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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)**

### **CONNECTED TRANSACTION ACQUISITION OF SHARES OF MORIMATSU HOUSTON CORPORATION**

#### **THE ACQUISITION**

The Board is pleased to announce that on 28 February 2022, the Buyer (a direct wholly-owned subsidiary of the Company) and the Seller entered into the Share Acquisition Agreement, pursuant to which, the Seller agreed to sell, and the Buyer agreed to acquire entire issued shares of common stock of the Target Company, for a total consideration of US\$1,295,000 (approximately HK\$10,101,000).

Upon Completion, the Target Company will become an indirect wholly owned subsidiary of the Company and the financial results of which will be consolidated into the Company's consolidated financial statements.

#### **IMPLICATIONS OF THE LISTING RULES**

As at the date of this announcement, the Seller is the controlling shareholder of the Company which directly holds approximately 72.29% of the issued share capital of the Company. Therefore, pursuant to Chapter 14A of the Listing Rules, the Seller is a connected person of the Company, and the Acquisition constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratio(s) in respect of the Acquisition is more than 0.1% but are less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Upon Completion, the Target Company will become an indirect wholly owned subsidiary of the Company and the financial results of which will be consolidated into the Company's consolidated financial statements.

## **SHARE ACQUISITION AGREEMENT**

**Date:** 28 February 2022

**Parties:**

- (a) the Buyer (a direct wholly-owned subsidiary of the Company);
- (b) the Seller (a controlling shareholder of the Company which directly holds approximately 72.29% of the issued share capital of the Company, and is a connected person of the Company).

**Consideration and basis of Consideration:** The Consideration, being US\$1,295,000 (approximately HK\$10,101,000), was arrived at after arm's length negotiations between the Seller and the Buyer, with reference to the unaudited net asset of the Target Company of US\$1,295,609.87 (approximately HK\$10,105,756.99) as at 31 December 2021.

**Payment terms:** US\$1,295,000 (approximately HK\$10,101,000), being the Consideration, will be paid in cash on the completion date.

The Consideration will be financed by internal resources of the Group.

**Completion:** The completion date is the date when both the Seller and the Buyer complete the following deliverables.

## **SELLER'S DELIVERABLES**

The Seller shall deliver, or cause to be delivered, to the Buyer, the following documents or items, in each case duly executed and in form and substance reasonably satisfactory to the Buyer:

- (a) a stock certificate(s), duly endorsed (or accompanied by duly executed stock transfer powers) evidencing the number of the issued shares of common stock of the Target Company acquired by the Buyer;
- (b) all books and records of the Target Company in the possession of the Seller (it being understood and agreed that delivery of such books and records to the Target Company's principal place of business shall be sufficient delivery);
- (c) correct and complete copies of:
  - (1) the Certificate of Formation of the Target Company, as certified by the Secretary of State of the State of Texas, dated as of not more than five (5) Business Days prior to the completion date;
  - (2) the bylaws of the Target Company;
  - (3) certified copies of the resolutions of the board of directors or equivalent governing body of the Seller authorising the execution, delivery, and performance of the Share Acquisition Agreement and the consummation of the Acquisition;
- (d) with respect to the Target Company, a certificate of good standing, dated not more than five (5) Business Days prior to the completion date, from the Secretary of State of the State of Texas, attesting to the good standing of the Target Company in Texas;
- (e) all other instruments, agreements, certificates, and documents required to be delivered by the Seller at or prior to the completion date pursuant to the Share Acquisition Agreement.

## **BUYER'S DELIVERABLES**

The Buyer shall deliver, or cause to be delivered, to the Seller, the following documents or items, in each case duly executed and in form and substance reasonably satisfactory to the Seller:

- (a) by wire transfer of immediately available funds, the Consideration;
- (b) certified copies of the resolutions of the board of directors or equivalent governing body of Buyer authorizing the execution, delivery, and performance of the Share Acquisition Agreement and the consummation of the Acquisition; and
- (c) all other instruments, agreements, certificates, and documents required to be delivered by Seller at or prior to the completion date pursuant to the Share Acquisition Agreement.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group has been advancing based on its international strategy, actively expanding overseas markets, and acquiring local expertise and technical skills. Given the wide customer base of the Target Company in North America and Europe, the Board believes that the Acquisition would create synergy with the Group's existing business strategies, which would be conducive to the Group's future global business growth and would thereby improve its profitability. Upon completion of the Acquisition, the Target Company will become the wholly-owned subsidiary of the Company, and the results of which will be consolidated into the Group.

The Board (including the independent non-executive Directors) considers that the terms of the Share Acquisition Agreement and the Acquisition are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES TO THE SHARE ACQUISITION AGREEMENT**

### **The Company**

The Company is a leading pressure equipment manufacturer and comprehensive pressure equipment solutions provider in the PRC. As at the date of this announcement, the Company is directly held as to approximately 72.29% by the Seller.

