

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**OZNER WATER INTERNATIONAL HOLDING 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)**

**(1) RESTRUCTURING AGREEMENT IN RELATION TO THE  
RESTRUCTURING OF THE GROUP, INVOLVING CAPITAL  
REORGANISATION, OPERATIONAL RESTRUCTURING,  
SUBSCRIPTION AND DEBT RESTRUCTURING,  
(2) APPLICATION FOR WHITEWASH WAIVER,  
(3) SPECIAL DEALS, AND  
(4) CONTINUED SUSPENSION OF TRADING**

**THE RESTRUCTURING AGREEMENT**

On 18 August 2022, the Company, the Liquidators and the Investor entered into the Restructuring Agreement in relation to the Restructuring of the Group, which shall include (i) the Capital Reorganisation, (ii) the Subscription, (iii) the Operational Restructuring, and (iv) the Debt Restructuring.

**THE CAPITAL REORGANISATION**

As at the date of this announcement, the authorised share capital of the Company is HK\$40,000,000 comprising 4,000,000,000 ordinary Shares with par value of HK\$0.01 each, of which 2,132,331,950 ordinary Shares have been issued and fully paid.

As part of the Restructuring, the Company proposes to implement, subject to the approval by the Shareholders, the Capital Reorganisation, which comprises of: (a) the Capital Reduction whereby the par value of each Share shall be reduced from HK\$0.01 to HK\$0.0004; (b) the Share Sub-division whereby each authorised but unissued Share with par value of HK\$0.01 each shall be sub-divided into 25 Reduced Shares with par value of HK\$0.0004 each; and (c) the Share Consolidation whereby every 25 Reduced Shares with par value of HK\$0.0004 each shall be consolidated into one (1) New Share with par value of HK\$0.01 each.

Upon completion of the Capital Reorganisation, the authorised ordinary share capital of the Company shall be HK\$40,000,000 divided into 4,000,000,000 New Shares of HK\$0.01 each, of which 852,932,780 have been issued and credited as fully paid.

### **THE SUBSCRIPTION**

Pursuant to the terms and conditions of the Restructuring Agreement, the Company shall issue and allot, and the Investor shall subscribe for 554,406,307 Subscription Shares at the Total Subscription Price of HK\$60,000,000, representing a subscription price of approximately HK\$0.108 per Subscription Share on the Completion Date. Upon the issue and allotment of the Subscription Shares to the Investor and/or the designee(s) as instructed by the Investor in the manner and number of Shares as specified by the Investor, the Subscription Shares represent approximately 65% of the Enlarged Issued Capital.

### **THE OPERATIONAL RESTRUCTURING**

Pursuant to the Restructuring Agreement, the Company shall authorise the Operating Companies to operate the Water Purification Business by way of granting each Operating Company relevant rights (i) to produce and manufacture or source other manufacturers to produce and manufacture the products relating to the Water Purification Business; (ii) to distribute and sell the products relating to the Water Purification Business through the distribution network of the Group or such other sales channel as the Operating Companies may deem appropriate; and (iii) to use and apply the Intangible Assets in relation to (i) and (ii) until the Completion Date (if the Resumption is successful) or both transfer of the ownership of the Intangible Assets from the Company to the Scheme Company and the divestment of the entire issued share capital of each of the Operating Companies to the Investor and/or its designees have been completed in accordance with all Applicable Laws (if the Resumption is unsuccessful).

Subject to the needs of the business operations of the Water Purification Business, the Investor undertakes to provide working capital loan of up to HK\$20,000,000 to SPV1 as borrower to be drawn from time to time at an interest rate per annum that is no higher than the RMB one-year loan prime rate published by the People's Bank of China, the proceeds of which shall be used exclusively for working capital purpose of the Group, in relation to which the entire issued share capital or equity capital of SPV1A, SPV2, SPV3 and SPV4 will be charged or pledged in favour of the Investor as security for the working capital loan at the cost and expense of the Investor.

### **THE DEBT RESTRUCTURING**

Pursuant to Part 13 of the Companies Ordinance, the Company shall implement the Creditors Scheme with the Scheme Creditors. Upon the Creditors Scheme becoming effective, all Claims against the Company will be fully and finally compromised, discharged and/or settled, but without prejudice to the rights of any Scheme Creditor to enforce any guarantees or security interest against the Excluded Subsidiaries (or any of them). The Scheme Creditors will receive a pro rata distribution of the Scheme Assets in full and final satisfaction and release of all their Claims. The entire share capital or equity capital of each of the Excluded Subsidiaries will be transferred to the Scheme Company at nil or nominal consideration.

If the Resumption is successful, the Company will assign, transfer or procure the transfer of HK\$20,000,000 of the proceeds from the Subscription to the Scheme Administrators or the Scheme Company for the benefit of the Scheme Creditors, which will be distributed among the Scheme Creditors on a pro rata basis; the Company will issue the Creditors' Shares to the Scheme Creditors (or the Scheme Company representing the interests of the Scheme Creditors) under the Creditors Scheme, representing approximately 25% of the Enlarged Issued Capital, on a pro rata basis; and all assets of the Company (including all receivables due from third parties to the Group but excluding the Intangible Assets that are applied and used by the Operating Companies for the Water Purification Business and the assets of each Operating Company) shall be transferred to the Scheme Company at nil or nominal consideration.

If the Resumption is unsuccessful, save and except for the matters of the Operational Restructuring and the Debt Restructuring which would have been completed, the matters of the Capital Reorganisation and the Subscription will not take place; all assets of the Company (including all receivables due from third parties and the Intangible Assets) will be transferred to the Scheme Company, and the Scheme Company will continue to authorise the Operating Companies to use and apply the Intangible Assets to be owned by the Scheme Company for the Water Purification Business at nil or nominal consideration; and in respect of the Operating Companies: (a) the entire share capital or equity capital of each Operating Company (and its subsidiaries, if any) will be transferred to the Investor and/or its designee(s) at nil or nominal consideration; and (b) upon completion of the transfer of the share capital under (a), as consideration for the granting of the authorisation by the Scheme Company to use and apply the Intangible Assets to be owned by the Scheme Company for the Water Purification Business (irrespective of whether or not such Intangible Assets are actually used), the Investor and/or its designee(s) will, or shall procure the Operating Companies to, pay to the Scheme Company in an amount equivalent to 8% of the consolidated net profit after tax of the Operating Group each year for a period of 10 years following completion of the transfer of share capital under (a).

## **REASONS FOR ENTERING INTO THE RESTRUCTURING AGREEMENT**

On 14 December 2020, DBS Bank Ltd., Hong Kong Branch presented the Petition against the Company. The debt arose from a guarantee and indemnity dated 26 March 2018 executed by the Company in relation to bank facilities granted by DBS Bank Ltd., Hong Kong Branch to Hong Kong Fresh Water International Group Limited, a wholly-owned subsidiary of the Company. On 17 March 2021, the Company was ordered to be wound up by the Hong Kong Court, as disclosed in the Company's announcement dated 18 March 2021.

Following the winding up of the Company and the suspension of the trading of its Shares in March 2021, the Group's creditors have commenced enforcement actions and bankruptcy proceedings in the PRC, which resulted in the seizure of significant assets of the Group and the bankruptcy of a significant subsidiary in the PRC. In the circumstances, the prospect of any recoverability of assets in the PRC has become highly doubtful.

