; (ii) rental payment from third parties; (iii) sales of water supply related materials such as valves and water meters; (iv) service fees for designing water supply plants for third parties; and (v) water quality inspection fees from third parties.

City Water Supply

We construct and operate water treatment plants and water pipelines to supply city water generally to residential users and non-residential users. Our city water supply business mainly comprises city water supply operations, city water supply construction services and installation and maintenance services. To a much lesser extent, we also provide other city water supply-related services.

- *City water supply operations.* We primarily operate tap water treatment and supply facilities to supply tap water to end-users through project companies controlled by us to operate each of our tap water supply projects. We have obtained under the Concession Arrangements with the relevant local government grantor the operation right to these water supply facilities for each tap water supply project. Our project companies also operate raw water supply projects to supply raw water to customers such as industrial users.
- *City water supply construction services.* We primarily upgrade or construct water supply facilities with respect to our city water supply projects, including water treatment plants and pipelines. Our construction services encompass all aspects of the construction process, including design, construction and installation.
- *Installation and maintenance services.* We upgrade, install, connect and maintain the last mile water pipelines and water meters for end-users. We may also be engaged by property developers or non-residential premises owners to maintain, repair and replace the last mile water pipelines within the relevant residential or non-residential area.

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Raw water supply

Our raw water is supplied by a project company through raw water pipelines to (i) water treatment plant(s) under the same project company; (ii) water treatment plant(s) under another project company; and/or (iii) Independent Third Party customers for further treatment, depending on the designed installed capacity of the relevant raw water pipelines and the internal and external demand for raw water. As of March 31, 2023, we had eight raw water supply projects in eight districts, counties and county-level cities which were designed to provide raw water for internal use and generate external sales to Independent Third Parties with a designed installed capacity of 1.9 million tonnes per day in operation. For details of our raw water supply projects, see the section headed “Business — City Water Supply — City water supply projects — Details of raw water supply projects.”

Tap water supply

We filtered, purified and processed raw water in our water treatment plants to provide tap water supply primarily to end-users that meet the applicable quality standards, including the National Drinking Water Standards (GB 5749-2022) (國家生活飲用水衛生標準). The tap water is then distributed to residential, industrial, commercial and other end-users via our water pipeline network. As of March 31, 2023, we had 60 tap water supply projects in 58 districts, counties and county-level cities with 158 tap water treatment plants in operation and a designed installed capacity of 6.4 million tonnes per day in operation. For details of our tap water supply projects, see the section headed “Business — City Water Supply — City water supply projects — Details of tap water supply projects.”

The table below sets forth our city water sales volume by user type for the years indicated:

	Year ended March 31,					
	2021		2022		2023	
	thousand tonnes	%	thousand tonnes	%	thousand tonnes	%
Residential	528,856	44.6	543,132	42.0	584,593	42.7
Non-residential ⁽¹⁾	656,400	55.4	751,011	58.0	783,866	57.3
Total	1,185,256	100.0	1,294,143	100.0	1,368,459	100.0

Note:

- (1) Non-residential includes usage of tap water by municipalities, commercial and industrial users and raw water by industrial users.

During the Track Record Period, our non-revenue water ratio was 16.6%, 17.1% and 14.3% for the years ended March 31, 2021, 2022 and 2023, respectively. According to the Frost & Sullivan Report, our non-revenue water ratio was superior to the global average level, which was approximately 30% between 2020 and 2022.

Pipeline Direct Drinking Water Supply

We supply pipeline direct drinking water to local residential communities and non-residential users, including but not limited to hospitals, schools, commercial establishments and public institutions, through the installation of advanced water filtering equipment to the last section of the tap water pipeline network for processing tap water into drinkable water. Consumption of pipeline direct drinking water has a number of advantages over other alternatives of safe drinking water. See the section headed “Business — Pipeline Direct Drinking Water Supply.” To a much lesser extent, we also sell stand-alone direct drinking water equipment to users.

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Besides the National Drinking Water Standards, our supply of pipeline direct drinking water also complies with the Water Quality Standards for Fine Drinking Water (CJ 94-2005) (飲用淨水水質標準). For details, see the section headed “Business — Pipeline Direct Drinking Water Supply — Provision of pipeline direct drinking water supply services.” As of March 31, 2023, we operated more than 3,600 pipeline direct drinking water supply projects in 183 districts, counties and county-level cities across 22 provinces, municipalities and autonomous regions throughout China. For details of our pipeline direct drinking water supply projects in operation as of March 31, 2023 by geographic region and customer type, see the section headed “Business — Pipeline Direct Drinking Water Supply — Provision of pipeline direct drinking water supply services.”

