

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 Part A of this Circular pertaining to the Proposed Bonus Issue (as defined herein) prior to its issuance as it is prescribed as an Exempt Circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



P.I.E. INDUSTRIAL BERHAD

(Company No.: 424086-X)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PART A

PROPOSED BONUS ISSUE OF UP TO 12,801,400 NEW ORDINARY SHARES OF RM1.00 EACH IN P.I.E. INDUSTRIAL BERHAD ("PIB") ("PIB SHARE(S)" OR "SHARE(S)") ("BONUS SHARE(S)") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY FIVE (5) EXISTING PIB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED BONUS ISSUE")

PART B

- I. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF RRPT MANDATE"); AND**
 - II. PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED NEW RRPT MANDATE")**
- (COLLECTIVELY KNOWN AS "PROPOSED SHAREHOLDERS' MANDATE")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser for Part A



RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("EGM") of PIB which is scheduled to be held at Nyatoh, Level 2, Sunway Hotel Seberang Jaya, No. 11, Lebuhraya Duta, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai, Penang on Friday, 23 May 2014 at 10.00 a.m. or immediately following the conclusion or adjournment of the Seventeenth Annual General Meeting ("AGM") of the Company schedule to be held at the same venue and on the same date at 9.00 a.m. together with the Form of Proxy are enclosed herein.

A member entitled to attend, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, speak and vote on his/ her behalf. In such event, the Form of Proxy should be lodged at the Registered Office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, not less than 48 hours before the time appointed for holding the EGM, as indicated below. The lodging of the Form of Proxy shall not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Wednesday, 21 May 2014 at 10.00 a.m.

Date and time of the EGM : Friday, 23 May 2014 at 10.00 a.m. or immediately following the conclusion or adjournment of the Seventeenth AGM

This Circular is dated 30 April 2014

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PART A

**LETTER TO THE SHAREHOLDERS OF PIB IN RELATION TO THE
PROPOSED BONUS ISSUE**

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout Part A of this Circular:-

"Board"	:	The Board of Directors of PIB
"Bonus Share(s)"	:	Up to 12,801,400 new PIB Shares to be issued and credited as fully paid-up pursuant to the Proposed Bonus Issue
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Director(s)"	:	A natural person who holds directorship in the Company and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes:- <ul style="list-style-type: none">i. In the case of an issuer of structured warrants, a director of the issuer of the structured warrants; orii. In the case of an applicant or listed issuer which is a collective investment scheme, a director of a management company or a director of the trustee-manager, as the case may be
"EGM"	:	Extraordinary General Meeting
"Entitlement Date"	:	A date to be determined and announced later by the Board, on which the names of the shareholders of PIB must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to participate in the Proposed Bonus Issue
"EPS"	:	Earnings per Share
"FYE"	:	Financial year ended/ ending
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	11 April 2014, being the latest practicable date prior to the printing and despatch of this Circular
"Maximum Scenario"	:	Representing a scenario that assumes all the existing treasury shares have been resold on Bursa Securities prior to the Entitlement Date
"Minimum Scenario"	:	Representing a scenario that assumes all the existing treasury shares are retained by the Company prior to the Entitlement Date
"NA"	:	Net assets
"PIB" or the "Company"	:	P.I.E. Industrial Berhad
"PIB Group" or the "Group"	:	PIB and its subsidiaries, collectively
"PIB Share(s)" or "Share(s)"	:	Ordinary share(s) of RM1.00 each in PIB
"Proposed Bonus Issue"	:	The proposed bonus issue of up to 12,801,400 Bonus Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every five (5) existing PIB Shares held on the Entitlement Date

DEFINITIONS (CONT'D)

"Record of Depositors" : A record consisting of names of depositors established by Bursa Depository under the Rules of Bursa Depository

"RHBIB" or the "Adviser" : RHB Investment Bank Berhad

"RM" and "sen" : Ringgit Malaysia and sen, respectively

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

Any reference in the Part A of 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 the Part A of this Circular shall be a reference to Malaysian time, unless otherwise specified.

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P.I.E. INDUSTRIAL BERHAD

(Company No.: 424086-X)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

30 April 2014

Board of Directors

Ahmad Murad Bin Abdul Aziz (*Chairman/ Senior Independent Non-Executive Director*)
Mui Chung Meng (*Managing Director*)
Chen, Chih-Wen (*Executive Director*)
Cheung Ho Leung (*Executive Director*)
Cheng Shing Tsung (*Non-Independent Non-Executive Director*)
Loo Hooi Beng (*Independent Non-Executive Director*)
Khoo Lay Tatt (*Independent Non-Executive Director*)

To: The Shareholders of P.I.E. Industrial Berhad

Dear Sir/ Madam,

PROPOSED BONUS ISSUE OF UP TO 12,801,400 BONUS SHARES TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY FIVE (5) EXISTING PIB SHARES HELD ON THE ENTITLEMENT DATE

1. INTRODUCTION

On 21 February 2014, RHBIB had, on behalf of the Board, announced that the Company proposed to undertake a bonus issue of up to 12,801,400 Bonus Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every five (5) existing PIB Shares held on the Entitlement Date.

On 31 March 2014, RHBIB had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 28 March 2014, resolved to approve the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities.

The purpose of Part A of this Circular is to provide the shareholders of PIB with the relevant information on the Proposed Bonus Issue as well as to seek the approval from the shareholders of PIB for the resolution pertaining to the Proposed Bonus Issue to be tabled at the forthcoming EGM of the Company. The notice of the EGM and the Form of Proxy are enclosed together with this Circular.

SHAREHOLDERS OF PIB ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF PART A OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED BONUS ISSUE

2.1 Basis and number of Bonus Shares

The Proposed Bonus Issue will entail an issuance of up to 12,801,400 Bonus Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every five (5) existing PIB Shares held by the entitled shareholders of PIB on the Entitlement Date.

As at the LPD, the issued and paid-up share capital of PIB is RM64,007,000 comprising 64,007,000 PIB Shares (including 73,900 treasury shares).

The actual number of Bonus Shares to be issued will be determined based on the issued and paid-up share capital of the Company as at the Entitlement Date, after taking into consideration the treatment of the Company's treasury shares prior to the Entitlement Date. The treasury shares may be cancelled, distributed as share dividends, resold on Bursa Securities or continued to be retained as treasury shares by the Company.

Fractional entitlements arising from the Proposed Bonus Issue, if any, shall be dealt with by the Board in such manner at their absolute discretion as they may deem fit and think expedient in the best interest of the Company.

The Proposed Bonus Issue will not be implemented on a staggered basis.

2.2 Capitalisation of reserves

The Proposed Bonus Issue shall be wholly capitalised from the share premium account of the Company.

For illustrative purposes, the proforma effects of the Proposed Bonus Issue on the share premium account at the company level based on the latest audited financial statements of PIB for the FYE 31 December 2013 are set out below:-

Company level	Audited as at 31 December 2013	
	Minimum Scenario	Maximum Scenario
	RM'000	RM'000
Share premium	18,993	18,993
Amount to be capitalised for the Proposed Bonus Issue	(12,787)	(12,801)
Estimated expenses for the Proposed Bonus Issue	(75)	(75)
Balance after the Proposed Bonus Issue	6,131	6,117

The Board confirms that based on the Company's latest audited financial statements for the FYE 31 December 2013, PIB will have adequate share premium to cover the capitalisation required for the Proposed Bonus Issue, and that reserve is unimpaired by losses on a consolidated basis in accordance with Paragraph 6.30(1) of the Listing Requirements.

