

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad 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 in this Circular.

In line with the provisions of Practice Note 18/2005, Bursa Malaysia Securities Berhad has not perused Part A of this Circular prior to the issuance as the Proposed Amendments fall under the category of Exempt Circulars as outlined in the aforesaid practice note.



P.I.E. INDUSTRIAL BERHAD

(Company No.424086-X)

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PART A

**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY
("PROPOSED AMENDMENTS")**

PART B

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE
("PROPOSED RENEWAL OF RPT MANDATE")**

The Notice of the Extraordinary General Meeting of P.I.E. INDUSTRIAL BERHAD to be held at Nyatoh Room, Level 2, Sunway Hotel Seberang Jaya, No. 11 Lebuhraya Tenggiri Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai on Friday, 18th May 2007 at 10.00 a.m. or immediately following the conclusion or adjournment of the Tenth AGM together with the Form of Proxy are enclosed.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote for and on his behalf. In such event, the Form of Proxy should be lodged at the Registered Office of P.I.E. INDUSTRIAL BERHAD at 57-2 Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang on or before the date and time indicated below or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy : Wednesday, 16th May 2007 at 10.00 a.m.

Date and time of the Extraordinary General Meeting : Friday, 18th May, 2007 at 10.00 a.m. or immediately following the conclusion or adjournment of the Tenth Annual General Meeting to be held on 18th May 2007

This Circular is dated 26th April 2007

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout 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 Listing Requirements or Requirements	:	Bursa Securities Listing Requirements and any amendment thereto that may be made from time to time
PIE Group or the Group	:	P.I.E. Industrial Berhad and its subsidiary companies collectively
Company or PIE	:	P.I.E. Industrial Berhad (Company No. 424086-X)
Directors	:	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 or any other company which is its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company
EGM	:	Extraordinary General Meeting
Exempt Circulars	:	Circulars which do not require to be submitted to Bursa Securities for its perusal as prescribed under Section 2.1 of Practice Note 18/2005 of Bursa Securities
FAT	:	Foxconn Advanced Technology Inc.
HH	:	Hon Hai Precision Industry Co. Ltd.
Mandated Related Parties	:	PIPE, PIIC, HH and FAT collectively
PGH	:	Pan Global Holding Co Ltd, major shareholder of PIE
PIESB	:	Pan-International Electronics (Malaysia) Sdn. Bhd. (Company No. 178248-H)
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	:	PIW Enterprise (Malaysia) Sdn. Bhd. (Company No. 579191-K)
PIWSB	:	Pan-International Wire & Cable (Malaysia) Sdn. Bhd. (Company No. 178247-M)

DEFINITIONS (CONT'D)

- Proposed Amendments : Proposed Amendments to Articles of Association of the Company
- Proposed Renewal of RPT 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 (in particular column 3) of Part B of this Circular with the Mandated Related Parties
- Recurrent Related Party Transactions or Recurrent RPT : Transaction entered into by the Company or its subsidiary companies involving the interest, direct and indirect, of related parties which are recurrent transaction of a revenue or trading nature and which are necessary for its day-to-day operations provided that such transactions are carried out in the normal 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
- Related Party or RP : means a director, major shareholder or person connected with such director or major shareholder. For the purpose of this definition, "director" shall have the meaning given in section 4 of the Companies Act 1965 and that is it includes any person occupying the position of director of a corporation by whatever name called and includes a person in accordance with whose directions or instructions the directors of a corporation are accustomed to act and an alternate or substitute director and also it includes 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 director of the listed issuer or any other company which is its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company . Whereas "major shareholder" for this purpose of definition, shall includes 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 under paragraph 1.01 of the Bursa Securities Listing Requirements or any other company which is its subsidiary or holding company. As for "person connected", it shall have the meanings of "in relation to a director or a major shareholder", means such person who falls under any one of the following categories:-
- (a) a member of the director's or major shareholder's family*;
 - (b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the director, major shareholder or a member of the director's or major shareholder's family is the sole beneficiary;
 - (c) a partner[#] of the director, major shareholder or a partner of a person connected with that director or major shareholder;
 - (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 director or major shareholder;
 - (e) a person in accordance with whose directions, instructions or wishes of the director or major shareholder is accustomed or is under an obligation, whether formal or informal, to act;

DEFINITIONS (CONT'D)

- (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 director or major shareholder;
- (g) a body corporate or its directors whose directions, instructions or wishes of the director or major shareholder is accustomed or under an obligation, whether formal or informal, to act;
- (h) a body corporate or its director, major shareholder and/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 which 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 a director or major shareholder is in or proposes to enter into partnership with. "Partnership" for this purpose is given the meaning under Section 3 of the Partnership Act 1961; and*
- (ii) *a person with whom the director, major shareholder or person connected to a director or major shareholder has entered or proposes to enter into a joint venture, whether incorporated or not.*

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
RM and sen	:	Ringgit Malaysia and sen respectively
Share(s)	:	Ordinary share(s) of RM1.00 each in PIE
USD	:	United States of America Dollar

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.

