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INDUSTRONICS BERHAD

*(Company No. 23699-X)
(Incorporated in Malaysia)*

CIRCULAR TO THE SHAREHOLDERS IN RELATION TO THE

**PROPOSED ISSUANCE OF UP TO 20,552,560 NEW ORDINARY SHARES
IN INDUSTRONICS BERHAD
("PROPOSED SHARES ISSUANCE")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



AmInvestment Bank

AmInvestment Bank Berhad (23742-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Notice of the Extraordinary General Meeting of Industronics Berhad (“**EGM**”) and the Proxy Form for the EGM are set out in this Circular. The EGM will be held as follows:

Venue	: Function Room 5, Level 2, Hotel Seri Petaling, 30 Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan.
Date and time	: Friday, 28 June 2019 at 11.30 a.m., or immediately after the conclusion or adjournment of the 44 th Annual General Meeting of the Company to be convened, whichever is later, or at any adjournment thereof.
Last date and time for lodging the Proxy Form	: Wednesday, 26 June 2019 at 11.30 a.m.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or not more than two proxies to attend and vote on your behalf. The completed Proxy Form shall be deposited at the office of the Company’s Registrar, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time appointed for holding the EGM, or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

This Circular is dated 15 May 2019

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	: Companies Act, 2016
AmInvestment Bank	: AmInvestment Bank Berhad, being the Principal Adviser and Placement Agent for the Proposed Shares Issuance
Board	: Board of Directors of Itronic
Bursa Securities	: Bursa Malaysia Securities Berhad
Circular	: This circular dated 15 May 2019 in relation to the Proposed Shares Issuance
Closing Date	: Means the market day on which the Subscribers make payment for the Subscription Shares to AmInvestment Bank (as the Placement Agent), being a date falling within five (5) market days from the date for fixing the Issue Price (“ Price Fixing Date ”) or the fulfilment of the conditions precedent of the Subscription Agreements, whichever is the later, as determined by the Company
CMSA	: Capital Markets and Services Act 2007
Director	: Shall have the same meaning as given in Section 2(1) of the CMSA and being a person that:- (i) occupies or acts in the position of director; (ii) in accordance with whose directions or instructions the directors of a corporation are accustomed to act; or (iii) is an alternate or substitute director
EGM	: Extraordinary General Meeting
EPS	: Earnings per Share
FYE	: Financial year ended
Initial Announcement	: The announcement made on Bursa Securities on 10 January 2019 in relation to the Proposed Shares Issuance
Issue Price	: The issue price of RM0.0907 per Subscription Share
Itronic or Company	: Industronics Berhad
Itronic Group or Group	: Collectively, Itronic and its subsidiaries
Itronic Share(s) or Share(s)	: The ordinary shares in Itronic
LAT	: Loss after taxation
LBT	: Loss before taxation
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 23 April 2019, being the latest practicable date prior to the printing of this Circular

DEFINITION (Cont'd)

Mr Chu	: Mr Chu Boon Tiong, an Executive Director of the Company as at the LPD
Mr Kevin	: Mr Kevin Chan Ka Leung, a substantial shareholder of the Company as at the LPD
NA	: Net assets
NTA	: Net tangible assets
PBT	: Profit before tax
Placement Shares	: 10,276,280 new Itronic Shares which was issued pursuant to the Private Placement
Private Placement	: The private placement of ten percent (10%) of the total number of issued shares of the Company which was undertaken in accordance with the general mandate pursuant to Section 75 and Section 76 of the Act, and completed on 26 March 2019
Proposed Shares Issuance	: The proposed issuance of 20,552,560 Itronic Shares representing 20% of the total number of issued shares of Itronic as at 9 January 2019, being the latest practicable date prior to the Initial Announcement, at the Issue Price
Record of Depositors	: A record of securities holders established and maintained by Bursa Malaysia Depository Sdn Bhd
Registrar	: Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd)
RM and sen	: Ringgit Malaysia and sen, respectively
Subscribers	: Collectively, Mr Chu and Mr Kevin
Subscription Agreements	: Means the shares subscription agreements dated 8 April 2019 entered into between the Company and Mr Chu and Mr Kevin respectively in respect of the Proposed Shares Issuance
Subscription Share(s)	: 20,552,560 new Itronic Shares to be issued pursuant to the Proposed Shares Issuance
Total Subscription Price	: Means the respective total subscription sum of RM932,058.60 each payable by Mr Chu and Mr Kevin respectively, for the Subscription Shares, as set out in their respective Subscription Agreement
VWAMP	: Volume weighted average market price

All references to “**our Company**” in this Circular are to Itronic, references to “**our Group**” are to our Company and our subsidiaries. References to “**we**”, “**us**”, “**our**”, “**ourselves**” are to our Company, or where the context requires, our Group. References to “**you**” in this Circular are references to the shareholders of the Company.

For practical reasons, information disclosed in this Circular has been mainly based on the LPD, unless stated otherwise.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

DEFINITION (Cont'd)

Any reference to any enactment in this Circular is a reference to that enactment as for the time being amended or re-enacted.

Any reference in time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated. Any discrepancies in the tables included in this Circular between the amounts listed and the totals in this Circular are due to rounding.

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “**seek**”, “**expect**”, “**anticipate**”, “**estimate**”, “**believe**”, “**intend**”, “**project**”, “**plan**”, “**strategy**”, “**forecast**” and similar expressions or future or conditional verbs such as “**will**”, “**would**”, “**should**”, “**could**”, “**may**” and “**might**”. These statements reflect our current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and we do not undertake any obligation to update publicly or revise any forward-looking statements.

The pro forma financial effects of the Proposed Shares Issuance in this Circular are prepared purely for illustration and do not reflect the future financial performance and condition of our Company and/or our Group after the Proposed Shares Issuance.

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TABLE OF CONTENTS

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED SHARES ISSUANCE

SECTION	PAGE
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED SHARES ISSUANCE	2
3. RATIONALE FOR THE PROPOSED SHARES ISSUANCE	9
4. EFFECTS OF THE PROPOSED SHARES ISSUANCE	11
5. PROSPECTS AND OUTLOOK	12
6. HISTORICAL SHARE PRICES	17
7. APPROVALS REQUIRED	17
8. CORPORATE EXERCISES ANNOUNCED BUT NOT COMPLETED	18
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	18
10. DIRECTORS' RECOMMENDATION	19
11. ESTIMATED TIME FRAME FOR COMPLETION	19
12. EGM	19
13. FURTHER INFORMATION	19
 APPENDIX I	
FINANCIAL POSITION OF THE COMPANY	20
APPENDIX II	
FURTHER INFORMATION	24

NOTICE OF EXTRAORDINARY GENERAL MEETING	ENCLOSED
PROXY FORM	ENCLOSED



INDUSTRONICS BERHAD

(Company No. 23699-X)
(Incorporated in Malaysia)

Registered Office
No. 9A Jalan Medan Tuanku
Medan Tuanku
50300 Kuala Lumpur
Wilayah Persekutuan
Malaysia

15 May 2019

Board of Directors

Chu Boon Tiong	Executive Director
Liu Wing Yee Amy	Executive Director
Chow Yun Cheung	Non-Independent Non-Executive Director
Lu Zhi Qin	Independent Non-Executive Director
Chui Ee Mien	Independent Non-Executive Director

To: The Shareholders of Industronics Berhad

Dear Sir/Madam,

PROPOSED SHARES ISSUANCE

1. INTRODUCTION

On 10 January 2019, AmInvestment Bank announced on behalf of the Board that Itronic proposes to undertake the following:-

- (i) a private placement of up to 10% of the total number of issued shares of the Company to be undertaken in accordance with the general mandate pursuant to Section 75 and Section 76 of the Act; and
- (ii) a proposed issuance of up to 20,552,560 Itronic Shares representing up to 20% of the total number of issued shares of Itronic as at 9 January 2019, being the latest practicable date prior to the Initial Announcement (“**Initial Announcement LPD**”).

The Private Placement was completed on 26 March 2019 following the listing of 10,276,280 Placement Shares on the Main Market of Bursa Securities. Further details of the Private Placement as announced by the Company are available on the website of Bursa Securities at www.bursamalaysia.com.

On 8 April 2019, AmInvestment Bank announced on behalf of the Board that Itronic had on 8 April 2019 entered into two (2) Subscription Agreements with the Subscribers as set out below:-

- (i) Mr Chu, an Executive Director of Itronic; and
- (ii) Mr Kevin, a substantial shareholder of Itronic;

to each subscribe for 10,276,280 new Itronic Shares representing 10% of the total number of issued Shares in Itronic as at the Initial Announcement LPD at an Issue Price of RM0.0907 per Subscription Share. The total subscription by the Subscribers is 20,552,560 Subscription Shares representing 20% of the total number of issued Shares in Itronic as at the Initial Announcement LPD (if based on the total number of issued Shares in Itronic as at the LPD: 18.18%; if based on the enlarged number of issued Shares of Itronic upon completion of the Proposed Shares Issuance: 15.38%).

