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**OZNER WATER INTERNATIONAL HOLDINGS LIMITED**  
**浩澤淨水國際控股有限公司**

**(IN LIQUIDATION)**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2014)**

**ANNOUNCEMENT IN RELATION TO  
NON-LEGALLY BINDING TERM SHEET REGARDING  
PROPOSED RESTRUCTURING  
AND POSSIBLE APPLICATION FOR WHITEWASH WAIVER  
AND CONTINUED SUSPENSION OF TRADING**

**THE PROPOSED RESTRUCTURING**

On 19 June 2022, the Company, the Investor and the Liquidators entered into the non-legally binding Term Sheet in relation to the Proposed Restructuring of the Group, which will include, among other things, (i) the Capital Reorganisation, (ii) the Subscription, (iii) the Operational Restructuring, and (iv) the Debt Restructuring, subject to the terms and conditions of the Restructuring Agreement.

**The non-legally binding Term Sheet may or may not lead to the entering of the Restructuring Agreement and the Proposed Restructuring may or may not proceed, and if it materialises, it may lead to a change in control of the Company. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements made by the Company dated 16 December 2020, 22 December 2020, 18 March 2021, 3 May 2021, 6 May 2021, 17 June 2021, 16 September 2021, 16 December 2021 and 16 March 2022 in relation to, among other things, the Petition, the appointment of the Liquidators, the Resumption Guidance and the progress of Resumption (the “**Announcements**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

## **THE TERM SHEET**

On 19 June 2022, the Company, the Investor and the Liquidators entered into the non-legally binding Term Sheet, pursuant to which, subject to entering into the Restructuring Agreement, the Company will allot and issue and the Investor and/or its designee(s) will subscribe for the Subscription Shares, subject to the terms and conditions of the Restructuring Agreement. Upon completion of the Subscription, it is expected that the Investor and/or its designee(s) will hold more than 30% of the issued share capital of the Company as enlarged by the Subscription Shares, subject to the terms and conditions of the Restructuring Agreement.

The principal terms of the Term Sheet are set out below:

### **Date**

19 June 2022

### **Parties**

- (1) the Company;
- (2) the Investor; and
- (3) the Liquidators.

### **The Proposed Restructuring**

Subject to the terms and conditions of the Restructuring Agreement, the Proposed Restructuring is expected to include, among other things, the following:

- (a) the Capital Reorganisation, which may include, among others, capital reduction, share premium reduction, cancellation of Shares, increase in authorised share capital of the Company and/or consolidation of Shares;
- (b) the Subscription, which will involve the subscription of the Subscription Shares by the Investor and/or its designee(s) with total subscription consideration of HK\$60 million, representing approximately 65% of the Enlarged Issued Capital, of which 5% shall be transferred to the SchemeCo at nil consideration to be realised by the Scheme Administrators for the purpose of defraying part of the restructuring costs. Out of the Subscription Proceeds:
  - (i) HK\$20 million shall be used for repayment of indebtedness owed to the Scheme Creditors;
  - (ii) HK\$20 million shall be used for part payment of the professional fees; and
  - (iii) the balance shall be used as general working capital for continuing operation of the Company;

