



No. INGRS 097

Date: 14th June 2023

Subject : Notification of the Resolution of the Board of Directors' Meeting No. 4/2023 (62nd)

To : President
The Stock Exchange of Thailand

Attachment: Appendix 1- Information Memorandum of INGRS for Asset Acquisition in Relation to Autokeen Sdn. Bhd.

The Boards of Directors' Meeting No. 4/2023 - 62nd of Ingress Industrial (Thailand) Public Company Limited ("**INGRS for the Company**") held on 14th June 2023 at Board Room, Ingress Industrial (Thailand) Public Company Limited, No. 9/141 UM Tower, 14th Floor, Unit A1, Ramkhamhaeng Road, Suanluang Sub-District, Suanluang District, Bangkok 10250, has resolved the key matters as follows:

1. Approved INGRS's consolidated financial statements for the 1st quarter FY2023/2024 ended 30th April 2023, which has been reviewed by the Audit Committee and External Auditors.
2. Approved the acquisition of 30% equity stake in Autokeen Sdn. Bhd. ("**AKSB**") by its subsidiary company, Ingress Technologies Sdn. Bhd ("**ITSB**") in Malaysia.

ITSB is 70% own by Ingress Industrial Malaysia Sdn. Bhd. ("**IIM**") which is 100% subsidiary of the Company. The shareholding structure of ITSB is as follows:

Shareholders of ITSB	Before (%)	After (%)	Number of Shares (Share)	Value of Shares (RM) @ RM1.00
1. IIM	70	70	14,000,000	14,000,000
2. PERODUA	30	30	6,000,000	6,000,000
TOTAL		100	20,000,000	20,000,000

AKSB (Company No. 198801001772 (169129 -T)), having its registered office and principal place of business located at Lot PT 31563 (2790), Persiaran Elektron Seksyen U16, Kampung Melayu Subang, 40160 Shah Alam, Selangor Darul Ehsan, Malaysia. The principal business of AKSB are manufacturing of automotive parts by using large, medium and small press stamping as well as welding and assembly of the automotive modular components.

This acquisition is part of the ITSB group business expansion plan as AKSB is a strategic investment in strengthening ITSB's business portfolio by taking into consideration of the followings:

- i. The readily available equipment facilities in AKSB will complement the requirement to fulfill ITSB's customers' demands, especially on the Advance High Strength Steel (AHSS) product. With this acquisition, ITSB will not require to immediately invest in a new transfer servo press machine amounting to Bath387 million;

- ii. The collaboration with current AKSB's Japanese technical partner, H-One Company Limited, located Saitama, Japan will enhance the technologies know how on welding assembly for future Honda projects; and
- iii. Through this joint venture into AKSB with Perusahaan Otomobil Kedua Sdn. Bhd. ("**Perodua**"), ITSB will manage the plant located in Malacca, Malaysia which is solely for supply to Honda. The acquisition will give more opportunity for ITSB in managing Honda expectation in bigger operation scale which will also benefit other INGRS operations for future business especially in press stamping and welding assembly products.

The acquisition of 30% of AKSB shares shall be fully subscribed by ITSB at the price of RM24.00 per share. The shareholding structure of AKSB after the proposed acquisition will be as follows:

Shareholders of AKSB	Before (%)	After (%)	Number of Shares (Share)	Value of Shares (RM) @ RM1.00
1. PERODUA	-Nil-	70	3,500,000	3,500,000
2. ITSB	-Nil-	30	1,500,000	1,500,000
TOTAL		100	5,000,000	5,000,000

The NTA of investment in AKSB to be invested by ITSB representing 17.31% of the NTA of the Company of THB 889,848,371¹ based on the consolidated financial statements of the Company for the period ending 31st January 2023, which have been audited by the auditor of the Company.

Remark: ¹ Currency rate as of 21st April 2023 by Bank of Thailand ("**BOT**") as follows:
Baht 1 is equal to RM 7.7455.

As the size of the transaction is more than 15% and below 50% of the NTA of the Company, therefore, the transaction must be approved by the Board of Directors and to circulate the information on the acquisition to the shareholders for their acknowledgement.

Please be informed accordingly.

Yours sincerely,

Ingress Industrial (Thailand) Public Company Limited


(Mr. Hamidi Bin Maulod)
Chief Executive Officer



**Appendix 1
Information Memorandum**

**Ingress Industrial (Thailand) Public Company Limited
Asset Acquisition in Relation to Investment in Autokeen Sdn. Bhd.**

1. Background

In the meeting of the Board of Directors Meeting No. 4/2023 - 62nd of Ingress Industrial (Thailand) Public Company Limited (“**INGRS or the Company**”) held on 14th June 2023, resolved to approve the acquisition of 30% equity stake of **Autokeen Sdn. Bhd.** (“**AKSB**”). This investment is considered an asset acquisition of transaction pursuant to the Notification of the Capital Market Supervisory Board an acquisition of assets transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551, the Securities and Exchange Commission, Thailand (“**SEC**”), Subject: Rules on Entering Into Material Transactions Deemed as Acquisition or Disposal of Assets.