Pricing Policy

The water tariffs we charge to city water users are set by the relevant local authorities and are generally determined based on our production costs and the prevailing profit margins of similar water enterprises in the region. Our other construction service fees and fees for our installation and maintenance services are usually determined based on our work required and the cost of construction or operating costs, as well as the prevailing market price of similar business activities in the relevant region and based on the relevant local regulations. The water tariffs for pipeline direct drinking water are generally determined based on commercial negotiation with our customers and guidance price provided by the local governments (if any). For details of our pricing policy, see the section headed “Business — Customers and Sales — Pricing policy.”

OUR CUSTOMERS AND SUPPLIERS

Our five largest suppliers during the Track Record Period included suppliers for raw water, utilities and water pipelines as well as contractors for construction works. Our single largest supplier during the Track Record Period was YL Construction, a construction company in China which is a fellow subsidiary of the Company. During the Track Record Period, YL Construction mainly provided subcontracting construction services to us, and to a much lesser extent, provided certain construction materials for our installation and maintenance services. Purchases from YL Construction amounted to HK\$1,379.8 million, HK\$1,368.4 million and HK\$1,497.8 million for the years ended March 31, 2021, 2022 and 2023, respectively, representing 26.5%, 21.2% and 23.1% of our total cost of sales during the respective years. Purchases from our five largest suppliers together amounted to HK\$1,760.9 million, HK\$1,851.6 million and HK\$1,993.7 million for the years ended March 31, 2021, 2022 and 2023, respectively, representing 33.9%, 28.7% and 30.7% of our total cost of sales during the respective years.

During the Track Record Period, our five largest customers were state-owned entities and other non-residential customers related to our city water supply business. Our single largest customer was YL Construction which procured construction materials such as water pipes, valves and water meters from us. Revenue generated from YL Construction amounted to HK\$110.9 million, HK\$130.1 million and HK\$206.8 million for the years ended March 31, 2021, 2022 and 2023, respectively, representing 1.3%, 1.3% and 2.0% of our total revenue for the respective years. Revenue generated from our five largest customers together amounted to HK\$293.6 million, HK\$368.8 million and HK\$389.6 million for the years ended March 31, 2021, 2022 and 2023, respectively, representing 3.5%, 3.6% and 3.7% of our total revenue for the respective years.

COMPETITIVE STRENGTHS

We believe that our success is mainly attributable to the following competitive strengths: (i) we are a top 10 city water supply operator in China with a proven track record and have an extensive customer reach underpinned by the largest pipeline network; (ii) we have established a competitive advantage in the rapidly growing pipeline direct drinking water market in China by leveraging our strong market position in city water supply services and favorable government policies; (iii) our pipeline direct drinking water supply business provides a robust growth driver and is highly replicable to serve various end-use markets nationwide; (iv) we are able to manage and

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consolidate a growing portfolio of water supply and pipeline direct drinking water supply projects and benefit from the synergy effects; and (v) we have a seasoned senior management team with extensive industry knowledge and execution track record coupled with a professional project management team and a strong research and development team. For details, see the section headed “Business — Our Competitive Strengths.”

BUSINESS STRATEGIES

We seek to continue to increase our market share and recognition by implementing the following strategies: (i) further solidify our leading position and expand our pipeline direct drinking water supply business; (ii) further increase our market share in the water supply industry through organic growth and acquisition of new projects and enhance our profitability; (iii) continue to strengthen our brand recognition and awareness and enhance customers’ satisfaction; and (iv) further improve our operational efficiency and enhance our human resources management system. For details, see the section headed “Business — Our Strategies.”

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth a summary of our combined financial information for the Track Record Period and should be read together with the Accountant’s Report in Appendix I to this document, including the accompanying notes and the information set forth in the section headed “Financial Information” in this document.