## The Buyer

The Buyer is a company incorporated in Sweden with limited liability and a direct wholly-owned subsidiary of the Company, whose principal business is the design and sales of modular pressure equipment for the pharmaceutical industry.

## The Seller

The Seller is a company incorporated in Japan with limited liability and its principal business is the manufacturing and sales of construction site water storage tanks and water supply equipment and steel plates used in the production of aircrafts and rockets fuselage shells. According to information provided by the Seller, the Seller is wholly-owned by Morimatsu Holdings, the voting shares of which are in turn held as to 80% and 20% by Mr. Matsuhisa Terumoto, the non executive Director, and Mr. Matsuhisa Hiroyuki, respectively.

## The Target Company

The Target Company is a company incorporated in the US with limited liability, whose entire authorized share capital is ten thousand (10,000) shares of voting common stock with no par value per share, of which, the issued share capital is one thousand (1,000) shares of voting common stock with no par value per share. Its principal businesses are the sales, project support and customer service of construction site water storage tanks and water supply equipment and steel plates used in the production of aircrafts and rockets fuselage shells. As at the date of this announcement, the Target Company is wholly-owned by the Seller.

The financial information of the Target Company for the two financial years ended 31 December 2021 is set out below:

	<b>For the year ended 31 December 2021 US\$ (Unaudited)</b>	<b>For the year ended 31 December 2020 US\$ (Unaudited)</b>
Net assets	1,295,609.87	1,095,796.20
Revenue	1,243,655.07	1,059,286.00
Net profit before tax	204,937.94	55,006.00
Net profit after tax	199,813.67	55,006.00

Upon Completion, the financial results of the Target Company will be consolidated into the Company's financial statements and the Target Company will become an indirect wholly-owned subsidiary of the Company.

## **IMPLICATIONS OF THE LISTING RULES**

As at the date of this announcement, the Seller is the controlling shareholder of the Company which directly holds approximately 72.29% of the issued share capital of the Company. Therefore, pursuant to Chapter 14A of the Listing Rules, the Seller is a connected person of the Company, and the Acquisition constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratio(s) in respect of the Acquisition is more than 0.1% but are less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Matsuhisa Terumoto, the non-executive Director, holds 80% of the voting shares of Morimatsu Holdings, the parent company of the Seller, and is an executive director and chief executive officer of the Seller, he has therefore abstained from voting on the Board resolutions approving the Share Acquisition Agreement and the Acquisition. Save as disclosed above, there are no other Directors who have any material interest in these transactions and no other Directors need to abstain from voting on the Board's resolution for considering and approving the Share Acquisition Agreement and the transactions contemplated thereunder.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the entire issued shares of common stock of the Target Company by the Buyer from the Seller pursuant to the Share Acquisition Agreement
“Board”	the board of Directors
“Business Days”	any weekday other than a day on which licensed banks in Houston, Texas, are authorised or required to be closed
“Buyer”	Pharmadule Morimatsu AB, a company incorporated in Sweden with limited liability and a direct wholly-owned subsidiary of the Company

“Company”	Morimatsu International Holdings Company Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange (stock code: 02155)
“Completion”	the completion of the Acquisition under the Share Acquisition Agreement
“connected person(s)”	shall have the meaning ascribed to it in the Listing Rules
“Consideration”	the total amount of US\$1,295,000 (approximately HK\$10,101,000)
“controlling shareholder(s)”	shall have the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Morimatsu Holdings”	Morimatsu Holdings Co., Ltd. (森松ホールディングス株式会社), a company incorporated in Japan with limited liability
“PRC”	The People’s Republic of China
“Seller”	Morimatsu Industry Co., Ltd, a company incorporated in Japan with limited liability
“Share Acquisition Agreement”	the stock purchase agreement dated 28 February 2022 entered into by the Seller and the Buyer in relation to the Acquisition
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Morimatsu Houston Corporation, a company incorporated in the US with limited liability
“Texas”	the State of Texas of the United States of America
“US”	the United States of America
“US\$”	US dollars, the lawful currency of the US
“%”	per cent

By order of the Board  
**Morimatsu International Holdings Company Limited**  
**Nishimatsu Koei**  
*Chief executive officer and executive Director*

Hong Kong, 28 February 2022

*As at the date of this announcement, members of the Board include 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.*

*In this announcement, US dollars and Hong Kong dollars are converted at the approximate exchange rate of US\$1.00 to HK\$7.80. The exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount in US dollars or Hong Kong dollars were or may be exchanged at this rate or any other rates or at all.*

*This announcement is available for viewing on the Company’s website at [www.morimatsu-online.com](http://www.morimatsu-online.com) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk).*