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Morimatsu International Holdings Company Limited

森松國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2155)

VOLUNTARY ANNOUNCEMENT RESOLVING OF HIGH SHAREHOLDING CONCENTRATION

This voluntary announcement is made by the Company to inform its Shareholders and Potential Investors of the status of the Company's shareholding structure as at 20 January 2023. This announcement is made in response to the SFC Announcement dated 29 November 2021 regarding the then high concentration of shareholding of the Company as at 11 November 2021.

Based on the Analysis of the shareholding structure of the Company as at 20 January 2023, the Board is satisfied that (i) the shareholding concentration as stated in the SFC Announcement had not persisted as at 20 January 2023; and (ii) there was no concentration of shareholding of the Company in the hands of a limited number of Shareholders as at 20 January 2023. The Board believes that the Company has complied with all the conditions for high shareholding concentration companies to gain eligibility for inclusion in the Hang Seng Family of Indexes and is taking active steps to seek inclusion in such index as soon as possible.

This voluntary announcement is made by Morimatsu International Holdings Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") to inform its shareholders (the "**Shareholders**") and potential investors of the Company (the "**Potential Investors**") of the status of the Company's shareholding structure as at 20 January 2023.

This announcement is made in response to the shareholding concentration announcement (the "**SFC Announcement**") issued in respect of the Company by the Securities and Futures Commission (the "**SFC**") dated 29 November 2021 regarding the then high concentration of shareholding in the Company as at 11 November 2021.

BACKGROUND

According to the SFC Announcement, as at 11 November 2021, there were 17 Shareholders who held an aggregate of 219,322,000 shares of the Company (the “**Shares**”), representing 21.14% of the then issued share capital of the Company. Such shareholding, together with an aggregate of 750,000,000 Shares (representing 72.29% of the then issued Shares) held by the substantial Shareholders, represented 93.43% of the then total number of issued Shares of the Company. Therefore, only 68,178,000 Shares (representing 6.57% of the then issued Shares) were held by other Shareholders as at 11 November 2021.

The board (the “**Board**”) of directors (the “**Directors**”) wishes to emphasize that the information disclosed in the SFC Announcement only reflected the shareholding structure of the Company as at 11 November 2021, and did not reflect the status of the Company’s current shareholding structure.

ANALYSIS OF THE BOARD

In order to enhance the transparency of the shareholding structure of the Company, the Board has conducted an analysis (the “**Analysis**”) of the shareholding structure of the Company based on the information provided by an independent service provider engaged by the Company. To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, the updated shareholding structure of the Company as at 20 January 2023 is as follows:

Shareholders	Number of Shares held (Number of Shares)	Percentage of total number of issued Shares
Morimatsu Holdings Co., Ltd. (“ Morimatsu Holdings ”) (Note 1)	750,000,000	65.00%
Futu Trustee Limited (富途信託有限公司) (“ Futu Trustee ”) (Note 2)	26,866,900	2.33%
A group of 7 Shareholders (including individual, corporate and institutional investors) (holding 10,000,000 Shares to less than 40,000,000 Shares)	150,983,000	13.09%
A group of 58 Shareholders (including individual, corporate and institutional investors) (holding 1,000,000 Shares to less than 10,000,000 Shares)	172,507,385	14.95%
A group of 129 Shareholders (including individual, corporate and institutional investors) (holding 100,000 Shares to less than 1,000,000 Shares)	38,982,542	3.38%
A group of 271 Shareholders (including individual, corporate and institutional investors) (holding 10,000 Shares to less than 100,000 Shares)	9,493,958	0.82%
Other Shareholders (Note 3)	4,962,115	0.43%
Total	<u>1,153,795,900</u>	<u>100%</u>

Notes:

1. Morimatsu Holdings is a corporation accustomed to act in accordance with the directions of Mr. Matsuhisa Terumoto, the Chairman and the non-executive Director of the Company, who ultimately controls Morimatsu Holdings through holding the entire voting shares of Morimatsu Group Co., Ltd. Morimatsu Holdings is a wholly-owned subsidiary of Morimatsu Group Co., Ltd.
2. Futu Trustee is the trustee appointed by the Company to manage the Pre-IPO Share Option Scheme adopted by the Company on 1 July 2020 (the “**Pre-IPO Share Option Scheme**”) and the Restricted Share Units Scheme adopted by the Company on 15 December 2021 (the “**RSU Scheme**”). It holds the underlying Shares in respect of the share options and the restricted share units granted to the selected participants (employees of the Group) under the Pre-IPO Share Option Scheme and the RSU Scheme for the benefit of such selected participants.
3. Other Shareholders include (i) Shareholders who held less than 10,000 Shares each as identified from the Analysis; and (ii) Shareholders who could not be identified individually from the Analysis.

As set out in the shareholding structure of the Company above, as at 20 January 2023, (i) 750,000,000 Shares were held by Morimatsu Holdings; and (ii) 26,866,900 Shares were held by Futu Trustee, representing, in aggregate, approximately 67.33% of the total number of issued Shares. Save for the aforementioned, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at 20 January 2023, there were over 1,110 identified Shareholders, and approximately 32.24% of issued Shares were held by approximately 465 identified Shareholders (each holding 10,000 Shares or more), and the remaining approximately 0.43% of issued Shares were held by other Shareholders.