Summary Combined Income Statements

	Year ended March 31,					
	2021		2022		2023	
	HK\$’000	%	HK\$’000	%	HK\$’000	%
Revenue	8,469,670	100.0	10,147,321	100.0	10,247,929	100.0
Cost of sales	(5,200,193)	(61.4)	(6,441,113)	(63.5)	(6,489,171)	(63.3)
Gross profit	3,269,477	38.6	3,706,208	36.5	3,758,758	36.7
Other income, net	387,239	4.6	421,604	4.2	372,365	3.6
Selling and distribution costs	(228,316)	(2.7)	(281,489)	(2.8)	(272,440)	(2.7)
Administrative expenses	(492,199)	(5.8)	(574,189)	(5.7)	(525,513)	(5.1)
Expected credit on trade receivables	—	0.0	—	0.0	(45,024)	(0.4)
Operating profit	2,936,201	34.7	3,272,134	32.2	3,288,146	32.1
Finance costs	(168,111)	(2.0)	(214,006)	(2.1)	(300,447)	(2.9)
Share of results of associates	86,856	1.0	80,072	0.8	78,765	0.8
Profit before income tax	2,854,946	33.7	3,138,200	30.9	3,066,464	29.9
Income tax expense	(665,547)	(7.9)	(737,637)	(7.3)	(721,715)	(7.0)
Profit for the year	2,189,399	25.8	2,400,563	23.7	2,344,749	22.9
Profit for the year attributable to:						
Owners of the Company	1,398,623	16.5	1,503,580	14.8	1,515,854	14.8
Non-controlling interests	790,776	9.3	896,983	8.8	828,895	8.1
	2,189,399	25.8	2,400,563	23.7	2,344,749	22.9

Our revenue increased by 1.0% to HK\$10,247.9 million for the year ended March 31, 2023 from HK\$10,147.3 million for the year ended March 31, 2022. This increase was mainly attributable to the growth of our pipeline direct drinking water supply business primarily due to an increase in pipeline direct drinking water supply operations and construction services as we had more pipeline direct drinking water supply projects in operation and under construction, coupled with an increase in installation and maintenance services driven by increased public recognition of safe drinking water and willingness to install and connect direct drinking water equipment. This increase was partially offset by a decrease in revenue generated from our city water supply business as the construction works for both tap water supply projects and installation and maintenance

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services had slowed down due to the resurgence of the COVID-19 in 2022 and we had fewer construction works for our city water supply projects as we diverted resources to the rapid development of our pipeline direct drinking water supply business. Our water sales volume increased for the year ended March 31, 2023, and our revenue from city water supply operations increased in terms of RMB, but due to depreciation in RMB we recorded a decrease in revenue from city water supply operations in terms of HK dollars.

Our revenue increased by 19.8% to HK\$10,147.3 million for the year ended March 31, 2022 from HK\$8,469.7 million for the year ended March 31, 2021. This increase was mainly attributable to a general increase in revenue from all of our water supply businesses, which was in line with our continuous business growth. In particular, our revenue from city water supply business increased since (i) our water sales volume and water tariffs increased; (ii) we obtained new tap water supply projects; (iii) there was an increase in construction works for our city water supply projects in relation to the continuous laying of new pipelines for our water pipeline network, upgrade of old water treatment plants and construction of new water treatment plants and facilities, in light of our expanded city water supply area and increased demand for water supply capacity. Our revenue from pipeline direct drinking water supply business also increased since (i) we had more pipeline direct drinking water supply projects in operation following our establishment of various direct drinking water related companies and acquisition of Nanjing Water Cup and Xuzhou Haideneng Group during the year ended March 31, 2022; (ii) we had more construction works for our pipeline direct drinking water projects as well as installation and maintenance services to expand our business and increase our pipeline direct drinking water supply capacity in response to an increasing recognition and demand for pipeline direct drinking water; and (iii) we sold more pipeline direct drinking water equipment.

Summary Combined Statements of Financial Position

	As of March 31,		
	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000
Non-current assets	24,612,105	29,987,838	32,290,329
Current assets	11,665,841	13,040,042	19,116,477
Total assets	36,277,946	43,027,880	51,406,806
Current liabilities	14,630,928	18,052,007	19,438,275
Net current liabilities	2,965,087	5,011,965	321,798
Non-current liabilities	9,499,801	9,157,449	14,852,543
Total liabilities	24,130,729	27,209,456	34,290,818
Total equity attributable to equity shareholder of the Company . .	6,947,391	9,524,328	10,264,240
Total equity attributable to non-controlling interests	5,199,826	6,294,096	6,851,748
Total equity	12,147,217	15,818,424	17,115,988

We had net current assets of HK\$349.5 million as of April 30, 2023 as compared with net current liabilities as of March 31, 2023 mainly resulting from our settlement of trade payables and repayment of advances due to fellow subsidiaries.

