

INCJ sells holding in WISDOMS GROUP INTERNATIONAL CO., LIMITED

Tokyo, September 30, 2020 — INCJ, Ltd. (“INCJ”) announced that it has sold its entire holding in WISDOMS GROUP INTERNATIONAL CO., LIMITED (“WGI”) to AIS CAPITAL LIMITED (“AIS CAPITAL”).

About WISDOMS GROUP INTERNATIONAL CO., LIMITED

Established: June 2011

Headquarters: Hong Kong

Business outline: A holding company founded for small and medium-sized companies in the automotive parts processing industry to collaborate for business expansion overseas, and owning a company for automotive parts processing / product development.

About AIS CAPITAL LIMITED

Established: May 2017

Headquarters: Chiyoda-ku, Japan

Representative: Kevin Guo

Business outline: Financial advisory services of cross-border M&A and financing between Japan and China, Principle investment, fund management

URL: <https://www.aiscapgroup.com/>

About INCJ, Ltd.

INCJ, Ltd. was established in September 2018 via company split from Innovation Network Corporation of Japan (INCJ). INCJ was established in July 2009 with the aim of overcoming boundaries between companies and industries, creating and nurturing key industries via open innovation for the prosperity of future generations. Following revisions to its governing law—the Industrial Competitiveness Enhancement Act—the continuing company changed its name to Japan Investment Corporation (JIC) and began new activities. INCJ, Ltd. is mandated until March 2025 to pursue the activities of the original Innovation Network Corporation of Japan, engaging in “Value Up” initiatives at portfolio companies, making additional and milestone investments, and developing exit strategies from investments in portfolio companies.

URL: <http://www.incj.co.jp/english/>

Appendix

Target: WISDOMS GROUP INTERNATIONAL CO., LIMITED

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Overview of investment

Announcement dates: June 14, 2011 / April 24, 2014

Authorized investment: JPY 1.5 billion (maximum) / JPY 1.5 billion (maximum)

Amount invested: JPY 1.5 billion / JPY 900 million

- Press releases:

INCJ to support small and medium-sized auto parts processing companies in their joint business overseas

<https://www.incj.co.jp/newsroom/assets/1417592458.01.pdf> (Japanese only)

INCJ to make additional investment in WGI

<https://www.incj.co.jp/newsroom/assets/1398304127.02.pdf> (Japanese only)

1. Background of investment

- In April 2008, 13 small and medium-sized companies engaged in automotive parts processing that would be difficult to expand overseas on their own established Wisdoms Auto Parts (Changzhou) Co., Ltd. for the purpose of jointly developing overseas business.
- The company aimed to become a platform company that could do multiple processes through gathering multiple different single processing carried out by the individual companies involved in a single location to build sub-assemblies.
- INCJ determined that those efforts would not only project as a new example of Japan's small and medium-sized companies working together to expand globally, but also lead to a change in Japan's pyramid-shaped industrial structure, and announced an investment of up to JPY 1.5 billion in WGI for its growth.

2. Business progress

- WGI increased footprints to expand its business in China while it was affected by the flooding in Thailand in 2011 and some challenges.
- In 2013, WGI formed a partnership with Higuchi Manufacturing Co., Ltd. which had already expanded overseas on its own in order to strengthen those projects.
- In April 2014, INCJ announced an additional investment of up to JPY 1.5 billion to expand the facilities and support growth of the entire group, and invested JPY 9 million.

3. Reason for exit

- INCJ was considering an exit plan since nine years had passed from the initial investment when it received an offer from AIS CAPITAL to transfer shares in WGI.
- INCJ found out that AIS CAPITAL participating in management of WGI as a shareholder would be ideal for the future business development of WGI, as it will allow the company to utilize its extensive network in China to reach potential customers and strengthen its relationship with the local government, leveraging its understanding of both Japanese and Chinese corporate culture and social customs.
- For the above reasons, INCJ has determined to transfer all of its shares in WGI to a fund managed and operated by AIS CAPITAL.

4. Comment from Minister of Economy, Trade and Industry

I expect that INCJ accumulate know-how on support for overseas expansion and strive to secure profitability for the whole portfolio based on the learning from challenges of this project.

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