The transaction size, calculated based on the Net Tangible Assets (“NTA”) value of AKSB is 17.31 % of NTA of INGRS, based on the consolidated financial statements of INGRS for the financial year ended 31st January 2023, which have been audited by the external auditors.

The transaction size is classified as Class 2 transaction under the Acquisition or Disposal rule, i.e., a transaction value equivalent to 15% or more but lower than 50%. Consequently, INGRS is required to:

- i. disclose an information memorandum regarding the acquisition of assets transaction by the subsidiary to the Stock Exchange of Thailand (“**SET**”); and
- ii. deliver such circular notice to INGRS shareholders within 21 days from the date of disclosure of the transaction.

2. Date of the Transaction

The dates of the transaction of the acquisition are recorded as follows:

14 th June 2023	The Board of Directors approved the acquisition
By the end of July 2023	Entering into Shares Sale Agreement (“ SSA ”) ¹
<u>Remark:</u> ¹ or such other date, time and place as date of the SSA may be adjourned.	

3. Parties involved and their relationship with the Company

▪ **Buyer :**

There are 2 buyers as follows:

- 1) Perusahaan Otomobil Kedua Sdn. Bhd. (“**Perodua**”), a corporate shareholder of Ingress Technologies Sdn. Bhd. (“**ITSB**”): Proportion of purchase of 70%; and

- 2) ITSB, 70% owned subsidiary by Ingress Industrial (Malaysia) Sdn. Bhd. (“IIM”) which in turn a wholly owned subsidiary of INGRS: Proportion of purchase of 30%.

▪ **Sellers :**

There are 2 sellers under the SSA as follows:

Share Name	Number of Shares (Share)	Ratio (%)
1. Ms. Asmah binti Mohd Tahir	3,500,000	70%
2. Mr. Asyfar bin Abdul Rahman	1,500,000	30%

Relationships: The sellers as listed above are not connected to ITSB or IIM or INGRS in any aspects. For Perodua, the Company is unable to disclose the information of its ultimate shareholders due to confidentiality obligations of Perodua with its shareholders. Nevertheless, the Company has already reviewed and confirmed the transaction, which is not considered as a related party transaction.

4. General characteristics, type of the transaction, and basis used to determine the total value of consideration

On 24th May 2022, independent consultant, appointed by ITSB, Salihin Consultant Group Sdn. Bhd. has issued valuation report of AKSB. The valuation report presented to the Executive Committee Meeting No. 6/2022 dated 24th June 2022. The summary of valuation report is as follows:

Valuation Method	Base Value (RM)	Base Value (THB) ¹	Weightage (%)	Incremental Value (RM)	Incremental Value (THB) ¹
Discounted Cash Flow (“DCF”)	155,582,262	1,205,062,410	70%	108,907,583	843,543,684
Net Tangible Assets (“NTA”)	83,642,909	647,856,152	30%	25,092,873	194,356,848
OPTIMAL FAIR VALUE OF 100% EQUITY OF AKSB				134,000,456	1,037,900,532

Remark: ¹Currency Rate as of 21st April 2023 at RM1: THB7.7455 (Bank of Thailand)

5. Transaction Size

The transaction size is calculated based on the Acquisition or Disposal Rules are as follows:

Basis Calculation of Transaction Size	Method of Calculation	Transaction Size
1. Net Tangible Assets (NTA) Basis	$(\text{NTA of investment in the company}) \times (\text{Proportion of assets acquired or disposed}) \times 100$ $\frac{\text{NTA of the Company}}$	$\frac{513,543,620 \times 30}{889,848,371} = 17.31\%$
2. Net Operating Profits Basis	$(\text{Net operating profits of the investment in the company}) \times \text{Selling or Buying Ratio} \times 100$ $\frac{\text{Net operating profits of the Company}}$	Not applicable, as the Company has net operating loss

Basis Calculation of Transaction Size	Method of Calculation	Transaction Size
3. Total Value of Consideration Basis	$\frac{(\text{Value of payment or receive}) \times 100}{\text{Total asset of the Company}}$	$\frac{278,838,000 \times 100}{6,768,741,285} = 4.12\%$
4. Value of Equity Shares Issued for the Payment of Assets	$\frac{(\text{Equity shares issued for the payment of assets}) \times 100}{\text{Paid-up shares of the Company}}$	Not applicable, as there is no issuance of new securities as consideration for the acquisition of assets

* using the mid-rate provided by the Bank of Thailand as of the 21st of April, 2023 at RM1: THB7.7455, and applying the figures derived from the audited financial statement of the invested company as of the 30th of June, 2022.