2.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing PIB Shares, except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the entitlement date precedes the date of allotment and issuance of the Bonus Shares.

PIB has proposed a first and final single tier dividend of 12 sen per Share ("First and Final Dividend") and a special single tier dividend of 8 sen per Share ("Special Dividend") in respect of the FYE 31 December 2013, of which the respective entitlement date is on 29 May 2014, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company. For the avoidance of doubt, as the entitlement date for the First and Final Dividend and the Special Dividend shall precede the date of allotment and issuance of the Bonus Shares, the Bonus Shares will not be entitled to the aforementioned dividends.

2.4 Listing of and quotation for the Bonus Shares

The Company had, on 28 March 2014, obtained the approval from Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities. The Bonus Shares shall be listed and quoted on the Main Market of Bursa Securities on the next market day following the Entitlement Date.

The notice of allotment of the Bonus Shares will be issued and despatched to the entitled shareholders within four (4) market days after the date of listing of and quotation for the Bonus Shares, or such other period as may be prescribed by Bursa Securities.

As the Bonus Shares are prescribed securities under Section 14(5) of the Securities Industry (Central Depositories) Act, 1991, the Bonus Shares will be subjected to the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. Accordingly, the Bonus Shares will be credited into the respective Central Depository System accounts of the entitled shareholders and no physical share certificates will be issued.

3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED BONUS ISSUE

After due consideration, the Board is of the view that the Proposed Bonus Issue is the most appropriate avenue of rewarding the existing shareholders of the Company while at the same time enhancing the Company's share capital base as the Proposed Bonus Issue will:-

- i. Serve to reward the existing shareholders for their loyalty and continuous support to PIB Group by enabling them to have greater participation in the equity of the Company in terms of the increased number of Shares held whilst maintaining their percentage of equity interest;
- ii. Increase the Company's issued and paid-up share capital to a level which would be more reflective of its current scale of operations and assets employed; and
- iii. Potentially increase the marketability and trading liquidity of PIB Shares on Bursa Securities with a larger share base.

4. EFFECTS OF THE PROPOSED BONUS ISSUE

4.1 Issued and paid-up share capital

The proforma effects of the Proposed Bonus Issue on the issued and paid-up share capital of the Company are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued and paid-up share capital as at the LPD	64,007,000	64,007,000	64,007,000	64,007,000
Less: Treasury shares, at par	(73,900)	(73,900)	-	-
	63,933,100	63,933,100	64,007,000	64,007,000
Shares to be issued pursuant to the Proposed Bonus Issue	12,786,620	12,786,620	12,801,400	12,801,400
Enlarged issued and paid-up share capital	76,719,720	76,719,720	76,808,400	76,808,400

4.2 NA per Share and gearing

Based on the latest audited consolidated statement of financial position of PIB Group as at 31 December 2013, the proforma effects of the Proposed Bonus Issue on the NA per Share and gearing of the Group are set out below:-

Minimum Scenario

	Audited as at 31 December 2013 RM'000	After the Proposed Bonus Issue RM'000
Share capital	64,007	76,794
Treasury shares	(317)	(317)
Share premium	18,993	6,131 ^{*1}
Foreign currency translation reserve	370	370
Retained earnings	204,881	192,094 ^{*2}
Shareholders' funds/ NA	287,934	275,072
No. of Shares in issue (excluding treasury shares) ('000)	63,933	76,720
NA per Share (RM)	4.50	3.59
Total borrowings (RM'000)	43,789	43,789
Gearing ratio (times)	0.15	0.16

Notes:-

^{*1} After accounting for the capitalisation of RM12.79 million and estimated expenses of approximately RM75,000 in relation to the Proposed Bonus Issue

^{*2} After accounting for the First and Final Dividend of approximately RM7.67 million and the Special Dividend of approximately RM5.11 million in respect of the FYE 31 December 2013, of which the respective entitlement date is on 29 May 2014, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company

Maximum Scenario

	Audited as at 31 December 2013 RM'000	I After the Proposed Bonus Issue RM'000
Share capital	64,007	76,808
Treasury shares	(317)	-
Share premium	18,993	6,117 ^{*1}
Foreign currency translation reserve	370	370
Retained earnings	204,881	192,080 ^{*2}
Shareholders' funds/ NA	287,934	275,375
No. of Shares in issue (excluding treasury shares) ('000)	63,933	76,808
NA per Share (RM)	4.50	3.59
Total borrowings (RM'000)	43,789	43,789
Gearing ratio (times)	0.15	0.16

Notes:-

^{*1} After accounting for the capitalisation of RM12.80 million and estimated expenses of approximately RM75,000 in relation to the Proposed Bonus Issue

^{*2} After accounting for the First and Final Dividend of approximately RM7.68 million and the Special Dividend of approximately RM5.12 million in respect of the FYE 31 December 2013, of which the respective entitlement date is on 29 May 2014, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company

4.3 Earnings and EPS

The Proposed Bonus Issue is not expected to have any material effect on the earnings of the Group for the FYE 31 December 2014. However, assuming the net earnings of the Group remain unchanged, the EPS of the Group will be proportionally diluted as a result of the increase in the number of PIB Shares in issue upon completion of the Proposed Bonus Issue.

4.4 Convertible securities

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

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4.5 Substantial shareholders' shareholdings

The Proposed Bonus Issue will not have any effect on the shareholdings of the substantial shareholders of PIB, save for the proportionate increase in the number of PIB Shares held by each substantial shareholder upon completion of the Proposed Bonus Issue. The proforma effects of the Proposed Bonus Issue on the shareholdings of the substantial shareholders of the Company are set out below:-

Minimum Scenario

Substantial shareholders	Shareholdings as at the LPD		After the Proposed Bonus Issue	
	Direct	Indirect	Direct	Indirect
	No. of Shares	%	No. of Shares	%
Pan Global Holding Co. Ltd.	32,909,998	51.48	39,491,997	51.48
Pan-International Industrial Corporation	-	-	-	-
			39,491,997*	51.48

Note:-

*1 Deemed interested by virtue of its substantial interest in Pan Global Holding Co. Ltd.