CONTENTS

PART A	PAGE
LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED AMENDMENTS	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED AMENDMENTS	1
3. RATIONALE FOR THE PROPOSED AMENDMENTS	1
4. CONDITIONS TO THE PROPOSED AMENDMENTS	2
5. DIRECTORS' RECOMMENDATION	2
6. EGM	2
7. FURTHER INFORMATION	2
 PART B	
LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF RPT MANDATE	
1. INTRODUCTION	7-8
2. THE CLASS OF PARTIES RELATED TO P.I.E. INDUSTRIAL BERHAD WITH WHOM THE TRANSACTION WILL BE CARRIED OUT	8-10
3. THE NATURE OF TRANSACTIONS CONTEMPLATED UNDER THE PROPOSED RENEWAL OF RPT MANDATE AND ESTIMATED VALUE	10-14
4. THE RELATIONSHIP OF THE COMPANY AND ITS RELATED PARTIES FROM A BUSINESS POINT OF VIEW	14
5. THE RATIONALE FOR, AND THE BENEFIT TO P.I.E. INDUSTRIAL BERHAD AND ITS GROUP OF COMPANIES TRANSACTING WITH RELATED PARTIES	14-15
6. THE METHODS OR PROCEDURES ON WHICH A TRANSACTION IS PRICED	15-17
7. VALIDITY OF THE MANDATE	17
8. FINANCIAL EFFECT ON THE PROPOSED RENEWAL OF RPT MANDATE	17
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM	17-18
10. DIRECTORS' RECOMMENDATION	18
11. EGM	18
12. FURTHER INFORMATION	18

APPENDICES

APPENDIX A	- DETAILS OF THE PROPOSED AMENDMENTS	3-6
APPENDIX B	- FURTHER INFORMATION	19-20
NOTICE OF EGM		ENCLOSED
FORM OF PROXY		ENCLOSED

THE REMAINING OF THIS PAGE IS INTENTIONALLY LEFT BLANK

PART A

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE
PROPOSED AMENDMENTS**

P.I.E. INDUSTRIAL BERHAD

(Company No. 424086-X)
(Incorporated in Malaysia)

Registered Office

57-2 Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

26th April 2007

Board of Directors:

Y.T.M. Tunku Dato' Dr. Ismail

Ibni Almarhum Tunku Mohd Jewa (*Chairman /Senior Independent Non-Executive Director*)

Mui Chung Meng (*Managing Director*)

Chen, Chih-Wen (*Executive Director*)

Cheng Shing Tsung (*Non-Executive Director*)

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

Cheung Ho Leung (*Executive Director*)

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

Dear Sir/Madam,

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENTS")

1. INTRODUCTION

On 6th April 2007, the Directors of the Company had announced that the Company proposed to amend its Articles of Association.

The Directors are convening an EGM of the Company to be held on 18th May 2007 at 10.00 a.m. or immediately following the conclusion or adjournment of the 10th AGM to be held on 18th May 2007 to seek shareholders' approval for the Proposed Amendments.

In line with the provisions of Practice Note 18/2005, Bursa Securities has not perused this Circular prior to the issuance of Part A of this Circular as the Proposed Amendments fall under the category of Exempt Circulars as outlined in the aforesaid practice note.

The purpose of Part A of this Circular is to provide the shareholders with the information on the Proposed Amendments, to set out the Board's recommendation thereon and to seek the Shareholders' approval for the Special Resolution on Proposed Amendments to be tabled at the forthcoming EGM. The notice of EGM together with the Form of Proxy are enclosed in this Circular.

SHAREHOLDERS OF PIE ARE ADVISED TO READ THE CONTENTS AND THE APPENDICES OF THIS CIRCULAR, AND TO CONSIDER CAREFULLY THE RECOMMENDATIONS BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED AMENDMENTS.

2. DETAILS OF THE PROPOSED AMENDMENTS

The details of the Proposed Amendments are as set out in Appendix A of this Circular.

3. RATIONALE FOR THE PROPOSED AMENDMENTS

The Proposed Amendments is made to align the Company's Articles of Association under Chapter 7 of the Bursa Securities Listing Requirements and to facilitate some administrative issues.

4. CONDITIONS TO THE PROPOSED AMENDMENTS

The Proposed Amendments are subject to the approval being obtained from the Shareholders of the Company for the Proposed Amendments at an EGM to be convened.

5. DIRECTORS' RECOMMENDATION

After taking into consideration all relevant factors, your Directors are of the opinion that the Proposed Amendments described above are in the best interest of the Company.

Accordingly, your Directors recommend that you vote in favour of the relevant resolution to be tabled at the forthcoming EGM.

