

# TARGET

## Intelligence Report

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T H U R S D A Y

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**MORIMATSU INTERNATIONAL HOLDINGS COMPANY LTD:  
HOLD ON TO YOUR HATS !  
THE DAYS OF WINE AND ROSES ARE COMING !**

If the amount of money, paid out as Directors' Remuneration in respect of the four Financial Years, ended December 31, 2020, may well warm the cockles of one's heart, but, on learning of the forecasted amount of money with regard to prospective Directors' Remuneration in respect of the 2021 Financial Year, it is quite likely to make one yell:

*'Wow! This must be close to the height of incredulousness!'*

At Appendix V-23 of the 613-page Global Offering Prospectus of Morimatsu International Holdings Company Ltd (森松國際控股有限公司) (Code: 2155, Main Board, The Stock Exchange of Hongkong Ltd), under the sub-heading, '**Directors' remuneration**', one reads:

*'For the years ended 31 December 2017, 2018, 2019 and 2020, the aggregate amount paid to our Directors as remuneration (including director's fee, salaries, allowances and benefits in kind, discretionary bonuses, contributions to retirement benefit schemes and share-based payment expenses) were approximately RMB4.2 million, RMB4.6 million, RMB5.9 million and RMB22.0 million, respectively.*

*'For the year ending 31 December 2021, the estimated total compensation payable to the Directors amounts to RMB36.8 million (excluding any discretionary bonus).*

*'There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this prospectus.'*

Clearly, on studying the above three paragraphs, one might rightfully presume that the predicted Directors' Remuneration with regard to the 2021 Financial Year shall be far in excess of the forecast amount of RMB36.80 million because, unlike the Directors' Remuneration in respect of the four Financial Years, ended December 31, 2020, they all included, inter alia, '*allowances and benefits in kind, discretionary bonuses ...*'.

**The Global Offering Prospectus Of**

## **Morimatsu International Holdings Company Ltd**

On Tuesday, June 15, 2021, Senior Management of Morimatsu International Holdings Company Ltd caused a Global Offering Prospectus to be published and disseminated in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**.

Senior Management of Morimatsu International Holdings Company Ltd sought to find homes for an initial number of Offer Shares, totalling 250 million Offer Shares.

For HKSAR Investors, they were offered the opportunity to subscribe to 25 million Offer Shares (the HKSAR Offer Shares tranche) and International Investors – Institutional Investors, Professional Investors and select Well-Heeled Investors, along with their corporate entities in which this class of investors was deemed to own, legally and beneficially, equity control – were induced to put in their valid applications for some of the 225 million Offer Shares under this Global Offering via select Placings of Offer Shares (the International Placing Shares tranche).

The Indicative Offer Price Per Share ranged from a low of \$HK2.20 to a high of \$HK2.48.

On Friday, June 25, 2021, Management of Morimatsu International Holdings Company Ltd announced that the Offer Price Per Share had been struck at \$HK2.48; it was, also, forecast that the Net Proceeds of the Global Offering would be about \$HK539 million.

At Page Three of the Announcement of the Offer Price and Allotment Results, one was informed that the HKSAR Offer Shares tranche had *'been moderately over-subscribed'*, Management, having received *'a total of 39,407 valid applications'* for a total of 592,668,000 Hongkong Offer Shares, *'representing approximately 23.71 times the total number of 25,000,000 Hongkong Offer Shares, initially available for subscription'* under this tranche.

With regard to the International Placing Shares tranche, Page Four of the June 25, 2021 Announcement stated that this tranche had *'been moderately over-subscribed, representing approximately 2.36 times the total number of 225,000,000 Offer Shares, initially available under the International Placing.'*

At Page 11 of the June 25, 2021 Announcement, one was told as to Management's present intentions in respect of the net proceeds of the Global Offering:

- Approximately, 60.00 percent of the net proceeds, that is about \$HK323.40 million, *'is expected to be used for enhancing the Group's production capacity and production capability'*;
- Approximately, 13.20 percent of the net proceeds, that is about \$HK71.10 million, *'is expected to be used for enhancing the Group's service capability, thereby strengthening the Group's value-added services associated with the pressure equipment'*;

- Approximately, 12.00 percent of the net proceeds, that is about \$HK64.70 million, *‘is expected to be used for advancing the Group’s internationalisation strategy’*;
- Approximately, 4.80 percent of the net proceeds, that is about \$HK25.90 million, *‘is expected to be used for investing in research and development to improve the Group’s production process capability and production efficiency, and promote sales of the Group’s existing and new products’*; and,
- Approximately, 10.00 percent of the net proceeds, that is about \$HK\$53.90 million, *‘is expected to be used for the Group’s working capital and general corporate purposes.’*

**The History And Business Of  
Morimatsu International Holdings Company Ltd**

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