

1. INTRODUCTION

The Board of Directors of APMAH wishes to announce that PT. APM Automotive Indonesia (“PTAAI”), an indirect wholly-owned subsidiary of the Company, had on 26 June 2020 entered into a joint venture (“**Proposed Joint Venture**”) with Hyundai Transys Inc. (“**TRANSYS**”) to manufacture and supply automobile seats and its related parts and components (“**Products**”) to PT Hyundai Motor Manufacturing Indonesia (“**PTHMMI**”) through PT. Hyundai Transys Indonesia (“**HTI**”).

The Proposed Joint Venture arose out of PTHMMI’s initiative that TRANSYS and PTAAI enter into a joint venture to support the PTHMMI’s operations in Indonesia as PTHMMI is building a plant in Cikarang, which is expected to be fully operational in the second half of 2021 with an annual capacity of 150,000 units of automobile vehicles, where half of the output would be exported to the neighbouring countries in South East Asia.

In connection with the above, PTAAI agreed to acquire 50% of all the issued and paid-up share capital of HTI and sell a piece of land to HTI and PTAAI entered into the following agreements:

- (a) Joint Venture and Shareholders’ Agreement (“**JVSA**”) with TRANSYS and HTI, to record the understanding reached between the parties on the terms and conditions of the Proposed Joint Venture;
- (b) Shares Sale and Purchase Agreement (“**SSPA**”) with TRANSYS and Hyundai M.Seat Co., Ltd. (“**MSEAT**”), where PTAAI shall acquire at par value 499 shares from TRANSYS and 1 share from MSEAT, which in the aggregate comprise 500 shares amounting to 50% of all the issued and paid-up share capital of HTI at a total cash consideration of USD500,000 (equivalent to RM2,174,000), and subject to the terms and conditions stipulated in the SSPA; and
- (c) Conditional Land Sale Agreement (“**CLSA**”) with HTI where PTAAI shall sell and transfer all that piece of industrial land owned by PTAAI measuring approximately 25,788 m² (twenty-five thousand seven hundred eighty-eight square meters) and located in the Greenland International Industrial Center, Block CD No. 7A, Pasir Ranji Village, Cikarang Pusat Subdistrict, Bekasi Regency, Province Jawa Barat, within the area of Kota Deltamas at a cash consideration of IDR76,920,360,000, including Value Added Tax (equivalent to RM22,538,000), to HTI for the purposes of establishing a plant for manufacturing the Products.

(JVSA, SSPA and CLSA shall collectively referred to as “**Agreements**”).

2. INFORMATION OF PTAAI, TRANSYS, HTI AND MSEAT

(a) PTAAI

PTAAI is a private limited liability company incorporated under the laws of Republic of Indonesia with a total issued and paid-up share capital of USD19,300,000 (equivalent to IDR231,464,900,000). PTAAI is principally engaged in investment activities and the provision of management services.

(b) TRANSYS

TRANSYS is a private limited liability company incorporated under the laws of Republic of Korea with a total issued and paid-up share capital of KRW409,489 million (equivalent to USD340,000,000). It is principally engaged in the business of the designing and manufacturing automobile powertrains and seats. TRANSYS is a wholly-owned subsidiary of Hyundai Motor Company.

(c) HTI

HTI is a private limited liability company incorporated on 27 May 2020 under the laws of Republic of Indonesia with an initial total issued and paid-up share capital of USD1 million. HTI's intended principal activities are as set out in its Articles of Association and the JVSA and include the manufacturing of parts and components for motorised vehicles. HTI is a subsidiary of TRANSYS. HTI has yet to commence operations.

(d) MSEAT

MSEAT is a private limited liability company incorporated under the laws of Republic of Korea with a total issued and paid-up share capital of KRW5,000 million (equivalent to USD4,160,000). It is principally engaged in the business of car seat manufacturing. MSEAT is a wholly-owned subsidiary of Hyundai Motor Company.

3. DETAILS OF THE PROPOSED JOINT VENTURE

3.1 Information of the Proposed Joint Venture Company (HTI)

- (a) The existing authorised share capital of HTI is in Rupiah equivalent to USD3,810,000.
- (b) The existing paid-up share capital of HTI is in Rupiah equivalent to the amount of USD1,000,000 divided into 1,000 ordinary shares at a par value of USD1,000 comprising 999 ordinary shares registered in the name of TRANSYS and 1 ordinary share registered in the name of MSEAT, where 500 ordinary shares shall be transferred to PTAAI under the SSPA. Following to the transfer, each of TRANSYS and PTAAI shall hold 50% of the issued and paid-up share capital of HTI.

(TRANSYS and PTAAI shall collectively referred to as “**Shareholders**”).

- (c) All the shares of HTI are ordinary shares with each share having 1 voting right.

3.2 Capital Contributions

The capital contributions by the Shareholders, taking into consideration the aggregate transfer price pursuant to the SSPA, shall be up to the sum of USD30,700,000, where each Shareholder shall contribute up to USD15,350,000. Each shareholder shall make an initial capital contribution of USD4,000,000 by 30 July 2020. Upon completion of each capital contributions, each Shareholder shall hold 50% of the total issued shares in HTI.

3.3 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees, to be assumed by the Company arising from the SSPA.

3.4 Source of Funding

The Capital Contributions by PTAAI will be satisfied by internally generated funds.