Based on available books and records of the Company and the claims submitted by creditors, the Company was and is insolvent and has no ability to settle its liabilities in full as and when they fall due. In view of the Company's financial position, it is anticipated that the

returns to the Creditors will likely be minimal without a restructuring and/or the injection of new investments.

## **TAKEOVERS CODE IMPLICATIONS**

### **The Whitewash Waiver**

As at the date of the Restructuring Agreement and this announcement, the Investor, Mr. Wang and the parties acting in concert with any of them do not hold any Shares. Upon the issue and allotment of the Subscription Shares and the Creditors' Shares at Completion, the Investor, Mr. Wang and the parties acting in concert with any of them will be interested in a maximum number of 554,406,307 New Shares, representing approximately 65% of the Enlarged Issued Capital. As such, they would be required to make an unconditional mandatory general offer for all the issued Shares (not already owned or agreed to be acquired by them) under Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive.

In this regard, the Investor will make an application to the Executive for the Whitewash Waiver to relieve them from their obligation to make a mandatory general offer as a result of the acquisition of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the Whitewash Waiver and the Transactions being separately approved by at least 75% and more than 50% of the votes cast by the Independent Shareholders at the EGM by way of poll, respectively, in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code.

### **Special Deals**

#### ***Special Deal I***

As the divestment of the Excluded Subsidiaries to the Scheme Company and the proposed transfer of all assets of the Company (including all receivables due from third parties, but excluding the Intangible Assets that are applied and used by the Operating Companies for the Water Purification Business and the assets of each Operating Company) to the Scheme Company is not extended to all the other Shareholders, such transfer constitutes a special deal under Note 4 to Rule 25 of the Takeovers Code.

#### ***Special Deal II***

Based on the information available to the Company, as at the date of this announcement, Chongqing Zhongxinrongbang is a creditor of the Company, and subject to the adjudication by the Scheme Administrators upon the Creditors Scheme taking effect, Chongqing Zhongxinrongbang may also be a Scheme Creditor.

As the settlement of indebtedness due to Chongqing Zhongxinrongbang as a beneficiary of the Creditors Scheme is not extended to all the other Shareholders, such settlement of indebtedness constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code.

As such, each of Special Deal I and Special Deal II requires consent by the Executive. An application will be made to the Executive for the consent to proceed with the Special Deals

under Rule 25 of the Takeovers Code. Such consent, if granted, will be subject to: (a) an independent financial adviser to the Independent Shareholders publicly stating in its opinion that the respective terms of the Special Deals are fair and reasonable; and (b) approval of the Special Deals by the Independent Shareholders at the EGM, in which any creditors of the Company, and their respective associates and parties acting in concert with any of them, who is Shareholder will be required to abstain from voting in respect of the resolutions to approve the Special Deals.

Save as disclosed above, as at the date of this announcement, none of the creditors of the Company or any of their respective ultimate beneficial owner is a Shareholder.

### **IMPLICATIONS UNDER THE LISTING RULES**

As the Subscription Shares and the Creditors' Shares will not be issued and allotted under the Specific Mandate to be obtained at the EGM, the issue and allotment of such Shares is subject to the Independent Shareholders' approval.

The EGM will be convened and held to consider and, if thought fit, approve, among others, all the resolutions of the Company necessary and appropriate in relation to the Capital Reorganisation, the Subscription (including the grant of the Specific Mandate), the Operational Restructuring, the Debt Restructuring, the Whitewash Waiver and the Special Deals.

The Investor, the creditors of the Company, the Scheme Administrators, the Scheme Company, their associates, and the parties acting in concert with any of them, and those (if any) who are involved in or interested in the Restructuring Agreement and the Transactions, the grant of the Specific Mandate, the Whitewash Waiver or the Special Deals shall abstain from voting in respect of the resolutions to approve the Restructuring Agreement and the Transactions, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deals. The passing of the resolution(s) in relation to the Restructuring, the grant of the Specific Mandate and the Special Deals shall require the approval of more than 50% of the votes cast by the Independent Shareholders at the EGM by poll. In addition, the passing of the resolution in relation to the Whitewash Waiver shall require the approval of at least 75% of the votes cast by the Independent Shareholders.

A circular containing, among other things, details of: (i) the Restructuring Agreement and the Transactions; (ii) the Specific Mandate; (iii) the Whitewash Waiver; (iv) the Special Deals; (v) the letter from the independent financial adviser to the Independent Shareholders; and (vi) a notice of the EGM to be despatched to the Shareholders within 21 days of the date of this announcement, that is, on or before 8 September 22.

### **CONTINUED SUSPENSION OF TRADING IN THE SHARES**

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 18 March 2021.

## **WARNINGS**

**The transactions contemplated under the Restructuring Agreement are subject to the fulfilment of various conditions and therefore may or may not materialise. The release of this announcement does not necessarily indicate that the Restructuring will be completed or trading in the Shares will be resumed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

**The Company is preparing and updating its Resumption Proposal to the Stock Exchange and will keep the Shareholders and investors informed of the latest developments by making further announcements as and when appropriate.**

**In the event that the Company fails to satisfy all of the Resumption conditions imposed by the Stock Exchange by 17 September 2022, the Listing Division of the Stock Exchange may recommend the Listing Committee to proceed with the cancellation of the Company's listing status.**

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, 16 March 2022, 19 June 2022 and 28 July 2022 in relation to, among other things, the Petition, the appointment of the Liquidators, the Resumption Guidance, the progress of Resumption and the notice of the Creditors Scheme Meeting (the “**Announcements**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

## **BACKGROUND OF THE RESTRUCTURING**

On 14 December 2020, DBS Bank Ltd., Hong Kong Branch presented the Petition against the Company in connection with the Company's failure to settle a sum of approximately US\$25,185,777.08 with interest. The debt arose from a guarantee and indemnity dated 26 March 2018 executed by the Company in relation to bank facilities granted by DBS Bank Ltd., Hong Kong Branch to Hong Kong Fresh Water International Group Limited, a wholly-owned subsidiary of the Company.

On 17 March 2021, the Company was ordered to be wound up by the Hong Kong Court. On 18 March 2021, trading of the Shares was suspended pending the release of an inside information announcement in relation to the winding up order granted against the Company. On 16 April 2021, the Liquidators were appointed as the joint and several liquidators of the Company by an order of the Hong Kong Court.

## **THE RESTRUCTURING AGREEMENT**

On 18 August 2022, the Company, the Liquidators and the Investor entered into the Restructuring Agreement in relation to the Restructuring of the Group, which shall include (i) the Capital Reorganisation, (ii) the Subscription, (iii) the Operational Restructuring, and (iv) the Debt Restructuring.