Please refer to Section 2.3 below for the salient terms of the Subscription Agreements.

On 24 April 2019, AmInvestment Bank announced on behalf of the Board that Bursa Securities had vide its letter dated 24 April 2019, granted its approval for the listing of and quotation for up to 20,552,560 new Itronic Shares on the Main Market of Bursa Securities in relation to the Proposed Shares Issuance, subject to the conditions as set out in Section 7 of this Circular.

As at the LPD, Mr Chu is an Executive Director of Itronic. Accordingly, Itronic shall seek the approval of its non-interested shareholders for the issuance of 10,276,280 Subscription Shares to Mr Chu in respect of the specific allotment to him under the Proposed Shares Issuance, in accordance with Paragraph 6.06 of the Listing Requirements (“**Proposed Issuance to Mr Chu**”).

The purpose of this Circular is to provide you with the details of the Proposed Shares Issuance and to seek your approval for the ordinary resolutions pertaining to the Proposed Shares Issuance and Proposed Issuance to Mr Chu to be tabled at the Company’s forthcoming EGM.

You are advised to read and carefully consider the contents of this Circular and the appendix contained herein before voting on the ordinary resolutions pertaining to the Proposed Shares Issuance and Proposed Issuance to Mr Chu to be tabled at the Company’s forthcoming EGM.

2. DETAILS OF THE PROPOSED SHARES ISSUANCE

2.1 Shares Issuance Size

The Proposed Shares Issuance entails the issuance of 20,552,560 Subscription Shares representing 20% of the total number of issued Itronic Shares as at the Initial Announcement LPD.

2.2 Shares Issuance Arrangement

On 8 April 2018, Itronic had entered into two (2) Subscription Agreements with Mr Chu and Mr Kevin to each subscribe for 10,276,280 new Itronic Shares at an Issue Price of RM0.0907 respectively. Based on the aforementioned, the total proceeds to be raised from the Proposed Shares Issuance is RM1,864,117.20. The respective subscriptions of the Subscription Shares by Mr Chu and Mr Kevin are not dependent upon each other and/or the subscription of Subscription Shares by any other party.

For avoidance of doubt, subject to the passing of the resolutions for the Proposed Shares Issuance and Proposed Issuance to Mr Chu at the Company’s forthcoming EGM, if the Subscription Agreements with Mr Chu and/or Mr Kevin for any reason, cannot be completed, the Company intends to seek third party investors to be identified later which qualify under Schedule 6 and 7 of the CMSA to subscribe for a portion or all the unsubscribed 20,552,560 Subscription Shares representing 20% of the total number of issued Itronic Shares as at the Initial Announcement LPD.

In such an event, the Subscription Shares are not intended to be placed to the following persons:-

- (i) a director, major shareholder, or chief executive of Itronic (**“Interested Person”**);
- (ii) a person connected with an Interested Person; or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed

in accordance to Paragraph 6.06 of the Listing Requirements.

2.3 Information on the Subscribers

Mr Chu

Mr Chu, a Malaysian, aged 47, is an Executive Director of Itronic. Mr Chu was appointed to the Board on 8 November 2018.

Mr Chu is the founder of Fuji Latex Malaysia. Mr Chu is involved in the business development in Taiwan Fuji Latex Limited, a latex condom manufacturer in Taiwan. Mr Chu also has experience in the property development sector focusing on housing and commercial development.

Mr Chu is also involved in e-commerce business, robotics automation, the internet of things (IoT) and blockchain technology.

As at the LPD, he does not hold any Itronic Share.

He holds directorships in several private companies.

Mr Kevin

Mr Kevin, a citizen of Hong Kong, aged 50, is a substantial shareholder of Itronic. As at the LPD, Mr Kevin has a direct shareholding 10,276,280 Itronic Shares representing 9.09% of the issued share capital of Itronic, which he acquired via the Private Placement.

Mr Kevin holds a Bachelor of Accounting and a Master of Finance from the University of Illinois of the United States of America. He has experience in corporate finance in Hong Kong. He is currently a responsible officer of a corporation licensed under the Securities and Futures Ordinance to advise on corporate finance activities.

He has been an independent non-executive director of Zhong Ao Home Group Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited since 31 May 2017.

2.4 Salient terms of the Subscription Agreements

The salient terms of the Subscription Agreements are as follows:-

2.4.1 Subscription for shares

- (i) Subject to and in accordance with the terms and conditions of the Subscription Agreements, the Company agrees to allot and issue, and each of the Subscribers agree to subscribe for the Subscription Shares at the Issue Price.
- (ii) Mr Chu and Mr Kevin shall each pay to AmInvestment Bank (as the Placement Agent and for the purposes of this Section 2.4 shall be referred to as the **“Placement Agent”**) their respective Total Subscription Price for their respective portion of the Subscription Shares on the Closing Date (as defined in the Subscription Agreements) in accordance with the provisions of Clause 4 of the Subscription Agreements (which has been set out in Section 2.4.3 of the Circular).

For clarification, the Total Subscription Price shall be paid in full by Mr Chu and Mr Kevin on the Closing Date as detailed in Section 2.4.3(i)(a) below.

- (iii) The Subscription Shares shall be allotted and issued to each of the Subscribers as fully paid, free from any claims, liens, equities and encumbrances whatsoever and shall rank *pari passu* in all respects with the existing issued ordinary shares in the capital of the Company at the time of allotment and shall carry all rights benefits and advantages save and except for such dividends, rights, allotments and/or other distributions, the entitlement date for which is prior to the date of allotment of the Subscription Shares.

2.4.2 Conditions precedent

- (i) The Subscribers' obligation to purchase and subscribe for the Subscription Shares and the Company's obligation to issue and allot the Subscription Shares to the Subscribers, is expressly conditional upon the following conditions ("**Conditions Precedent**") being satisfied by the Company, as the case may be:-
 - (a) the Company having obtained the approval of its shareholders for the Proposed Shares Issuance; and
 - (b) receipt of the approval from Bursa Securities for the listing of and quotation for the Subscription Shares which was obtained on 24 April 2019.
- (ii) If any of the Conditions Precedent is not satisfied within six (6) months from the date of execution of the Subscription Agreement, or such later date as may be mutually agreed upon in writing between the parties, either party shall be entitled to terminate the Subscription Agreement by notice given to the other party and in that event (except for the liability of the Company to pay or reimburse the Placement Agent all cost, charges and expenses which were incurred by the Placement Agent prior to the date on which the Subscription Agreement ceases and determines) the parties shall be released and discharged from their respective obligations under the Subscription Agreement.
- (iii) In addition to the Conditions Precedent set out in this Section 2.4.2 (i) of the Circular and in relation to the Subscription Agreement between the Company and Mr Chu only, the parties agree that the said Subscription Agreement shall be conditional upon the fulfillment of an additional condition precedent as follows:-
 - (a) the Company having obtained the approval of its shareholders for the allocation and issuance of the Subscription Shares to Mr Chu in accordance with Paragraph 6.06 of the Listing Requirements.

For clarification, the Subscription Agreements shall become unconditional on the date the Conditions Precedent mentioned in Section 2.4.3 (i) and (iii), where applicable, above are fulfilled.

2.4.3 Closing

- (i) Subject to the terms and conditions of the Subscription Agreements, completion of the Subscription Agreements shall take place in the following manner:-
 - (a) That Mr Chu and Mr Kevin shall each, and by not later than 10.00 a.m. on the Closing Date deliver to the Placement Agent a bank draft or cashier's order for their respective Total Subscription Price drawn out on a Malaysian bank in favour of the Placement Agent or effect payment of their respective Total Subscription Price by such other mode acceptable to the Company; and

- (b) the Company shall as soon as practicable upon receipt of each Subscribers' respective Total Subscription Price from the Placement Agent allot and issue the Subscription Shares to each Subscriber and credit the Subscription Shares into a CDS account designated by and in the name of the Subscribers and file with Bursa Securities an application for the listing and quotation of the allotted Subscription Shares.
- (ii) The Company undertakes not to utilise or withdraw the Total Subscription Price or any part of the Total Subscription Price until and unless the Subscription Shares are credited into the CDS account designated by the respective Subscriber pursuant to Clause 4.1.2 of the Subscription Agreements (which has been set out as Section 2.4.3(i)(b) above).
- (iii) Upon the allotment and issue of the Subscription Shares to the respective Subscriber, the Company shall as soon as practicable and in any event within three (3) clear market days after filing an application for quotation of the allotted Subscription Shares with Bursa Securities, procure the listing of and quotation for the allotted Subscription Shares on the Main Market of Bursa Securities.
- (iv) In the event the Company fails to credit the Subscription Shares into a CDS account designated by the respective Subscriber in accordance with Clause 4.1.2 of the Subscription Agreement (i.e. as set out in Section 2.4.3(i)(b) above) or to procure the listing of and quotation for the allotted Subscription Shares on the Main Market of Bursa Securities in accordance with Clause 4.3 of the Subscription Agreements (as set out in Section 2.4.3(iii) above), the Total Subscription Price shall be returned to the respective Subscriber without interest within fourteen (14) market days from payment of the Total Subscription Price, or such date to be mutually agreed between the parties. Upon such payment, the Subscription Agreements shall terminate and the parties shall be released from all obligations thereunder.