3.5 Salient terms of the Agreements

The salient terms of the JVSA, SSPA and CLSA include, among others, the following:

- (a) JVSA
 - (i) The JVSA is conditional upon the issuance of the award in favour of HTI for the supply of the Products and the completion of PTAAI's due diligence on HTI;
 - (ii) Besides making the Capital Contributions, the key responsibilities of the Shareholders are as follows:

Parties	Key Responsibilities
TRANSYS	(a) To provide HTI with the technology and know-how to manufacture, assemble and produce the Products; and (b) To provide HTI with management services such as production and quality management.
PTAAI	(a) To provide HTI with management, manufacturing and administrative support; and (b) To assist HTI in procuring the necessary licenses and approvals.

- (iii) The name of HTI shall be changed to **PT APM Hyundai Transys Indonesia** or such other name as mutually agreed by TRANSYS and PTAAI, and approved by the relevant authorities in Indonesia;

- (iv) The members of the Board of Commissioners comprise a total of 4 persons with 2 persons from each Shareholder with the President Commissioner being a person nominated by PTAAI; and
 - (v) The members of the Board of Directors comprise a total of 4 persons with 2 persons from each Shareholder with the President Director being a person nominated by TRANSYS.
- (b) SSPA
 - (i) Completion of the SSPA is conditional upon the JVSA becoming unconditional in accordance with its terms;
 - (ii) MSEAT will sell and transfer its entire shareholding in HTI, being one (1) ordinary share and TRANSYS will sell and transfer 499 ordinary shares of its shareholding in HTI ("**Sale Shares**") to and in favour of PTAAI for the consideration sum in Rupiah equivalent to USD500,000 ("**Transfer Price**"); and
 - (iii) The Transfer Price shall be effected by PTAAI in one (1) lump sum payment.
- (c) CLSA
 - (i) PTAAI shall sell and transfer its land located in the Greenland International Industrial Center, Block CD No. 7A, Pasir Ranji Village, Cikarang Pusat Subdistrict, Bekasi Regency, Province Jawa Barat, within the area of Kota Deltamas, the details are as described in the CLSA to HTI upon the terms and conditions therein contained;
 - (ii) The CLSA is conditional upon the JVSA becoming unconditional in accordance with its terms and obtaining consent from the developer of Greenland International Industrial Center, namely PT Puradelta Lestari Tbk;
 - (iii) The consideration sum is IDR76,920,360,000 ("**Selling Price**") which shall be payable as follows:
 - (a) the sum of IDR7,659,036,000 upon the execution of the CLSA; and
 - (b) the sum of IDR69,261,324,000 shall be paid within seven (7) business days from the date of the initial Capital Contribution by TRANSYS and PTAAI as shareholders of the HTI pursuant to the JVSA or such other date as mutually determined by the parties.

4. RATIONALE FOR THE PROPOSED JOINT VENTURE

TRANSYS is an automotive parts company that produces automobile powertrains and seats and is present in 9 countries. The Proposed Joint Venture will enable both parties to leverage on each other's resources, expertise, knowledge and experience to bring greater synergy in the design, development, manufacture, assembly and marketing of automotive seats. The Proposed Joint Venture is also in line with APMAH Group's plan on overseas expansion for sustainability.

5. FINANCIAL EFFECTS

5.1 Share Capital and Substantial Shareholders' Shareholdings

The Proposed Joint Venture will not have any effect on the share capital and substantial shareholders' shareholdings of APMAH as the Proposed Joint Venture does not involve any issuance of securities of the Company.

5.2 Earnings, Net Assets and Gearing

The Proposed Joint Venture is not expected to have material effect on the earnings, net assets and gearing of APMAH Group for the financial year ending 31 December 2020.

6. PROSPECT OF THE PROPOSED JOINT VENTURE

The automotive industry in Indonesia is poised to benefit from a huge domestic automobile market driven by an emerging middle-class population. The automobile consumer base is expected to grow rapidly, with most purchases occurring in Indonesia's cities, mainly in Jakarta. The Board believes that the timing of the Proposed Joint Venture is appropriate to capture the opportunities to expand APMAH Group's current seat business overseas as HTI is poised to be one of PTHMMI's key suppliers.

7. RISK FACTORS

There is no special risk associated with the Proposed Joint Venture other than operational risks and risks inherent in the automotive industry in which APMAH Group is operating.

8. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Joint Venture pursuant to paragraph 10.02(g) of Chapter 10 of the Listing Requirements of Bursa Malaysia Securities Berhad is 5.24%.

9. APPROVAL REQUIRED

The Proposed Joint Venture is not subject to the approval of the shareholders of the Company or regulatory authorities.

10. INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

None of the Directors and Major Shareholders and persons connected with them have any interest, direct or indirect, in the Proposed Joint Venture.

11. STATEMENT BY DIRECTORS

The Board of Directors of APMAH, after having considered all aspects of the Proposed Joint Venture, is of the opinion that the Proposed Joint Venture is in the best interest of APMAH Group.

12. INSPECTION OF DOCUMENTS

The Agreements are available for inspection for a period of 3 months during office hours at the registered office of APMAH at 62-68, Jalan Sultan Azlan Shah, 51200 Kuala Lumpur.

13. ESTIMATED TIMEFRAME AND COMPLETION

The Board of Directors expects the SSPA and the CLSA to be completed by the 3rd quarter of 2020.

This announcement is dated 26 June 2020.