Maximum Scenario

Substantial shareholders	Shareholdings as at the LPD		Assuming all the treasury shares are resold		After I and the Proposed Bonus Issue	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Pan Global Holding Co. Ltd.	32,909,998	51.48	32,909,998	51.42	39,491,997	51.42
Pan-International Industrial Corporation	-	-	-	-	-	-
					39,491,997*	51.42

Note:-

*1 Deemed interested by virtue of its substantial interest in Pan Global Holding Co. Ltd.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of PIB Shares as traded on Bursa Securities for the past 12 months from April 2013 to March 2014 are set out below:-

	High RM	Low RM
2013		
April	4.80	4.50
May	5.00	4.43
June	4.68	4.36
July	4.66	4.38
August	4.88	4.50
September	4.78	4.60
October	5.38	4.70
November	6.90	5.32
December	7.00	6.50
2014		
January	7.64	6.90
February	8.20	7.16
March	8.66	7.80

Last transacted market price on 20 February 2014
(being the date prior to the announcement on the Proposed Bonus Issue) 8.04

Last transacted market price as at the LPD 8.40

(Source: Bloomberg)

6. APPROVALS REQUIRED/ OBTAINED AND INTER-CONDITIONALITY

The Proposed Bonus Issue is conditional upon approvals being obtained from the following parties:-

- i. Bursa Securities, for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities, which was obtained vide its letter dated 28 March 2014, subject to the following conditions:-

Conditions	Status of compliance
a) PIB and RHBIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue;	Noted
b) PIB and RHBIB to inform Bursa Securities upon the completion of the Proposed Bonus Issue;	To be complied
c) PIB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed;	To be complied
d) PIB or RHBIB to furnish to Bursa Securities a certified true copy of the relevant resolution passed by the shareholders in general meeting approving the Proposed Bonus Issue; and	To be complied
e) PIB and RHBIB are required to make the relevant announcements pursuant to Paragraph 6.35(2)(a) & (b) and 6.35(4) of the Listing Requirements.	To be complied

- ii. The shareholders of PIB at an EGM to be convened; and

- iii. Any other relevant authority, if required.

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

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM

None of the Directors and/ or major shareholders of PIB and/ or persons connected to them have any interest, either direct or indirect, in the Proposed Bonus Issue, save for their respective entitlements as shareholders of the Company under the Proposed Bonus Issue which are also available to all other shareholders of the Company as at the Entitlement Date.

8. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposed Bonus Issue to be completed by the second quarter of 2014. The tentative timetable in relation to the Proposed Bonus Issue is set out below:-

Month	Events
23 May 2014	<ul style="list-style-type: none">• EGM
End May 2014	<ul style="list-style-type: none">• Announcement of the Entitlement Date
Mid June 2014	<ul style="list-style-type: none">• Entitlement Date• Listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities

9. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Bonus Issue, the Board is not aware of any other corporate exercise that has been announced but not yet completed as at the date of this Circular.

10. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects including the rationale and justifications as well as the effects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Bonus Issue to be tabled at the forthcoming EGM of the Company.

11. EGM

The EGM, the notice of which is enclosed in this Circular, is scheduled to be held at Nyatoh, Level 2, Sunway Hotel Seberang Jaya, No. 11, Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai, Penang on Friday, 23 May 2014 at 10.00 a.m. or immediately following the conclusion or adjournment of the Seventeenth Annual General Meeting of the Company schedule to be held at the same venue and on the same date at 9.00 a.m., for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Bonus Issue.

If you are unable to attend, speak and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, to be deposited at the Registered Office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, not less than 48 hours before the time appointed for holding the EGM. The lodging of the Form of Proxy shall not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

12. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendix for further information.

Yours faithfully,
For and on behalf of the Board of
P.I.E. INDUSTRIAL BERHAD

MUI CHUNG MENG
Managing Director

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Part A of this Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries 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. CONSENT

RHBIB, being the Adviser for the Proposed Bonus Issue, has given and has not subsequently withdrawn its written consent to the inclusion in Part A of this Circular of its name and all references thereto in the form and context in which they appear in Part A of this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

RHBIB has given its written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Adviser to PIB for the Proposed Bonus Issue.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group.

5. MATERIAL COMMITMENTS

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

6. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group:-

	RM'000
Letter of guarantee by a bank for a foreign subsidiary's import duties	216
Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	110,978
Payment of withholding tax to foreign tax authority	4,301
Total	<u>115,495</u>

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, during normal business hours (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

- i. Memorandum and Articles of Association of PIB;
- ii. Audited consolidated financial statements of PIB Group for the past two (2) financial years up to the FYE 31 December 2013; and
- iii. The letter of consent and declaration of conflict of interests referred to in Sections 2 and 3 above, respectively.

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PART B

**LETTER TO THE SHAREHOLDERS OF PIB IN RELATION TO THE
PROPOSED SHAREHOLDERS' MANDATE**

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout Part B of this Circular:

Act	:	Malaysian Companies Act, 1965, as amended from time to time and any re-enactment thereof
AGM	:	Annual General Meeting
Board	:	The Board of Directors of P.I.E. Industrial Berhad
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
Bursa Securities Main Market Listing Requirements or Requirements	:	Bursa Securities Main Market Listing Requirements and any amendment thereto that may be made from time to time
Company or PIB	:	P.I.E. Industrial Berhad (Company No. 424086-X)
CMSA	:	Capital Markets and Services Act 2007
Directors	:	Shall have the meaning given in Section 2(1) of the CMSA and have the same meaning given in Section 4 of the Act and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company, in relation to a SPAC, a member of the SPAC's management team and in relation to a business trust, a director or chief executive of the trustee-manager, its subsidiary or holding company.
EGM	:	Extraordinary General Meeting
HH	:	Hon Hai Precision Industry Co. Ltd.
HH Group	:	Hon Hai Precision Industry Co. Ltd. and its group of subsidiary companies.
Major Shareholder	:	<p>i) Means a person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is-</p> <p>a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or</p> <p>b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation.</p>

For the purpose of this definition, "interest in shares" has the meaning given in section 6A of the Act.

- ii) Includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer as defined under paragraph 1.01 of the Requirements or any other corporation which is its subsidiary or holding company and in relation to a business trust, a major shareholder of the trustee-manager, its subsidiary or holding company.

DEFINITIONS (CONT'D)

Mandated Related Parties	:	PIPE, PIIC and HH/HH Group collectively
PGH	:	Pan Global Holding Co. Ltd, major shareholder of PIB
PIB Group	:	The Company and its six subsidiary companies, namely PIESB, PIE Enterprise, PIWSB, PIW Enterprise, PIS and PIT
PIESB	:	Pan-International Electronics (Malaysia) Sdn. Bhd. (Company No. 178248-H)
PIESB Group	:	PIESB, PIE Enterprise and PIS collectively
PIE Enterprise	:	PIE Enterprise (M) Sdn. Bhd. (Company No. 399636-P)
PIIC	:	Pan-International Industrial Corporation
PIPE	:	Pan-International Precision Electronics Co., Ltd.
PIS	:	Pan-International Corporation (S) Pte. Ltd.
PIT	:	Pan International Electronics (Thailand) Co., Ltd
PIW Enterprise	:	P.I.W. Enterprise (Malaysia) Sdn. Bhd. (Company No. 579191-K)
PIWSB	:	Pan-International Wire & Cable (Malaysia) Sdn. Bhd. (Company No. 178247-M)
Proposed New RRPT Mandate	:	Proposed new shareholders' mandate for additional Recurrent Related Party Transactions for the Company and its subsidiary companies in their normal course of business, to enter into the recurrent transactions set out in Section 3.2 (in particular column 4) of Part B of this Circular with the Mandated Related Parties
Proposed Renewal of RRPT Mandate	:	Proposed renewal of shareholders' mandate for Recurrent Related Party Transactions for the Company and its subsidiary companies in their normal course of business, to enter into the recurrent transactions set out in Section 3.1 (in particular column 6) of Part B of this Circular with the Mandated Related Parties
Proposed Shareholders' Mandate	:	Means the Proposed New RRPT Mandate and the Proposed Renewal of RRPT Mandate collectively
Recurrent Related Party Transactions or Recurrent RPT	:	Transaction entered into by the Company or its subsidiaries which involves the interest, direct and indirect, of related parties which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations of the Company or its subsidiaries provided that such transactions are carried out in the ordinary course of business and are on terms not more favourable to the Mandated Related Parties than those generally available to the public and the aggregate value of such transactions are to be disclosed in the annual report which are more particularly described in Section 3 of Part B of this Circular