Our net current liabilities decreased from HK\$5,012.0 million as of March 31, 2022 to HK\$321.8 million as of March 31, 2023 primarily due to (i) an increase of HK\$6,626.9 million in amounts due from the ultimate holding company as we had repaid certain bank borrowings for CWA and provided more advances for their working capital; (ii) a decrease of HK\$1,365.1 million in borrowings since we had repaid certain bank borrowings and government loans; (iii) an increase of HK\$484.6 million in amounts due from fellow subsidiaries as we had provided more advances for their business operations and they had not settled certain payment for the equity transfer in relation to the Reorganization; and (iv) an increase of HK\$278.9 million in trade and bill receivables, primarily in relation to our increased installation and maintenance services for both water supply businesses, partially offset by (i) an increase of HK\$1,401.5 million in amounts due to the ultimate holding company as they had provided more advances to us as working capital; and (ii) an increase of HK\$977.5 million in trade and bill payables as we had more constructions works for our pipeline direct drinking water supply business.

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Our net current liabilities increased from HK\$2,965.1 million as of March 31, 2021 to HK\$5,012.0 million as of March 31, 2022 primarily due to (i) an increase of HK\$1,929.6 million in borrowings since we had obtained more short-term borrowings to support the capital needs for our business expansion and certain long-term borrowings were due to expire in one year; (ii) an increase of HK\$1,191.0 million in amounts due to the ultimate holding company as we had not settled the dividend payables for the year ended March 31, 2022 to them as of March 31, 2022; and (iii) an increase of HK\$515.0 million in provision for tax since our business continued to grow and our profit before tax increased, partially offset by (i) an increase of HK\$776.1 million in cash and cash equivalents; and (ii) an increase of HK\$285.6 million in prepayments and other receivables since we had consolidated the prepayments of Nanjing Water Cup upon the acquisition and we had commenced more construction works for both city water supply projects and pipeline direct drinking water supply projects.

Summary Combined Statements of Cash Flows

	Year ended March 31,		
	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000
Net cash generated from operating activities	3,428,175	2,737,437	4,029,662
Net cash used in investing activities	(3,485,080)	(2,581,553)	(9,421,518)
Net cash (used in)/generated from financing activities	(382,996)	460,765	4,697,859
Net (decrease)/increase in cash and cash equivalents	(439,901)	616,649	(693,997)
Cash and cash equivalents at beginning of the year	2,689,887	2,480,426	3,256,512
Net effect of foreign exchange rates	230,440	159,437	(199,855)
Cash and cash equivalents at end of the year	2,480,426	3,256,512	2,362,660

Net cash used in investing activities for the year ended March 31, 2023 was HK\$9,421.5 million. This consisted mainly of (i) a decrease of HK\$4,981.5 million in net amounts due to the ultimate holding company upon our settlement of dividend payables to them and repayment of certain advances; (ii) additions of other intangible assets in the amount of HK\$4,262.2 million in relation to an increase in construction of city water supply and pipeline direct drinking water supply facilities; (iii) an increase of HK\$848.6 million in net amounts due from fellow subsidiaries since we provided more advances to fellow subsidiaries to support their business operations; and (iv) payment of HK\$187.8 million for purchase of property, plant and equipment in relation to our city water supply and pipeline direct drinking water supply facilities and equipment. The cash outflows were partially offset by (i) net proceeds of HK\$384.8 million from disposal of financial assets at fair value through profit or loss, primarily in relation to matured structured deposits; (ii) proceeds of HK\$357.9 million from disposal of associates; and (iii) interest received from bank deposits and fellow subsidiaries in the amount of HK\$175.2 million.