## CONDITIONS PRECEDENT TO THE COMPLETION

The Completion of the Subscription and the issue of the Creditors' Shares as part of the Restructuring are conditional upon the fulfilment of the following conditions precedent on or before the Long Stop Date or the Completion Date (as the case may be), none of which may be waived by any Party:

- (a) the Capital Reorganisation becoming effective;
- (b) the listing of and permission to deal in all of the New Shares, the Subscription Shares and the Creditors' Shares, having been granted by the Listing Committee of the Stock Exchange (either unconditionally or subject to conditions agreed by both the Company and the Investor) and such permission not having been subsequently revoked or withdrawn;
- (c) all of the required corporate approvals or authorisations (including but not limited to those set out below) having been duly passed at the duly convened extraordinary general meeting(s) of the Company in accordance with the Listing Rules, the Takeovers Code and any other Applicable Laws, and not having been revoked or vitiated:
  - (i) the Restructuring Agreement and the Transactions;
  - (ii) the Capital Reorganisation;
  - (iii) the Subscription;
  - (iv) the Operational Restructuring;
  - (v) the Debt Restructuring, including the Creditors Scheme;
  - (vi) the Whitewash Waiver;
  - (vii) the Special Deals;
  - (viii) the allotment and issue of the Creditors' Shares to the Scheme Creditors or the Scheme Company; and
  - (ix) any other necessary decisions to carry out transactions made under the Restructuring Agreement.
- (d) the warranties given by the Company and the Investor being true, correct, accurate, complete and not misleading in any material respects when made, and continuing to be true, correct, accurate, complete and not misleading in any material respects up to the Completion Date with the same force and effect as if they had been repeated;
- (e) the Creditors Scheme becoming effective no later than the Completion Date;
- (f) the Hong Kong Court having sanctioned a permanent stay of the winding-up order against the Company and the discharge of the Liquidators;

- (g) the Whitewash Waiver having been granted by the Executive in relation to the Subscription by the Investor, and such Whitewash Waiver not having been subsequently revoked or withdrawn;
- (h) the Executive having consented to the Special Deals and such consent not having been subsequently revoked or withdrawn;
- (i) the Resumption Proposal having been submitted to the Stock Exchange;
- (j) all the resumption conditions imposed by the Stock Exchange having been fulfilled by the Company;
- (k) all outstanding financial results having been published as required under the Listing Rules and audit modifications (if any) having been addressed; and
- (l) the New Shares remaining listed on the Main Board of the Stock Exchange.

As of the date of this announcement, other than those mentioned in the conditions precedent to the Completion (as disclosed in the section headed “Conditions Precedent to the Completion”), the parties to the Restructuring Agreement are not aware of any other necessary waivers, consents, approvals, authorisations or decisions which are required for the implementation of the Restructuring and all transactions contemplated thereunder.

Completion is subject to fulfilment of the above conditions. None of the conditions precedent is waivable by any Party. As at the date of this announcement, none of the conditions has been fulfilled.

## **DEALINGS AND INTEREST IN THE SECURITIES OF THE COMPANY**

The Investor has confirmed to the Company and the Liquidators that, as at the date of this announcement, save for entering into the Term Sheet, the Restructuring Agreement and any other related transaction documents (including the documentation relating to (i) the working capital loan and the share charge / pledge as referred to in the section below headed “3. The Operational Restructuring” and (ii) the undertaking(s) given or to be given by Mr. Wang to pay the costs and expenses of the Restructuring), none of the Investor, Mr. Wang or any party acting in concert with any of them:

- (a) has acquired any voting rights in the Company during the six (6) months prior to this announcement;
- (b) holds, controls or has direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (c) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Investor or the Company, which might be material to the transactions contemplated under the Restructuring Agreement including the Subscription, the Whitewash Waiver and the Special Deals;



- (d) has dealt in the Shares, outstanding options, derivatives, warrants or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible or exchangeable into the Shares during the period commencing on the date falling six (6) months prior to 19 June 2022, being the date the Term Sheet was entered into and up to the date of this announcement;
- (e) has borrowed or lent any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (f) has any agreements or arrangements pursuant to which any of the Investor, Mr. Wang or any party acting in concert with any of them is a party which relates to circumstances which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Restructuring Agreement including the Subscription, the Whitewash Waiver or the Special Deals; and
- (g) has received any irrevocable undertaking relating to voting for or against each of the transactions contemplated under the Restructuring Agreement including the Subscription, the Whitewash Waiver or the Special Deals.

As at the date of this announcement, save for the Special Deals, the Term Sheet, the Restructuring Agreement, and the documentation entered or to be entered into relating to the working capital loan and the share charge / pledge as referred to in the section headed “3. The Operational Restructuring” and the undertaking(s) given or to be given by Mr. Wang to pay the costs and expenses of the Restructuring, there is no other understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the parties as set out below:

- (a) (1) any Shareholder on the one hand, and (2) either (i) the Investor, Mr. Wang or any parties acting in concert with any of them or (ii) the Company, its subsidiaries or associated companies on the other hand; and
- (b) (1) the Investor, Mr. Wang and parties acting in concert with any of them on the one hand; and (2) the Company, its subsidiaries or associated companies on the other hand.

As at the date of this announcement, the Company does not believe that the Restructuring Agreement and the transactions contemplated thereunder, the grant of the Whitewash Waiver and the Special Deals give rise to any concerns in relation to compliance with applicable rules or regulations (including the Listing Rules and the Takeovers Code). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular in respect of, among others, the Restructuring Agreement and the transactions contemplated thereunder, the grant of the Whitewash Waiver and the Special Deals. The Company notes that the Executive may not grant the Whitewash Waiver or consent to the Special Deals if the Restructuring Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deals do not comply with applicable rules and regulations.

## THE RESTRUCTURING

Details of the Restructuring Agreement, together with the detailed arrangements of (1) the Capital Reorganisation, (2) the Subscription, (3) the Operational Restructuring and (4) the Debt Restructuring are set out below:

### 1. THE CAPITAL REORGANISATION

As at the date of this announcement, the authorised share capital of the Company is HK\$40,000,000 comprising 4,000,000,000 ordinary Shares with par value of HK\$0.01 each, of which 2,132,331,950 ordinary Shares have been issued and fully paid.

The Company proposes to implement, subject to the approval by the Shareholders, the Capital Reorganisation, which comprises of:

- (a) the Capital Reduction — the issued share capital of the Company shall be reduced by cancelling the paid up share capital to the extent of HK\$0.0096 on each of the issued Shares such that the par value of each Share shall be reduced from HK\$0.01 to HK\$0.0004;
- (b) the Share Sub-division — upon the Capital Reduction becoming effective, each authorised but unissued Share with par value of HK\$0.01 each is sub-divided into 25 Reduced Shares with par value of HK\$0.0004 each; and
- (c) the Share Consolidation — upon the Capital Reduction and the Share Sub-division becoming effective, every 25 Reduced Shares with par value of HK\$0.0004 each shall be consolidated into one (1) New Share with par value of HK\$0.01 each.

#### Effects of the Capital Reorganisation

Upon completion of the Capital Reorganisation, the authorised ordinary share capital of the Company shall be HK\$40,000,000 divided into 4,000,000,000 New Shares of HK\$0.01 each, of which 852,932,780 have been issued and credited as fully paid.

The table below sets out the capital structure of the Company immediately before and after the completion of the Capital Reorganisation:

	<u>Before completion of the Capital Reorganisation</u>		<u>After completion of the Capital Reorganisation</u>	
	<u>Authorised</u>	<u>Issued</u>	<u>Authorised</u>	<u>Issued</u>
<b><u>Ordinary Shares</u></b>				
No. of Shares	4,000,000,000	2,132,331,950	4,000,000,000	852,932,780
Par Value	HK\$0.01 each	HK\$0.01 each	HK\$0.01 each	HK\$0.01 each
<b>Total (HK\$)</b>	<b><u>40,000,000.00</u></b>	<b><u>21,323,319.50</u></b>	<b><u>40,000,000.00</u></b>	<b><u>8,529,327.80</u></b>

The credit of approximately HK\$20,470,387 arising from the Capital Reduction will be transferred to the contributed surplus account of the Company and applied to set off against the accumulated losses of the Company as permitted by the laws of the Cayman Islands and the Memorandum and Articles of Association.