6. EGM

For the purpose of approving the Proposed Amendments, an EGM, the Notice of which is enclosed with this Circular, is to be held at the Nyatoh Room, Level 2, Sunway Hotel Seberang Jaya, No. 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai, Penang on Friday, 18th May, 2007 at 10.00 a.m. or immediately following the conclusion or adjournment of the Tenth AGM to be held on 18th May, 2007 for the purpose of considering the Proposed Amendments contained herein and if thought fit, passing the resolution so as to give effect to the Proposed Amendments.

If the Shareholders of PIE are unable to attend and vote in person at the EGM, the Shareholders may complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than forty-eight (48) hours before the time stipulated for holding the meeting. The lodging of the Form of Proxy will not preclude the Shareholders from attending and voting in person at the meeting should the Shareholders subsequently decide to do so.

7. FURTHER INFORMATION

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

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

Y.T.M. Tunku Dato' Dr. Ismail
Ibni Almarhum Tunku Mohd Jewa
(Chairman /Senior Independent Non-Executive Director)

DETAILS OF THE PROPOSED AMENDMENTS

It is resolved that Articles of Association of the Company be amended in the following manner:-

1. Article 5 (a)

That the sub-clause (a) in Article 5 of the Articles of Association of the Company be deleted in its entirety.

2. Article 5 (b) (ii)

That the sub-clause (b) (ii) in Article 5 of the Articles of Association of the Company be deleted in its entirety.

3. Article 18

THAT the existing paragraph of Article 18 of the Articles of Association to be amended from:-

“The Company shall allot securities and dispatch notice of allotment to the allottees, within 20 market days of the final applications closing date for an issue of securities or such other period as may be prescribed by the Exchange.”

to:

“The Company shall allot securities and dispatch notice of allotment to the allottees, within 15 market days of the final applications closing date for an issue of securities or such other period as may be prescribed by the Exchange.”

4. Article 42

THAT the existing paragraph of Article 42 of the Articles of Association to be amended from:-

“Subject to these Articles, the Act, the Central Depositories Act and the Rules (with respect to transfer of deposited security) shares in the Company which have been deposited with the Bursa Depository shall be transferable but every transfer be by way of book entry by the Bursa Depository in accordance with the Rules of the Bursa Depository and, notwithstanding Section 103 and 104 of the Companies Act 1965, but subject to subsection 107C(2) of the Companies Act, 1965 and any exemption that may be made from the compliance with subsection 107C(1) of the Companies Act 1965, the Company shall be precluded from registering and effecting any transfer of listed securities.”

to:

“Subject to these Articles, the Act, the Central Depositories Act and the Rules (with respect to transfer of deposited security) shares in the Company which have been deposited with the Bursa Depository shall be transferable but every transfer be by way of book entry by the Bursa Depository in accordance with the Rules of the Bursa Depository and, notwithstanding Section 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from the compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of listed securities.”

5. Article 43(1)

THAT the existing paragraph of Article 43(1) of the Articles of Association to be amended from:-

“Where-

- (a) the securities of the Company are listed on an Approved Market Place; and*
- (b) the Company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act, 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Bursa Depository in respect of such securities, the Company shall, upon request by securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as “the Foreign Register”), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as “the Malaysian Register”) subject to the following conditions:-
 - (i) there shall be no change in the ownership of such securities; and*
 - (ii) the transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holder.”**

to:

“Where-

- (a) the securities of the Company are listed on another stock exchange; and*
- (b) the Company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act, 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Bursa Depository in respect of such securities,*

the Company shall, upon request by securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.”

6. Article 43(2)

That the sub-clause (2) in Article 43 of the Articles of Association of the Company be deleted in its entirety.

THE REMAINING OF THIS PAGE IS INTENTIONALLY LEFT BLANK
--

7. Article 45

THAT the existing paragraph of Article 45 of the Articles of Association to be amended from:-

“The Register of Members may be closed at such time and for such period as the Directors may from time to time determine PROVIDED ALWAYS that they shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a books closing date and the reason therefore shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Stock Exchange, such notice shall state the books closing date, which shall be at least twelve (12) clear market days after the date of notification to the Exchange, and the address of the share registry at which documents will be accepted for registration. In relation to such closure, the Company shall give written notice, in accordance with the Rules to issue the appropriate Record of Depositors.”

to:

“The Register of Members may be closed at such time and for such period as the Directors may from time to time determine PROVIDED ALWAYS that they shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a books closing date and the reason therefore shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange, such notice shall state the books closing date, which shall be at least ten (10) market days after the date of notification to the Exchange, and the address of the share registry at which documents will be accepted for registration. In relation to such closure, the Company shall give written notice, in accordance with the Rules to issue the appropriate Record of Depositors.”

