

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 advisers immediately.

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INDUSTRONICS BERHAD

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF INDUSTRONICS BERHAD (“IB”) PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 (“PROPOSED SHARE CAPITAL REDUCTION”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

 **TA SECURITIES**
A MEMBER OF THE TA GROUP
TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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

Venue of EGM	:	Function Room 5, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Malaysia
Date and time of the EGM	:	Friday, 11 January 2019 at 10.30 a.m. or at any adjournment thereof
Last date and time for lodging the Proxy Form	:	Wednesday, 9 January 2019 at 10.30 a.m.

You are entitled to attend and vote at our EGM or to appoint a proxy or proxies (where applicable) to attend and vote on your behalf. In such event, the completed Proxy Form should be lodged at our Share Registrar’s Office at No. 9A, Jalan Medan Tuanku, Medan Tuanku, 50300, Kuala Lumpur, Wilayah Persekutuan, Malaysia 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.

This Circular is dated 13 December 2018

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

“Act”	:	Companies Act 2016, as amended from time to time
“Announcement”	:	The announcement of the Proposed Share Capital Reduction dated 15 November 2018
“IB” or “Company”	:	Industronics Berhad (23699-X)
“IB Shares” or “Shares”	:	Ordinary shares in our Company
“Board”	:	Board of Directors of our Company
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“Circular”	:	This circular to shareholders dated 13 December 2018 in relation to the Proposed Share Capital Reduction
“Court”	:	High Court of Malaya
“Director”	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“EGM”	:	Extraordinary general meeting
“EPS”	:	Earnings per IB Share
“FYE”	:	Financial year ended/ending 31 December, as the case may be
“HKD”	:	Hong Kong Dollar
“LAT”	:	Loss after taxation
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	14 November 2018, being the latest practicable date prior to the printing of this Circular
“LPS”	:	Loss per IB Share
“NA”	:	Net assets attributable to ordinary equity holders of the respective company
“Our Group” or “Group”	:	IB and our subsidiaries, collectively
“PAT”	:	Profit after taxation
“Proposed Share Capital Reduction”	:	Proposed reduction of the issued share capital of IB pursuant to Section 116 of the Act
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“SGD”	:	Singapore Dollar
“TA Securities”	:	TA Securities Holdings Berhad (14948-M)

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

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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NOTICE OF EGM**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

13 December 2018

Board of Directors

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

To: Our Shareholders

Dear Sir/Madam,

PROPOSED SHARE CAPITAL REDUCTION

1. INTRODUCTION

On 15 November 2018, TA Securities announced on behalf of our Board that we propose to undertake the Proposed Share Capital Reduction pursuant to Section 116 of the Act.

Further details of the Proposed Share Capital Reduction are set out in Section 2 below.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION OF THE PROPOSED SHARE CAPITAL REDUCTION, TO SET OUT OUR BOARD'S RECOMMENDATION ON THE PROPOSED SHARE CAPITAL REDUCTION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED SHARE CAPITAL REDUCTION TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHARE CAPITAL REDUCTION TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SHARE CAPITAL REDUCTION

The Proposed Share Capital Reduction entails the reduction of RM48.20 million of our Company's issued share capital pursuant to Section 116 of the Act. The corresponding credit of RM48.20 million arising from such cancellation will be utilised to eliminate the accumulated losses of our Company and the balance will be credited to the retained earnings account of our Company which may be utilised in such manner as the Board deems fit and as permitted by the relevant and applicable laws and our Company's Constitution.

As at the LPD, the issued share capital of our Company was RM52,634,454 comprising 102,762,800 IB Shares. Our Company does not have any treasury share and convertible securities as at the LPD.