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will not have a material adverse effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders in the Company.

The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the return of capital or cash to the Shareholders, nor will it result in any change in the relative rights of the Shareholders.

### **Conditions of the Capital Reorganisation**

The completion of the Capital Reorganisation is conditional upon:

- (a) the passing of the necessary resolutions by the Shareholders entitled to vote (in accordance with the Listing Rules and the Takeovers Code) by way of poll at the EGM to approve the Capital Reorganisation;
- (b) the granting of an order by the Cayman Grand Court confirming the Capital Reduction;
- (c) compliance with any terms and conditions which the Cayman Grand Court may impose in relation to the Capital Reduction to be effective;
- (d) compliance with the relevant procedures and requirements under the Applicable Laws of the Cayman Islands to effect the Capital Reorganisation;
- (e) the Stock Exchange granting the listing of, and permission to deal in, the New Shares, upon the Capital Reorganisation becoming effective; and
- (f) the obtaining of all necessary approvals from the regulatory authorities as may be required in respect of the Capital Reorganisation, if any.

All of the abovementioned conditions cannot be waived by any of the parties to the Restructuring Agreement. As at the date of this announcement, none of the conditions has been fulfilled.

For the avoidance of doubt, the Capital Reorganisation is not conditional on the completion of the Subscription.

## **2. THE SUBSCRIPTION**

Pursuant to the terms and conditions of the Restructuring Agreement, the Company shall issue and allot, and the Investor shall subscribe for 554,406,307 Subscription Shares at the Total Subscription Price of HK\$60,000,000, representing a subscription price of approximately HK\$0.108 per Subscription Share on the Completion Date. Upon the issue and allotment of the Subscription Shares to the Investor and/or the designee(s) as instructed by the Investor in the manner and number of Shares as specified by the Investor, the Subscription Shares represent approximately 65% of the Enlarged Issued Capital.

## **Status of the Subscription Shares**

The Subscription Shares shall rank *pari passu* in all respects among themselves and with all other New Shares then in issue, including the rights to dividends and distributions made or declared on or after the Completion Date, and shall be free from all Claims or other third party rights and with all rights and benefits attached thereto.

## **Public Float**

If less than 25% (or such other percentage as prescribed by Rule 8.08(1)(a) of the Listing Rules) of the issued share capital of the Company is held by the public upon completion of the Subscription and the Creditors Scheme, the Investor undertakes that it will (or will procure its designee(s) to), as soon as practicable, take all necessary actions to restore the public float of the Company to the minimum prescribed percentage in accordance with the Listing Rules.

## **Use of Proceeds**

The proceeds from the Subscription shall be used for (i) repayment of indebtedness owed to the Scheme Creditors in the amount of HK\$20,000,000, (ii) part payment of the professional fees payable to the Liquidators and the professional parties engaged by the Liquidators and the Company (including but not limited to the auditors, financial adviser, legal counsel and other Advisers) in the amount of HK\$20,000,000, and (iii) general working capital to sustain the business operations of the Group in the remaining amount of HK\$20,000,000.

### **3. THE OPERATIONAL RESTRUCTURING**

Pursuant to the Restructuring Agreement, the Company shall authorise the Operating Companies to operate the Water Purification Business by way of granting each Operating Company relevant rights (i) to produce and manufacture or source other manufacturers to produce and manufacture the products relating to the Water Purification Business; (ii) to distribute and sell the products relating to the Water Purification Business through the distribution network of the Group or such other sales channel as the Operating Companies may deem appropriate; and (iii) to use and apply the Intangible Assets in relation to (i) and (ii) until:

- (a) the Completion Date, if the Resumption is successful, or
- (b) both (i) transfer of the ownership of the Intangible Assets from the Company to the Scheme Company and (ii) the divestment of the entire issued share capital of each of the Operating Companies to the Investor and/or its designees have been completed in accordance with all Applicable Laws, if the Resumption is unsuccessful.

To the extent permissible or not prohibited under any Applicable Law and except for any performance, observance or compliance with any existing obligation or court order or any operation of law, the Company undertakes not to grant to any third party any right to use and apply the Intangible Assets as granted to each Operating Company until the earlier of: (i) the timing specified under (a) above; (ii) the timing specified under (b) above; or (iii) the Termination.

The day-to-day management and operation of the Water Purification Business shall be conducted exclusively by the board of directors of each Operating Company. The board of directors of each Operating Company will consist of not more than six directors, of which the Company shall have the right to appoint not more than two directors and the Investor shall have the right to appoint not more than four directors to the board. The board of each Operating Company shall report the business conditions of such Operating Company, including its operating results, business development, business strategies and budget, to the Liquidators or the Company on a regular basis. Any significant operational decisions should be subject to the prior approval by the Company or the Liquidators.

Subject to the needs of the business operations of the Water Purification Business, the Investor undertakes to provide working capital loan of up to HK\$20,000,000 to SPV1 as borrower to be drawn from time to time at an interest rate per annum that is no higher than the RMB one-year loan prime rate published by the People's Bank of China, the proceeds of which shall be used exclusively for working capital purpose of the Group, in relation to which the entire issued share capital or equity capital of SPV1A, SPV2, SPV3 and SPV4 will be charged or pledged in favour of the Investor as security for the working capital loan at the cost and expense of the Investor. If the Resumption is unsuccessful, the Investor shall not be obliged to advance any further amount to the Group to support the working capital to the Group. The Parties agree to enter a separate set of transaction documents to address the above working capital loan and relevant charges or pledges.

#### **4. THE DEBT RESTRUCTURING**

Pursuant to Part 13 of the Companies Ordinance, the Company shall implement the Creditors Scheme with the Scheme Creditors.

Pursuant to the Restructuring Agreement, the principal terms of the Creditors Scheme include:

- (a) upon the Creditors Scheme becoming effective, all Claims against the Company will be fully and finally compromised, discharged and/or settled, but without prejudice to the rights of any Scheme Creditor to enforce any guarantees or security interest against the Excluded Subsidiaries (or any of them);
- (b) the Scheme Creditors will receive a pro rata distribution of the Scheme Assets in full and final satisfaction and release of all their Claims;
- (c) if the Resumption is successful:
  - (i) the Company will assign, transfer or procure the transfer of HK\$20,000,000 of the proceeds from the Subscription to the Scheme Administrators or the Scheme Company for the benefit of the Scheme Creditors, which will be distributed among the Scheme Creditors on a pro rata basis;
  - (ii) the Company will issue the Creditors' Shares to the Scheme Creditors (or the Scheme Company representing the interests of the Scheme

Creditors) under the Creditors Scheme, representing approximately 25% of the Enlarged Issued Capital, on a pro rata basis;

- (iii) the entire share capital or equity capital of each of the Excluded Subsidiaries will be transferred to the Scheme Company at nil or nominal consideration; and
  - (iv) all assets of the Company (including all receivables due from third parties to the Group but excluding the Intangible Assets that are applied and used by the Operating Companies for the Water Purification Business and the assets of each Operating Company) shall be transferred to the Scheme Company at nil or nominal consideration.
- (d) if the Resumption is unsuccessful:
- (i) save and except for the matters of the Operational Restructuring and the Debt Restructuring which would have been completed, the matters of the Capital Reorganisation and the Subscription will not take place;
  - (ii) the entire share capital or equity capital of each of the Excluded Subsidiaries will be transferred to the Scheme Company at nil or nominal consideration;
  - (iii) all assets of the Company (including all receivables due from third parties and the Intangible Assets) will be transferred to the Scheme Company, and the Scheme Company will continue to authorise the Operating Companies to use and apply the Intangible Assets to be owned by the Scheme Company for the Water Purification Business at nil or nominal consideration; and
  - (iv) in respect of the Operating Companies: (a) the entire share capital or equity capital of each Operating Company (and its subsidiaries, if any) will be transferred to the Investor and/or its designee(s) at nil or nominal consideration; and (b) upon completion of the transfer of the share capital under (a), as consideration for the granting of the authorisation by the Scheme Company to use and apply the Intangible Assets to be owned by the Scheme Company for the Water Purification Business (irrespective of whether or not such Intangible Assets are actually used), the Investor and/or its designee(s) will, or shall procure the Operating Companies to, pay to the Scheme Company in an amount equivalent to 8% of the consolidated net profit after tax of the Operating Group each year for a period of 10 years following completion of the transfer of share capital under (a).