- (c) the Operational Restructuring, which will involve:
- (i) the Group utilising its vast sales network and experienced management team to resume and further develop its water purification related operations through the Operating Company. Commencing from the date of the Term Sheet to the date of completion of the Proposed Restructuring (if the Resumption is successful) or until completion of the transfer of the Company's intangible assets to the SchemeCo and the divestment of the Operating Company to the Investor and/or its designee(s) (if the Resumption is not successful), the Company will authorise the Operating Company to use its intangible assets. The board of directors of the Operating Company will consist of not more than six directors and will be appointed by both the Company and the Investor, of which the Company shall not appoint more than two directors to the board. Any merger, increase in capital, lending, pledge, provision of guarantee and any transactions that are subject to the disclosure or reporting requirements under the Listing Rules should be approved by the Company or the Liquidators. From the date of the Term Sheet until the date of completion of the Proposed Restructuring (if the Resumption is successful) or the Operating Company ceases to use the aforesaid intangible assets (if the Resumption is not successful), the Investor will indemnify the Company (or its subsidiaries) and/or the SchemeCo against any reasonable loss incurred by the Company (or its subsidiaries) and/or the SchemeCo in connection with the use of the intangible assets by the Operating Company as a result of the negligence of or breach of relevant laws or regulations by the Investor or the Operating Company; and
  - (ii) the Investor, subject to the needs of the Group's business operations, providing working capital loan to the Company or any of its subsidiaries in cash instalments at an interest rate no higher than the one-year RMB loan prime rate, in relation to which the shareholding in the Operating Company will be pledged as security in favour of the Investor. If the Shares are delisted from the Stock Exchange, the Investor will not need to provide working capital to the Group (other than the Operating Company);
- (d) the Debt Restructuring, which will involve, assuming that trading in the Shares on the Stock Exchange is resumed:
- (i) the injection of HK\$20 million of the Subscription Proceeds into the Listco Scheme, a scheme of arrangement conducted by the Company in Hong Kong, to discharge the debts owed by the Company to the Scheme Creditors;
  - (ii) the issue of the Creditors' Shares to the Scheme Creditors or the SchemeCo representing the interests of the Scheme Creditors under the Listco Scheme, representing approximately 25% of the Enlarged Issued Capital;
  - (iii) the divestment of all subsidiaries of the Group (except the Operating Company) to the SchemeCo; and
  - (iv) the transfer of all assets of the Group (including the assignment of receivables due from external third parties) to the SchemeCo (except for the intangible

assets that are used for ongoing operations and the assets of the Operating Company).

If the Resumption is unsuccessful:

- (a) save and except for the matters of the Operational Restructuring which have been completed, the matters of the Capital Reorganisation, the Subscription and the Debt Restructuring described above will not take place;
- (b) all subsidiaries of the Group (except the Operating Company) will be divested to the SchemeCo;
- (c) all assets (including the assignment of receivables due from external third parties) will be transferred to the SchemeCo, and the SchemeCo will authorise the Operating Company to use the intangible assets to be owned by the SchemeCo; and
- (d) (i) the Operating Company (and its subsidiaries, if any) will be divested and transferred to the Investor and/or its designee(s) in consideration for the discharge of all indebtedness owing to the Investor and/or its designee(s) under the working capital loan to the Company or any of its subsidiaries; and (ii) the Investor and/or its designee(s) will, or shall procure the Operating Company to, pay to the Scheme Creditors in the amount of 8% of the net profit after tax of the Operating Company (and its subsidiaries, if any) in each year for a period of 10 years following completion of the divestment of the Operating Company in consideration of the authorisation to use the intangible assets to be owned by the SchemeCo by the Operating Company (irrespective of whether or not such intangible assets are actually used).

If the Subscription will not take place, there will be no change in control of the Company. As such, the proposed arrangements under (a) to (d) above are not subject to the requirements under the Takeovers Code.

Subject to the final terms of the Listco Scheme and the amount of working capital to be injected by the Investor and/or its designee(s), it is expected that upon completion of the Proposed Restructuring, the Investor and/or its designee(s), the Scheme Creditors, the SchemeCo and the existing Shareholders will own approximately 60%, 25%, 5% and 10% of the shareholding interest in the Company.

### **Conditions Precedent**

Subject to the terms and conditions of the Restructuring Agreement, it is expected that the completion of the Proposed Restructuring shall be conditional upon, among other things, the fulfilment of the conditions precedent to be set out in the Restructuring Agreement, including but not limited to the following:

- (a) the Stock Exchange unconditionally, or under the condition(s) that are agreed by both the Company and the Investor, granting the listing of, and permission to deal in, the Subscription Shares and the Creditors' Shares (if applicable), and such approval not subsequently being revoked or withdrawn;