For illustration purpose, the Proposed Share Capital Reduction will have the following effects:

	(Audited) As at 31 December 2017		(Unaudited) As at 30 September 2018	
	Company level	Group level	Company level	Group level
	RM	RM	RM	RM
Accumulated losses	(46,135,362)	(43,086,837)	(47,786,126)	(44,186,228)
Add: Credit arising from the Proposed Share Capital Reduction	48,200,000	48,200,000	48,200,000	48,200,000
Less: Estimated expenses for the Proposed Share Capital Reduction	(120,000)	(120,000)	(120,000)	(120,000)
Resultant retained earnings	1,944,638	4,993,163	293,874	3,893,772

The summary and commentaries of the financial information of our Group for the past 3 financial years and 9-month period ended 30 September 2018 are set out in Appendix I of this Circular.

An order by the Court will be sought to confirm the Proposed Share Capital Reduction pursuant to Section 116 of the Act after receipt of approval from our shareholders at our forthcoming EGM.

The effective date of the Proposed Share Capital Reduction will be the date of the lodgement of a sealed copy of the order of the Court with the Companies Commission of Malaysia confirming the cancellation of the share capital of our Company.

For the avoidance of doubt, the Proposed Share Capital Reduction will not result in any adjustment to the market price and the number of IB Shares held by our shareholders.

3. RATIONALE FOR THE PROPOSED SHARE CAPITAL REDUCTION

The Proposed Share Capital Reduction will enable our Company to rationalise the statement of financial position by eliminating the accumulated losses which may enhance our credibility with bankers, customers, suppliers and investors.

4. EFFECTS OF THE PROPOSED SHARE CAPITAL REDUCTION

4.1. EPS

The Proposed Share Capital Reduction will not have any material effect on the earnings and EPS of our Group for the FYE 2018.

4.2. Share Capital

The pro forma effects of the Proposed Share Capital Reduction on our Company's share capital are as follows:

	No. of IB Shares	RM
Issued share capital as at the LPD	102,762,800	52,634,454 ⁽¹⁾
Reduction of issued share capital pursuant to the Proposed Share Capital Reduction	-	(48,200,000)
After the Proposed Share Capital Reduction	102,762,800	4,434,454

Note:

- (1) *The Act, which come into operation on 31 January 2017, abolished the concept of authorized share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM1,253,054 become part of our Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act.*

4.3. NA and gearing

The pro forma effects of the Proposed Share Capital Reduction on the NA and gearing of IB Group are illustrated below:

	(Audited) As at 31 December 2017 RM	After the Proposed Share Capital Reduction RM
Share capital	52,634,454 ⁽¹⁾	4,434,454 ⁽¹⁾
Revaluation reserve	2,932,394	2,932,394
Foreign currency translation reserve	3,791,043	3,791,043
Fair value adjustment reserve	37,356	37,356
(Accumulated losses) / Retained earnings	(43,086,837)	4,993,163 ⁽²⁾
Shareholders' funds / NA	16,308,410	16,188,410
No. of IB Shares in issue	102,762,800	102,762,800
NA per IB Share (RM)	0.16	0.16
Total borrowings (RM)	593,052	593,052
Gearing (times)	0.03	0.03

Notes:

- (1) *The Act, which come into operation on 31 January 2017, abolished the concept of authorized share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM1,253,054 become part of our Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act.*
- (2) *After deducting the estimated expenses of RM120,000 for the Proposed Share Capital Reduction.*

4.4. Substantial shareholders' shareholdings

The Proposed Share Capital Reduction will not have any effect on the shareholding of our substantial shareholders.

4.5. Convertible securities

As at the LPD, our Company does not have any outstanding options, warrants or convertible securities

5. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted prices of IB Shares for the past 12 months are as follows:

	Highest (RM)	Lowest (RM)
<u>2017</u>		
December	0.160	0.130
<u>2018</u>		
January	0.235	0.145
February	0.220	0.160
March	0.195	0.145
April	0.155	0.110
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

Last transacted market price on 14 November 2018 (being the last trading date prior to the Announcement) was RM0.105 per IB Share.

Last transacted market price on 14 November 2018 (being the LPD) was RM0.105 per IB Share.