For the purpose of paragraph (iv) above, the consolidated net profit after tax of the Operating Group shall be determined with reference to the audited consolidated financial statements of the Operating Group for each financial year ending 31 December, which shall be prepared in accordance with Applicable Laws and generally accepted accounting principles from time to time applicable to the Operating Group (including the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the

International Financial Reporting Standards issued by the International Accounting Standards Board, or the China Accounting Standards for Business Enterprises issued by the China Accounting Standards Committee of the Ministry of Finance of the PRC) and audited by any one of Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers or any other firm of auditors of international repute which the Scheme Administrators and the Scheme Company on one hand and the Investor on the other hand may mutually approve from time to time, and which shall be completed as soon as possible but in any event within three months after the end of each of its financial years and, as soon as the same become available but in any event within seven (7) days thereafter, provided by the Investor and/or the Operating Group to the Scheme Administrators and the Scheme Company, upon which the amount of the yearly payment shall be determined by the Scheme Administrators by reference to the information provided and be paid by the Investor or the Operating Companies within 30 calendar days thereafter.

### **Conditions of the Creditors Scheme**

Pursuant to the Restructuring Agreement, the implementation of the Creditors Scheme is conditional upon:

- (a) over fifty per cent (50%) in number of the Scheme Creditors, representing at least seventy-five per cent (75%) in value of the Scheme Creditors, present and voting in person (or through electronic means if applicable) or by proxy at the Creditors Scheme Meeting, voting in favour of the Creditors Scheme;
- (b) the Hong Kong Court sanctioning the Creditors Scheme and an office copy of the order of the Hong Kong Court sanctioning the Creditors Scheme having been delivered to the Companies Registry in Hong Kong for registration; and
- (c) the Scheme Assets being received by the Scheme Company within 30 days after the registration date of the court order sanctioning the Creditors Scheme with the Companies Registry in Hong Kong, or such extended date as may be agreed by the Company with the Scheme Administrators.

None of the abovementioned conditions can be waived by any Party.

For the avoidance of doubt, once the Creditors Scheme as sanctioned by the court order has been registered in the Companies Registry in Hong Kong, and the Scheme Assets are received by the Scheme Company, the Scheme will remain binding and effective even if the Resumption does not occur.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The tables below set out the shareholding structure of the Company immediately before and after Completion:

	As at the date of this announcement		Upon completion of the Capital Reorganisation		Immediately after the Completion (after issue of the Subscription Shares and the Creditors' Shares)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
The Investor	–	–	–	–	554,406,307	65.00
Scheme Creditors	–	–	–	–	213,233,195	25.00
Xiao Shu (Note 1)	791,048,150	37.10	31,641,926	37.10	31,641,926	3.71
SAIF Partners IV, L.P. (Notes 2 & 4)	334,857,000	15.70	13,394,280	15.70	13,394,280	1.57
Chongqing Zhongxinrongchuang (Notes 3 & 4)	82,806,000	3.88	3,312,240	3.88	3,312,240	0.39
Chongqing Zhongxinrongbang (Notes 3 & 4)	85,000,000	3.99	3,400,000	3.99	3,400,000	0.40
China Innovative (Notes 3 & 4)	188,856,200	8.86	7,554,248	8.86	7,554,248	0.89
Other public Shareholders	649,764,600	30.47	25,990,584	30.47	25,990,584	3.05
<b>Total</b>	<b>2,132,331,950</b>	<b>100.00</b>	<b>85,293,278</b>	<b>100.00</b>	<b>852,932,780</b>	<b>100.00</b>

Notes:

1. Baida Holdings Limited, Lion Rise Holdings Limited and Glorious Holdings Limited hold 341,820,000 Shares, 62,182,200 Shares and 382,847,950 Shares, respectively (representing approximately 36.90% of the total number of issued Shares). The entire share capital of these companies are wholly owned by Standard Chartered Trust (Singapore) Limited, which acts as trustee to discretionary trusts whose beneficiaries include Mr. Xiao Shu, the Chairman of the Company, and certain of his family members. Mr. Xiao personally directly holds 4,198,000 Shares.
2. SAIF Partners IV, L.P. is a limited partnership established in the Cayman Islands whose sole general partner is SAIF IV GP, L.P., a limited partnership established in the Cayman Islands. The sole general partner of SAIF IV GP, L.P. is SAIF IV GP Capital Ltd., an exempted limited liability company incorporated in the Cayman Islands, which is wholly owned and controlled by Mr. Andrew Yan, who is an Independent Third Party.
3. Based on the information available to the Company, Chongqing Zhongxinrongbang, Chongqing Zhongxinrongchuang and China Innovative are under the control of the same parent company, Zhongxinrongchuang Asset Management Co., Ltd.\* (中新融創資本管理有限公司), which is owned as to 35.80% by 北京中海嘉誠企業管理有限公司 (前称北京中海嘉誠資本管理有限公司), which in turn is owned as to 10% by Mr. Xie Zhikun (解直錕) and 90% by 中海晟豐(北京)資本管理有限公司, which in turn is wholly owned by Mr. Xie Zhikun (解直錕). Mr. Xie Zhikun (解直錕) is an Independent Third Party.
4. Such Shareholders will each cease to be a substantial shareholder of the Company and a core connected person of the Company upon Completion, and any Shares held thereby should be counted towards the public float of the Company upon Completion.

## TERMINATION OF THE RESTRUCTURING AGREEMENT

The Liquidators (and, in the case of occurrence of event in paragraph (a) below only, the Investor) may, by notice in writing to each of the other Parties, to the extent permissible or not prohibited under any Applicable Law, elect to proceed to Completion or terminate the Restructuring Agreement if, at any time before Completion:

- (a) any Government Authority issues, promulgates or enforces any Applicable Law that prohibits the completion of the Transactions; or the Government Authority provides amended opinions or additional conditions in relation to the Transactions which the Parties cannot accept, or the Parties cannot within thirty (30) days or a reasonable period of time as agreed by the Parties to reach a written consent to amend or supplement the



Restructuring Agreement pursuant to the aforementioned amended opinions or additional conditions raised by the Government Authority; or

- (b) the Investor (i) breaches or defaults in any of its obligations under the Restructuring Agreement or other agreements related to the Restructuring, or fails to comply fully with such obligations, and (ii) fails to rectify such breach, default or non-compliance within ten (10) Business Days of the Liquidators notifying the Investor in writing of such breach, default or non-compliance.