2.5 Basis of determining the issue price of the Subscription Shares

The shares to be issued pursuant to the Proposed Shares Issuance shall be priced at a discount of not more than 10% to the five (5)-day VWAMP of Itronic Shares up to and including the price fixing date.

The Issue Price of RM0.0907 per Subscription Share pursuant to the Subscription Agreements was determined by the Board after taking into consideration the five (5)-day VWAMP of Itronic Shares up to and including 5 April 2019, being the latest practicable date prior to signing of the Subscription Agreements, of approximately RM0.1007. The Subscription Price of RM0.0907 represents a discount to the following market prices of Itronic Shares:-

	<u>Share price</u>	<u>(Discount)</u>	
	<i>(RM)</i>	<i>(RM)</i>	<i>(%)</i>
VWAMP of Itronic Shares up to and including 5 April 2019:-			
- 5-day	0.1007	(0.0100)	(9.93)
- 1-month	0.0985	(0.0078)	(7.92)
- 3-month	0.1031	(0.0124)	(12.03)
- 6-month	0.1020	(0.0113)	(11.08)
- 1 year	0.1068	(0.0161)	(15.07)

(Source: Bloomberg)

For information, based on Itronic's audited consolidated financial statements for the FYE 31 December 2018, the Issue Price of RM0.0907 represents a discount of approximately RM0.0480 (34.6%) to Itronic's NA per Share of RM0.1387 and a premium of approximately RM0.0283 (45.4%) to its NTA per Share of RM0.0624.

2.6 Ranking of the Subscription Shares

The Subscription Shares shall, upon allotment and issue, rank pari passu in all respects with the then existing Itronic Shares save and except that they shall not be entitled to any dividend, rights, allotment and/or other distribution, the entitlement date of which is prior to the date of the allotment of the Subscription Shares.

2.7 Listing of and quotation for the Subscription Shares

Bursa Securities had vide its letter dated 24 April 2019 granted its approval for the listing of and quotation for up to 20,552,560 Subscription Shares on the Main Market of Bursa Securities.

2.8 Utilisation of proceeds

The Company had on 15 January 2019, announced that the proceeds from the Private Placement and the Proposed Shares Issuance are expected to be utilised to fund the working capital of Itronic Group's electronics and system integration business as well as for its trading of precision instruments business. It was further announced that the Company estimates that it will require RM2.0 million to fund the working capital requirements of its electronics and system integration business. Such funds are necessary to finance the working capital required to undertake the contracts mentioned in Note(i)(a) below.

The Company had on 26 March 2019, raised net proceeds of approximately RM0.855 million (after deducting estimated expenses of approximately RM0.070 million) from the Private Placement. Itronic Group proposes to raise from the Proposed Shares Issuance the balance sum of approximately RM1.145 million to fund the working capital of its electronics and system integration business.

Assuming the entire 20,552,560 Subscription Shares are issued at the Issue Price of RM0.0907, the Proposed Shares Issuance will raise a total of RM1,864,117.20 which is expected to be utilised in the following manner:-

Proposed Utilisation	Notes	Estimated timeframe for utilisation	Amount (RM'000)
Working capital for:-	(i)	Within 18 months	
- Electronics and system integration business			1,145
- Trading of precision instruments business			539
			1,684
Estimated expenses for the Proposed Shares Issuance	(ii)	Within 6 months	180
Total			1,864

Notes:-

- (i) For the avoidance of doubt, any proceeds raised in excess of RM1.864 million (as illustrated in the table above) from the Proposed Shares Issuance will be utilised to fund the working capital of the Group's trading of precision instruments business.

In the event the proceeds raised is less than RM1.864 million, the Company will first utilise the proceeds to defray the expenses for the Proposed Shares Issuance, and allocate up to RM1.145 million for the working capital of its electronics and system integration business. The balance, if any, will then be utilised for the working capital of its trading of precision instruments business.

The breakdown of the proceeds from the Proposed Shares Issuance to be utilised for working capital is as follows:

	RM'000
<i><u>Electronics and system integration business</u></i> ^(a)	
<i>Purchase of computers, equipment and devices for system integration</i>	1,000
<i>Hiring of sub-contractors for installation of the flight information display systems</i>	145
<i><u>Trading of precision instruments business</u></i>	
<i>Purchase of inventories for the trading of precision instruments business</i>	539
	<u>1,684</u>

(a) The abovementioned working capital to be utilised for computers, equipment and devices purchased/to be purchased and the hiring of the necessary sub-contractors to install these parts for Itronic's customers for the following contracts on hand:-

<u>Contract Details</u>	<u>Estimated timeframe for completion</u>	<u>Contract Value (RM'000)</u>
<i>For the supply, delivery, installation, testing and commissioning of 216 units of LCD monitors and graphical display units for check-in counters at Kuala Lumpur International Airport</i>	<i>End of 3rd quarter 2019</i>	2,380
<i>For the supply, installation, testing and commissioning of twenty-two (22) units of dynamic flight signs for the baggage handling system at Kuala Lumpur International Airport</i>	<i>End of 4th quarter 2019</i>	1,676
		<u>4,056</u>

(ii) The estimated expenses of RM180,000 in relation to the Proposed Shares Issuance comprise the following:-

	RM'000
<i>Professional fees</i>	90
<i>Placement fee</i>	10
<i>Fees payable to authorities</i>	50
<i>Other ancillary expenses *</i>	30
	<u>180</u>

* Relates to expenses such as printing costs, EGM expenses and other miscellaneous expenses.

Any excess or shortfall of the proceeds utilised for estimated expenses will be adjusted against the portion earmarked for the Group's working capital purposes for the trading of precision instruments business.

In summary, the Private Placement and Proposed Shares Issuance will raise total estimated gross proceeds of RM2.8 million to be utilised as follows:-

	<u>Amount</u> <i>(RM'000)</i>
Private Placement	925
Proposed Shares Issuance	1,864
Total estimated proceeds	<u>2,789</u>
<u>Proposed utilisation</u>	
Working capital for:-*	
- Electronics and system integration business	2,000
- Trading of precision instruments business	539
	2,539
Estimated expenses in relation to the Private Placement and Proposed Shares Issuance	250
Total estimated proceeds	<u>2,789</u>

Note:

* *The breakdown of working capital are as follows:*

	<u>RM'000</u>
<u><i>Electronics and system integration business ^(a)</i></u>	
<i>Purchase of computers, equipment and devices</i>	1,700
<i>Sub-contractors for installation of the flight information display systems</i>	300
<u><i>Trading of precision instruments business</i></u>	
<i>Purchase of inventories for the trading of precision instruments business</i>	539
	<u>2,539</u>

(a) The purchase of computers, equipment and devices and hiring of subcontractors is to allow the Company to undertake the aforementioned contracts.

Pending utilisation of the proceeds from the Proposed Shares Issuance, the proceeds will be placed in deposits with financial institutions or in short-term money market instruments.

2.9 The adequacy of the Proposed Shares Issuance in addressing the Company's financial concerns

As mentioned in Section 2.8 above, the Private Placement and Proposed Shares Issuance are expected to raise an aggregate gross proceed of approximately RM2.8 million. The Board is of the view that the Private Placement and the Proposed Shares Issuance will enable the Group to immediately improve its financial position and capital base.

The Board believes that improving the Group's ability to bid competitively for the projects involving the upgrading of works flight information display systems and intelligent transport system are pertinent in improving the Group's financial position. Accordingly, the proceeds raised are earmarked for the purchase of computers, equipment and devices as well as to hire contractors for the Group's electronics and system integration business. This is expected to put the Group in good stead to prepare itself to place competitive tender bids. The Group also intends to seek new business opportunities, explore strategic partnership with potential business partners.

Any proceeds raised in excess of RM2.0 million from the Private Placement and Proposed Shares Issuance will be utilised to fund the working capital requirements of the Group's trading of precision instruments business through amongst others, purchase of additional inventory to improve the revenue and earnings of Itronic Group.

Barring unforeseen circumstances, the Board believes that the Proposed Shares Issuance is an interim measure for the Group to raise fund to address the working capital requirement of Itronic Group in the near term as mentioned in Section 2.8 above. The fund raised is expected to contribute positively to Itronic Group.