8. Article 65(1)

THAT the existing paragraph of Article 65 (1) of the Articles of Association to be amended from:-

“A meeting of the Company called for the passing of a special resolution and an annual general meeting shall be called by twenty-one (21) days’ notice in writing at the least. Any other meetings of the Company shall be called by fourteen (14) days’ notice in writing at the least specifying the place, day and hour of the meeting and, in the case of special business shall also specify the general nature of that business and shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Notice of every such meeting shall be given by advertisement in at least one daily national newspaper and in writing to the Exchange on which the Company is listed.”

to:

“A meeting of the Company called for the passing of a special resolution and an annual general meeting shall be called by twenty-one (21) days’ notice in writing at the least. Any other meetings of the Company shall be called by fourteen (14) days’ notice in writing at the least specifying the place, day and hour of the meeting and, in the case of special business shall also specify the general nature of that business and shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Notice of every such meeting shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to the Exchange on which the Company is listed.”

THE REMAINING OF THIS PAGE IS INTENTIONALLY LEFT BLANK

9. Article 65(3)

THAT the existing Article 65(3) of the Articles of Association to be amended from:-

“The Company shall request the Bursa Depository in accordance with the Rules of the Bursa Depository to issue a Record of Depositors as at a date not less than 3 market days before the general meeting (hereinafter referred to as “the General Meeting Record of Depositors”). Subject to the Securities Industry (Central Depositories)(Foreign Ownership) Regulations, 1996 (where applicable) and notwithstanding any provision in the Act, a Depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.”

to:

“The Company shall request the Bursa Depository in accordance with the Rules of the Bursa Depository to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than 3 market days before the general meeting (hereinafter referred to as “the General Meeting Record of Depositors”). Subject to the Securities Industry (Central Depositories)(Foreign Ownership) Regulations, 1996 (where applicable) and notwithstanding any provision in the Act, a Depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.”

10. Article 96(2)

THAT the existing paragraph of Article 96(2) of the Articles of Association to be amended from:-

“Until otherwise determined by the Company in general meeting the number of Directors shall not be less than five (5) nor more than (10) but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum the continuing Directors or Director may act for the purpose of filling up such vacancy or vacancies or of summoning a general meeting of the Company. No one other than a natural person shall be a Director of the Company. ”

to:

“Until otherwise determined by the Company in general meeting the number of Directors shall not be less than five (5) nor more than (10) but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum the continuing Directors or Director may act for the purpose of filling up such vacancy or vacancies or of summoning a general meeting of the Company.”

11. Article 182

THAT the Article 182 of the Articles of Association of the Company be deleted in its entirety.

THE REMAINING OF THIS PAGE IS INTENTIONALLY LEFT BLANK
--

PART B

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE
PROPOSED RENEWAL OF RPT MANDATE**

P.I.E. INDUSTRIAL BERHAD

(Company No. 424086-X)
(Incorporated in Malaysia)

Registered Office

57-2 Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

26th April 2007

Board of Directors:

Y.T.M. Tunku Dato' Dr. Ismail

Ibni Almarhum Tunku Mohd Jewa (*Chairman /Senior Independent Non-Executive Director*)

Mui Chung Meng (*Managing Director*)

Chen, Chih-Wen (*Executive Director*)

Cheng Shing Tsung (*Non-Executive Director*)

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

Cheung Ho Leung (*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

1. INTRODUCTION

Pursuant to paragraph 10.09 of the Requirements, a listed company may seek a shareholders' mandate, a mandate which is subjected 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 normal 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 19th May 2006 sought and obtained from its shareholders the mandate to enter into recurrent related party transactions more particularly described in Section 3 (A) and (B) respectively of Part C of the Circular to shareholders dated 27th April 2006 and it shall expires on 18th May 2007. All such concluded transactions pursuant to the shareholders' mandate are disclosed on page 68 of the Annual Report for the year ended 31st December 2006.

The Company had on 26th March 2007 announced to the Bursa Securities that in line with Part E, Chapter 10.09 of the Requirements, which requires the renewal of mandate of the Company's shareholders on recurrent related party transactions of a revenue or trading nature, the Board of Directors of the Company proposed to seek authorisation from the Company's shareholders for such transactions.

The purpose of this Circular is to seek the approvals from the shareholders of the Company for the Proposed Renewal of RPT Mandate to carry out recurrent related party transactions of a revenue or trading nature to comply with Part E, Chapter 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 PIE Group are as follows:-

Company	% of ownership	Principal activities
PIWSB	100	Manufacturing of wires and cables for personal computer, electronic devices, telecommunication and cable moulding compounds
PIW Enterprise	100	Trading of raw cable/wire and cable assembly products
PIESB	100	Contract Electronic Manufacturing (CEM) services
PIE Enterprise	100	Trading of peripheral products of computer, telecommunication , consumer electronics and cable assembly products
PIS	100	Marketing and trading of cables assembly and personal computer related components for Singapore and Peninsular Malaysia
PIT	100	Cable assembly and Wireharness manufacturing 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, HH and FAT.