DEFINITIONS (CONT'D)

- Related Party : Means (a) in relation to a corporation, a director, major shareholder or person connected with such director or major shareholder or (b) in relation to a business trust means (i) the trustee-manager or person connected with the trustee-manager; (ii) a director, major shareholder of the trustee-manager or person connected with such director or major shareholder; or (iii) major unit holder or person connected with the major unit holder of the business trust. For the purpose of this definition, "director" shall have the meaning given in Section 2 (1) of the CMSA and has the same meaning given in Section 4 of the Act and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company, in relation to a SPAC, a member of the SPAC's management team and in relation to a business trust, a director or chief executive of the trustee-manager, its subsidiary or holding company. "Major shareholder" for the purpose of this definition shall include any person who is or was within the preceding 6 months of the date on which the terms of the transactions were agreed upon, a major shareholder of the listed issuer as defined above under "Major Shareholder" or any other corporation which is its subsidiary or holding company. "Major unit holder" for the purpose of this definition means in relation to a business trust includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major unit holder of the business trust as defined under paragraph 1.01 of the Requirements. As for "person connected", it shall have the meaning of such person, (a) in relation to a director or a major shareholder of a corporation; (b) in relation to a member of the management team of a SPAC; or (c) in relation to a trustee-manager, director of the trustee-manager, major shareholder of the trustee-manager or major unit holder of a business trust; (each person mentioned under (a), (b) and (c) above is referred to as "**said Person**"), who falls under any one of the following categories:
- (a) a family member* of the said Person; or
 - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary; or
 - (c) a partner# of the said Person, or a partner of a person connected with that said Person; or
 - (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person; or
 - (e) a person in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act; or
 - (f) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person; or
 - (g) a body corporate or its directors whose directions, instructions or wishes the said Person is accustomed or under an obligation, whether formal or informal, to act; or
 - (h) a body corporate in which the said Person or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or

DEFINITIONS (CONT'D)

- Related Party (*Cont'd*) : (i) a body corporate which is a related corporation.
- * *Family in relation to a person means such person who falls within any one of the following categories:-*
- (i) spouse;
 - (ii) parent;
 - (iii) child including an adopted child and step-child;
 - (iv) brother or sister; and
 - (v) spouse of the person referred to in subparagraph (iii) and (iv) above.
- # *Partner in relation to a director, major shareholder, or person connected with a director or major shareholder, means such person who falls within any one of the following categories :-*
- (i) a person with whom the director, major shareholder or person connected with the director or major shareholder is in or proposes to enter into partnership with. "Partnership" for this purpose has the meaning under Section 3 of the Partnership Act 1961; and
 - (ii) a person with whom the director, major shareholder or person connected with a director or major shareholder has entered or proposes to enter into a joint venture, whether incorporated or not.
- RM and sen : Ringgit Malaysia and sen respectively
- RPT : Related Party Transactions means transactions entered into by the Company or its subsidiary companies involving the interest, direct and indirect, of related parties which are more particularly described in Section 3 of Part B of this Circular
- Shares(s) : Ordinary share(s) of RM1.00 each in PIB
- Special purpose acquisition company or SPAC : Means a corporation which has no operations or income generating business at the point of initial public offering and has yet to complete a qualifying acquisition with the proceeds of such offering.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference to a time of day shall be a reference to Malaysian time, unless otherwise stated.

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P.I.E. INDUSTRIAL BERHAD

(Company No.: 424086-X)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

30 April 2014

Board of Directors:

Ahmad Murad Bin Abdul Aziz (*Chairman / Senior Independent Non-Executive Director*)

Mui Chung Meng (*Managing Director*)

Chen, Chih-Wen (*Executive Director*)

Cheng Shing Tsung (*Non-Independent Non-Executive Director*)

Cheung Ho Leung (*Executive Director*)

Loo Hooi Beng (*Independent Non-Executive Director*)

Khoo Lay Tatt (*Independent Non-Executive Director*)

To: The Shareholders of P.I.E. Industrial Berhad (“the Company”)

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS’ MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (COLLECTIVELY KNOWN AS “PROPOSED SHAREHOLDERS’ MANDATE”)

1. INTRODUCTION

Pursuant to paragraph 10.09 of the Requirements, a listed company may seek a shareholders’ mandate, a mandate which is subject to annual renewal, with regard to related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations provided that such transactions are carried out in the ordinary course of business and are on terms not more favourable to the Mandated Related Parties than those generally available to the public and the aggregate value of such transactions are to be disclosed in the annual report.

The Company had on 23 May 2013 sought and obtained from its shareholders the mandate to enter into Recurrent RPT more particularly described in Section 3 of Part B of the Circular to shareholders dated 29 April 2013 and it shall expire on 23 May 2014. All such concluded transactions pursuant to the shareholders’ mandate are disclosed in page 67 of the Annual Report for the year ended 31 December 2013.

The Company had on 2 April 2014 announced to Bursa Securities that in line with Part E, paragraph 10.09 of the Requirements, which requires a renewal of mandate from the Company’s shareholders on the Recurrent RPT of a revenue or trading nature and a new mandate from the Company’s shareholders on the additional Recurrent RPT of a revenue or trading nature, the Board proposed to seek authorisation from the Company’s shareholders for such transactions.

The purpose of Part B of this Circular is to seek the approvals from the shareholders of the Company for the Proposed Shareholders’ Mandate to carry out Recurrent RPT of a revenue or trading nature, to comply with Part E, paragraph 10.09 of the Requirements.

The Company is principally involved in investment holding and providing management services to its subsidiary companies. The principal activities of PIB Group are as follows:-

Company	% of ownership	Principal activities
PIWSB	100	Manufacturing of wires and cables for electronics devices and cable moulding compounds
PIW Enterprise	100	Trading of raw cable/wire and cable assembly products.
PIESB	100	Contract Electronic Manufacturing (CEM) services and cable and PCB assemblies and manufacture of fixed and handle barcode readers and its related sub-assembly
PIE Enterprise	100	Trading of peripheral products of computer, telecommunication, consumer electronics and cable assembly products
PIS	100	Marketing and trading of electronics and telecommunication components and equipment
PIT	100	Cable assembly and wireharness manufacturing and providing of cable and wireharness to the computer, communication and consumer electronic industries.