Moving forward, Itronic Group proposes to focus and grow its electronics and system integration business as its core business as well as seek new business opportunities/strategic partnerships as part of its plans to turnaround its current financial condition.

3. RATIONALE FOR THE PROPOSED SHARES ISSUANCE

Itronic Group recorded losses after tax since the FYE 31 December 2012 up to the FYE 31 December 2018. The Board believes that raising funds to finance its working capital requirements will position the Company in a better financial position to capitalise on business opportunities as and when they arise.

The Board, having explored various financing options including, but not limited to, rights issue exercise and debt financing, is of the view that raising funds by way of the Private Placement and Proposed Shares Issuance are the most appropriate avenue for raising funds after considering amongst others, the time required, the quantum to be raised and the cost involved.

The Company has managed to raise RM0.9 million from the Private Placement. Based on the issue price of RM0.0900 per Placement Share and RM0.0907 per Subscription Share, the Private Placement and Proposed Shares Issuance will enable Itronic to raise estimated gross proceeds of RM2.8 million to finance its working capital requirements.

For the FYE 31 December 2018, approximately 67.5% and 17.1% of Itronic Group's revenue are derived from its trading of precision instruments segment as well as its electronics and system integration segment respectively.

Itronic Group's trading of precision instruments segment is involved in the trading of luxury timepieces in Hong Kong. The balance of proceeds after deducting the aforementioned RM2.0 million and net of estimated expenses will be utilised to fund additional inventory purchases for its trading of precision instruments segment in Hong Kong.

Itronic Group's electronics and system integration business is principally involved in the provision of flight information display systems for airports. Currently, Itronic Group is the principal provider of flight information display systems for Kuala Lumpur International Airport 1 & 2, as well as the Penang International Airport. Due to the growth in passenger numbers and capacity limitation, Itronic Group believes that there may be a need for Malaysian airports to increase and/or upgrade their flight information display systems. Itronic has identified this segment as a potential growth area and has earmarked RM2.0 million of the proceeds from the funds raised to grow this business segment.

Additionally, based on discussions with the relevant parties, the Group understands that there may be major upgrading projects for certain identified airports in Malaysia, and the Group intends to tender for such upgrading projects. The additional working capital will enable the Group to, amongst others, purchase equipment and devices and hire sub-contractors for the installation of the flight information display systems, if the Group secures any contracts for these upgrading projects.

As at the LPD, Itronic Group's electronics and system integration business has tendered for contracts with a total value of approximately RM5.0 million which are awaiting project tender results. As at the LPD, Itronic Group has contracts in hand amounting to approximately RM5.4 million.

3.1 Rationale for the Proposed Issuance to Mr Chu

The Group had since the date of the Initial Announcement been seeking investors to raise estimated gross proceeds of RM0.9 million from the Private Placement and RM1.9 million from the Proposed Shares Issuance. The Company had on 26 March 2019, completed the Private Placement and raised proceeds of RM0.9 million from Mr Kevin via the Private Placement.

Due to the Group's historical financial performance and weak market sentiment, other than Mr Kevin, the Group has managed to only procure Mr Chu to subscribe for a further 10% via the issuance of 10,276,280 Subscription Shares at RM0.0907.

The management of Itronic believes that the Proposed Issuance to Mr Chu serves to affirm Mr Chu's commitment towards Itronic.

3.2 How the Proposed Shares Issuance will create value to the Company and its securities holders

The proceeds from the Private Placement and Proposed Shares Issuance are proposed to be utilised for working capital purposes to fund the Group's system integration and trading of precision instruments businesses. With the anticipated increase and/or upgrade works for flight information display systems for Malaysian airports to cater for the growth in passenger numbers and capacity limitation, the Group has identified its electronics and system integration business as a catalyst for improved earnings for the Group. The placements proceeds will allow the Group to prepare and position itself to bid and secure new projects whereby the Group will have the necessary funds to purchase the required computers, equipment and devices as well as hire sub-contractors for installation of the flight information display systems to support the projects secured and/or being bid for.

For the FYE 31 December 2017 and 31 December 2018, the Group's trading of precision instruments in Hong Kong had contributed to 87% and 67% respectively to the Group's revenue. Premised on the positive outlook of Hong Kong's retail sector as detailed in Section 5.3 below, the Group believes there are still business opportunities for the Group in the trading of precision instruments segment in Hong Kong. The proceeds from the placements will enable the Group to procure additional inventory for this segment.

4. EFFECTS OF THE PROPOSED SHARE ISSUANCE

4.1 Share Capital

The effects of the Proposed Shares Issuance on the issued share capital of the Company as at the LPD are set out below:-

	No. of Shares	RM
Existing as at the LPD	113,039,080	53,559,319
Reduction of issued share capital pursuant to the Share Capital Reduction *	-	(48,200,000)
	113,039,080	5,359,319
New Itronic Shares to be issued pursuant to the Proposed Shares Issuance	20,552,560	1,864,117
Total	133,591,640	7,223,436

Note:-

* Assuming the share capital reduction of RM48.20 million of the Company's issued share capital pursuant to Section 116 of the Act ("**Share Capital Reduction**"), which was announced on 15 November 2018 has been completed. Please refer to the Company's circular dated 13 December 2018 for further details on the Share Capital Reduction.

4.2 Earnings and EPS

The Proposed Shares Issuance is not expected to have a material effect on the earnings of Itronic Group for the FYE 31 December 2019.

The EPS shall be diluted accordingly as a result of the increase in the number of Itronic Shares issued pursuant to the Proposed Shares Issuance. However, the Proposed Shares Issuance is expected to contribute positively to the consolidated earnings of Itronic for the ensuing financial years as and when the benefits of the proposed utilisation of proceeds as detailed in Section 2.8 above are realised.

4.3 NA, NA per Share and Gearing

For illustrative purposes, assuming the Proposed Shares Issuance is completed at the beginning of the FYE 31 December 2018, the proforma effects of the Proposed Shares Issuance on the audited consolidated NA, NA per Itronic Share and gearing of Itronic Group are as follows:-

	Audited as at 31 December 2018 (RM)	After subsequent events up to the LPD (RM)	After Proposed Shares Issuance (RM)
Share capital	52,634,454	⁽ⁱ⁾ 5,359,319	⁽ⁱⁱ⁾ 7,223,436
Other reserves	8,379,163	6,864,020	6,864,020
Accumulated losses	(46,763,416)	⁽ⁱ⁾ ⁽ⁱⁱⁱ⁾ 1,246,584	^(iv) 1,066,584
NA	14,250,201	13,469,923	15,154,040
No. of Shares	102,762,800	113,039,080	133,591,640
NA per Share	0.14	0.12	0.11
Total borrowings	365,381	365,381	365,381
Gearing (times)	0.03	0.03	0.02

Notes:-

- (i) *After taking into consideration the following:-*
- (a) *the issuance of 10,276,280 Itronic Shares pursuant to the Private Placement at an issue price of RM0.09 each, which was completed on 26 March 2019; and*
- (b) *assuming that the Share Capital Reduction of RM48.20 million of the Company's issued share capital pursuant to Section 116 of the Act, has been completed.*
- (ii) *Computed based on 20,552,560 Subscription Shares and an issue price of RM0.0907 per Subscription Share.*
- (iii) *After deducting estimated expenses of RM0.12 million and RM0.07 million in respect of the Share Capital Reduction and the Private Placement respectively.*
- (iv) *After deducting estimated expenses of RM0.18 million in respect of the Proposed Shares Issuance.*

4.4 Substantial Shareholders' Shareholdings

The effects of the Proposed Shares Issuance on the substantial shareholders' shareholdings in the Company (assuming the Subscription Agreements are complete) as at the LPD are set out below:-

Substantial Shareholders	As at the LPD				After Proposed Shares Issuance			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Luk Tung Lam	28,157,200	24.91	-	-	28,157,200	21.08	-	-
Lissington Limited	8,547,800	7.56	-	-	8,547,800	6.40	-	-
Chan Ka Leung Kevin	10,276,280	9.09	-	-	20,552,560	15.38	-	-
Mr Chu	-	-	-	-	10,276,280	7.69	-	-

4.5 Convertible Securities

As at the LPD, Itronic does not have any outstanding convertible securities.