2. THE CLASS OF PARTIES RELATED TO P.I.E. INDUSTRIAL BERHAD WITH WHOM THE TRANSACTION WILL BE CARRIED OUT

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

“related party” means a director, major shareholder or person connected with such director or major shareholder;

“person connected” in relation to a director or a major shareholder, means such person who falls under any one of the following categories:-

- (a) a member of the director’s or major shareholder’s family*; or
- (b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the director, major shareholder or a member of the director’s or major shareholder’s family is the sole beneficiary; or

- (c) a partner[#] of the director, major shareholder or a partner of a person connected with that director or major shareholder; 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 director or major shareholder; or
- (e) a person in accordance with whose directions, instructions or wishes of the director or major shareholder 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 director or major shareholder; or
- (g) a body corporate or its directors whose directions, instructions or wishes of the director or major shareholder is accustomed or under an obligation, whether formal or informal, to act; or
- (h) a body corporate in which the director, major shareholder and/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 which 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 a director or major shareholder is in or proposes to enter into partnership with. "Partnership" for this purpose is given the meaning under Section 3 of the Partnership Act 1961; and
- (ii) a person with whom the director, major shareholder or person connected to 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 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 or any other company which is its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company; and

"major shareholder" is defined to include 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 company which is its subsidiary or holding company.

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 People Republic of China;
- (b) **PIIC**, a major shareholder of P.I.E. Industrial Berhad. PIIC is incorporated in Taiwan, Republic of China. PIIC indirectly holds 32,909,998 ordinary shares of RM1.00 each in the Company or 52.95% of the issued and paid up share capital of the Company by virtue of its 100% shareholding in PGH;
- (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; and
- (d) **FAT**, a wholly-owned subsidiary company of HH. FAT is incorporated in People Republic of China.

3 THE NATURE OF TRANSACTIONS CONTEMPLATED UNDER THE PROPOSED RENEWAL OF RPT MANDATE AND ESTIMATED VALUE

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

Companies within PIE Group and principal activities	Related party and relationship	Nature of transaction	Estimate annual value for the period from 18 th May 2007 to 30 th June 2008 which is the tentative date of the next AGM
<p>PIWSB</p> <p>The principal activities of PIWSB are the manufacturing of wires and cables for personal computer, electronic devices, telecommunication and cable moulding compounds.</p>	<p>PIIC</p> <p>PIIC is a major shareholder of the Company by virtue of its 100% shareholding in PGH. PGH holds 32,909,998 ordinary shares of RM1.00 each or 52.95% of the issued and paid up share capital of the Company</p>	<p>(i) PIWSB currently purchases and intends to continue purchasing 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.</p> <p>(ii) PIWSB intends to sell raw wire and cable to PIIC.</p>	<p>RM1,500,000.00</p> <p>RM300,000.00</p>

PIWSB	<p>PIPE</p> <p>PIPE is a wholly-owned subsidiary of PGH. PGH holds 32,909,998 ordinary shares of RM1.00 each or 52.95% of the issued and paid up share capital of the Company</p>	<p>PIWSB intends to sell raw wire and cable to PIPE.</p>	<p>RM400,000.00</p>
<p>PIESB</p> <p>The principal activity of PIESB is Contract Electronic Manufacturing (CEM) service.</p>	<p>HH</p> <p>HH is a major shareholder of PIIC. PIIC is a major shareholder of the Company by virtue of its 100% shareholding in PGH. PGH holds 32,909,998 ordinary shares of RM1.00 each or 52.95% of the issued and paid up share capital of the Company</p>	<p>(i) PIESB intends to purchase mechanical parts and electronic components from HH. The mechanical parts and electronic components are mainly used as part of the components or raw materials for products manufactured by PIESB</p> <p>(ii) PIESB intends to provide contract electronic manufacturing services to HH.</p>	<p>RM800,000,000.00</p> <p>RM850,000,000.00</p>
PIESB	<p>PIIC</p> <p>PIIC is a major shareholder of the Company by virtue of its 100% shareholding in PGH. PGH holds 32,909,998 ordinary shares of RM1.00 each or 52.95% of the issued and paid up share capital of the Company</p>	<p>(i) PIESB currently purchases and intends to continue purchasing raw materials like electronic components, mechanical parts from PIIC.</p> <p>(ii) PIESB intends to sell connector terminal housing electronic parts to PIIC.</p>	<p>RM1,500,000.00</p> <p>RM100,000.00</p>