(Source: Bloomberg)

6. APPROVALS REQUIRED

The Proposed Share Capital Reduction is subject to and conditional upon the following approvals being obtained:

- (i) our shareholders at the forthcoming EGM for the Proposed Share Capital Reduction; and
- (ii) order of the Court pursuant to Section 116 of the Act for the Proposed Share Capital Reduction.

7. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Share Capital Reduction, there is no other corporate exercise which has been announced but not yet completed prior to the printing of this Circular.

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

None of our Directors and/or major shareholders and/or persons connected with them has any interest, direct and indirect, in the Proposed Share Capital Reduction.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Share Capital Reduction including but not limited to the rationale and effects of the Proposed Share Capital Reduction, is of the opinion that the Proposed Share Capital Reduction is in the best interest of our Company and accordingly recommend you to vote **IN FAVOUR** of the resolution in respect of the Proposed Share Capital Reduction to be tabled at our forthcoming EGM.

10. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, our Board expects the Proposed Share Capital Reduction to be completed in the 1st quarter of 2019.

The indicative timetable of events in relation to the Proposed Share Capital Reduction is set out below:

Tentative dates	Events
11 January 2019	<ul style="list-style-type: none">• EGM
End of January 2019	<ul style="list-style-type: none">• Submission of documents to the Court for the Proposed Share Capital Reduction
1 st quarter of 2019	<ul style="list-style-type: none">• Completion of the Proposed Share Capital Reduction after Order by the Court for the Proposed Share Capital Reduction and lodgement of the Court order with Companies Commission of Malaysia

11. EGM

Our EGM, the notice of which is set out in this Circular, will be held at Function Room 5, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Malaysia on Friday, 11 January 2019 at 10.30 a.m., for the purpose of considering and if thought fit, passing with or without modifications, the resolution to give effect to the Proposed Share Capital Reduction.

If you are unable to attend and vote in person at our EGM, you should complete, sign and return the enclosed Proxy Form in accordance with the instructions provided thereon so as to arrive at our Share Registrar's Office at 9A, Jalan Medan Tuanku, 50300 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding our EGM or any adjournment thereof.

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

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12. FURTHER INFORMATION

You are advised to refer to the Appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of our Board
INDUSTRONICS BERHAD

LIU WING YEE AMY
Executive Director

HISTORICAL FINANCIAL INFORMATION OF OUR GROUP

The summary of the financial information of our Group for the past 3 audited financial years and 9-month period ended 30 September 2017 and 30 September 2018 is as follows:

	(Audited)			(Unaudited)	
	FYE 31 December			9-month period ended	
	2015*	2016	2017	30 September 2017	30 September 2018
	(RM'000) (Restated)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	22,367	29,518	75,326	60,942	36,735
LAT attributable to the owners of the Company	(12,304)	(12,822)	(6,203)	(5,718)	(1,099)
Shareholders' funds / NA	33,736	24,420	16,308	17,164	15,389
Share capital	51,381	51,381	52,634	52,634	52,634
Weighted average number of IB Shares in issue ('000)	102,763	102,763	102,763	102,763	102,763
No. of IB Shares in issue ('000)	102,763	102,763	102,763	102,763	102,763
NA per IB Share (RM)	0.33	0.24	0.16	0.17	0.15
Basic LPS (sen)	(11.97)	(12.48)	(6.04)	(5.56)	(1.07)
Diluted LPS (sen)	(11.97)	(12.48)	(6.04)	(5.56)	(1.07)

Note:

* Restated to show the discontinued operations separately from continuing operations

(i) 9-month period ended 30 September 2018 vs 9-month period ended 30 September 2017

Our Group's revenue for the 9-month period ended 30 September 2018 decreased by 39.72% to approximately RM36.74 million (9-month period ended 30 September 2017: RM60.94 million) mainly due to decrease in revenue for the trading of precision instruments related to luxury watches in Hong Kong in relation to lower trading sales attributable to slower market demand for luxury watches as our Group had only managed to trade 645 units of luxury watches for the 9-month period ended 30 September 2018 as compared to 1,243 units of luxury watches for the 9-month period ended 30 September 2017. However, our Group's sales decline in the trading of precision instrument was partially cushioned by our Group's increase in revenue for the provision of mobile entertainment services (e.g. mobile games, mobile wallpapers, horoscope reading and etc.) through content aggregator as well as the provision of cloud computing services which include cloud computing software platform, file hosting platform and game server platform during the 9-month period ended 30 September 2018.