Six subsidiary companies of the Company, namely, PIESB, PIE Enterprise (a wholly-owned subsidiary of PIESB), PIS (a wholly-owned subsidiary of PIESB), PIWSB, PIW Enterprise (a wholly-owned subsidiary of PIWSB) and PIT are involved in recurrent related party transactions of a revenue or trading nature with other related parties. The related parties are non-Malaysian companies related to PIIC, a major shareholder of the Company and they are namely PIPE and HH/HH Group.

2. THE CLASS OF PARTIES RELATED TO THE COMPANY WITH WHOM THE RECURRENT RELATED PARTY TRANSACTIONS WILL BE CARRIED OUT

Under paragraph 1.01 of the Requirements, unless the context otherwise requires:-

“related party” means (a) in relation to a corporation, a director, major shareholder or person connected with such director or major shareholder; or (b) in relation to a business trust means (i) the trustee-manager or person connected with the trustee-manager; (ii) a director, major shareholder of the trustee-manager or person connected with such director or major shareholder; or (iii) major unit holder or person connected with the major unit holder of the business trust. For the purpose of this definition, “director”, “major shareholder” and “major unit holder” have the meanings given in paragraph 10.02 of the Requirements;

“person connected” shall have the meaning of such person, (a) in relation to a director or major shareholder of a corporation; (b) in relation to a member of the management team of a SPAC; or (c) in relation to trustee-manager, director of the trustee-manager, major shareholder of the trustee-manager or major unit holder of a business trust (each person mentioned under (a), (b) and (c) above is referred to as “**said Person**”), means such person who falls under any one of the following categories:

- (a) a family* member of the said Person; or
- (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary; or
- (c) a partner# of the said Person, or a partner of a person connected with that said Person; or
- (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person; or
- (e) a person in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act; or
- (f) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person; or

- (g) a body corporate or its directors whose directions, instructions or wishes the said Person is accustomed or under an obligation, whether formal or informal, to act; or
- (h) a body corporate in which the said Person, or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
- (i) a body corporate which is a related corporation.

* *Family in relation to a person means such person who falls within any one of the following categories:-*

- (i) *spouse;*
- (ii) *parent;*
- (iii) *child including an adopted child and step-child;*
- (iv) *brother or sister; and*
- (v) *spouse of the person referred to in subparagraph (iii) and (iv) above.*

Partner in relation to a director, major shareholder, or person connected with the director or major shareholder, means such person who falls within any one of the following categories:-

- (i) *a person with whom the director, major shareholder or person connected with the director or major shareholder is in or proposes to enter into partnership with. "Partnership" for this purpose has the meaning given in Section 3 of the Partnership Act 1961; and*
- (ii) *a person with whom the director, major shareholder or person connected with a director or major shareholder has entered or proposes to enter into a joint venture, whether incorporated or not.*

Under paragraph 10.02 of the Requirements, for the purpose of Chapter 10 of the Requirements:-

"director" has the meaning given in Section 2 (1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company, in relation to a SPAC, a member of the SPAC's management team and in relation to a business trust, a director or chief executive of the trustee-manager, its subsidiary or holding company;

"major shareholder" includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer as defined under paragraph 1.01 of the Requirements or any other corporation which is its subsidiary or holding company and in relation to a business trust, a major shareholder of the trustee-manager, its subsidiary or holding company; and

"major unit holder" in relation to a business trust includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major unit holder of the business trust as defined under paragraph 1.01 of the Requirements.

Based on the above definitions, the parties related to the Company which have recurrent transactions of a revenue or trading nature with the Company and its group of companies are as follows:-

- (a) **PIPE**, a wholly-owned subsidiary of PGH. PIPE is incorporated in the People's Republic of China;
- (b) **PIIC**, a major shareholder of PIB. PIIC is incorporated in Taiwan, Republic of China. PIIC indirectly holds 32,909,998 ordinary shares of RM1.00 each in the Company or 51.48% of the issued and paid up share capital of the Company by virtue of its 100% shareholding in PGH; and
- (c) **HH**, a major shareholder of PIIC. HH is incorporated in Taiwan, Republic of China and holds 21.54% of the issued and paid up share capital of PIIC.

3. THE NATURE OF TRANSACTIONS CONTEMPLATED UNDER THE PROPOSED SHAREHOLDERS' MANDATE AND ESTIMATED VALUE

3.1 The Recurrent Related Party Transactions which will be covered by the Proposed Renewal of RRPT Mandate are as follows: -

Companies within PIB Group	Related party	Nature of transaction	Estimate annual value disclosed in the preceding year's circular	Actual value transacted since last AGM to 31 March 2014 (being the latest practicable date)	Estimate annual value for the period from 23 May 2014 to 30 June 2015 which is the tentative date of the next AGM
PIWSB	PIIC	PIWSB intends to purchase raw material in small volume for cables manufacturing and spare parts for maintenance of machines from PIIC. The raw materials are mainly plastic compound, pigments and wrapping taps.	RM1,500,000.00	NIL	RM1,500,000.00
		PIWSB intends to sell raw wire and cable to PIIC.	RM300,000.00	NIL	RM300,000.00
PIWSB	PIPE	PIWSB intends to sell raw wire and cable to PIPE.	RM400,000.00	NIL	RM400,000.00
PIW Enterprise	PIIC	PIW Enterprise intends to purchase raw wire/cable and/or cable assembly products from PIIC.	RM500,000.00	NIL	RM500,000.00
PIW Enterprise	PIPE	PIW Enterprise intends to purchase raw wire/cable and/or cable assembly products from PIPE.	RM1,500,000.00	NIL	RM1,500,000.00
PIESB	PIIC	PIESB currently purchases and intends to continue purchasing raw materials like electronic components, mechanical parts from PIIC.	RM1,500,000.00	RM280,536.94	RM1,500,000.00
		PIESB intends to sell connector terminal housing electronic parts to PIIC.	RM100,000.00	NIL	RM100,000.00
PIB	PIIC	PIIC intends to provide management services, technical advisory services and market procurement services to PIB.	RM600,000.00	NIL	RM600,000.00

Companies within PIB Group	Related party	Nature of transaction	Estimate annual value disclosed in the preceding year's circular	Actual value transacted since last AGM to 31 March 2014 (being the latest practicable date)	Estimate annual value for the period from 23 May 2014 to 30 June 2015 which is the tentative date of the next AGM
PIESB/ PIESB Group	HH/ HH Group	PIESB/PIESB Group currently purchases and intends to continue purchasing mechanical parts and electronic components from HH/ HH Group. The mechanical parts and electronic components are mainly used as part of the components or raw materials for products manufactured by PIESB and/or for the trading purpose.	RM600,000,000.00	RM1 15,898,672.39	RM600,000,000.00
		PIESB currently provides and intends to continue providing contract electronic manufacturing services to HH/ HH Group.	RM650,000,000.00	RM121,745.38	RM650,000,000.00
PIE Enterprise	PIIC	PIE Enterprise intends to purchase low end cable assembly products, telecommunication accessories and computer peripheral products from PIIC, which are products traded by PIE Enterprise.	RM5,000,000.00	NIL	RM5,000,000.00
PIS	PIIC	PIS currently purchases and intends to continue purchasing phone jack and connector terminal housing electronic parts from PIIC, which are products traded by PIS.	RM400,000.00	RM5,243.77	RM400,000.00
PIT	PIIC	PIT intends to purchase mechanical parts from PIIC which are used as part of the components or raw materials for products manufactured by PIT.	RM1,500,000.00	NIL	RM1,500,000.00

