

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the contents of this Circular in relation to the Proposed Change of Auditors prior to its issuance of this Circular as it is an Exempt Circular pursuant to Practice Note 18 of Main Market Listing Requirements of Bursa Securities.

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INDUSTRONICS BERHAD

(Company No. 23699-X)

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE**

PROPOSED CHANGE OF AUDITORS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Notice convening the Extraordinary General Meeting of Industronics Berhad ("IB") which will be held at Function Room 1, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Tuesday, 24 January 2017 at 10.30 a.m. and at any adjournment thereof together with the Form of Proxy are enclosed in this Circular.

Shareholders are advised to complete and deposit the Form of Proxy at the Registered Office of IB, Suite 18.06, 18th Floor, Wisma Zelan, No.1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, 56000 Kuala Lumpur not less than forty-eight (48) hours before the time stipulated for holding the meeting and at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	22 January 2017 at 10.30 a.m.
Date and time of the Extraordinary General Meeting	:	24 January 2017 at 10.30 a.m.

This Circular is dated 9 January 2017

DEFINITIONS

Unless the context otherwise requires, the following definitions shall apply throughout this Circular:-

Act	: The Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force
AGM	: Annual General Meeting
Audit Committee	: The Audit Committee of IB
Board	: The Board of Directors of IB
Bursa Securities	: Bursa Malaysia Securities Berhad
EGM	: Extraordinary General Meeting
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
IB or the Company	: Industronics Berhad

For the purpose of this Circular, all references to a time of day shall be a reference to Malaysian time unless otherwise stated.

In this Circular, words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and vice versa. References to persons shall, where applicable, include corporations.

Certain figures included in this Circular have been subject to rounding adjustments.

References to "we", "us", "our" and "ourselves" are to our Company save where the context otherwise requires, our subsidiaries and to "you" or "your" are to the shareholders of IB.

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INDUSTRONICS BERHAD

(Company No. 23699-X)

Registered Office:

Suite 18.06, 18th Floor,
Wisma Zelan,
No.1, Jalan Tasik Permaisuri
2, Bandar Tun Razak,
56000 Kuala Lumpur

9 January 2017

Directors:

Leung Kwok Kuen Jacob (Independent Non-Executive Chairman)
Liu Wing Yee Amy (Executive Director)
Lu Zhi Qin (Independent Non-Executive Director)
Tsui Kwok Ho (Independent Non-Executive Director)
Fung Ling Yip (Independent Non-Executive Director)

To: The Shareholders of Industronics Berhad

Dear Sir / Madam,

PROPOSED CHANGE OF AUDITORS

1. INTRODUCTION

On 30 August 2016, our Board announced to Bursa Securities that Messrs. CHI-LLTC (AF 1114) had on 16 August 2016 given notice in writing to IB of their intention to resign as the auditors of IB. Their resignation will only take effect immediately on the appointment of new auditors pursuant to Section 172 (15) of the Act.

On 5 January 2017, our Board announced that IB had received a notice of nomination on 4 January 2017 from Zhou Qi Lin, a shareholder of IB nominating Messrs. Siew Boon Yeong & Associates (AF 0660) as the auditors of IB for the financial year ended 31 December 2016 in place of the resigning auditors, Messrs. CHI-LLTC ("Proposed Change of Auditors").

The purpose of this Circular is to provide you with details of the Proposed Change of Auditors, to set out our Board's recommendation in relation to the Proposed Change of Auditors and to seek your approval for the resolution pertaining to Proposed Change of Auditors to be tabled at our forthcoming EGM, scheduled to be held at Function Room 1, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Tuesday, 24 January 2017 at 10.30 a.m. or any adjournment thereof. The notice of EGM together with the proxy form is enclosed with this Circular.

2. DETAILS OF THE PROPOSED CHANGE OF AUDITORS

The existing auditors, Messrs. CHI-LLTC have been our Company's auditors since the financial year ended 31 December 2014. Messrs. CHI-LLTC was re-appointed as the auditors of our Company at the last AGM of IB held on 29 June 2016 to hold office until conclusion of the next AGM of IB.

On 16 August 2016, Messrs. CHI-LLTC notified IB of their intention to resign as the auditors of our Company. Subsequent thereto, IB had, on 18 November 2016 received a notice of nomination from Zhou Qi Lin, a shareholder of IB proposing the nomination of Messrs. Siew Boon Yeong & Associates as the auditors of IB for the financial year ended 31 December 2016 in place of the resigning auditors, Messrs. CHI-LLTC and to hold office until the conclusion of the next AGM of IB, at a remuneration to be fixed by the Directors of IB. The EGM held on 29 December 2016 has been concluded without sufficient vote to pass the resolution.

On 4 January 2017, IB had received another notice of nomination from Zhou Qi Lin, proposing to nominate the same auditors, Messrs Siew Boon Yeong & Associates as the auditors of IB for the financial year ended 31 December 2016 in place of the resigning auditors, Messrs. CHI-LLTC and to hold office until the conclusion of the next AGM of IB, at a remuneration to be fixed by the Directors of IB.