Our Group recorded a lower LAT to approximately RM1.10 million for the 9-month period ended 30 September 2018 (9-month period ended 30 September 2017: RM5.72 million), representing a decline of 80.77% due to the gain on disposal of subsidiaries of approximately RM0.17 million in the 9-month period ended 30 September 2018 (9-month period ended 30 September 2017: nil) attributable to the disposal of Sukitronics Sdn Bhd on 10 August 2018. However, the gain on disposal of Sukitronics Sdn Bhd was partially offset by the loss on disposal of Industrial Electronics Pte Ltd on 14 August 2018.

HISTORICAL FINANCIAL INFORMATION OF OUR GROUP (CONT'D)

(ii) FYE 2017 vs FYE 2016

Our Group's revenue for the FYE 31 December 2017 increased by 155.18% to approximately RM75.33 million (FYE 31 December 2016: approximately RM29.52 million). The increase in revenue for the FYE 31 December 2017 was mainly due to increase in the sales trading of precision instruments related to luxury watches in Hong Kong as our Group had managed to secure higher sales order of 1,677 units of luxury watches during the FYE 31 December 2017 as compared to 469 units of luxury watches in FYE 31 December 2016. The higher sales of luxury watches during the FYE 31 December 2017 was attributable to higher demand from customers with the introduction of new model of watches.

In line with the increased revenue, our Group's LAT decreased by 51.64% to approximately RM6.20 million for the FYE 31 December 2017 (FYE 31 December 2016: approximately RM12.82 million). The LAT decreased by approximately RM6.62 million for the FYE 31 December 2017 was mainly due to:

- (a) increase in other income to approximately RM1.94 million for the FYE 31 December 2017 (FYE 31 December 2016: approximately RM0.90 million) mainly due to the reversal of impairment loss on trade receivables by approximately RM1.25 million for the FYE 31 December 2017 as our Group recovered the outstanding debt payment from our debtor; and
- (b) decrease in the selling and distribution costs to approximately RM1.24 million for the FYE 31 December 2017 (FYE 31 December 2016: approximately RM1.52 million due to reduction in sales force for our Group's sales and marketing department during FYE 31 December 2017).

(iii) FYE 2016 vs FYE 2015

Our Group's revenue for the FYE 31 December 2016 increased by 31.96% to approximately RM29.52 million (FYE 31 December 2015: approximately RM22.37 million) attributable to the trading of precision instruments related to luxury watches in Hong Kong. Since the inception of the trading of luxury watches by our Group in FYE 31 December 2015, the sales order had increased from 90 units of luxury watches in FYE 31 December 2015 to 469 units of luxury watches in FYE 31 December 2016.

Despite the increase in revenue, our Group's LAT increased by 4.23% to approximately RM12.82 million for the FYE 31 December 2016 (FYE 31 December 2015: approximately RM12.30 million). The LAT during the FYE 31 December 2016 was mainly due to:

- (a) increase in impairment loss on trade receivables of approximately RM2.54 million for the FYE 31 December 2016 (FYE 31 December 2015: approximately RM0.51 million) due to trade receivables with outstanding debts of more than 1 year. Notwithstanding the above, our Group had managed to recover RM1.25 million from a debtor subsequent to FYE 31 December 2016; and
- (b) increase in selling and distribution costs of approximately RM1.52 million for the FYE 31 December 2016 (FYE 31 December 2015: approximately RM1.35 million) due to fee incurred for the engagement of external marketing consultancy service to expand our Group's electronics and system integration business segment in the airport sector during FYE 31 December 2016.

