



No. INGRS076

14th September 2021

Subject: Entering into connected transaction in Receiving Financial Assistance in the Form of Corporate Guarantee – (amend)

To: The President
The Stock Exchange of Thailand

In the meeting of Boards of Directors of Ingress Industrial (Thailand) Public Company Limited (“INGRS”) No.8/2021-50 held on 14th September 2021 at 1.30 p.m. resolved key matter regarding approved a connected transaction of receiving financial assistance in the form corporate guarantees from Ingress Corporation Berhad (“ICB”), a major shareholder of INGRS with 60% shareholdings. The details of which are as follows:

a) **Nature of Transaction**

On 20 August 2021, Export-Import Bank of Malaysia Berhad (EXIM Bank) has granted an Islamic Financing Facility under the Term-Financing-i Facility (the Facility) for the sum of Ringgit Malaysia One Hundred Fifty Million (RM150,000,000.00) or approximately Baht 1,187,000,000 to Ingress Industrial (Malaysia) Sdn. Bhd. (“IIM”), a 100% subsidiary of INGRS, to part finance and reimbursement the ongoing capital expenditures for manufacturing plant of Project Hyundai in Cikarang, Indonesia including the cost of procuring the property (factory), machinery and production equipment, construction, renovation works and mechanical and electrical works. IIM has accepted the offer via its Resolution of the Board of Directors dated 25 August 2021.

b) **Corporate Guarantee**

In connection herewith, it was the condition of EXIM Bank, as a security of the Facility for ICB and INGRS to provide the guarantee with the condition that ICB and INGRS irrevocably and unconditionally undertakes that whenever IIM fails to pay any amount due under of the transaction document. Eventually, ICB will be the ultimate obligator in the event that IIM and INGRS not able to pay any amount due. Therefore, the corporate guarantee rate charged by ICB be reasonable.

In addition during the approval process of issuance and initial public offering (IPO) of INGRS, ICB were granted approval to charge corporate guarantee fee for any guarantee that they have to give subsequent to the listing at the rate of not more than 2.00% of the value of the loan guarantees annually.

Due to unfavorable automotive market situation as a resulted of COVID-19 pandemic particularly effected the Company business operation, ICB therefore agreed to proposing a corporate guarantee fees to IIM at the lower rate of 0.75% per annum based on the outstanding amount of the Facility, calculated on a monthly basis until full repayment of the Term Loan tenure of 96 months.

In connection with the corporate guarantee fee chargeable by ICB, the rate of 0.75% is considered reasonable as ICB will be the ultimate obligor and if comparing to the market rate from financial institutions in Thailand and Malaysia ranging from 1.00% – 2.50%.

Upon giving corporate guarantee in favour to EXIM Bank, ICB does not impose any condition that might affect the INGRS's shareholder rights.

Pursuant to the Securities and Exchange Commission ("SEC") on Connected Transaction Rules, ICB is a major shareholder of INGRS and is regarded as a connected party to INGRS. Any transactions between INGRS Group and ICB should comply with the SEC connected transaction. In this case, the transaction will be regarded as receiving financial assistance in the form of corporate guarantee by IIM from ICB.

c) Date of transactions:

The corporate financial guarantee by ICB will be perfected as security for the Facility in October 2021. The corporate financial guarantee fees is expected to be charged by ICB to IIM in November 2021 upon the disbursement of the loan to IIM by EXIM Bank.

d) Total estimate value of transactions:

The total estimated value of corporate guarantee fees chargeable by ICB over the tenure of the Facility in 8 years period is approximately RM4,158,339 (Baht 32.75 million).

e) Transaction size:

The above estimated value of transaction represents 2.84% of the Total Net Tangible Assets ("NTA") of INGRS as at 31 July 2021 of Baht 1,153,989,000, including the transaction in the past 6 months with ICB. As the value of transaction is below 3.0% of INGRS NTA, the connected transaction is within the authority of the Board of Directors of INGRS to approve and disclose the information.

f) Reason and necessity of the transaction

The expansion of the Group business in Indonesia is regard as INGRS's platform to acquire new technology and production system based on South Korean methodology for the Indonesia market that will further help to improve the capability and productivity. This project has aligned the organization towards involving Hyundai to support local and export market especially ASEAN region.

In developing this project, IIM's subsidiaries PT Ingress Industrial Indonesia ("PT III"), PT Ingress Malindo Ventures ("PT IMV") and PT Ingress Technologies Indonesia ("PT ITI") require financing to finance its capital expenditures and working capital. As the financing is secured from Malaysia, it was the condition of EXIM Bank that the corporate financial guarantee is sought as a security of the Facility and that, ICB, being the ultimate holding company, to provide the guarantee.

Therefore, it is rational for IIM and ICB to proceed with the connected transaction to secure the financing and proceed with the development of the Hyundai project in Indonesia.

g) Opinion of the Audit Committee and the Board of Directors

The Audit Committee and the Board of Director has considered this connected transaction and off the opinion that it will benefit the Group directly to enhance its strategic growth specifically in its technological capabilities and its overall business growth generally.

The Authorized Directors of INGRS namely Datuk Dr. Rameli bin Musa, Dato' Dr. Ab Wahab bin Ismail who are the major shareholders of ICB and Datin Sri Farah binti Rameli, who is a related person to Datuk Dr. Rameli bin Musa which all are deemed to have conflict of interest of the transaction, not participate in the voting the resolution of this agenda.

Please be informed accordingly.

Yours sincerely



Hamidi Bin Maulod
Chief Executive Officer