5. PROSPECTS AND OUTLOOK

Itronic Group is principally involved in electronics and system integration, mechanical and electrical ("M&E") engineering as well as trading of precision instrument. Itronic Group's electronics and system integration business and M&E engineering business are predominantly in Malaysia whilst its trading of precision instrument business is in Hong Kong. For the audited consolidated financial statements for FYE 31 December 2018, Itronic Group's contribution from the respective principal business segments is set out below:-

FYE 31 December 2018	Revenue		PBT/LBT	
	(RM'000)	(%)	(RM'000)	(%)
Electronics and system integration	6,552	17.1	(2,661)	98.3
M&E engineering	1,493	3.9	74	(2.7)
Others:-				
- Trading of precision instrument	25,847	67.5	51	(1.9)
- Provision of usage of cloud services	4,396	11.5	(171)	6.3
Total	38,288	100.0	(2,707)	100.0

5.1 Overview and Outlook of the Malaysian Economy

Amid escalating trade tensions and tighter global financial conditions, the Malaysian economy recorded a respectable growth of 4.7% in 2018. Growth in 2018 was further affected by unanticipated supply disruptions in the commodity-related sectors.

For 2019, as the supply disruptions recede and new production facilities commence, the Malaysian economy is expected to continue to expand at a steady pace. Private sector demand is expected to remain the main driver of growth amid fiscal rationalisation while the external sector would be weighed down by weaker global demand. Although sentiments have moderated from recent highs, private sector expenditure will continue to be supported by fundamental factors such as continued income and employment growth.

Risks to growth remain tilted to the downside. These stem mainly from further escalation of trade tensions and tightening of global financial conditions.

In 2019, headline inflation is expected to average moderately higher. The consumption tax policy will exert a temporary impact on headline inflation in 2019, and will start to lapse towards the end of the year.

Recent developments in the global oil market have led to lower projected global oil prices. With the floating of domestic fuel prices in January 2019, the lower global oil prices would have a more direct impact on and help contain the increase in headline inflation. However, the trajectory of global oil prices remains uncertain, thereby presenting a risk to the inflation outlook.

Underlying inflation, which excludes the impact of the changes in consumption tax policy, is expected to be broadly stable in 2019 in the absence of strong demand pressure.

(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2018, Bank Negara Malaysia)

The outlook for the Malaysian economy remains resilient in the near term despite considerable external and domestic headwinds. Real gross domestic product is projected to expand between 4.8% and 4.9% in 2019 (2018: 4.7%; Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2018, Bank Negara Malaysia), supported mainly by domestic demand. Private sector expenditure, in particular, household spending will remain as the anchor of growth following a continuous increase in employment and wage amid benign inflation. Meanwhile, private investment will be supported by new and ongoing projects in the services and manufacturing sectors. On the contrary, public expenditure is expected to grow marginally in 2018 and contract in 2019 following the lower capital outlays by public corporations.

From the supply side, the services sector is expected to remain as the largest contributor, namely wholesale and retail trade, finance and insurance as well as information and communication subsectors, benefitting from steady consumer spending. The manufacturing sector is projected to register a firm growth primarily driven by continuous demand for electrical and electronics products. Agriculture and mining sectors are expected to rebound in 2019 after recording a marginal contraction in 2018 following an increase in the production of crude palm oil and liquefied natural gas. Meanwhile, the construction sector is expected to moderate following the near completion of infrastructure projects as well as property overhang, particularly in the non-residential segment.

Malaysia's external position is projected to remain resilient in line with steady global economic and trade performances. However, exports are expected to moderate mainly due to slower global trade and investment activities. At the same time, the current account surplus is expected to narrow following widening deficits in the services and income accounts.

(Source: Economic Outlook 2019, Ministry of Finance Malaysia)

5.2 Overview of the Malaysian Information Communications Technology (“ICT”) Industry

ICT is one of the fastest growing subsectors in Asia, registering a growth of 12.8% between 2012 and 2016. Over the same period, MSC Malaysia registered a strong export growth of 13.5%. Of this, creative content and technologies was the fastest growing segment expanding 26.3%. As at end-August 2017, a total of 367 companies were involved in the creative content and technologies cluster of MSC Malaysia specialising in animation; game development; e-learning; and mobile and interactive content. Malaysian ICT exporters are gaining momentum and capabilities, particularly in supplying digital content, software development and testing. Other services gaining traction include IoT; data centres and cloud services; cyber security; and big data analytics.

According to the National IoT Strategic Roadmap 2015, Malaysia’s IoT market is expected to reach RM42.5 billion by 2025. Moving forwards, efforts will be intensified to further develop the electrical and electronic (“E&E”) subsector, particularly in high-end segments such as system integration, advance energy storage, electrical vehicle and big data. Given the growing demand for E&E products, particularly in Asia, it is imperative for Malaysian exporters to further capitalize the opportunities to remain relevant in these strategic segments.

The increasing uptake of mobile computing is expected to boost demand for new and improved content applications, providing a broad range of opportunities for local content designers, engineers and developers to further enhance exports of creative content. The information and communication subsector is expected to expand 8.8% in 2018 (2017: 8.5%) on account of promotional campaigns and more offering of digital products. Private investment is anticipated to expand 8.9% accounting for 18.1% of GDP (2017: 9.3%; 17.5%). Strong capital spending is expected in the services sector, particularly in transport and storage, information and communication and tourism-related industries.

(Source: Chapter 3, Economic Report 2018, Ministry of Finance Malaysia)

5.3 Overview of the Hong Kong Retail Sector

For 2018 as a whole, the value of total retail sales was provisionally estimated at \$485.2 billion, increased by 8.8% in value and 7.6% in volume over 2017.

Analysed by broad type of retail outlet in descending order of the provisional estimate of the value of sales and comparing the whole year of 2018 with the whole year of 2017, the value of sales of jewellery, watches and clocks, and valuable gifts increased by 13.7%. This was followed by sales of commodities in department stores (+9.6% in value); commodities in supermarkets (+1.2%); wearing apparel (+6.0%); medicines and cosmetics (+14.3%); electrical goods and other consumer durable goods, not elsewhere classified (+7.3%); food, alcoholic drinks and tobacco (+4.7%); other consumer goods, not elsewhere classified (+15.7%); motor vehicles and parts (+7.6%); fuels (+8.6%); footwear, allied products and other clothing accessories (+10.5%); furniture and fixtures (+4.6%); books, newspapers, stationery and gifts (+2.5%); Chinese drugs and herbs (+5.3%); and optical shops (+5.1%).

(Source:- Census and Statistics Department Hong Kong – Provisional statistics of retail sales for December 2018 and for whole year of 2018, <https://www.censtatd.gov.hk>)

According to the Monthly Survey of Retail Sales, the value of total retail sales in January 2019, provisionally estimated at \$48.1 billion, increased by 7.1% over the same month in 2018. The revised estimate of the value of total retail sales in December 2018 edged up by 0.1% over a year earlier.

After netting out the effect of price changes over the same period, the provisional estimate of the volume of total retail sales in January 2019 increased by 6.9% over a year earlier. The revised estimate of the volume of total retail sales in December 2018 edged up by 0.1% over a year earlier.

Analysed by broad type of retail outlet in descending order of the provisional estimate of the value of sales and comparing January 2019 with January 2018, and also bearing in mind the effect due to the difference in the timing of the Lunar New Year as mentioned above, the value of sales of jewelry, watches and clocks, and valuable gifts increased by 4.7%. This was followed by sales of medicines and cosmetics (+12.9% in value); wearable apparel (+2.4%); commodities in department stores (+15.1%); commodities in supermarkets (+8.6%); food, alcoholic drinks and tobacco (+13.0%); other consumer goods, not elsewhere classified (+13.4%); motor vehicles and parts (+9.0%); footwear, allied products and other clothing accessories (+21.0%); furniture and fixtures (+8.2%); books, newspapers, stationery and gifts (+1.5%); Chinese drugs and herbs (+7.9%); and optical shops (+2.1%).

(Source:- Census and Statistics Department Hong Kong – Provisional statistics of retail sales for January 2019, <https://www.censtatd.gov.hk>)

It has been reported that Hong Kong's retail sector is expected to grow at an annual growth rate of 8% in 2019. Premised on the increasing tourist numbers recorded in 2018 and an increase in wealth and consumer sentiment, it is expected that these factors will contribute to a positive outlook for the Hong Kong's local retail sector.

5.4 Future Plans and Prospects of Itronic Group

Itronic Group is currently contracted to provide electronic display systems for two (2) major airports in Malaysia. As mentioned in Section 3 above, Itronic Group anticipates an increase in upgrading works for flight information display systems for Malaysia airports to cater for the growth in passenger numbers. In this relation, the Group has the intention to tender for further projects in this segment. Further, with the Proposed Issuance to Mr Chu, Mr Chu will become a substantial shareholder of Itronic. The Company believes Mr Chu's experience in business development and manufacturing will be able to contribute positively to Itronic Group's businesses and in turn, its earnings.

Itronic Group expects more revenue to be generated from its electronics and system integration business as the integrated information display system can be installed in various locations such as airports and train stations. With the increase in installation of the integrated information display system, the Group also expects an increase in service and maintenance contracts in relation to the integrated information display system. The Group also intends to bid for more projects to install intelligent transport system for highways.