- (b) the passing of the necessary resolutions by the Shareholders (who are permitted to vote under the Listing Rules and the Takeovers Code) at the Company's extraordinary general meeting to approve, among others, the following:
  - (i) the Restructuring Agreement and the transactions contemplated thereunder, including the allotment and issue of the Subscription Shares;
  - (ii) the allotment and issue of the Creditors' Shares (if applicable);
  - (iii) the Whitewash Waiver, if any; and
  - (iv) other resolutions may be needed for the execution and implementation of the Proposed Restructuring.
- (c) the granting of the Whitewash Waiver by the SFC related to the subscription of the Subscription Shares by the Investor and/or its designee(s), and such granting of the Whitewash Waiver not subsequently being revoked or withdrawn;
- (d) the submission of a resumption proposal to the Stock Exchange with its in-principle approval, and such approval not subsequently being revoked or withdrawn;
- (e) fulfilment of all the resumption conditions imposed by the Stock Exchange;
- (f) fulfilment of publishing all outstanding financial results required by the Listing Rules and addressing any audit modifications;
- (g) maintaining the minimum prescribed public holding percentage as required by the Listing Rules; and
- (h) other condition(s) precedent set out in the Restructuring Agreement.

The conditions precedent (b)(iii) and (c) above are intended to be non-waivable.

### **Long Stop Date**

The parties shall use their best endeavours to enter into the Restructuring Agreement by 18 July 2022 (or such later date as may be agreed by the parties to the Term Sheet in writing).

### **Termination**

The Investor and the Liquidators are entitled to, subject to giving one month's prior notice in writing to the other parties to the Term Sheet, terminate the Term Sheet, the Restructuring Agreement, the subscription agreement for the Subscription Shares, and other agreements related to the Proposed Restructuring, without prejudice to the rights and remedies of the Company or the Liquidators in respect of any antecedent breach, non-observance or non-performance of the aforesaid agreements or documents by the Investor.

## **Exclusivity Period**

Commencing from the date of the Term Sheet to the Long Stop Date, the Company and the Liquidators agreed that they shall not enter into negotiation on the Proposed Restructuring or agree on any similar agreement or arrangement with any parties other than the Investor.

## **Binding Effect of the Term Sheet**

Save for the provisions relating to fees, rights and limited liabilities of the Liquidators, the Long Stop Date, termination, binding effect, transferability, confidentiality, exclusivity and applicable laws, which are legally binding, the Term Sheet does not have any legally binding effect. The Proposed Restructuring is subject to further negotiations between the Company, the Liquidators and the Investor and the execution of the Restructuring Agreement.

Mr. Wang has undertaken to pay any professional fees payable by the Investor to the Liquidators and other professional parties engaged by the Liquidators and the Company in the event that the Investor fails to pay such fees.

## **INFORMATION ON THE INVESTOR**

The Investor, iSpring International Holdings Limited, is a limited liability company incorporated in Hong Kong. The Investor is wholly owned by Mr. Wang (i.e. Mr. Wang Xiaogang (王曉崗)), who is one of the Company's early stage investors and a seasoned investor in the area of equity investment. With his investment focus on early stage high-tech and high-growth companies, Mr. Wang has participated in the early stage financing of more than 20 companies such as Le Gaga Holdings Limited, Shanghai Cuimi Network Technology Co., Ltd., and Shanghai Lai Fu Life Science and Technology Co., Ltd.. Mr. Wang has an interdisciplinary educational background of engineering mechanics, computer engineering, and finance. His professional experiences include, among others, managerial positions in multiple leading global financial institutions and chief financial officers in multiple public or private companies. The Investor, Mr. Wang and parties acting in concert with them do not hold any Shares.

The Investor and its ultimate beneficial owners are Independent Third Parties.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in the provision of water purification services and air sanitisation services in the PRC.

## **LISTCO SCHEME**

The Liquidators have requested the High Court to reserve a hearing date for the purpose of obtaining sanction to convene the Scheme Creditors' meeting. The High Court has set down the hearing date at 20 July 2022.

## **CONTINUED SUSPENSION OF TRADING**

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 18 March 2021 and will remain suspended until further notice. The Company will keep its

Shareholders and the public informed of the latest developments by making further announcement(s) as and when appropriate.

