

**INDUSTRONICS BERHAD ("INDUSTRONICS" OR "THE COMPANY")
- CONDITIONAL DEPOSIT AGREEMENT IN CONNECTION WITH THE PROPOSED
SUBSCRIPTION OF SHARES IN VASHION GROUP LIMITED**

1. INTRODUCTION

The Board of Directors of Industronics wishes to announce that Industronics had, on 9 July 2014, entered into a Conditional Deposit Agreement ("Agreement") in relation to the proposed subscription of shares in Vashion Group Limited ("Vashion") by way of private placement for such number of new ordinary shares in Vashion and at such price and on such terms as shall be agreed and documented in a Placement Agreement to be entered into between Vashion and the Company ("Proposed Subscription").

Further details of the Proposed Subscription will be announced upon the execution of the Placement Agreement to be entered into between Vashion and the Company.

2. SALIENT TERMS OF THE AGREEMENT

The salient terms of the Agreement are, inter alia, as follows:-

- (i) Industronics agrees, within 14 days of the execution of this Agreement, to deposit a sum of SGD2,500,000.00 (approximately RM6,383,524.48) or equivalent (the "Deposit") to Vashion or the subsidiary of Vashion.
- (ii) In consideration for the foregoing, Vashion agrees to enter into a Placement Agreement to issue to Industronics such number ("Placement Shares") of new ordinary shares in Vashion ("Shares") and at such price and on such terms as shall be agreed and documented in a Placement Agreement to be entered into, subject to the aggregate subscription amount not being less than the Deposit. It is envisaged that any such Placement Agreement shall be conditional upon the resumption of trading in the Shares in Vashion on the Singapore Exchange (the SGX-ST). If required by the rules for the time being of the SGX-ST, the Placement Agreement shall also be conditional upon approval of shareholders of Vashion.

The trading in the Shares in Vashion on the SGX-ST was suspended on 18 June 2012 due to the Sponsor need time to review the Independent Auditors Report, Statement of Directors and the 2011 Financial Statements with possible follow-on questions. The closing price of the Vashion Shares prior to suspension of trading was SGD 0.005.

- (iii) The Agreement is valid till 30 September 2014 and may be extended by mutual agreement between Vashion and Industronics.
- (iv) If no Placement Agreement is entered into between the Parties on or before 30 September 2014, the entire amount of the Deposit shall be refunded to Industronics within 7 days after such date, without any interest accrued.

For avoidance of doubt, the Agreement is a statement of intention and the Agreement is to document the Deposit made in good faith. As at the date of this announcement, there is no obligation from any parties to enter into any agreement or any agreement on terms of any issue of shares etc. but that any agreements executed will be subject to all applicable legal,

regulatory approvals and requirements for parties, *inter-alia*, listing and approval requirements of SGX-ST and Bursa Malaysia Securities Berhad where applicable.

Save as disclosed in this announcement there are no other material terms and conditions with regards to the Deposit and possible issuance of shares that has been agreed.

3. INFORMATION ON VASHION

Vashion is a company incorporated in Singapore and listed on the Catalist market of Singapore Exchange Limited on 30 July 2001. The existing issued and paid up share capital of Vashion is 28,120,322.

Vashion is principally engaged in distribution of equipment and consumable materials for the electronics industry and switchgear design & assembly services.

The net loss attributable to equity holder and net assets of Vashion Group based on audited financial statements for the year ended 31 December 2012 amounted to SGD4.95 million and SGD10.46 million respectively

The net loss attributable to equity holder and net assets of Vashion Group based on audited financial statements for the year ended 31 December 2013 amounted to SGD8.05 million and SGD7.45 million respectively. The reasons for the increased of net loss was mainly due to impairment of intangible assets and allowance for impairment of prepayments to supplier.

4. SOURCE OF FUNDING

The Proposed Subscription will be funded through internally generated fund.

5. RATIONALE FOR THE PROPOSED SUBSCRIPTION

The Proposed Subscription would provide an opportunity for Industronics to develop new distribution channels and to better deploy a portion of Industronics' cash reserve. Based on the audited financial statements for the year ended 31 December 2013, the cash and cash equivalents of Industronics Group as at 31 December 2013 amounted to RM26,383,579.00

The Proposed Subscription would furthermore provide Industronics an opportunity to participate in strategic partnerships with Vashion's electronic division and develop and tap into strategic opportunities in Singapore for the Industronics Group's electronics business.

6. APPROVALS REQUIRED

Save as disclosed in Section 2 of this announcement, the Proposed Subscription may be subject to the approval from the shareholders of Industronics if the total consideration payable for the Proposed Subscription for the number of Placement Shares to be determined later is exceeding 25% or more of the percentage ratio applicable pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

The highest percentage ratio applicable for the Deposit payable for the Proposed Subscription is 10.3% pursuant to Paragraph 10.02(g) of the Listing Requirements.

7. INTER-CONDITIONALITY

The Proposed Subscription is not conditional upon any other proposals undertaken or to be undertaken by the Company.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED

Lissington Limited ("Lissington"), who is a substantial shareholder of the Company holds 8.32% of interest in the Company, is also a shareholder of Vashion. As at the date of this announcement, Lissington holds 5.01% of interest in Vashion.

Save as disclosed above, none of the directors, major shareholders of Industronics and/ or persons connected with them have any interest, direct or indirect, in the Proposed Subscription.

9. STATEMENT BY THE DIRECTORS

The Board of Directors, having considered all aspects of the Proposed Subscription, is of the opinion that the Proposed Subscription is fair and reasonable and is in the best interest of Industronics.

10. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection at the registered office of Industronics at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200, Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

As set out in Section 1 of this announcement, further details of the Proposed Subscription will be announced upon the execution of the Placement Agreement.

This announcement is dated 11 July 2014.