The RM2.5 million earmarked to fund the working capital requirements of two (2) of its business segments, namely, its electronics and system integration business as well as its trading of precision instruments business, is to better equip the Group to capitalise on potential business opportunities that come along.

As and when the earnings generated from the Group's system integration and trading of precision instruments business improves, such earnings can be utilised to fund improvements in features for the Group's product offerings across its other business segments, such as its security and building management business and M&E engineering businesses. Subject to the Group's working capital availability, the Group wishes to embark on the supplying, installation and servicing of fire alarm panels as well as M&E works such as video surveillance systems, telecommunication towers, multimedia systems, and smart city development.

Premised on the above and the expected growth in the Malaysian economy and ICT industry as well as the positive sentiment of the retail sector in Hong Kong, the Company believes that the earnings of the Group will gradually improve.

(Source: Management of Itronic)

5.5 The steps or actions which have been taken or will be taken to improve the financial condition of Itronic Group

The Group will, amongst others, undertake various steps to enhance its revenue and profitability to improve its financial position which include the following:

(i) Secure more projects/contracts/business arrangements to sustain the Group's business and future profitability

As mentioned above, the proceeds from the Private Placement and Proposed Shares Issuance are intended to fund the working capital of the Group's system integration and trading of precision instruments businesses and allow the Group to prepare and position itself to bid and secure new projects. The Group plans to improve the features of its current product offerings which may include amongst others, development of components that can be used for both its integrated information display system and electronics products as well as products for its security systems and M&E businesses.

In addition to focusing on its electronics and system integration business and participating in more tenders, the Group intends to seek new business opportunities, explore strategic partnership with potential business partners. For e.g. the Company had on 29 April 2019 announced that it had entered into a non-binding memorandum of understanding with Lawmarvel (Shenzhen) Technology Co., Ltd. to jointly develop security products under its M&E business. The collaboration between the parties are subject to a definitive agreement to be entered into. Save for the aforementioned, as at the date of this Circular, the Company's plans and discussions in relation to new business opportunities and/or strategic partnerships are in preliminary stages. The requisite announcements will be made by the Company in accordance to the Listing Requirements should the Group enter into any agreements in relation to these partnerships.

As at the LPD, the Group has also tendered for contracts for the electronics and system integration business with an estimated total value of approximately RM5.0 million and has secured projects for the electronics and system integration business with a total contract value of approximately RM5.4 million.

(ii) Cost cutting measure

The Group is mindful of the increase in operating expenses. The Group will continue to monitor and exercise prudence in spending on overheads, administrative and personnel costs. Itronic Group will explore avenues to streamline and reduce cost for its existing operations. This may include amongst others, increasing the scope of work of existing employees to cover multiple business functions, thus reducing headcount and outsourcing non-core functions to save cost.

(iii) Capital reduction

As announced on 15 November 2018 and subsequently approved by Itronic's shareholders on 11 January 2019, the Share Capital Reduction will enable the Group to rationalise its financial position by eliminating the accumulated losses and capital unrepresented by assets. As at the LPD, the Company has filed a petition to the High Court of Malaya, Kuala Lumpur in relation to the Share Capital Reduction.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Itronic Shares as traded on Bursa Securities for the past twelve (12) months from May 2018 to April 2019 are set out below:-

Month	High (RM)	Low (RM)
2018		
May	0.150	0.090
June	0.115	0.085
July	0.120	0.110
August	0.115	0.110
September	0.145	0.100
October	0.120	0.080
November	0.105	0.090
December	0.100	0.085
2019		
January	0.130	0.070
February	0.105	0.090
March	0.110	0.090
April	0.115	0.095
Last transacted market price on 9 January 2019 (being the last market day prior to the date of announcement of the Proposed Shares Issuance on 10 January 2019)		RM0.105
Last transacted market price on LPD *		RM0.095

(Source: Bloomberg)

Note:-

- * There were no Itronic Shares traded on the LPD. The last transacted market price of Itronic Shares is RM0.095 on 17 April 2019.

7. APPROVALS REQUIRED

The Proposed Shares Issuance is conditional upon the following approvals being obtained:-

- (i) the shareholders of Itronic at the EGM to be convened for the Proposed Shares Issuance and Proposed Issuance to Mr Chu; and
- (ii) Bursa Securities for the listing of and quotation for the Subscription Shares on the Main Market of Bursa Securities which was obtained on 24 April 2019, subject to the following conditions:-

No.	Conditions	Status of compliance
(a)	Itronic and AmlInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Shares Issuance;	Noted
(b)	Itronic and AmlInvestment Bank to inform Bursa Securities upon the completion of the Proposed Shares Issuance;	To be complied

No.	Conditions	Status of compliance
(c)	Itronic and AmlInvestment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Shares Issuance is completed; and	To be complied
(d)	Itronic to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed Share Issuance.	To be complied

(iii) any other relevant authorities (where applicable).

The Proposed Issuance to Mr Chu is conditional upon the approval being obtained from the shareholders of Itronic for the Proposed Shares Issuance and Proposed Issuance to Mr Chu at the EGM to be convened for the Proposed Shares Issuance and Proposed Issuance to Mr Chu.

The Proposed Issuance to Mr Chu is conditional upon the Proposed Shares Issuance but not vice versa. The Proposed Shares Issuance is not conditional upon any other proposal undertaken or to be undertaken by the Company.

8. CORPORATE EXERCISES ANNOUNCED BUT NOT COMPLETED

The Board confirms that save for the Share Capital Reduction and the Proposed Shares Issuance, Itronic does not have any other outstanding corporate exercise/scheme which has been announced but is pending implementation as at the date of this Circular.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Interested Director

Mr Chu, an Executive Director of Itronic, is interested in the Proposed Shares Issuance and the Proposed Issuance to Mr Chu by virtue of him being a Subscriber for the Subscription Shares. Accordingly, he has abstained and will continue to abstain from deliberating and voting on the resolutions pertaining to the Proposed Shares Issuance and Proposed Issuance to Mr Chu at the relevant Board meetings. As at the LPD, he does not hold any Itronic Share, directly or indirectly.

Mr Chu will abstain from voting in respect of his direct shareholdings in Itronic (if any) on the resolutions pertaining to the Proposed Shares Issuance and Proposed Issuance to Mr Chu to be tabled at Itronic's forthcoming EGM. He will also undertake to ensure that persons connected to him will abstain from voting in respect of their direct and/or indirect interests (if any) on the resolutions pertaining to the Proposed Shares Issuance and Proposed Issuance to Mr Chu to be tabled at Itronic's forthcoming EGM.

Interested Shareholder

Mr Kevin, a 9.09% substantial shareholder of Itronic as at the LPD, is a Subscriber for the Subscription Shares. Accordingly, he will abstain from voting in respect of his direct shareholdings in Itronic on the resolution pertaining to the Proposed Shares Issuance to be tabled at Itronic's forthcoming EGM. He will also undertake to ensure that persons connected to him will abstain from voting in respect of their direct and/or indirect interests (if any) on the resolutions pertaining to the Proposed Shares Issuance to be tabled at Itronic's forthcoming EGM.

Save as disclosed above, none of the Directors and/or major shareholders or persons connected with them has any interest, direct or indirect, in the Proposed Shares Issuance and Proposed Issuance to Mr Chu.

10. DIRECTORS' RECOMMENDATION

The Board (save for Mr Chu), after having considered all aspects of the Proposed Shares Issuance and Proposed Issuance to Mr Chu, is of the opinion that the Proposed Shares Issuance and the Proposed Issuance to Mr Chu are in the best interests of the Company. The view of the Board was arrived at after having considered, among others, the rationale and financial effects of the Proposed Shares Issuance and Proposed Issuance to Mr Chu.

Accordingly, the Board (save for Mr Chu) recommends you to vote in favour of the ordinary resolutions in respect of the Proposed Shares Issuance and Proposed Issuance to Mr Chu to be tabled at the forthcoming EGM.

11. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Shares Issuance is expected to be completed by the 3rd quarter of the calendar year 2019.

12. EGM

The EGM, the notice of which is enclosed with this Circular, will be held at Function Room 5, Level 2, Hotel Seri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur Wilayah Persekutuan on Friday, 28 June 2019 at 11.30 a.m., or immediately after the conclusion or adjournment of the 44th Annual General Meeting of the Company to be convened, whichever is later, or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposed Shares Issuance and Proposed Issuance to Mr Chu. The resolutions pertaining to the Proposed Shares Issuance and Proposed Issuance to Mr Chu are set out in our Notice of EGM which is enclosed with this Circular.