Key Financial Ratios

The following table sets forth certain financial ratios relating to our Group as of the dates or for the years indicated:

	As of and for the Year ended March 31,		
	2021	2022	2023
Current ratio	0.8	0.7	1.0
Quick ratio	0.8	0.7	1.0
Return on equity (%)	20.1	15.8	14.8
Return on total assets (%)	6.0	5.6	4.6
Gearing ratio (%)	36.4	31.5	42.8

Our gearing ratio as of March 31, 2021, 2022 and 2023 was 36.4%, 31.5% and 42.8%, respectively. Our gearing ratio decreased from 36.4% as of March 31, 2021 to 31.5% as of March 31, 2022 since we had reserved more cash and cash equivalents and pledged deposits in 2022 to

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support our capital needs for continuous business expansion. Our gearing ratio increased from 31.5% as of March 31, 2022 to 42.8% as of March 31, 2023 was primarily because we recorded an increase in indebtedness resulting from (i) an increase in amounts due to the ultimate holding company; and (ii) an increase in bank borrowings for our business needs.

CWA DISTRIBUTION AND THE [REDACTED]

On [●], 2023, the CWA Board declared the CWA Distribution to the Qualifying CWA Shareholders, being registered holders of CWA Shares whose names appear on the register of members of CWA as of the Record Date other than the Non-Qualifying CWA Shareholders. The CWA Distribution will be satisfied wholly by way of a distribution in specie to the Qualifying CWA Shareholders of an aggregate of [REDACTED] Shares, representing approximately [REDACTED]% of the total number of Shares in issue of our Company immediately after completion of the [REDACTED] but before the completion of the [REDACTED], in proportion to their shareholdings in CWA as at the Record Date. Pursuant to the CWA Distribution, the Qualifying CWA Shareholders will be entitled to one Share for every [REDACTED] CWA Shares held as of the Record Date. Fractional entitlements of Qualifying CWA Shareholders to our Shares under the CWA Distribution will be disregarded and will instead be aggregated and sold by CWA on the market and the aggregate proceeds of such sale (net of expenses and taxes) will be retained for the benefit of CWA. For further details, see the section headed “CWA Distribution and the [REDACTED].”

The CWA Distribution is subject to the [REDACTED] becoming unconditional. See the section headed “Structure of the [REDACTED] — Conditions of the [REDACTED]” for further details. If this condition is not satisfied, the CWA Distribution will not be made and the [REDACTED] will not take place.

OUR CONTROLLING SHAREHOLDER

Immediately upon completion of the CWA Distribution and [REDACTED] (assuming the [REDACTED] is not exercised), our Company will be owned as to approximately [REDACTED]% by CWA whose shares are listed on the Main Board of the Stock Exchange (stock code: 855). Our Directors consider that (i) there is a clear delineation of business between our Group and the Remaining CWA Group; and (ii) our Group is capable of operating its business independently from the Remaining CWA Group following the [REDACTED]. For further details, see the section headed “Relationship with CWA.”

Our Group has entered into and is expected to continue certain transactions with the Remaining CWA Group which will constitute non-exempt continuing connected transaction of our Company under Chapter 14A of the Listing Rules upon [REDACTED]. For further details, see the section headed “Connected Transactions.”

[REDACTED] STATISTICS

The statistics below are based on the assumption that [REDACTED] are issued under the [REDACTED]:

	Based on the low end of the indicative [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on the high end of the indicative [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market capitalization of our Shares ⁽¹⁾	[REDACTED]	[REDACTED]
Unaudited pro forma adjusted combined net tangible liabilities per Share ⁽²⁾	[REDACTED]	[REDACTED]

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Notes:

- (1) The calculation of market capitalization is based on [REDACTED] Shares will be in issue immediately following the completion of the [REDACTED] assuming the [REDACTED] is not exercised.
- (2) The unaudited pro forma adjusted combined net tangible liabilities per Share is calculated after the adjustments referred to in the section headed “Financial Information — Unaudited Pro Forma Adjusted Combined Net Tangible Liabilities” in this document and on the basis of [REDACTED] Shares to be in issue immediately following the completion of the [REDACTED].

DIVIDENDS

During the Track Record Period, our subsidiaries made distributions to the Remaining CWA Group in the amounts of HK\$1,052.9 million, HK\$840.8 million and HK\$105.7 million for the years ended March 31, 2021, 2022 and 2023, respectively. Any declaration of dividends, however, is subject to the discretion of our Directors, depending on our results of operations, working capital and cash position, future business and earnings, capital requirements, contractual restrictions, if any, as well as any other factors which our Directors may consider relevant. In addition, any declaration and payment as well as the amount of the dividends will be subject to the provisions of (i) our Bye-laws; and (ii) the Bermuda Companies Act. Any future declarations and payments of dividends will be at the absolute discretion of our Directors and may require the approval of our Shareholders. For more information on our dividend policy, see “Financial Information — Dividends and Dividend Policy.”