Companies within PIB Group	Related party	Nature of transaction	Estimate annual value disclosed in the preceding year's circular	Actual value transacted since last AGM to 31 March 2014 (being the latest practicable date)	Estimate annual value for the period from 23 May 2014 to 30 June 2015 which is the tentative date of the next AGM
PIT	HH/ HH Group	PIT intends to purchase mechanical parts and electronic components from HH/ HH Group which are used as part of the components or raw materials for products manufactured by PIT and/or for trading purposes.	RM1,500,000.00	NIL	RM30,000,000.00

- 3.2 The additional Recurrent Related Party Transactions which will be covered by the Proposed New RRPT Mandate are as follows: -

Companies within PIB Group	Related Party	Nature of Transaction	Estimate annual value for the period from 23 May 2014 to 30 June 2015 which is the tentative date of the next AGM
PIESB/ PIESB Group	HH/HH Group	PIESB/PIESB Group intends to purchase machineries from HH/ HH Group.	RM20,000,000.00
PIT	HH/HH Group	PIT intends to purchase machineries from HH/HH Group.	RM10,000,000.00

- 3.3 There are no amounts due and owing by the Related Parties arising from the Recurrent Related Party Transactions to PIB Group which has exceeded the credit terms as at the financial year ended 31 December 2013.

4. THE RELATIONSHIP OF THE COMPANY AND ITS RELATED PARTIES FROM A BUSINESS POINT OF VIEW

- 4.1 It is the business strategy of HH and PIIC to establish subsidiaries in different countries to take advantage of the unique characteristics of their respective operating environments including customer profile and requirements, labour costs, availability of skilled labour and market condition. As such, the products manufactured by the HH and PIIC group of companies ("HH/PIIC Group") throughout the world, including the Company and its group of companies are driven by suitability and market condition.
- 4.2 All the companies within the HH/PIIC Group employ the profit center system. This means that each company and their respective management are responsible for their own profit generating activities and all transactions are conducted on an arm's length basis based on prevailing market conditions.

5. THE RATIONALE FOR, AND THE BENEFIT TO THE COMPANY AND ITS GROUP OF COMPANIES TRANSACTING WITH RELATED PARTIES

Strictly from a business point of view, the sale of raw wires and cables by PIWSB to PIIC and PIPE are premised on commercial terms not more or less favourable than those that PIWSB would transact with any other non-related parties and are not to the detriment of the minority shareholders.

However, by PIWSB selling raw wires and cables to PIIC and PIPE, PIWSB would be transacting with parties whose background, financial well-being and management are familiar to PIWSB. PIWSB can therefore make more informed commercial decisions and help ensure timely recovery of business debts from such parties.

Similarly, the purchase of products and machineries by PIWSB, PIW Enterprise, PIESB, PIE Enterprise, PIS and PIT from related parties are also based on prevailing market conditions and terms and as such there is no price advantage for PIWSB, PIW Enterprise, PIESB, PIE Enterprise, PIS and PIT to purchase products and machineries from Mandated Related Parties on terms which are no more or less favourable than those available to other non-related parties and are not to the detriment of the minority shareholders.

However, by PIWSB, PIW Enterprise, PIESB, PIE Enterprise, PIS and PIT purchasing products and machineries from Mandated Related Parties, the PIB Group benefits by the sharing of products information which will lead to improving product quality, specification, reliability vis-à-vis other non-related party suppliers and timely delivery. Furthermore, transactions are between parties who are confident of the financial well-being and management of the related parties. Therefore, the in-depth knowledge and sharing of information will enable the PIB Group to ensure (i) consistency in the quality of its products (which use and/or incorporate materials and/or machineries purchased from PIIC/PIPE/HH/HH Group) (ii) reliable supply of materials (iii) better control of inventory, time and costs and (iv) a more effective channel of review and (v) improvement in product quality.

PIIC, which is a well-established company in the global electronic and electrical industry, has a wealth of international business networks and contacts and they are able to introduce new businesses and ventures to PIB Group. PIIC's strong technical knowledge of the electronic and electrical industry will allow PIB Group to tap into its resources to keep abreast with the latest technological development/trend and enabling transfer of technology and know-how. PIB will also benefit from PIIC's global management services through sharing of management information and assistance.

Again, by PIESB providing contract electronic manufacturing services to HH/HH Group, PIESB enjoys vis-à-vis other customers, the advantages of dealing with parties whose background, financial well-being, management, products and demand of quality are familiar to PIESB. These factors are very important to PIESB in view of the increasingly competitive and demanding contract electronic manufacturing industry with decreasing margin.

Above all, the RPT described above are recurrent in nature and are made in the ordinary course of business on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

The obtaining of the shareholders' mandate on an annual basis would eliminate the need to convene separate general meeting from time to time to seek shareholders' approval as and when potential Recurrent RPT with a Mandated Related Party arise, thereby reducing substantially administrative time and expenses in convening such meetings, without compromising the corporate objectives of the PIB Group and adversely affecting the business opportunities available to the Company and its subsidiary companies.

6. THE METHODS OR PROCEDURES ON WHICH A TRANSACTION IS PRICED

The Directors of the Company and its group of companies will ensure that the methods or procedures adopted for pricing a transaction with related parties are determined in accordance with the normal procedures and standards currently adopted by the Company and its group of companies in transactions with non-related parties conducted on an arm's-length willing-buyer and willing-seller basis taking into account prevailing market conditions and that such transactions are negotiated on the basis of prudent business practice to maximize profit margin or minimize costs and not to the detriment of the minority shareholders.

As required by paragraph 10.09 of the Requirements, the Company has disclosed in the Annual Report of the Company for the year of 2013 the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year from 1 January 2013 to 31 December 2013.

All RPT will be subject to periodic reviews by the Audit Committee to ensure that they have been transacted on arm's length basis and on commercial terms not detrimental to the Company and its group of companies and that proper disclosures will be made in the Annual Report of the Company in respect of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year.

The PIB Group has implemented and will continue to implement the following procedures for RPT and the methods for which transaction prices are determined in order to ensure that Recurrent RPT will be undertaken on an arm's length basis and on normal commercial terms and on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders:-

- a. A list of related parties will be circulated within the PIB Group and each related party will be notified that all Recurrent RPT are required to be undertaken on arm's length basis and on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public;
- b. All Recurrent RPT to be entered into will be reviewed by one senior manager to ensure that the transactions are not more favourable to the related party and will not be to the detriment of minority shareholders;
- c. The annual internal audit plan shall incorporate a review of all Recurrent RPT intended to be entered into pursuant to the shareholders' mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to;
- d. Records will be maintained by the Company to capture all Recurrent RPT which are entered into pursuant to the shareholders' mandate;
- e. The Board and the Audit Committee shall review the internal audit reports on a quarterly basis to ascertain that the guidelines and procedures established to monitor Recurrent RPT have been complied with;
- f. The Board and the Audit Committee shall have overall responsibility for the determination of the review procedures with authority to sub-delegate such responsibilities to individuals or committees within the Company as they deem appropriate. If a member of the Board or Audit Committee has an interest in a transaction, as the case may be, he will abstain from any decision making by the Board or Audit Committee in respect of the said transaction;
- g. The prices, terms and conditions of a transactions will be determined by market force, under similar commercial terms in respect of transactions with third parties taking into considerations the demand and supply of the products and its availability in the domestic market;
- h. The cost plus method will be used to determine the transaction price. This method adds an appropriate mark-up to the cost of production and will best determine an arm's length price. The appropriate mark-up is the percentage earned by the Company on the RPT/sales;