If you are unable to attend and vote in person at the EGM, please complete and return the Proxy Form in accordance with the instructions therein as soon as possible and in any event so as to arrive at the office of the Company's Registrar, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the EGM, or any adjournment thereof. The Proxy Form once deposited will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully
For and on behalf of the Board of Directors of
INDUSTRONICS BERHAD

Liu Wing Yee Amy
Executive Director

APPENDIX I – FINANCIAL POSITION OF THE COMPANY

A summary of the financial position of Itronic Group based on its audited financial results for the past 4 financial years up to the FYE 31 December 2018, is set out as follows:-

FYE 31 December	2015 (Restated)	2016	2017	2018
	<i>(RM'000)</i>	<i>(RM'000)</i>	<i>(RM'000)</i>	<i>(RM'000)</i>
Revenue	22,367	29,518	75,326	38,288
Gross profit	4,267	2,924	7,136	9,685
LBT	(10,915)	(12,842)	(6,533)	(2,707)
LAT	(10,915)	(12,974)	(6,545)	(2,707)
Profit/(loss) attributable to:-				
Owners of the Company	(10,437)	(12,214)	(6,203)	(2,711)
Non-controlling interest	(478)	(760)	(342)	3
 Gross profit per Share (RM)	0.04	0.03	0.07	0.09
Net loss per Share (RM)	(0.10)	(0.12)	(0.06)	(0.03)
 No. of shares in issue ('000)	102,763	102,763	102,763	102,763
Share capital	51,381	51,381	^(a) 52,634	52,634
Shareholders' fund/NA	33,736	24,420	16,308	14,250
NA per share (RM)	0.33	0.24	0.16	0.14
 NTA ^(b)	29,563	19,271	7,417	6,411
NTA per share (RM)	0.29	0.19	0.07	0.06
 Total borrowings	1,736	621	593	365
Gearing (times)	0.05	0.03	0.04	0.03
 Current ratio (times)	2.0	2.0	1.2	1.2

Notes:-

- (a) The Act, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM1.3 million becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act.
- (b) NTA is calculated after excluding the Company's intangible assets, which relate to the development of cloud computing software, mobile device game applications and gold club membership.

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APPENDIX I – FINANCIAL POSITION OF THE COMPANY (Cont'd)

Commentary:**FYE 31 December 2015**

Itronic Group's revenue for the FYE 31 December 2015 are mainly contributed by its three (3) main business segments, namely (i) electronic and system integration business, (ii) security systems and M&E business and (iii) other operations, as follows:-

31 December	2014	2015
	(RM'000)	(Restated)
		(RM'000)
Electronics and system integration business	12,796	8,896
Security systems and M&E business	2,730	2,435
Other operations	523	11,036
Sheet metal fabrication	222	-
Total revenue	16,271	22,367

Itronic Group's revenue increased by RM6.1 million or 37.5% during the year to RM22.4 million primarily as a result of a RM10.5 million increase in revenue from the Group's other operations and was negated by a RM3.9 million decrease in revenue from its electronics and system integration business. The Group's revenue from other operations was mainly contributed by RM7.7 million from the sale of tablets arising from a one-off contract and RM3.3 million from the trading of precision instruments in Hong Kong.

The decrease in revenue contribution from the Group's electronics and system integration business was due to the effects of increasing competition from foreign system providers.

Itronic Group recorded a RM8.5 million or 43.8% lower LAT of RM10.9 million in the current financial year as compared to a LAT of RM19.4 million in the previous financial year primarily as a result of the following:-

- (i) the abovementioned increase in revenue;
- (ii) RM1.5 million loss on disposal of property, plant and equipment ("PPE") which was recorded in the previous year;
- (iii) RM1.1 million impairment on intangible assets which was recorded in the previous year;
- (iv) RM0.8 million higher tax expenses incurred in the previous year; and
- (v) RM1.0 million loss on disposal of quoted investments which was recorded in the previous year as compared to a RM0.6 million gain in the current financial year.

APPENDIX I – FINANCIAL POSITION OF THE COMPANY (Cont'd)

FYE 31 December 2016

The table below sets out the breakdown of revenue from the Group's business segments:-

31 December	2015 (Restated) (RM'000)	2016 (RM'000)
Electronics and system integration business	8,896	5,095
Security systems and M&E business	2,435	1,372
Other operations	11,036	23,051
Total revenue	22,367	29,518

Revenue for the Group increased by RM7.2 million or 32.1% to RM29.5 million in the current financial year primarily due to a RM12.0 million increase in revenue contributed by the Group's other operations. During the year, the Group saw a RM15.3 million increase in revenue from trading of precision instruments as the Group sought to grow this business segment to diversify its income stream and also traded in clothes and cosmetics which contributed RM4.4 million to revenue.

The Group's increase in revenue from other operations was offset by the following:-

- (i) RM7.7 million decrease in revenue from the sale of tablets which had ceased operations during the year. The Group ceased the sale of tablets during the year because it was unable to source for tablets at competitive prices;
- (ii) the Group's revenue from its electronics and system integration business decreased by RM3.8 million to RM5.1 million during the year as a result of lesser projects being secured due to overall lower market demand but was supported by smaller spin-off projects from main contracts previously undertaken; and
- (iii) the Group recorded RM1.1 million lower revenue from its security systems and M&E business in the current financial year as some of its existing customers switched to other suppliers which had new product offerings.

Despite the increase in revenue, Itronic Group recorded RM2.1 million or 19.3% higher LAT of RM13.0 million in the current financial year as compared to a LAT of RM10.9 million in the previous financial year mainly due to RM2.0 million higher impairment loss on trade receivables in the current year.

FYE 31 December 2017

The table below sets out the breakdown of revenue from the Group's business segments:-

31 December	2016 (RM'000)	2017 (RM'000)
Electronics and system integration business	5,095	5,455
Security systems and M&E business	1,372	1,785
Other operations	23,051	68,086
Total revenue	29,518	75,326

Itronic Group's revenue increased by RM45.8 million or 155.2% to RM75.3 million in the current financial year primarily due to an increase in the revenue from its other operations where the Group recorded an increase of RM47.3 million in revenue from the trading of precision instruments in Hong Kong as the Group managed to establish its network of suppliers in Hong Kong as well as higher demand for its products. During the year, the Group started the provision of usage of cloud service which contributed RM2.2 million to its revenue but did not record any revenue from the trading of clothes and cosmetics.

APPENDIX I – FINANCIAL POSITION OF THE COMPANY (Cont'd)

For the FYE 31 December 2017, the Group's electronics and system integration business recorded a slight increase in revenue to RM5.5 million as the Group was focusing on its maintenance services and completing existing projects on hand, without securing any major projects during the year. The Group's security systems and M&E business recorded a RM0.4 million increase in revenue to RM1.8 million which was attributable to returning customers and higher volume of orders being placed during the year.

During the year, the Group recorded RM6.5 million or 50.0% lower LAT of RM6.5 million from RM13.0 million which was mainly attributed to the following:-

- (i) the abovementioned increase in revenue;
- (ii) RM1.2 million reversal of impairment loss on trade receivables; and
- (iii) RM2.5 million impairment loss on trade receivables which was present in the previous year (FYE 31 December 2017: none).

Audited FYE 31 December 2018

The table below sets out the breakdown of revenue from the Group's business segments:-

31 December	2017	2018
	<i>(RM'000)</i>	<i>(RM'000)</i>
Electronics and system integration business	5,455	6,553
Security systems and M&E business	1,785	1,493
Other operations	68,086	30,242
Total revenue	75,326	38,288

Itronic Group recorded RM37.0 million or 49.1% lower revenue as compared to the previous financial year primarily due to RM37.8 million decrease in revenue from its other operations. The Group's revenue from trading of precision instruments in Hong Kong saw a RM40.0 million decrease due to lower market demand in the FYE 31 December 2018 as well as increasing competition. This decrease was partially offset by RM2.1 million increase in revenue from the provision of usage of cloud service.

The Group recorded RM3.8 million or 58.5% lower LAT of RM2.7 million from RM6.5 million the previous year mainly as a result of the following:-

- (i) the higher gross margins contributed from its electronics and system integration business during the year which contributed to gross profit increasing by RM2.6 million from RM7.1 million to RM9.7 million in the FYE 31 December 2018. The Group recorded higher gross margins from its electronics and system integration business mainly as a result of better cost control in terms of purchasing components to be used for contracts secured as well as the aforementioned increase in revenue;
- (ii) decrease in finance cost of RM0.3 million due to repayment of borrowings during the year; and
- (iii) lower operating expenses of RM2.7 million mainly due to lower employee costs from its trading of precision instruments in Hong Kong during the year. The lower employee cost was as a result of reduced employee headcount during the year.

The abovementioned improvements to LAT was offset by the following:-

- (i) RM1.2 million gain from the reversal of provision of doubtful debts which was recorded in the FYE 31 December 2017;
- (ii) RM0.3 million lesser gain on disposal of property, plant and equipment during the year; and
- (iii) RM1.1 million increase in amortisation expenses during the year as the Group recorded a full year amortisation for its intangibles relating to its cloud computing software.