Based on the Analysis, as at 20 January 2023, the Shareholders were geographically diversified across Hong Kong, Macau, the People’s Republic of China (which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan), the United States, Japan, Malaysia, Singapore, New Zealand, Denmark, Luxembourg, Norway, Sweden, Switzerland, the United Kingdom and the British Virgin Islands.

To further demonstrate that the Company's shareholding is no longer highly concentrated, the Company summarised, based on the Analysis, the percentage shareholdings of its top Shareholders as at 20 January 2023 as follows:

	Percentage of total number of issued Shares
Top 10 Shareholders	81.26%
Top 20 Shareholders	86.93%

ACTIONS TAKEN SINCE THE PUBLICATION OF THE SFC ANNOUNCEMENT

Since the publication of the SFC Announcement, the Company has taken active measures to diversify the shareholding structure of the Company. By holding various investor conference calls and roadshows, open day and Shareholders meeting and increasing the investment banks/brokers/other institutional investors covering the Company's securities, the Company endeavours to strengthen communication with the general public and Potential Investors and enhance its image among the investing and financial sectors, intermediaries and institutional analysts, so as to increase the market influence of the Company.

To the best of the knowledge of the Board, having made all reasonable enquiries, the Company has taken the following actions to resolve the high shareholding concentration:

- (1) The Company issued an additional 26,476,000 Shares in aggregate under the Pre-IPO Share Option Scheme on 2 June 2022. The maximum number of Shares in respect of the share options which may be granted under the Pre-IPO Share Option Scheme are 132,380,000 Shares, and the remaining number of Shares will be issued in equal instalments each year between 2023 and 2026, so as to gradually broaden the Shareholders' base of the Company. Please refer to Appendix V of the prospectus of the Company dated 15 June 2021, the 2022 interim report and 2021 annual report of the Company for further details.
- (2) The Company issued an additional 9,819,900 Shares in aggregate under the RSU Scheme on 23 November 2022. The maximum number of Shares in respect of the restricted share units which may be granted under the RSU Scheme are 29,459,700 Shares, and the remaining number of Shares will be issued in equal instalments each year between 2023 and 2024, so as to gradually broaden the Shareholders' base of the Company. Please refer to the announcements of the Company dated 15 December 2021 and 5 January 2022 for further details.

- (3) On 4 January 2023, the Company, Morimatsu Holdings and China International Capital Corporation Hong Kong Securities Limited entered into a placing and subscription agreement, pursuant to which, 80,000,000 Shares are placed to not less than six places at the placing price of HK\$8.30 per Share. Please refer to the announcements of the Company dated 4 January 2023 and 12 January 2023 for further details.

During the year of 2022, the Group has shown strong financial performance, with its revenue, gross profit, net profit, the number and amount of new orders and the orders on hand hitting record highs. As compared to the year ended 31 December 2021, for the year ended 31 December 2022, the revenue amounted to approximately RMB6,486 million, representing a year-on-year increase of approximately 51.33%; gross profit amounted to approximately RMB1,793 million, representing a year-on-year increase of approximately 51.52%; net profit amounted to approximately RMB666 million, representing a year-on-year increase of approximately 74.47%; the amount of new orders amounted to approximately RMB9,356 million, representing a year-on-year increase of approximately 40.60%; and the orders on hand amounted to approximately RMB8,622 million, representing a year-on-year increase of approximately 50.73%. Meanwhile, the Group has profound insights into the changes in downstream industries under macro policies and has adjusted its industrial strategies in a timely manner, made scientific allocation and development of resources such as hardware production capacity and talents, and continued to improve profitability under the goal of maintaining sustainable growth, so as to promote the steady business growth of the Group, thereby enhancing the investment value for Shareholders and Potential Investors. For details, please refer to the 2021 annual report and the 2022 annual results announcement of the Company.

CONCLUSION

Given the above, the shareholding structure of the Company has been diversified and is no longer highly concentrated as compared to the shareholding structure of the Company as at 11 November 2021. The Company is of the view that the concern over the high shareholding concentration as mentioned in the SFC Announcement has been resolved as at 20 January 2023, and that the high shareholding concentration of the Company as mentioned in the SFC Announcement should not be used as a basis to evaluate the present shareholding structure of the Company.

Based on the results of the Analysis, the Board is satisfied that (i) the shareholding concentration condition as stated in the SFC Announcement had not persisted as at 20 January 2023; and (ii) there was no concentration of shareholding of the Company in the hands of a limited number of Shareholders as at 20 January 2023.

The Board believes that the Company has complied with all the conditions for companies which once had a high shareholding concentration to gain eligibility for inclusion in the Hang Seng Family of Indexes and is taking active steps to seek inclusion in such index as soon as possible.

By order of the Board
Morimatsu International Holdings Company Limited
Nishimatsu Koei
Chief Executive Officer and Executive Director

Hong Kong, 29 March 2023

As at the date of this announcement, the executive Directors are Mr. Nishimatsu Koei, Mr. Hirazawa Jungo, Mr. Tang Weihua, Mr. Sheng Ye and Mr. Kawashima Hirotaka; the non-executive Director is Mr. Matsuhisa Terumoto; and the independent non-executive Directors are Ms. Chan Yuen Sau Kelly, Mr. Kanno Shinichiro and Mr. Yu Jianguo.