- i. at least two (2) other contemporaneous transactions with unrelated parties for similar products/services and/or quantities will be used as comparison, whenever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, to ensure that the Recurrent RPT is not detrimental to the listed issuer or its group of companies, the transaction price will be determined in accordance with applicable industry norms, prevailing commercial rates and at rates not more favourable to the related parties than those generally available to the public; and
- j. There are no specific thresholds for approval of Recurrent RPT within the PIB Group. However, all Recurrent RPT are subject to the approval of Senior Marketing Manager and reviewed by the Board from time to time, subject to the provisions in the Requirements and/or the Act, where necessary.

The Audit Committee is of the view that:-

- 1) the procedures adopted by PIB Group are sufficient to continue to ensure that the Recurrent RPT are not more favourable to the related party than those generally available to the public and not to the detriment of minority shareholders; and
- 2) the PIB Group has in place adequate procedures and processes to monitor, track and identify the Recurrent RPT in a timely and orderly manner, and the frequency of review of these procedures and processes was done in quarterly basis.

The Audit Committee has seen and reviewed the Recurrent RPT for the financial year ended 31 December 2013 and is of the view that the Recurrent RPT were conducted according to the procedures as set out in the Section 6 of Part B of the Circular to the Company's shareholders dated 29 April 2013 where the shareholders' mandate was granted to the Company.

7. VALIDITY OF THE MANDATE

The Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which the Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

8. FINANCIAL EFFECT OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any material effect in respect of the share capital, earnings per share, gearing, net assets per share, major shareholding and dividend rate of the Company.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

The direct and indirect interests of those Directors, Major Shareholders of the Company and persons connected to them who are interested in the Proposed Shareholders' Mandate as at 31 March 2014 are as follows:-

Directors	No. of ordinary shares of RM 1.00 each held in the Company			
	Direct	%	Indirect	%
Mui Chung Meng ¹	-	-	-	-
Chen, Chih-Wen ²	-	-	-	-
Cheng Shing Tsung	10,000	0.02	-	-
Cheung Ho Leung	-	-	-	-

Major Shareholders	No. of ordinary shares of RM 1.00 each held in the Company			
	Direct	%	Indirect	%
PGH	32,909,998	51.48	-	-

Persons Connected to Directors or Major Shareholders	No. of ordinary shares of RM 1.00 each held in the Company			
	Direct	%	Indirect	%
PIIC	-	-	32,909,998 ^(a)	51.48 ^(a)
Chung Lean Hwa ¹	410,000	0.64	-	-
Khor Bee Kiow ²	160,000	0.25	-	-

Notes

^(a) Deemed interested by virtue of its shareholding in PGH. PGH is a wholly owned subsidiary of PIIC.

^{1, 2} Being spouse to the Director.

Mui Chung Meng, Chen, Chih-Wen, Cheng Shing Tsung and Cheung Ho Leung are the Directors of the Company and also the management representatives of PGH. As such, they are deemed related to PGH and PIIC by virtue of the fact that they are accustomed to or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of PGH and PIIC.

Consequently, Mui Chung Meng, Chen, Chih-Wen, Cheng Shing Tsung and Cheung Ho Leung have abstained and will continue to abstain from all deliberations and voting on the Proposed Shareholders' Mandate at all board meetings and will abstain from voting in respect of their direct and indirect shareholdings (if any) on the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM.

In compliance with paragraph 10.09 (2) (d) of the Requirements, PGH and PIIC (by virtue of PIIC being the holding company of PGH), the interested major shareholders of the Company shall abstain from voting in respect of their direct and indirect shareholdings (if any) on the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM.

The abovementioned Directors and Major Shareholders who are interested in the Proposed Shareholders' Mandate have undertaken to ensure that persons connected with them shall abstain from voting on the resolution, deliberating or approving the Proposed Shareholders' Mandate in respect of their direct and indirect shareholding (if any) to be tabled at the forthcoming EGM.

Save as disclosed above, there are no other Directors, Major Shareholders or persons connected to them (as defined in the Requirements) who have any direct or indirect interest in the Proposed Shareholders' Mandate.

10. DIRECTORS' RECOMMENDATION

After taking into consideration all relevant factors, the Directors of the Company (other than Mui Chung Meng, Chen, Chih-Wen, Cheng Shing Tsung and Cheung Ho Leung who are deemed interested in the resolution) are of the opinion that the Proposed Shareholders' Mandate described above are in the best interest of the Company and its shareholders and accordingly, recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM.

11. EGM

The EGM, notice of which is enclosed in this Circular, will be held at Nyatoh, Level 2, Sunway Hotel Seberang Jaya, No. 11, Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai, Penang on Friday, 23 May 2014 at 10.00 a.m. or immediately following the conclusion or adjournment of the Seventeenth AGM of the Company schedule to be held at the same venue and on the same date at 9.00 a.m., for the purpose of considering and if thought fit, passing the resolution to give effect to the Proposed Shareholders' Mandate.

12. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I contained in Part B of this Circular for further information.

Yours faithfully,
For and on behalf of the Board

Ahmad Murad Bin Abdul Aziz
(Chairman/ Senior Independent Non-Executive Director)

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FURTHER INFORMATION**1. Directors' Responsibility**

The Part B of this Circular has been seen and approved by the Directors of the Company and they individually and collectively accept full responsibility for the accuracy of the information given in Part B of this Circular and confirm that after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statements herein misleading.

The transaction amounts for the Recurrent RPT set out in Sections 3.1 and 3.2 of Part B of this Circular (in particular column 6 and 4 respectively) represents the estimated annual value only. As such, the sole responsibility of the Directors of the Company, in relation to the transaction amounts thereof, is limited to ensuring that such information is accurately reproduced in Part B of this Circular.

2. Material Contracts

The Company and its subsidiary companies have not entered into any contracts which are or may be material within the past two (2) years preceding the date of this Circular.

3. Material Litigation

PIB Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors do not have any knowledge of any proceedings, pending or threatened, against PIB Group or of any facts likely to give rise to any proceedings which might materially affect the financial position or business of the PIB Group.

4. Consent

The written consent of Messrs Zaid Ibrahim & Co to act as the adviser of the Company in respect of Part B of this Circular has been given before the issuance of Part B of this Circular and has not been subsequently withdrawn.

