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## **OZNER WATER INTERNATIONAL HOLDING LIMITED**

### **浩澤淨水國際控股有限公司**

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

**(Stock Code: 2014)**

## **INSIDE INFORMATION PROFIT WARNING AND CHANGE IN ACCOUNTING ESTIMATES**

This announcement is made by Ozner Water International Holding Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

### **PROFIT WARNING**

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary assessment of the unaudited consolidated financial statements of the Company for the six months ended 30 June 2020 and the information currently available to the Company, it is expected that the Company would record a loss within the range of approximately RMB1,200 million to RMB1,500 million for the six months ended 30 June 2020 (the “**Interim 2020**”) as compared to the profit of approximately RMB100.6 million for the six months ended 30 June 2019.

The turn around from profit to loss for the Interim 2020 is mainly due to the adverse impact of the COVID-19 pandemic on the global economic environment. Accordingly, the Group (i) provided rent concessions to customers who were affected by the COVID-19 pandemic in the first half of the year; (ii) increased the provision of impairment for the trade and other receivables due to an increase in overdue amount; and (iii) re-estimated the useful life of the revenue-generating assets from 10 years in previous financial years to 5 years in the current financial year which in turn accelerated the depreciation of the existing revenue-generating assets and increased the depreciation expenses.

The information contained in this announcement is only based on a preliminary assessment by the Board according to the unaudited consolidated financial statements of the Group for the Interim 2020 and the information currently available to the Board. Such financial statements are not finalized and have not been reviewed by the audit committee of the Board or audited by the auditors

of the Company and may be subject to adjustment. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the Interim 2020, which will be published on 31 August 2020.

## **CHANGE IN ACCOUNTING ESTIMATES**

The Board hereby announces that the Company has resolved to change the estimated useful life of the revenue-generating assets to better reflect their actual usage conditions and the introduction of new technology and to more closely align our accounting estimates with those of our peers and common industry practice.

The change in estimated useful life of the revenue-generating assets is set out below:

	<b>Estimated useful life</b>	
	<b>Before change</b>	<b>After change</b>
Revenue-generating assets	10 years	5 years

### **Expected Impact of Change in Accounting Estimates on the Financial Position of the Company**

The above change has been implemented with effect for the financial year ending 31 December 2020. The change in estimated useful life of the revenue-generating assets is considered as a change in accounting estimates and is to be accounted for prospectively without retrospective adjustment. Therefore, such change will not have any impact on the historical financial position or operating results of the Company.

Following the change in estimates, the depreciation expenses of the Company is expected to be increased by approximately RMB714.8 million for the year ending 31 December 2020, which is also expected to affect the profit of the Company for the year ending 31 December 2020.

The expected impact on the depreciation and profit of the Company arising from the above change in accounting estimates is only a preliminary assessment conducted by the Company based on the information currently available. Such impact has not been audited and may change based on operational activity.

### **Opinion of the Board**

Taking into consideration the opinion of the audit committee of the Board, the Board believes that the change in accounting estimates complies with the relevant regulations. The change to the estimated useful life of the revenue-generating assets is expected to more accurately reflect the actual usage conditions of these assets and is in line with the relevant requirements of the International Financial Reporting Standards and in the interests of the Company and the Shareholders as a whole.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Ozner Water International Holding Limited**  
**XIAO Shu**  
*Chairman and Chief Executive Officer*

Hong Kong, 21 August 2020

*As at the date of this announcement, the executive Directors are XIAO Shu, ZHOU Guanxuan, TAN Jibin and LI Honggao; and the independent non-executive Directors are LAU Tze Cheung Stanley, BAO Jiming, CHAN Yuk Sing Gilbert, and GU Jiuchuan.*