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HISTORICAL FINANCIAL INFORMATION OF OUR GROUP (CONT'D)

(iv) FYE 2015 vs FYE 2014

Our Group's revenue for the FYE 31 December 2015 increased by 37.49% to approximately RM22.37 million (FYE 31 December 2014: approximately RM16.27 million) as our Group had started our trading of precision instruments in luxury watches to retailers in Hong Kong during the FYE 31 December 2015.

In line with the increased revenue, our Group's LAT decreased by 30.63% to approximately RM12.30 million for the FYE 31 December 2015 (FYE 31 December 2014: approximately RM17.73 million) due to:

- (a) the impairment loss on intangible assets of approximately RM1.15 million in the FYE 31 December 2014 (FYE 31 December 2015: nil) attributable to the loss on goodwill of mobile game application acquired by our Group during FYE 31 December 2013. The goodwill was impaired as the estimated future cash flow of the mobile game application was lower than the carrying amount of our Group's investment in the mobile game application;
- (b) the loss on disposal of property, plant and equipment of approximately RM1.45 million in the FYE 31 December 2014 (FYE 31 December 2015: nil) due to the disposal of 2 units of storey factory with office and guardhouse located in Kajang, Selangor on 19 November 2014; and
- (c) the loss on disposal of quoted investments in relation to ordinary shares in Solution Engineering Holdings Berhad (quoted on Bursa Securities), of approximately RM0.96 million in the FYE 31 December 2014 (FYE 31 December 2015: nil).

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or information contained in this Circular, or other facts and information, the omission of which would make any statement in this Circular false or misleading.

2. CONSENTS

TA Securities, being the adviser for the Proposed Share Capital Reduction, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. CONFLICT OF INTERESTS

TA Securities has confirmed that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the adviser for the Proposed Share Capital Reduction.

4. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, our Group has not entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of our Group) during the 2 years immediately preceding the date of this Circular:

- (i) 3 Equity Transfer Agreements each dated 22 December 2016 between our Company and Reill Edward CHAMPLEY for the disposal of all the equity interest in Itronic Services Limited, Itronic Management Limited and Metro Energy Limited, for a total cash consideration of HKD1,950,001.00. The disposal of Itronic Services Limited, Itronic Management Limited and Metro Energy Limited was completed on 28 December 2016;
- (ii) Sale and Purchase Agreement dated 20 November 2017 between Sukitronics Sdn Bhd and GNG Distributors Sdn Bhd for the disposal of a unit of 1 1/2 storey light industrial terrace factory located at Unit No. 22, Jalan U1/31, Seksyen U1, 40150 Shah Alam, Selangor (held under Lot No. 62066, GRN215441 in the Bandar Glenmarie, District of Petaling, State of Selangor) for a cash consideration of RM5,200,000.00. The disposal was completed on 19 February 2018;
- (iii) Share sale agreement dated 10 August 2018 between our Company and Low Kwai Soon for the disposal of Sukitronics Sdn Bhd, for a cash consideration of RM5,100.00. The disposal of Sukitronics Sdn. Bhd. was completed on 28 August 2018; and
- (iv) Share sale agreement dated 14 August 2018 between our Company and Pan Jiye for the disposal of Industrial Electronics Pte Ltd, for a cash consideration of SGD370,760.00. The disposal of Industrial Electronics Pte Ltd was completed on 5 September 2018.

5. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, our Company and our 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 our Company and our Group and our Board is not aware of any 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 our Group.

FURTHER INFORMATION (*CONT'D*)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at 9A, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, Wilayah Persekutuan, Malaysia from 9.00 a.m. to 5.30 p.m. from Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of our forthcoming EGM:

- (i) the Constitution of the Company;
- (ii) our Company and subsidiaries' audited financial statements for the past 2 FYEs 2016 and 2017 and unaudited results for the 9-month period ended 30 September 2018;
- (iii) the letter of consent and conflict of interest as referred to in Sections 2 and 3 above; and
- (iv) the material contracts referred to in Section 4 above.