Subject to the stipulations below, unless the Liquidators and the Investor shall otherwise agree, the Restructuring Agreement shall be terminated automatically if:

- (a) the Liquidators or the Investor gives one (1) month's prior notice in writing to each of the other Parties to the Restructuring Agreement that the Restructuring Agreement shall be terminated;
- (b) the Creditors Scheme is not approved by the Scheme Creditors at a Creditors Scheme Meeting; or
- (c) Completion has not taken place on or before the Long Stop Date.

## **REASONS FOR ENTERING INTO THE RESTRUCTURING AGREEMENT**

On 14 December 2020, DBS Bank Ltd., Hong Kong Branch presented the Petition against the Company. The debt arose from a guarantee and indemnity dated 26 March 2018 executed by the Company in relation to bank facilities granted by DBS Bank Ltd., Hong Kong Branch to Hong Kong Fresh Water International Group Limited, a wholly-owned subsidiary of the Company. On 17 March 2021, the Company was ordered to be wound up by the Hong Kong Court, as disclosed in the Company's announcement dated 18 March 2021.

Following the winding up of the Company and the suspension of the trading of its Shares in March 2021, the Group's creditors have commenced enforcement actions and bankruptcy proceedings in the PRC, which resulted in the seizure of significant assets of the Group and the bankruptcy of a significant subsidiary in the PRC. In the circumstances, the prospect of any recoverability of assets in the PRC has become highly doubtful.

Based on available books and records of the Company and the claims submitted by creditors, the Company was and is insolvent and has no ability to settle its liabilities in full as and when they fall due. In view of the Company's financial position, it is anticipated that the returns to the Creditors will likely be minimal without a restructuring and/or the injection of new investments.

## **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 any of them do not hold any Shares.

The Investor and its ultimate beneficial owner are Independent Third Parties as at the date of this announcement.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in the provision of water purification services and air sanitisation services, which include the research, manufacturing, sales and installation of water purification and air sanitisation products in the PRC. The Group is also engaged in supply chain services in the PRC.

## **TAKEOVERS CODE IMPLICATIONS**

### **The Whitewash Waiver**

As at the date of the Restructuring Agreement and this announcement, the Investor, Mr. Wang and the parties acting in concert with any of them do not hold any Shares. Upon the issue and allotment of the Subscription Shares and the Creditors' Shares at Completion, the Investor, Mr. Wang and the parties acting in concert with any of them will be interested in a maximum number of 554,406,307 New Shares, representing approximately 65% of the Enlarged Issued Capital. As such, they would be required to make an unconditional mandatory general offer for all the issued Shares (not already owned or agreed to be acquired by them) under Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive.

In this regard, the Investor will make an application to the Executive for the Whitewash Waiver to relieve them from their obligation to make a mandatory general offer as a result of the acquisition of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the Whitewash Waiver and the Transactions being separately approved by at least 75% and more than 50% of the votes cast by the Independent Shareholders at the EGM by way of poll, respectively, in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code.

The Whitewash Waiver may or may not be granted by the Executive. Completion of the Restructuring is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Shareholders. If the Whitewash Waiver is not granted by the Executive or not approved by the Shareholders, the Restructuring will not proceed. The Company notes that the Executive may not grant the Whitewash Waiver if the Restructuring does not comply with applicable rules and regulations.

## **Special Deals**

### ***Special Deal I***

As the divestment of the Excluded Subsidiaries to the Scheme Company and the proposed transfer of all assets of the Company (including all receivables due from third parties, but excluding the Intangible Assets that are applied and used by the Operating Companies for the Water Purification Business and the assets of each Operating Company) to the Scheme Company is not extended to all the other Shareholders, such transfer constitutes a special deal under Note 4 to Rule 25 of the Takeovers Code.

### ***Special Deal II***

Based on the information available to the Company, as at the date of this announcement, Chongqing Zhongxinrongbang is a creditor of the Company, and subject to the adjudication by the Scheme Administrators upon the Creditors Scheme taking effect, Chongqing Zhongxinrongbang may also be a Scheme Creditor. Based on the information available to the Company, Chongqing Zhongxinrongbang, Chongqing Zhongxinrongchuang and China Innovative hold 85,000,000 Shares, 82,806,000 Shares and 188,856,200 Shares, respectively, being an aggregate of 356,662,200 Shares, representing approximately 16.73% of the total number of issued Shares. Based on the information available to the Company, Chongqing Zhongxinrongbang, Chongqing Zhongxinrongchuang and China Innovative are under the control of the same parent company, Zhongxinrongchuang Asset Management Co., Ltd.\* (中新融創資本管理有限公司), a company incorporated in the PRC with limited liability.

As the settlement of indebtedness due to Chongqing Zhongxinrongbang as a beneficiary of the Creditors Scheme is not extended to all the other Shareholders, such settlement of indebtedness constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code.

As such, each of Special Deal I and Special Deal II requires consent by the Executive. An application will be made to the Executive for the consent to proceed with the Special Deals under Rule 25 of the Takeovers Code. Such consent, if granted, will be subject to: (a) an independent financial adviser to the Independent Shareholders publicly stating in its opinion that the respective terms of the Special Deals are fair and reasonable; and (b) approval of the Special Deals by the Independent Shareholders at the EGM, in which any creditors of the Company, and their respective associates and parties acting in concert with any of them, who is Shareholder will be required to abstain from voting in respect of the resolutions to approve the Special Deals.

Save as disclosed above, as at the date of this announcement, none of the creditors of the Company or any of their respective ultimate beneficial owner is a Shareholder.

Unless consents to the Special Deals by the Executive are obtained and the resolutions relating to the Special Deals have been approved by the Shareholders, the Restructuring and all the underlying transactions will not proceed.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the Subscription Shares and the Creditors' Shares will not be issued and allotted under the Specific Mandate to be obtained at the EGM, the issue and allotment of such Shares is subject to the Independent Shareholders' approval.

The EGM will be convened and held to consider and, if thought fit, approve, among others, all the resolutions of the Company necessary and appropriate in relation to the Capital Reorganisation, the Subscription (including the grant of the Specific Mandate), the Operational Restructuring, the Debt Restructuring, the Whitewash Waiver and the Special Deals.

The Investor, the creditors of the Company, the Scheme Administrators, the Scheme Company, their associates, and the parties acting in concert with any of them, and those (if any) who are involved in or interested in the Restructuring Agreement and the Transactions, the grant of the Specific Mandate, the Whitewash Waiver or the Special Deals shall abstain from voting in respect of the resolutions to approve the Restructuring Agreement and the Transactions, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deals. The passing of the resolution(s) in relation to the Restructuring, the grant of the Specific Mandate and the Special Deals shall require the approval of more than 50% of the votes cast by the Independent Shareholders at the EGM by poll. In addition, the passing of the resolution in relation to the Whitewash Waiver shall require the approval of at least 75% of the votes cast by the Independent Shareholders.

A circular containing, among other things, details of: (i) the Restructuring Agreement and the Transactions; (ii) the Specific Mandate; (iii) the Whitewash Waiver; (iv) the Special Deals; (v) the letter from the independent financial adviser to the Independent Shareholders; and (vi) a notice of the EGM within 21 days of the date of this announcement, that is, on or before 8 September 2022.