Our Board had, on 4 January 2017 received the written consent from Messrs. Siew Boon Yeong & Associates to act as the auditors of IB for the financial year ended 31 December 2016, if appointed.

Messrs. Siew Boon Yeong & Associates had confirmed that they are not aware of any circumstances that exist or are likely to exist which would give rise to a possible conflict of interest situation in relation to its role as the proposed auditors of IB.

IB confirmed that there were no disagreements with the resigning auditors, Messrs. CHI-LLTC on accounting treatments within the last twelve (12) months and that IB is not aware of any circumstances in relation to the Proposed Change of Auditors that should be brought to the attention of the shareholders of IB.

3. RATIONALE FOR THE PROPOSED CHANGE OF AUDITORS

The intended resignation of Messrs. CHI-LLTC will create a vacancy for the office of auditors of our Company. The Proposed Change of Auditors is to fill the casual vacancy in the office of auditors following the resignation of Messrs. CHI-LLTC.

Our Board and the Audit Committee had considered the profile, adequacy of the resources and experience of Messrs. Siew Boon Yeong & Associates and is of the opinion that Messrs. Siew Boon Yeong & Associates will be able to meet the audit obligations of IB in compliance with the Listing Requirements and provisions of the Act. The proposed fee of Messrs. Siew Boon Yeong & Associates is also reasonable and cost effective.

4. EFFECTS OF THE PROPOSED CHANGE OF AUDITORS

The Proposed Change of Auditors will not have any effect on our issued and paid-up share capital, major shareholders' shareholdings in our Company, net assets, earnings and gearing of the Group for financial year ended 31 December 2016.

5. APPROVALS REQUIRED FOR THE PROPOSED CHANGE OF AUDITORS

The Proposed Change of Auditors is subject to and conditional upon approval being obtained from the shareholders of IB at an EGM to be convened.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of our Directors and/or major shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Change of Auditors.

7. DIRECTORS' RECOMMENDATION

After having considered all aspects of the Proposed Change of Auditors, the Board, is of the opinion that the Proposed Change of Auditors is in the best interest of IB, and accordingly recommends that the shareholders vote in favour of the resolution pertaining to the Proposed Change of Auditors to be tabled at the forthcoming EGM.

8. EGM

An EGM, the notice of which is enclosed together with this Circular, will be held at Function Room 1, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Tuesday, 24 January 2017 at 10.30 a.m. or any adjournment thereof for the purpose of considering and, if thought fit, passing the ordinary resolution so as to give effect to the Proposed Change of Auditors.

If you are unable to attend and vote in person at the EGM, you may complete and return the relevant Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Registered Office of the Company at Suite 18.06, 18th Floor, Wisma Zelan, No.1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, 56000 Kuala Lumpur not later than 48 hours before the date and time fixed for the EGM or any adjournment thereof.

The lodging of the Proxy Form will not, however, preclude you from attending the EGM and voting in person should you subsequently wish to do so.

9. FURTHER INFORMATION

Please refer to the attached appendices for further information.

Yours faithfully,
for and on behalf of the Board of Directors of
INDUSTRONICS BERHAD

Leung Kwok Kuen Jacob
Independent Non-Executive Chairman

APPENDIX I – NOTICE OF NOMINATION

Date: 4 January 2017

The Board of Directors
INDUSTRONICS BERHAD
No. 9 Jalan Taming 3
Taman Tanming Jaya
43300 Seri Kembangan
Selangor Darul Ehsan

Dear Sirs

RE: NOMINATION OF AUDITORS

I, the undersigned, being a shareholder of Industronics Berhad hereby nominate MESSRS. SIEW BOON YEONG & ASSOCIATES (AF: 0660) of Wisma SBY, 9-C, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, Malaysia for appointment as Auditors of the Company in place of the resigning Auditors, MESSRS. CHI-LLTC.

Yours faithfully

周琦琳

Zhou Qi Lin
Shareholder of Industronics Berhad

FURTHER INFORMATION**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by our Board and they individually and collectively accepts full responsibility for the accuracy of the information given in this Circular and confirms that, after making all enquiries as were reasonable in the circumstances and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

As at the LPD, save as disclosed below, neither IB nor its subsidiaries has entered into any contracts which are or may be material, not being contracts entered into in the ordinary course of business, during the past two (2) years preceding the date of this Circular.

On 9 July 2014, the Company 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").

On 26 August 2016, the Board of Directors of Industronics ("Board") announced that both Vashion and the Company have agreed to treat the balance of the Conditional Deposit of S\$1,033,188 as a loan indebted by Vashion to the Company's 70% owned Singapore subsidiary namely Industrial Electronics (S) Pte. Ltd. ("Lender") by way of an assignment of the remaining refundable Deposit due by Vashion to the Company as at 1 July 2016, to the Lender. The Lender and Vashion has subsequently entered into a Loan Agreement to formalise the following salient terms and conditions governing the Loan:-

- a) The loan amount shall be the balance of Conditional Deposit of S\$1,033,188 ("Outstanding Balance") as at the date of the assignment by the Company to Lender on 1 July 2016 ("Date of Assignment");
- b) The Outstanding Balance together with interest accrued shall be paid within three (3) months from the Date of Assignment; and
- c) Interest will be charged at 3% per month on the Outstanding Balance with effect from the Date of Assignment.