## WARNINGS

**The non-legally binding Term Sheet may or may not lead to the entering of the Restructuring Agreement and the Proposed Restructuring may or may not proceed, and if it materialises, it may lead to a change in control of the Company. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Capital Reorganisation”	the possible reorganisation of the capital of the Company which may include capital reduction, share premium reduction, cancellation of Shares, increase in authorised share capital and/or consolidation of Shares
“Company”	Ozner Water International Holdings Limited (In Liquidation), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Creditors’ Shares”	new Shares to be allotted and issued under the Listco Scheme
“Debt Restructuring”	the possible restructuring of the Company’s debts which may involve, among other things, the divestment of all the subsidiaries in the Group (except the Operating Company) to the SchemeCo
“Director(s)”	director(s) of the Company
“Enlarged Issued Capital”	the total issued ordinary shares in the capital of the Company after the completion of the Proposed Restructuring as enlarged by the allotment and issue of the Subscription Shares and the Creditors’ Shares
“Group”	the Company and its subsidiaries as at the date of this announcement
“High Court”	the High Court of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	independent third parties who are not connected persons (as defined under the Listing Rules) of the Company and are independent of and not connected with the connected persons of the Company
“Investor”	iSpring International Holdings Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by Mr. Wang



“Liquidators”	Mr. Lai Kar Yan (Derek) of Deloitte Touche Tohmatsu and Mr. Chan Man Hoi of Deloitte & Touche Financial Advisory Services Limited, in their capacity as joint and several liquidators of the Company appointed by the High Court acting as agents without personal liability
“Listco Scheme”	the scheme of arrangement to be entered into between the Company and its creditors to be conducted in Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	18 July 2022 or such later date as may be agreed to by the parties to the Term Sheet in writing
“Mr. Wang”	Mr. Wang Xiaogang (王曉崗), the sole shareholder of the Investor as at the date of this announcement
“Operating Company”	a subsidiary of the Company incorporated in Hong Kong or the PRC which continues to operate the water purification services business of the Company as an operating company of the Group
“Operational Restructuring”	the possible restructuring of the Group which may involve, among other things, continuation of the Company’s water purification services business through the Operating Company
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macao Special Administrative Region and Taiwan
“Proposed Restructuring”	the proposed restructuring of the Group which will involve the Capital Reorganisation, the Subscription, the Operational Restructuring and the Debt Restructuring, subject to the terms and conditions of the Restructuring Agreement
“Restructuring Agreement”	the formal legally binding agreement(s) to be entered into among the Company, the Investor and the Liquidators in relation to the Proposed Restructuring
“Resumption”	resumption of trading in the Shares on the Stock Exchange
“RMB”	Renmenbi, the lawful currency of the PRC
“Scheme Administrators”	the persons to be elected and appointed as the administrators of the Listco Scheme in accordance with the terms of the Listco Scheme
“Scheme Creditors”	the creditors of the Company with unsecured claims admitted in the Listco Scheme by the Scheme Administrators in accordance with the terms of the Listco Scheme



“SchemeCo”	a special purpose vehicle to be set up by the Scheme Administrators
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) in the capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the possible subscription of the Subscription Shares by the Investor and/or its designee(s)
“Subscription Proceeds”	proceeds from the Subscription
“Subscription Share(s)”	new Share(s) to be subscribed by the Investor and/or its designee(s) under the Subscription
“Takeovers Code”	the Code on Takeovers and Mergers
“Term Sheet”	the non-legally binding term sheet regarding Proposed Restructuring of the Group dated 19 June 2022 entered into among the Company, the Investor and the Liquidators
“Whitewash Waiver”	a waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of the Investor to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Investor and/or its designee(s) and the parties acting in concert with them as a result of the completion of the Proposed Restructuring (which involves the Subscription)
“%”	per cent.

For and on behalf of  
**Ozner Water International Holding Limited**  
**(In Liquidation)**  
**Lai Kar Yan (Derek)**  
**Chan Man Hoi**  
Joint and Several Liquidators  
*acting as agents without personal liability*

Hong Kong, 19 June 2022

*At the date of this announcement, the executive Directors are XIAO Shu and XIE Jinlong and the non-executive Director is WANG Xiaodong.*

*The Liquidators jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*