## **UPDATE ON COURT HEARING AND CREDITORS SCHEME MEETING**

As disclosed in the Company's announcement dated 28 July 2022, the hearing before the Hong Kong Court for seeking an order to convene the Creditors Scheme Meeting was held on 20 July 2022, and the Creditors Scheme Meeting will be held on 22 August 2022 at 2:00 p.m. (Hong Kong time). The hearing before the Hong Kong Court for sanction of the Creditors Scheme is scheduled to be held on 7 September 2022 at 2:30 p.m. (Hong Kong time).

## **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 transactions contemplated under the Restructuring Agreement are subject to the fulfilment of various conditions and therefore may or may not materialise. The release of this announcement does not necessarily indicate that the Restructuring will be completed**

**or trading in the Shares will be resumed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

**The Company is preparing and updating its Resumption Proposal to the Stock Exchange and will keep the Shareholders and investors informed of the latest developments by making further announcements as and when appropriate.**

**In the event that the Company fails to satisfy all of the Resumption conditions imposed by the Stock Exchange by 17 September 2022, the Listing Division of the Stock Exchange may recommend the Listing Committee to proceed with the cancellation of the Company's listing status.**

## **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
- “Adjudicator” such person with experience in the adjudication of creditors' claims in a liquidation as the Scheme Administrators shall nominate in their absolute discretion
- “Admitted Scheme Claim” all Scheme Claims against the Company which have been admitted under the Creditors Scheme by the Scheme Administrators or the Adjudicator, the amount of which shall not include any interest accrued on the principal owed by the Company
- “Advisers” any legal, financial or other professional adviser providing advice to the Company and/or the Liquidators in respect of the Creditors Scheme, the Resumption Proposal and the other matters contemplated by the Restructuring Agreement and anything ancillary thereto
- “Applicable Laws” with respect to any person, any laws, regulations, rules, measures, guidelines, policies, treaties, judgments, determination, orders or notices of any Government Authority or stock exchange that is applicable to such person
- “associates” has the meaning ascribed to it in the Takeovers Code
- “Business Day(s)” a day on which banks in Hong Kong are open for normal banking business (other than a Saturday, a Sunday or public holidays of Hong Kong or day on which a typhoon signal No. 8 or above or black rainstorm signal is hoisted in Hong Kong at 10: 00 a.m.)
- “Capital Reduction” the reduction of the issued share capital of the Company by reducing the par value of each Share from HK\$0.01 to HK\$0.0004 by cancelling the paid up share capital to the extent of HK\$0.0096 per issued Share

“Capital Reorganisation”	the reorganisation of the capital of the Company comprising, inter alia, (i) the Capital Reduction, (ii) the Share Sub-division, and (iii) the Share Consolidation
“Cayman Grand Court”	the Grand Court of the Cayman Islands
“China Innovative”	China Innovative Capital Management (Hong Kong) Limited (香港中新融創資本管理有限公司), a company incorporated in Hong Kong with limited liability
“Chongqing Zhongxinrongbang”	Chongqing Zhongxinrongbang Investment Centre (Limited Partnership)* (重慶中新融邦投資中心(有限合夥)), a limited partnership incorporated in the PRC
“Chongqing Zhongxinrongchuang”	Chongqing Zhongxinrongchuang Investment Co., Ltd.* (重慶中新融創投資有限公司), a company incorporated in the PRC with limited liability
“Circular”	the circular to be sent to the Shareholders with notice of the EGM
“Claim”	any unsecured debt, liability or obligation of the Company as at the Effective Date, whether certain or contingent, whether present, future or prospective, whether liquidated or unliquidated, whether arising at common law, in equity or by statute, in Hong Kong, the PRC or in any other jurisdiction or in any manner whatsoever and which includes without limitation a debt or liability to pay money or money’s worth, any liability in contract or tort, any liability arising out of any legal claim, whether certain or contingent, which would be provable in a winding-up of the Company under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if an order for the winding-up of the Company were made on the Effective Date
“Companies Ordinance”	the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	Ozner Water International Holding Limited (In Liquidation) (浩澤淨水國際控股有限公司 (清盤中)), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	the completion of the Subscription and the issue of Creditors’ Shares as part of the Restructuring as described under the Restructuring Agreement on the Completion Date

“Completion Date”	the date which is the Long Stop Date or the fifth (5th) Business Day after the date on which the last of the Conditions Precedent is satisfied, whichever is earlier, or any other date as agreed between the Company and the Investor in writing
“Conditions Precedent”	the conditions precedent to the Completion set out in the Restructuring Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“core connected person”	has the meaning ascribed to it under the Listing Rules
“Creditors Scheme”	the scheme of arrangement proposed by the Company to its Scheme Creditors pursuant to the Companies Ordinance with, or subject to, any modification, addition or conditions approved or imposed by the Hong Kong Court
“Creditors Scheme Meeting(s)”	the meeting(s) of the Scheme Creditors to sanction the Creditors Scheme
“Creditors’ Shares”	the 213,233,195 New Shares to be allotted and issued to the Scheme Creditors or the Scheme Company representing the interests of the Scheme Creditors under the Creditors Scheme
“Debt Restructuring”	the restructuring of the Company’s debts which involves, among other things, the divestment of all the subsidiaries in the Group (except the Operating Companies) to the Scheme Company
“Director(s)”	director(s) of the Company
“Effective Date”	effective date of the Creditors Scheme
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among others, all the resolutions of the Company necessary and appropriate in relation to (i) the Capital Reorganisation, (ii) the Subscription (including the grant of the Specific Mandate), (iii) the Operational Restructuring, (iv) the Debt Restructuring, (v) the Whitewash Waiver, (vi) the Special Deals, and (vii) any other matters as required by law, the Listing Rules, the Takeovers Code, the Stock Exchange and/or the SFC, which are necessary to give effect to any Transactions
“Enlarged Issued Capital”	the total number of issued New Shares after the completion of the Restructuring as enlarged by the allotment and issue of the Subscription Shares and the Creditors’ Shares
“Excluded Subsidiaries”	all subsidiaries of the Group other than the Operating Companies

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Government Authority”	any national, provincial, municipal or local government, administrative or regulatory body or department, court or judicial bodies, tribunal, arbitrator or any body that exercises the function of a regulator, including but not limited to those in Hong Kong and the Cayman Islands
“Group”	the Company and its subsidiaries as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Court”	the High Court of Hong Kong
“Independent Shareholders”	Shareholders other than (i) the Investor, Mr. Wang and parties acting in concert with any of them and/or (ii) those Shareholders who are interested or involved in (other than solely as a Shareholder of the Company) the Capital Reorganisation, the Transactions, the Creditors Scheme, the Whitewash Waiver and/or the Special Deals and therefore permitted to vote in respect of the resolution(s) to approve the Capital Reorganisation, the Transactions, the Creditors Scheme, the Whitewash Waiver and/or the Special Deals
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected persons of the Company and is/are independent of and not connected with the connected persons of the Company
“Intangible Assets”	the intangible assets owned by the Company and/or the Group that are fundamental to the continuing operation of the Water Purification Business, including but not limited to the Intellectual Property Rights authorised to be used by the Operating Companies
“Intellectual Property Rights”	all industry and intellectual property rights whether protectable by statute, at common law or in equity, whether registrable or non-registrable, including all copyrights, patents, designs and trademarks owned by the Group in relation to the Water Purification Business
“Investor”	iSpring International Holdings Limited (伊泉國際控股有限公司), a company incorporated in Hong Kong with limited liability, which is wholly and beneficially 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 Hong Kong Court acting as agents without personal liability