PIESB	<p>FAT</p> <p>FAT is a wholly-owned subsidiary company of HH. HH is a major shareholder of PIIC. PIIC is a major shareholder of the Company by virtue of its 100% shareholding in PGH. PGH holds 32,909,998 ordinary shares of RM1.00 each or 52.95% of the issued and paid up share capital of the Company</p>	<p>(i) PIESB intends to purchase mechanical parts and electronic components from FAT. The mechanical parts and electronic components are mainly used as part of the components or raw materials for products manufactured by PIESB.</p> <p>(ii) PIESB intends to provide contract electronic manufacturing services to FAT.</p>	<p>RM1,200,000.00</p> <p>RM1,500,000.00</p>
<p>PIW Enterprise</p> <p>The principal activities of PIW Enterprise relate to the trading of raw cable/ wire and cable assembly products</p>	<p>PIPE</p> <p>PIPE is a wholly-owned subsidiary of PGH. PGH holds 32,909,998 ordinary shares of RM1.00 each or 52.95% of the issued and paid up share capital of the Company</p>	<p>PIW Enterprise intends to purchase raw wire/cable and/or cable assembly products from PIPE.</p>	<p>RM1,500,000.00</p>
<p>PIW Enterprise</p>	<p>PIIC</p> <p>PIIC is a major shareholder of the Company by virtue of its 100% shareholding in PGH. PGH holds 32,909,998 ordinary shares of RM1.00 each or 52.95% of the issued and paid up share capital of the Company</p>	<p>PIW Enterprise intends to purchase raw wire/cable and/or cable assembly products from PIIC.</p>	<p>RM500,000.00</p>

<p>PIE Enterprise</p> <p>The principal activities of PIE Enterprise relate to the trading of peripheral products of computer, telecommunication, consumer electronics and cable assembly products</p>	<p>PIIC</p> <p>PIIC is a major shareholder of the Company by virtue of its 100% shareholding in PGH. PGH holds 32,909,998 ordinary shares of RM1.00 each or 52.95% of the issued and paid up share capital of the Company</p>	<p>PIE Enterprise intends to purchase low end cable assembly products, telecommunication accessories and computer peripheral products from PIIC. The low end cable assembly products, telecommunication accessories and computer peripheral products are products traded by PIE Enterprise.</p>	<p>RM8,000,000.00</p>
<p>PIE</p> <p>The principal activities of PIE are investment holding and providing management services.</p>	<p>PIIC</p> <p>PIIC is a major shareholder of the Company by virtue of its 100% shareholding in PGH. PGH holds 32,909,998 ordinary shares of RM1.00 each or 52.95% of the issued and paid up share capital of the Company</p>	<p>PIIC intends to provide management services, technical advisory services and market procurement services to PIE.</p>	<p>RM600,000.00</p>
<p>PIS</p> <p>The principal activities of PIS are in the marketing and trading of cables assembly and personal computer related components for Singapore and Peninsular Malaysia.</p>	<p>PIIC</p> <p>PIIC is a major shareholder of the Company by virtue of its 100% shareholding in PGH. PGH holds 32,909,998 ordinary shares of RM1.00 each or 52.95% of the issued and paid up share capital of the Company</p>	<p>PIS currently purchases and intends to continue purchasing phone jack and connector terminal housing electronic parts from PIIC, which are products traded by PIS.</p>	<p>RM400,000.00</p>

PIT The principal activities of PIT are Cable assembly and wireharness manufacturing providing of cable and wireharness to the computer, communication and consumer electronic industries.	PIIC PIIC is a major shareholder of the Company by virtue of its 100% shareholding in PGH. PGH holds 32,909,998 ordinary shares of RM1.00 each or 52.95% of the issued and paid up share capital of the Company	PIT currently purchases and intends to continue purchasing mechanical parts from PIIC which are used as part of the raw materials for products produced by PIT.	RM1,500,000.00
PIT	HH HH is a major shareholder of PIIC. PIIC is a major shareholder of the Company by virtue of its 100% shareholding in PGH. PGH holds 32,909,998 ordinary shares of RM1.00 each or 52.95% of the issued and paid up share capital of the Company	PIT intends to purchase mechanical parts and electronic components from HH. The mechanical parts and electronic components are mainly used as part of the components or raw materials for products manufactured by PIT.	RM4,000,000.00
Aggregate estimate annual value			RM1,673,000,000.00

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 arms length basis based on prevailing market conditions.

5. THE RATIONALE FOR, AND THE BENEFIT TO P.I.E. INDUSTRIAL BERHAD 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 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 from PIIC, PIPE, FAT and HH 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 from PIIC, PIPE, FAT and HH, the PIE 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 PIE Group to ensure (i) consistency in the quality of its products (which use and/or incorporate materials purchased from PIIC/PIPE/HH/FAT) (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 PIE Group. PIIC's strong technical knowledge of the electronic and electrical industry will allow PIE Group to tap into its resources to keep abreast with the latest technological development/trend and enabling transfer of technology and know-how. PIE 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 and FAT, 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 related party transactions described above are recurrent in nature and are made in the ordinary course of business on terms not more favorable 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 and the renewal of the 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 related party transactions with a Mandated Related Party arise, thereby reducing substantially administrative time and expenses in convening such meetings, without comprising the corporate objectives 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 arms-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 2006 the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year from 1st January 2006 to 31st December 2006.