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INUDSTRONICS 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 (“**IB**” or “**Company**”) will be held at Function Room 5, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Malaysia on Friday, 11 January 2019 at 10.30 a.m., for the purpose of considering and if thought fit, passing with or without modifications, the following resolution:

SPECIAL RESOLUTION

PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF IB PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED SHARE CAPITAL REDUCTION”)

“THAT subject to and conditional upon the confirmation by the High Court of Malaya pursuant to Section 116 of the Act, the Board of Directors of IB (“**Board**”) be and is hereby given the authority and approval to reduce the share capital of the Company via the cancellation of the issued share capital of RM48,200,000 and that the credit arising from such share capital reduction to be utilised to eliminate the accumulated losses of IB;

THAT the balance after the elimination of the Company’s accumulated losses pursuant to the Proposed Share Capital Reduction shall be credited to the retained earnings account of the Company, which may be utilised in such manner as the Board deems fit and as permitted by the relevant and applicable laws and the Company’s Constitution; and

AND THAT the Board be and is hereby authorised to approve, sign and execute all documents, do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Share Capital Reduction in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, the relevant and applicable laws or deemed necessary or desirable by the Board.”

By Order of the Board

LEONG SUE CHING (MAICSA 7040814)

Company Secretary

Kuala Lumpur

Date: 13 December 2018

Notes:

- 1. A member entitled to attend and vote at the Extraordinary General Meeting (“**Meeting**”) is entitled to appoint not more than 2 proxies to attend and vote in his/her stead and that where a member appoints 2 proxies, he/she shall specify the proportion of his/her holdings to be represented by each proxy. A proxy may but need not be a member of the Company.*
- 2. 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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (“**SICDA**”) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
- 3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation’s Seal or under the hand of an officer or an attorney duly authorised.*
- 4. The instrument appointing a proxy must be deposited at the registered office of the Company at 9A, Jalan Medan Tuanku, 50300 Kuala Lumpur, Malaysia at least 48 hours before the time set for holding the meeting, i.e. on or before Wednesday, 9 January 2019, 10.30 a.m. or at any adjournment thereof.*
- 5. In respect of deposited securities, only members whose names appear on the Record of Depositors on Friday, 4 January 2019 shall be eligible to attend the Meeting or appoint proxy(ies) to attend, vote and speak on his/her behalf.*
- 6. The resolution as set out in the EGM Notice is to be voted by poll.*

**INDUSTRONICS BERHAD**

(Company No.: 23699-X)

(Incorporated in Malaysia)

Number of Shares held:-	
CDS account no:-	

PROXY FORM

I/We, _____ NRIC No. _____
(Full name in capital letters)
of _____
(Full address)

being a *Member/Members of **INDUSTRONICS BERHAD** (Company No. 23699-X) hereby appoint (Proxy 1)

_____ (*NRIC No./Passport No. _____) of

_____ and/or *failing him/her* (Proxy 2)

_____ (*NRIC No./Passport No. _____) of

_____ and/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 Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Malaysia on Friday, 11 January 2019 at 10.30 a.m. and at any adjournment thereof to vote as indicated below:-

(Please indicate with an "X" in the space provided below on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

No.	Agenda	Resolution	FOR	AGAINST
1.	Proposed Share Capital Reduction	Special Resolution		

Signed on this _____ day of _____

Signature of Shareholder or Common Seal

Name of Proxy	Proportion of Shares Held
1.	
2.	
Total Number of Shares Held	

Notes:

1. A member entitled to attend and vote at the Extraordinary General Meeting ("**Meeting**") is entitled to appoint not more than 2 proxies to attend and vote in his/her stead and that where a member appoints 2 proxies, he/she shall specify the proportion of his/her holdings to be represented by each proxy. A proxy may but need not be a member of the Company.
2. 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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
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6. The resolution as set out in the EGM Notice is to be voted by poll.



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Then fold here

AFFIX
STAMP

The Company Secretary

INDUSTRONICS BERHAD (Company No. 23699-X)
9A, Jalan Medan Tuanku
Medan Tuanku
50300 Kuala Lumpur
Wilayah Persekutuan
Malaysia

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