The NTA of investment in AKSB to be invested by ITSB representing 17.31% of the NTA of the Company of THB889,848,371 based on the consolidated financial statements of the Company for the period ending 31st January 2023, which have been audited by the auditor of the Company.

As the size of the transaction is more than 15% and below 50% of the NTA of the Company, therefore, the transaction must be approved by the Board of Directors and to circulate the information on the acquisition to the shareholders for their acknowledgement.

6. Total value of consideration and value of assets acquired

The assets and value under the Acquisition and Disposal Rule are as follow:

Description of Assets	Number of Shares (Share)	Amount (RM)	Amount (THB)
1. Shares of AKSB held by Ms. Asmah binti Mohd Tahir	3,500,000	84,000,000	650,622,000
2. Shares of AKSB held by Mr. Asyfar bin Abdul Rahman	1,500,000	36,000,000	278,838,400
Total	5,000,000	120,000,000	929,460,000

Remark: Currency Rate as of 21st April 2023 at RM1: THB 7.7455 (Bank of Thailand)

In respect of this transaction, the acquisition by ITSB is for 30% equity stake in AKSB which is **RM36,000,000 or equivalent to THB278,838,400.**

7. Payment Term

1st tranche payment:

Upon execution of SSA (payable to Ms. Asmah Binti Mohd Tahir)	Buyer 1 : Perodua	RM72,000,000.00
	Buyer 2 : ITSB	RM12,000,000.00

2nd tranche payment:

Within 14 days upon the SSA becomes unconditional (payable to Mr. Asyfar Bin Abdul Rahman)	Buyer 1 : Perodua	RM12,000,000.00 (a) RM6,000,000.00; and (b) RM6,000,000.00 (Stakeholder's sum)
	Buyer 2 : ITSB	RM24,000,000.00

8. Expected benefits to INGRS

AKSB (Company No. 198801001772 (169129-T)) having its registered office and principal place of business at Lot PT 31563 (2790), Persiaran Elektron Seksyen U16, Kampung Melayu Subang, 40160 Shah Alam, Selangor Darul Ehsan, Malaysia. The principal business of AKSB are manufacturing of automotive parts by using large, medium and small press stamping as well as welding and assembling the automotive modular components.

This acquisition is part of ITSB group business expansion plan as AKSB is a strategic investment in strengthening ITSB's business portfolio by taking into consideration of the followings:

- i. The readily available equipment facilities in AKSB will complement the requirement to fulfill ITSB's customers' demands, especially on the Advance High Strength Steel (AHSS) products. With the investment in AKSB, ITSB will not require to immediately invest in a new transfer servo press machine amounting to THB387 million;
- ii. The collaboration with current AKSB's Japanese technical partner, H-One Company Limited will enhance the technologies know how on welding assembly for future Honda projects; and
- iii. Through this joint venture into AKSB with Perodua, ITSB will manage the plant located in Malacca, Malaysia which is solely for supply to Honda. The acquisition will give more opportunity for ITSB in managing Honda expectations in bigger operation scale which will also benefit other INGRS operations for future business especially in press stamping and welding assembly products.

Besides the business strategic benefits for ITSB group outline above, the direct benefit from the share of profit from the acquisition to INGRS is expected to be approximately at THB217 million over 5 years.

9. Sources of funds for the acquisition of assets

ITSB will use its internal fund to acquire the 30% equity stake of AKSB which is valued at RM36,000,000 equivalent to THB278,838,000 while the application of Islamic Equity Financing with Malaysia Financial Institution being processed. The Islamic Equity Financing is expected to re-finance 70% from the total shares acquired at RM25,200,000 or THB195,186,600.

10. Conditions on entering into the transactions (if any)

The Share Sales Agreement (“**SSA**”) is subject to the following:

- i. The approval of the Board of Directors and/or Shareholders of AKSB and/or the Buyers;
- ii. All requisite approvals / consents being obtained from the lenders/financiers of AKSB or notification(if applicable);
- iii. All requisite approvals / consents being obtained from the relevant authority pertaining to licenses/ approval/ consents issued to AKSB for its business operation or notification (if applicable);
- iv. All requisite approvals / consents being obtained from the relevant parties pertaining to agreements entered into with AKSB or notification (if applicable);
- v. Written consent from **Perodua Manufacturing Sdn. Bhd.** for the change of shareholding in AKSB; and
- vi. Duly signed letter of undertaking and indemnity from the Sellers in the format and contents acceptable by the Buyers indemnifying the Buyers and keeping the Buyers fully indemnified relating to the terminated transactions between the Sellers and third parties dated **9th January 2020**, involving the Sellers’ rights and interests in AKSB and AKSB’s assets.

11. Opinions of the Board of Directors on entering into the transactions

The Board of Directors has considered the transaction and in the opinion that the assets acquisition is necessary to support the Group expansion and the transactions entered into are reasonable.

12. Opinions of the Audit Committee and/or directors which are different from those of the Board of Directors under Item 11.

-Nil-