“Listing Review Committee”	the Listing Review Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 June 2023 or such later date as the Parties may agree in writing
“Memorandum and Articles of Association”	the memorandum and articles of association of the Company as amended, supplemented or otherwise modified from time to time
“Mr. Wang”	Mr. Wang Xiaogang (王曉崗), the sole shareholder of the Investor as at the date of this announcement
“New Shares”	the ordinary shares of the Company with par value of HK\$0.01 each upon the Capital Reorganisation becoming effective
“Operating Companies”	SPV1, SPV1A, SPV2, SPV3, and SPV4, each an “Operating Company”, and together with their subsidiaries and affiliates from time to time, the “Operating Group”
“Operational Restructuring”	the restructuring of the Group as described pursuant to the Restructuring Agreement which involves, among other things, continuation of the Water Purification Business through the Operating Companies
“Party(ies)”	any party or parties to the Restructuring Agreement, namely, the Company, the Liquidators and the Investor
“Petition”	the winding-up petition filed by DBS Bank Ltd., Hong Kong Branch against the Company in the Hong Kong Court dated 14 December 2020
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macao Special Administrative Region and Taiwan
“Reduced Share(s)”	the ordinary share(s) of the Company with par value of HK\$0.0004 each upon the Capital Reduction and the Share Sub-division becoming effective but before the Share Consolidation
“Restructuring”	the restructuring of the Company comprising the Capital Reorganisation, the Subscription, the Operational Restructuring and the Debt Restructuring
“Restructuring Agreement”	the restructuring agreement dated 18 August 2022 and entered into among the Company, the Investor and the Liquidators in relation to the Restructuring

“Resumption”	the resumption of trading of the Shares on the Main Board of the Stock Exchange, where for the purposes of the announcement, the Resumption is “unsuccessful” if the listing of the Shares is cancelled by the Stock Exchange and the Company fails in its appeal to the Listing Review Committee of the Stock Exchange to reverse such decision, and the meaning of the Resumption being “successful” shall be construed accordingly
“Resumption Proposal”	a proposal containing information as to the Restructuring to be submitted to the Stock Exchange for approval for the purpose of seeking a Resumption, subject to such conditions as the Stock Exchange may direct
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme Administrators”	the Liquidators or such persons who are appointed as the scheme administrators or their successors pursuant to the terms of the Creditors Scheme
“Scheme Assets”	assets to be transferred to the Creditors Scheme for the benefit of the Scheme Creditors pursuant to the Creditors Scheme
“Scheme Claim(s)”	a Claim: (a) which is not a preferential Claim (and where the Claim is only in part a preferential Claim, then the person is a Scheme Creditor only to the extent of the non-preferential portion of the Claim); (b) which is not a secured Claim (and where the Claim is only in part a secured Claim, then the person is a Scheme Creditor only to the extent of the unsecured part of the Claim); and (c) which is not a Claim by the Investor to the extent of the amount owed by the Company under the Restructuring Agreement
“Scheme Company”	a company to be incorporated in Hong Kong with limited liability, being a special purpose vehicle to be set up and held by the Scheme Administrators on behalf of the Scheme Creditors
“Scheme Creditors”	collectively, all the creditors of the Company with Admitted Scheme Claims against the Company as at the date on which Creditors Scheme become effective
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary share(s) of the Company with par value of HK\$0.01 each prior to the Capital Reduction becoming effective
“Share Consolidation”	the consolidation of every 25 Reduced Shares with par value of HK\$0.0004 each into one (1) New Share with par value of HK\$0.01 each upon the Capital Reduction and the Share Sub-division becoming effective

“Share Sub-division”	the sub-division of each authorised but unissued Share with par value of HK\$0.01 each into 25 Reduced Shares with par value of HK\$0.0004 each upon the Capital Reduction becoming effective
“Shareholder(s)”	holder(s) of the issued Share(s)
“Special Deals”	together, Special Deal I and Special Deal II, and where the context requires, can mean either one of them
“Special Deal I”	the proposed divestment of the Excluded Subsidiaries to the Scheme Company and the proposed transfer of all assets of the Company (including all receivables due from third parties, but excluding the Intangible Assets that are applied and used by the Operating Companies for the Water Purification Business and the assets of each Operating Company) to the Scheme Company, which is not extended to all Shareholders and constitutes a special deal under Note 4 to Rule 25 of the Takeovers Code
“Special Deal II”	the proposed settlement of indebtedness due to Chongqing Zhongxinrongbang Investment Centre (Limited Partnership) (重庆中新融邦投资中心(有限合伙)) as a beneficiary of the Creditors Scheme, which is not extended to all Shareholders and constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code
“Specific Mandate”	specific mandate for the allotment and issue of the Subscription Shares
“SPV1”	Ozner ispring (Hong Kong) Limited (浩澤伊泉(香港)有限公司), a company incorporated in Hong Kong with limited liability on 24 June 2022 with company registration number 3165698, which is a wholly-owned subsidiary of the Company
“SPV1A”	a company to be incorporated, as soon as practicable after the execution of the Restructuring Agreement, in Hong Kong with limited liability, which will be a wholly-owned subsidiary of SPV1
“SPV2”	Shanghai Ozner ispring Environmental Technology Development Co., Ltd.* (上海浩澤伊泉環保科技發展有限公司), a company incorporated in the PRC with limited liability on 22 July 2022 with unified social credit code 91310000MABUW0YW7E, which is a wholly-owned subsidiary of SPV1 and will be transferred to SPV1A as soon as practicable after the execution of the Restructuring Agreement
“SPV3”	a company to be incorporated in the PRC with limited liability, which will be a wholly-owned subsidiary of SPV2
“SPV4”	a company to be incorporated in the PRC with limited liability, which will be a wholly-owned subsidiary of SPV2
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the subscription of the Subscription Shares by the Investor
“Subscription Shares”	an aggregate of 554,406,307 New Shares to be subscribed by the Investor pursuant to the Restructuring Agreement
“Takeovers Code”	the Code on Takeovers and Mergers
“Term Sheet”	the non-legally binding term sheet (except for certain terms) regarding restructuring of the Group dated 19 June 2022 entered into among the Company, the Investor and the Liquidators
“Total Subscription Price”	the total subscription price of HK\$60,000,000 to be paid by the Investor and/or its designee(s) for subscription of the Subscription Shares on the Completion Date
“Transactions”	the transactions contemplated under the Restructuring Agreement
“Water Purification Business”	the business of the Group of providing customised and professional solutions for drinking water to its customers in the PRC through the use of the Intangible Assets to offer a diversified portfolio of water purifier machines and products manufactured by the Group under the “OZNER” and “浩泽净水” brands to its customers. Such products are sold by Group to its customers through a network of distributors
“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 and/or its designee(s) and the parties acting in concert with any of them to make a mandatory general offer under Rule 26 of the Takeovers Code for all the issued Shares not already owned or agreed to be acquired by the Investor and/or its designee(s) and the parties acting in concert with any of them as a result of the completion of the 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, 18 August 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 (other than those relating to the Investor) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the sole director and sole shareholder of the Investor) 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.*

*The sole director and sole shareholder of the Investor, namely Mr. Wang Xiaogang, accepts full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Group) and independence of Mr. Andrew Yan and Mr. Xie Zhikun as mentioned in the section headed “Shareholding Structure of the Company” of this announcement and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Liquidators) 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.*

\* *for identification purposes only*