APPENDIX II - FUTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and have taken reasonable care to ensure the facts stated and opinions expressed herein are fair and accurate. The Board hereby confirms that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular, or other facts the omission of which would make any information herein false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

AmInvestment Bank, being the Principal Adviser and Placement Agent for the Proposed Shares Issuance has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, letter and all references to it in the form and context in which they so appear in this Circular.

AmInvestment Bank has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Adviser and the Placement Agent in respect of the Proposed Shares Issuance.

AmInvestment Bank, our related and associated companies, as well as our holding company, AMMB Holdings Berhad and the subsidiaries and associated companies of our holding company (“**AmBank Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The AmBank Group has engaged and/or may in the future, engage in transactions with and perform services for Itronic Group, in addition to the role involved in the Proposed Shares Issuance. As at the LPD, the AmBank Group has not extended any credit facilities to Itronic Group.

Notwithstanding the above, we are of the view that the aforementioned roles are not likely to result in a conflict of interest or potential conflict of interest situation for the following reasons:-

- (i) our role in the Proposed Shares Issuance, and AmBank Group’s extension of products and services are undertaken in the ordinary course of business; and
- (ii) we undertake our role on an arm’s length basis and our conduct is regulated by Bank Negara Malaysia and the Securities Commission Malaysia and governed under, inter alia, the Financial Services Act 2013, the CMSA, and AmBank Group’s Chinese Wall policy and internal controls and checks.

Premised on the above, we confirm that we are not aware of any conflict of interest which exists or is likely to exist in our capacity as the Principal Adviser to Itronic in respect of the Proposed Shares Issuance.

3. MATERIAL LITIGATION, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

3.1 Material Litigation

As at the LPD, Itronic and its subsidiary companies are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of the Company and the Group and after making due enquiries, there is no proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of Itronic Group.

APPENDIX II - FUTHER INFORMATION (*Cont'd*)

3.2 Contingent Liabilities

As at the LPD, after making due enquiries, there are no material contingent liabilities incurred or known to be incurred by Itronic Group, which upon becoming enforceable, may have a material impact on the results of the financial position of Itronic Group.

3.3 Material Commitments

As at the LPD, after making due enquiries, there are no material commitments incurred or known to be incurred by Itronic Group, which upon becoming enforceable, may have a material impact on the results of the financial position of Itronic Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Itronic during office hours from Monday to Friday (except public holidays) at No. 9A Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, Wilayah Persekutuan, Malaysia, from the date of this Circular up to the date of the EGM to be convened:-

- (i) the Constitution/Memorandum and Articles of Association of Itronic;
- (ii) a copy of each of the Subscription Agreements;
- (iii) the audited consolidated financial statements of Itronic for the past 2 FYE 31 December 2017 and 31 December 2018; and
- (iv) the letter of consent and conflict of interest referred to in Section 2 of this Appendix I above.

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INDUSTRONICS BERHAD

(Company No. 23699-X)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Industronics Berhad (“**Itronic**” or the “**Company**”) will be held at Function Room 5, Level 2, Hotel Seri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur Wilayah Persekutuan on **Friday, 28 June 2019 at 11.30 a.m.**, or immediately after the conclusion or adjournment of the 44th Annual General Meeting of the Company to be convened, whichever is later, or at any adjournment thereof for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED SHARES ISSUANCE REPRESENTING 20% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (“PROPOSED SHARES ISSUANCE”)

“**THAT**, subject to and conditional upon the approvals being obtained from the relevant authorities, approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to allot and issue 20,552,560 new ordinary shares in Itronic (“**Subscription Share(s)**”) representing 20% of the total number of issued share capital of Itronic (as at 9 January 2019, being the latest practicable date prior to the announcement made on Bursa Securities on 10 January 2019 in relation to the Proposed Shares Issuance), which shall be priced at a discount of not more than 10% of the five (5)-day volume weighted average market price of the ordinary shares in the Company (“**Itronic Shares**”), up to and including the price fixing date (“**Subscription Share Price**”);

THAT the Board be and is hereby authorised to allot and issue 10,276,280 Subscription Shares to Mr Chu Boon Tiong (“**Mr Chu**”) and 10,276,280 Subscription Shares to Mr Kevin Chan Ka Leung (“**Mr Kevin**”) at an issue price of RM0.0907 per Subscription Share, upon the terms stipulated in the subscription agreements entered into between the Company and Mr Chu and Mr Kevin respectively dated 8 April 2019 (“**Subscription Agreement(s)**”);

THAT the Board be and is hereby authorised to seek other investors (“**Other Investors**”) and allot and issue any or all of the Subscription Shares to such Other Investors at the Subscription Share Price in the event the Subscription Agreement(s) are for any reason not completed. Provided That the Subscription Shares are not placed with the following persons:

- (i) a director, major shareholder, or chief executive of the Company (“**Interested Person**”);
- (ii) a person connected with an Interested Person; or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed,

THAT the Subscription Shares, shall upon allotment and issue, rank *pari passu* in all respects with the then existing Itronic Shares, save and except that the Subscription Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of such Subscription Shares;

AND THAT the Board be and is hereby authorised to do all acts and things as they may consider necessary or expedient in the best interest of the Company with the full powers to assent to any conditions, modifications, variations and/or amendments as may be required, or imposed by the relevant authorities, and to take all steps and to enter into all such agreements, arrangements, undertakings, indemnities, transfer, assignments and guarantees with any party or parties and to carry out any other matters as may be required to implement, finalise and give full effect to the Proposed Shares Issuance.”

ORDINARY RESOLUTION 2

PROPOSED SPECIFIC ALLOCATION OF SHARES TO MR CHU BOON TIONG (“PROPOSED ISSUANCE TO MR CHU”)

“**THAT** subject to and conditional upon Ordinary Resolution 1 taking effect, approval be and is hereby given to the Company to allot and issue to Mr Chu Boon Tiong, an Executive Director of the Company, upon his subscription for 10,276,280 new Itronic Shares pursuant to the Proposed Shares Issuance, subject always to such terms and conditions of the Subscription Agreement.”

By Order of the Board

LEONG SUE CHING (MAICSA 7040814)

Company Secretary

Kuala Lumpur, Wilayah Persekutuan

15 May 2019

Notes :

- (a) *In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 June 2019 (“**General Meeting Record of Depositors**”) are entitled to attend, speak and vote at the Company’s Extraordinary General Meeting to be held on 28 June 2019.*
- (b) *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
- (c) *A proxy need not be a member of the Company. A member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy.*
- (d) *In the case of a corporate body, the proxy appointed must be in accordance with the Articles of Association and the instrument appointing a proxy shall be given under the company’s common seal or under the hand of an officer or attorney of the corporation duly authorised.*
- (e) *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respects of each omnibus account it holds.*
- (f) *The Form of Proxy must be deposited at the Company’s Registrar, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.*
- (g) *Any alteration in the Form of Proxy must be initialed.*
- (h) *The resolutions as set out in this notice of EGM are to be voted by poll.*

**INDUSTRONICS BERHAD**

(Company No. 23699-X)
(Incorporated in Malaysia)

FORM OF PROXY**Number of Shares Held**

I/We _____ NRIC No./Passport No./Company No. _____

of _____
being a member/members of INDUSTRONICS BERHAD hereby appoint :-

FIRST PROXY

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

If you wish to appoint a second proxy, this section must also be completed, otherwise it should be deleted.

SECOND PROXY

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Function Room 5, Level 2, Hotel Seri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur Wilayah Persekutuan on Friday, 28 June 2019 at 11.30 a.m. or immediately after the conclusion or adjournment of the 44th Annual General Meeting of the Company to be convened, whichever is later, or at any adjournment thereof.

Resolutions		First Proxy		Second Proxy	
		For	Against	For	Against
Ordinary Resolution 1	Proposed Shares Issuance				
Ordinary Resolution 2	Proposed Issuance to Mr Chu				

* Please indicate with an "X" in the appropriate space how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.

Dated this day of 2019

.....
* Signature/Common Seal of Shareholder

(* Delete if not applicable)

NOTES:

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 June 2019 ("General Meeting Record of Depositors") are entitled to attend, speak and vote at the Company's Extraordinary General Meeting to be held on 28 June 2019.
- A member entitled to attend and vote at the meeting is entitled to appoint not more than 2 proxies to attend and vote in his stead. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
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- In the case of a corporate body, the proxy appointed must be in accordance with the Articles of Association and the instrument appointing a proxy shall be given under the company's common seal or under the hand of an officer or attorney of the corporation duly authorised.
- Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respects of each omnibus account it holds.
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- Any alteration in the Form of Proxy must be initialed.
- The resolutions as set out in this notice of EGM are to be voted by poll.



Fold this flap for sealing

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AFFIX
STAMP

The Share Registrar
Industronics Berhad (23699-X)
c/o Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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