On 9 November 2016, the Board announced that due to commercial reasons, Industrial Electronics (S) Pte. Ltd., the Company's 70% owned Singapore subsidiary and Vashion Group Limited ("Vashion") have agreed to extend the duration of the Loan to on or before 31 December 2016. Save as disclosed, all other conditions remain unchanged.

On 22 December 2016, Vashion Group Limited ("Vashion") made a full repayment of S\$1,033,188 as well as approximately S\$175,000 interest charges for period from July 2016 to December 2016 to Industrial Electronics (S) Pte. Ltd., the Company's 70% owned Singapore subsidiary.

3. MATERIAL LITIGATION

As at the LPD, saved as disclosed below, to the best knowledge of our Board, neither IB nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board has no knowledge of any proceedings pending or threatened against the IB Group or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the IB Group.

Sukitronics Sdn Bhd ("SSB"), a subsidiary company has claimed loss & damage of approximately USD1,184,000 or RM3,706,000 against First Kuwaiti Trading and Contracting W.L.L ("FKTC") for the breach of the contract while FKTC has counter claimed SSB for an amount of USD8,626,000 or approximately RM26,999,000. The Arbitration was relating to the appointment of SSB by FKTC to construct, complete, test, commission and maintain the building, mechanical and electrical works relating to the construction of US New Consulate Compound in Surabaya, Indonesia.

The Continued Arbitration Hearing was held on 22nd till 25th April 2013, 1st till 2nd August 2013, 18th till 22nd November 2013, 20th till 23rd January 2014, 19th till 23rd May 2014, 8 August 2014, 12th till 14th November 2014, 30th till 31st March 2015, 20th May 2015, 24th till 26th June 2015 and 18th till 20th April 2016.

On 20 April 2016, the Arbitrator gave the following directions:

- a) The claimant to submit its final submission complete with authorities on or before 20 August 2016.
- b) The respondent to submit its final submission complete with authorities on or before 28 November 2016.
- c) The claimant to submit its final reply on or before 28 February 2017.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Suite 18.06, 18th Floor, Wisma Zelan, No.1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, 56000 Kuala Lumpur during normal business hours (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) Memorandum and Articles of Association of IB;
- (ii) the audited consolidated financial statements of IB for the past two (2) financial years ended 31 December 2014 and 31 December 2015 and the unaudited quarterly results for the financial period ended 30 September 2016.
- (iii) Material Contracts referred to in section 2 above.



INDUSTRONICS BERHAD
(Company No. 23699-X)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("EGM") of Industronics Berhad ("IB" or the "Company") will be held at Function Room 1, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Tuesday, 24 January 2017 at 10.30 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

**ORDINARY RESOLUTION
PROPOSED CHANGE OF AUDITORS**

"THAT the resignation of Messrs CHI-LLTC as Auditors of the Company be and is hereby accepted and in place thereof, Messrs Siew Boon Yeong & Associates, having given their Consent to Act, be and are hereby appointed Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting and that authority be and is hereby given for the Directors to determine their remuneration."

BY ORDER OF THE BOARD

Pang Lee Mei (MAICSA 7030934)
Chok Kwee Wah (MACS 00550)
Tan Kean Wai (MAICSA 7056310)
Company Secretaries

Kuala Lumpur
9 January 2017

NOTES :

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 January 2017 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1) (a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting. Where a member appoints two (2) proxies the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney so authorised.
4. Where a member of the Company is an exempt authorised nominee 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 respect of each omnibus account it holds.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 18.06, 18th Floor, Wisma Zelan, No.1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, 56000 Kuala Lumpur not less than 48 hours before the time for holding the Meeting or at any adjournment thereof. Fax copies of the duly executed form of proxy are not acceptable.

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

PROXY FORM

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

CDS Account No.....of.....

being a * member / members of INDUSTRONICS BERHAD hereby appoint.....

NRIC/Passport No.of

and/ or failing *him/her, NRIC /Passport No.

of

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 1, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Tuesday, 24 January 2017 at 10.30 a.m.,** and any adjournment thereof.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:-

First Proxy (1) _____ %

Second Proxy (2) _____ %

ORDINARY RESOLUTION	FOR	AGAINST
Proposed Change of Auditors		

Please indicate with an **"X"** in the appropriate spaces how you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain from voting at his discretion.

No. of shares held

.....
Signature/Seal of Shareholder(s)

Signed this day of January, 2017

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4. Where a member of the Company is an exempt authorised nominee 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 respect of each omnibus account it holds.
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Fold this flap for sealing

Affix Stamp

The Company Secretary
INDUSTRONICS BERHAD
Suite 18.06, 18th Floor,
Wisma Zelan,
No.1, Jalan Tasik Permaisuri
2, Bandar Tun Razak, 56000
Kuala Lumpur

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1st fold here