5. Outstanding Corporate Proposals Announced But Pending Completion

Save for the Proposed Shareholders' Mandate and the proposal as disclosed below, there are no other outstanding proposals which have been announced by the Company but pending implementation:

On 21 February 2014, RHB Investment Bank Berhad ("RHBIB") on behalf of the Board of Directors of PIB had announced that the Company proposed to undertake a proposed bonus issue of up to 12,801,400 new ordinary shares of RM1.00 each in PIB ("PIB Share(s)" or "Share(s)") ("Bonus Share(s)") to be credited as fully paid-up on the basis of one (1) Bonus Share for every five (5) existing PIB Shares held on an entitlement date to be determined later ("Proposed Bonus Issue"). Subsequently, on 20 March 2014, RHBIB announced that the listing application in relation to the Proposed Bonus Issue had been submitted to Bursa Securities on 20 March 2014. Further, on 31 March 2014, RHBIB announced that Bursa Securities had vide its letter dated 28 March 2014, resolved to approve the listing of and quotation for up to 12,801,400 Bonus Shares, subject to the conditions as stated therein.

6. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal office hours (except public holidays) at the Registered Office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang from the date of this Circular up to the date of EGM:

- a. Memorandum and Articles of Association of PIB;
- b. Audited Financial Statements for the past two financial years ended 31 December 2012 and 31 December 2013; and
- c. The written consent of Messrs Zaid Ibrahim & Co. referred to in Section 4 of this Appendix I.



P.I.E. INDUSTRIAL BERHAD

(Company No.: 424086-X)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of P.I.E. Industrial Berhad ("PIB" or the "Company") will be held at Nyatoh, Level 2, Sunway Hotel Seberang Jaya, No. 11, Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai, Penang on Friday, 23 May 2014 at 10.00 a.m. or immediately following the conclusion or adjournment of the Seventeenth Annual General Meeting of the Company schedule to be held at the same venue and on the same date at 9.00 a.m., for the purpose of considering and if thought fit, passing with or without modification, the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED BONUS ISSUE OF UP TO 12,801,400 NEW ORDINARY SHARES OF RM1.00 EACH IN PIB ("PIB SHARE(S)" OR "SHARE(S)") ("BONUS SHARE(S)") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY FIVE (5) EXISTING PIB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED BONUS ISSUE")

"THAT subject to the approvals of all relevant authorities/ parties (if required) being obtained, approval be and is hereby given to the Board of Directors of PIB ("Board") to capitalise and apply a total sum of up to RM12,801,400 from the Company's share premium account for the purpose of the Proposed Bonus Issue, and such Bonus Shares to be allotted to the shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced later by the Board ("Entitlement Date"), on the basis of one (1) Bonus Share for every five (5) existing PIB Shares held by such shareholders on the Entitlement Date;

THAT fractional entitlements arising from the Proposed Bonus Issue, if any, shall be dealt with by the Board in such manner at their absolute discretion as they may deem fit and think expedient in the best interest of the Company;

THAT such Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing PIB Shares, except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/ or other distributions, in respect of which the entitlement date precedes the date of allotment and issuance of the Bonus Shares.

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Bonus Issue with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue."

ORDINARY RESOLUTION 2

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO PIB AND ITS GROUP OF COMPANIES ("PIB GROUP") TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE TO PIB GROUP TO ENTER INTO ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

"**THAT**, approval be and is hereby given for the purpose of Chapter 10 of Bursa Malaysia Securities Berhad Main Market Listing Requirements for the Company and its group of companies to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations as listed in Section 3 of Part B of the Circular to the shareholders dated 30 April 2014, provided that such transactions are carried out in the ordinary course of business, at arm's length, on normal commercial terms and on terms not more favourable to the Mandated Related Parties than those generally available to the public, are not to the detriment of the minority shareholders and disclosures on the breakdown of the aggregate value of these transactions conducted pursuant to the shareholders' mandate shall be made available in the Annual Report for the year ending 31 December 2014 ("the Mandate") and the Directors of the Company are hereby authorized to give effect to the various arrangements and/or transactions related to the above transactions and this shareholders' mandate.

AND THAT the approval given above shall continue in force until:-

- (a) the conclusion of the next annual general meeting of the Company following the general meeting at which the Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier."

By Order of the Board

How Wee Ling (MAICSA 7033850)

Ooi Ean Hoon (MAICSA 7057078)

Company Secretaries

Penang

30 April 2014

Notes:-

1. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the Extraordinary General Meeting, the Company shall be requesting the Record of Depositors as at 19 May 2014. Only a depositor whose name appears on the Record of Depositors as at 19 May 2014 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/ her stead.*
2. *A Member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend and to vote in his place. A proxy may but need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *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.*
4. *The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointer. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at the Registered Office at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, not less than 48 hours before the time appointed for holding the meeting.*

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P.I.E. INDUSTRIAL BERHAD

(Company No.: 424086-X)

(Incorporated in Malaysia under the Companies Act, 1965)

I/ We _____ *NRIC/ Company no. _____
(FULL NAME IN BLOCK CAPITAL)

of _____
(FULL ADDRESS)

being *a member / members of **P.I.E. INDUSTRIAL BERHAD (424086-X)** ("PIB" or the "Company") hereby appoint (Proxy 1)

(FULL NAME IN BLOCK CAPITAL)

*NRIC No./ Passport No. _____ of _____

(FULL ADDRESS)

*and/ or failing *him/ her (Proxy 2) _____
(FULL NAME IN BLOCK CAPITAL)

*NRIC No./ Passport No. _____ of _____

(FULL ADDRESS)

or failing *him/ her the Chairman of the Meeting as *my/ our proxy(ies) to attend, speak and vote for *me/ us on *my/ our behalf at the Extraordinary General Meeting of the Company to be held at Nyatoh, Level 2, Sunway Hotel Seberang Jaya, No. 11, Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai, Penang on Friday, 23 May 2014 at 10.00 a.m. or immediately following the conclusion or adjournment of the Seventeenth Annual General Meeting of the Company schedule to be held at the same venue and on the same date at 9.00 a.m..

The proportions of my/ our holdings to be represented by *my/ our proxy(ies) are as follows:-

Proxy 1	-	_____ %	In case of a vote by show of hands, *Proxy 1/ Proxy 2 shall vote on my/our behalf.
Proxy 2	-	_____ %	
		<u>100%</u>	

*I/ We hereby indicate with an "X" in the spaces provided how *I/ we wish *my/ our votes to be cast. (Unless otherwise instructed, the proxy may vote, as he thinks fit)

RESOLUTIONS	FOR	AGAINST
ORDINARY RESOLUTION 1 - PROPOSED BONUS ISSUE		
ORDINARY RESOLUTION 2 - PROPOSED SHAREHOLDERS' MANDATE		

* Strike out whichever is inapplicable

Signed this _____ day of _____ 2014

Signature(s) of Member(s)

Affix Company's Seal (if applicable)

Notes:-

- For the purpose of determining a member who shall be entitled to attend, speak and vote at the Extraordinary General Meeting, the Company shall be requesting the Record of Depositors as at 19 May 2014. Only a depositor whose name appears on the Record of Depositors as at 19 May 2014 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/ her stead.
- A Member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend and to vote in his place. A proxy may but need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- 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.
- The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointer. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, not less than 48 hours before the time appointed for holding the meeting.

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The Company Secretaries
P.I.E. INDUSTRIAL BERHAD (424086-X)
(Incorporated in Malaysia)

57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang
Malaysia.

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