All related party transactions will be subject to periodic reviews by the Audit Committee to ensure that they have been transacted on arms 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 PIE Group has implemented and will continue to implement the following procedures for Related Party Transactions and the methods for which transaction prices are determined in order to ensure that recurrent related party transactions will be undertaken on an arms 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 PIE Group and each related party will be notified that all recurrent related party transactions are required to be undertaken on arms 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 related party transactions 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 related party transactions 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 related party transactions which are entered into pursuant to the shareholders' mandate;
- e. The board of directors of the Company 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 related party transactions have been complied with;
- f. The board of directors of the Company 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 of directors or audit committee has an interest in a transaction, as the case may be, he will abstain from any decision making by the board of directors 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 related party transactions/sales.

The audit committee is of the views that the procedures adopted by PIE Group are sufficient to continue to ensure that the recurrent related party transactions are not more favourable to the related party and not be to the detriment of minority shareholders. The audit committee has seen and reviewed the Recurrent RPT for the financial year ended 31st December 2006 and is of the views that the Recurrent RPT were conducted according to the procedures as set out in the Part C of the Circular to the Company's shareholders dated 27th April 2006 where the shareholders' mandate was granted to the Company.

7. VALIDITY OF THE MANDATE

The 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 annual general meeting of the listed issuer following the general meeting at which the Proposed Renewal of RPT Mandate were 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 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting

whichever is earlier.

8. FINANCIAL EFFECT ON THE PROPOSED RENEWAL OF RPT MANDATE

The Proposed Renewal of RPT Mandate will not have any material effect in respect of the share capital, earnings per share, 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 Renewal of RPT Mandate as at 30th March 2007 are as follows:-

No. of ordinary shares of RM 1.00 each held in the Company

Directors	Direct	%	Indirect	%
Mui Chung Meng	330,000	0.53	-	-
Chen, Chih-Wen	170,000	0.27	-	-
Cheng Shing Tsung	10,000	0.02	-	-
Cheung Ho Leung	-	-	-	-

No. of ordinary shares of RM 1.00 each held in the Company

Major Shareholder	Direct	%	Indirect	%
PGH	32,909,998	52.95	-	-

No. of ordinary shares of RM 1.00 each held in the Company

Persons Connected to Directors or Major	Direct	%	Indirect	%
PIIC	-	-	32,909,998 ^(a)	52.95 ^(a)

Notes

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

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 Renewal of RPT 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 Renewal of RPT Mandate to be tabled in the forthcoming EGM.

In compliance with paragraph 10.09(1)(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 Renewal of RPT Mandate to be tabled in the forthcoming EGM.

The abovementioned Directors and major shareholders who are interested in the Proposed Renewal of RPT Mandate shall undertake to ensure that persons connected with them shall abstain from voting on the resolution pertaining to the Proposed Renewal of RPT Mandate in respect of their direct and indirect shareholding (if any) to be tabled in the forthcoming EGM.

Save as disclosed above, there are no other directors, major shareholders or persons connected to them (as defined in the Listing Requirements) who have any direct or indirect interest in the Proposed Renewal of RPT 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 Renewal of RPT 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 Renewal of RPT Mandate to be tabled in the forthcoming EGM.

11. EGM

The EGM, notice of which is enclosed in this Circular, will be held at Nyatoh Room, Level 2, Sunway Hotel Seberang Jaya, No. 11 Lebuh Tenggara Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai on Friday, 18th May 2007 at 10.00 a.m. or immediately following the conclusion or adjournment of the Tenth AGM for the purpose of considering and if thought fit, passing the resolution to give effect to the Proposed Renewal of RPT Mandate.

12. FURTHER INFORMATION

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

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

Y.T.M. Tunku Dato' Dr.Ismail
Ibni Almarhum Tunku Mohd Jawa
(Chairman/ Senior Independent Non-Executive Director)

FURTHER INFORMATION

1. Directors' Responsibility

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 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 transactions set out in Section 3 (in particular column 4) of Part B of this Circular 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 this circular.

2. Material Contracts

Save as disclosed below, 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:-

Share Sale and Purchase Agreement dated 11th August 2005 made between PIE and the shareholder of PIT to acquire the 5,000,000 PIT Shares representing the entire issued and paid-up share capital of PIT for a cash consideration of USD3,850,000 (equivalent to approximately RM14,534,000 based on the foreign exchange rate of RM3.775 : USD1.00 as at 10th August 2005, being a date prior to the announcement of the Proposed Acquisition) subject to the terms and conditions of the Share Sale and Purchase Agreement.