[REDACTED]

We estimate that the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range stated in this document), will be [REDACTED], after deducting all [REDACTED] fees and estimated expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised. We currently intend to use such [REDACTED] for the following purposes:

- Approximately [REDACTED]%, or [REDACTED], will be used to further expand our pipeline drinking water supply business by increasing our construction of direct drinking water pipelines and facilities to various end-users;
- Approximately [REDACTED]%, or [REDACTED], will be used to further expand our city water supply business including (i) expansion of the designed installed capacity of our existing tap water supply facilities; and (ii) establishment of new tap water supply facilities for our existing tap water supply projects;
- Approximately [REDACTED]%, or [REDACTED], will be used to further strengthen our research and development capabilities and to improve our operational efficiency; and
- Approximately [REDACTED]%, or [REDACTED], will be used for working capital and general corporate purpose.

The above allocation of the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the estimated [REDACTED] range. For further details, see the section headed “Future Plans and [REDACTED].”

RISK FACTORS

Our business is subject to certain risks involved in our operations, including but not limited to risks relating to our business and industry, risks relating to conducting business in the PRC and risks relating to the [REDACTED] and the [REDACTED]. We believe that the following are some of the major risks that we face: (i) we are subject to risks associated with changes in regulations,

SUMMARY

policies and planning for water supply services in the regions we operate; (ii) the tariffs charged for our water supply services and the procurement prices of raw water are controlled and adjusted from time to time by the competent local government authorities and we do not have absolute control over such prices or adjustments; (iii) the growth and development of our pipeline direct drinking water supply business may not be as successful as we expected; (iv) our water supply businesses are subject to construction and operational risks, including any accidents, disruptions or delays which may occur during the construction and operation periods; (v) failure to supply tap water or pipeline direct drinking water meeting the relevant processing and treatment standards may adversely affect our results of operations and reputation.

As different [REDACTED] may have different interpretations and standards for determining the materiality of a risk, you should carefully consider all of the information set forth in this document, including the risks and uncertainties described in the section headed “Risk Factors.”

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Set forth below are certain key business developments subsequent to March 31, 2023 and up to the Latest Practicable Date:

- For our tap water supply business, as of the Latest Practicable Date, we had completed the construction work for four of our tap water treatment plants located in Shenzhen, Ji'an and Gao'an which were under construction as of March 31, 2023. As of the Latest Practicable Date, these four tap water treatment plants had a total designed installed capacity of 0.3 million tonne per day and were subject to the completion of certain ancillary construction works, such as branch road construction and greening, before commencement of commercial operations.
- For our pipeline direct drinking water supply business, as of the Latest Practicable Date, 215 of our projects under construction as of March 31, 2023 had been completed and commenced commercial operations. We had also obtained and started operating 654 new projects subsequent to March 31, 2023 and up to the Latest Practicable Date. In addition, we had started construction work for more than 198 new projects as of the Latest Practicable Date.

Our Directors have confirmed that, since March 31, 2023 and up to the date of this document, there has been no material adverse change in our business or financial position or prospects and no event has occurred that would materially and adversely affect the information shown in our combined financial statements in the Accountant's Report included in Appendix I to this document.

[REDACTED] EXPENSES

During the Track Record Period, we incurred [REDACTED] of HK\$[REDACTED], of which HK\$[REDACTED] was charged to our combined income statements and other comprehensive income and the remaining amount of HK\$[REDACTED] was recorded as prepayment which is to be net off with share premium after the [REDACTED]. We expect to further incur [REDACTED] (including [REDACTED]) of approximately HK\$[REDACTED] (based on the mid-point of our indicative [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised and without taking into account any discretionary incentive fees, if applicable) by the completion of the [REDACTED], of which an estimated amount of approximately HK\$[REDACTED] will be charged to our combined income statements for the year ending March 31, 2024 and an estimated amount of approximately HK\$[REDACTED] will be capitalized for the year ending March 31, 2024, respectively. We do not expect these [REDACTED] to have a material impact on our business and results of operations for the year ending March 31, 2024.