

**OZNER WATER INTERNATIONAL HOLDING LTD:
THIS COMPANY IS COMING TO THE EQUITY MARKET –
BECAUSE IT HAS NO OTHER OPTION !**

It appears to **TARGET** () that the two main reasons that Ozner Water International Holding Ltd () (Code 2014, Main Board, The Stock Exchange of Hongkong Ltd) determined to pitch a Global Offering on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were:

- (1) It was forced by one of its bankers, namely Standard Chartered Bank (Hongkong) Ltd ([]), that a portion of the net proceeds from the Company's flotation must be utilised, partially, to reduce its indebtedness to this British-based bank; and,
- (2) Unilever N.V., the Anglo-Dutch, multinational consumer goods company, being the third-largest such company in the world, is making a bid for a controlling interest in a major, PRC-domiciled competitor of Ozner Water International – and Unilever is much larger, in terms of just about everything that Ozner Water International has, or could have, in the near future.

In addition to the above, Ozner Water International is heavily indebted to its Controlling Shareholder, namely, Mr Xiao Shu (), to the tune of nearly 408 million renminbi (about \$HK513 million), that amount of money, being unsecured, non-interest bearing, and having no fixed repayment terms.

The Initial Public Offering (IPO)

The Global Offering of Ozner Water International are for the sales of 422 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK2.25 to a high of \$HK2.70.

HKSAR investors are being Offered 42.20 million Shares and the tranche, set aside for International Investors, represents 379.80 million Shares.

At the low end of the Indicative Offer Price Per Share, being \$HK2.25, Management expects to scoop up about \$HK879.60 million.

That amount of money is expected to be applied for the following purposes:

- About \$HK474.98 million, representing about 54 percent of the net proceeds, *'will be used for the manufacturing of approximately 226,000 water purification machines in total, among which approximately 117,000 and 109,000 are planned to be manufactured in 2014 and 2015, respectively'*;
- About \$HK175.92 million, representing about 20 percent of the net proceeds, *'will be used for the construction and other related expenses for the second phase of our production facility in Shaanxi Province'*;
- About \$HK96.76 million, representing about 11 percent of the net proceeds, *'will be used for the repayment of 50% of the outstanding balance of the Standard Chartered Loan'*;
- About \$HK43.98 million, representing about five percent of the net proceeds, *'will be used for sales and marketing'*; and,
- About \$HK87.96 million, representing about 10 percent of the net proceeds, will be tipped into the Working Capital Account.

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