3. Material Litigation

Save as disclosed below, PIE 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 PIE Group or of any facts likely to give rise to any proceedings which might materially affect the financial position or business of the PIE Group:

- (i) PIESB had on 24th October 2002 commenced legal action against Xircom Operations (M) Sdn. Bhd. ("Xircom") to claim the sum of Ringgit Malaysia Five Million Nine Hundred Fifty Seven Thousand Three Hundred Sixteen and Sen Twenty only (RM5,957,316.20) for damages arising from the breach of contract to purchase goods and wrongful set-off of payment. Xircom has applied to the court for the case to be referred to arbitration while PIESB applied to set down preliminary issue down for trial. The Penang High Court has granted Xircom's application for arbitration. PIESB therefore proceed with the appeal No. P-02-1301-06 in the Court of Appeal against the decision of Penang High Court ordering the matter to go for arbitration. The Board is advised by the Company's solicitor that PIESB has a reasonable chance to succeed in the claim.
- (ii) PIT had on 30th December 2003 commenced legal action against Delta Electronics (Thailand) Public Company Limited (Black case no.: 1797/2546(2003)) to claim the sum of Baht13,559,759 (equivalent to approximately RM1,330,212.00) for the compensation damages as a result of the cancellation of purchase orders by Delta. A judgment has been made by the Samutprakarn Provincial Court that Delta is not in default and not responsible to the PIT for any damages and dismissed this case as the Court considered that the Purchase Agreement between PIT and Delta is a bilateral contract and PIT did not deliver the goods to Delta.

The Board is of the opinion that the Court's decision to dismiss this case is unfair to PIT as the Purchase Agreement between PIT and Delta has been concluded according to Section 453 of the Civil and Commercial Code. As such, an appeal has been filed on 29th December 2006 with the Appeal Court through the Samutprakarn Provincial Court.

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 issue of this Circular and has not been subsequently withdrawn.

5. Outstanding Corporate Proposals Announced But Pending Implementation

Save for the below mentioned proposals, there are no other outstanding proposals which have been announced by PIE but pending implementation:

- (a) Proposed Amendments to the Articles of Association; and
- (b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

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 57-2 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 PIE;
- b. Audited Financial Statements for the past two financial years ended 31st December 2005 and 31st December 2006;
- c. The material contract referred to Section 2 of this Appendix B;
- d. The writ of summon/claim referred to Section 3 of this Appendix B; and
- e. The written consent of Messrs Zaid Ibrahim & Co referred to in Section 4 of this Appendix B.

THE REMAINING OF THIS PAGE IS INTENTIONALLY LEFT BLANK
--

P.I.E. INDUSTRIAL BERHAD

(Company No. 424086-X)
(Incorporated In Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of the Company will be held at Nyatoh Room, Level 2, Sunway Hotel Seberang Jaya, No. 11 Lebuh Tenggara Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai on Friday, 18th May 2007 at 10.00 a.m. or immediately following the conclusion or adjournment of the Tenth Annual General Meeting, for the purpose of considering and if thought fit, passing with or without modifications the following resolution:-

SPECIAL RESOLUTION

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

“THAT the Articles of Association of the Company be and is hereby amended in the manner as set out in Appendix A of the Circular to Shareholders dated 26th April 2007.”

ORDINARY RESOLUTION

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO P.I.E. INDUSTRIAL BERHAD AND ITS GROUP OF COMPANIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

“THAT, approval be and is hereby given for the purpose of Chapter 10 of the Listing Requirements of Bursa Malaysia Securities Berhad for the Company and its group of companies to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for its day- to-day operations as listed in Section Three (3) of Part B of the Circular to the shareholders dated 26th April 2007 provided that such transactions are carried out in the normal 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 shareholder's mandate shall be made available in the Annual Report for the year ending 31st December 2007 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 listed issuer following the general meeting at which the 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 with the Mandated Related Parties were 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 (“CA”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting

whichever is earlier.”

By Order of the Board,
KHOO LAY TATT (MAICSA 7029262)
HOW WEE LING (MAICSA 7033850)
Secretaries

Penang
Date: 26th April 2007

Notes:-

A Member of the Company entitled to attend and vote is entitled to appoint 2 or more proxies to attend and vote in his place. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints 2 or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

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 authorized.

The instrument appointing a proxy must be deposited at the Registered Office, 57-2 Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.

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

PROXY FORM

I/We, _____

of _____ being a

Member of the above Company hereby appoint _____

_____ or

failing him, _____ of

_____ or

failing him, 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 Nyatoh Room, Level 2, Sunway Hotel Seberang Jaya, No. 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai on Friday, 18th May 2007 at 10.00 a.m. or immediately following the conclusion or adjournment of the Tenth Annual General Meeting, and at any adjournment thereof.

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

Special Resolution

- *Proposed Amendments to the Articles of Association of the Company*

Ordinary Resolution

- *Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature*

For	Against

Signature of Member: _____

Signed this: _____

Number of shares held: _____

Notes:-

A Member of the Company entitled to attend and vote is entitled to appoint 2 or more proxies to attend and vote in his place. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints 2 or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

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 authorized.

The instrument appointing a proxy must be deposited at the Registered Office, 57-2 Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
P.I.E. INDUSTRIAL BERHAD
57-2 Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

1st fold here
