

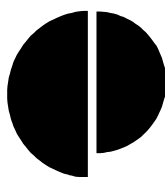
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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.

If you have sold or transferred all your shares in P.I.E. INDUSTRIAL BERHAD, you should at once hand this Circular together with the enclosed Form of Proxy to the agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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 new provisions of Practice Note 18/2005, Bursa Malaysia Securities Berhad has not perused this Circular prior to the issuance as those transactions 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

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

The Notice convening the Eighth Annual General Meeting of P.I.E. INDUSTRIAL BERHAD to be held at Balau Room, Level 2, Sunway Hotel Seberang Jaya, No. 11 Lebuhraya Seberang Jaya, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai on Friday, May 20, 2005 at 9.00a.m. which sets out the special resolution relating to the Proposed Articles Amendments is incorporated in the Annual Report 2004 sent together with this Circular. Shareholders are advised to refer to the Notice of the Eighth Annual General Meeting and the Form of Proxy in Annual Report 2004.

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 3rd Floor, Wisma Wang, 251-A, Jalan Burma, 10350 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, May 18, 2005 at 9.00a.m.

Date and time of the Eighth Annual General Meeting : Friday, May 20, 2005 at 9.00a.m.

This Circular is dated April 28, 2005

This Page
is intentionally
left blank

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	: Eighth Annual General Meeting
Board	: The Board of Directors of P.I.E. Industrial Berhad
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
Bursa Securities Listing Requirements	: Bursa Securities Listing Requirements and any amendment thereto that may be made from time to time
Company or PIE	: P.I.E. Industrial Berhad (Company No. 424086-X)
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
PIE Group	: The Company and its five subsidiary companies, namely PIESB, PIE Enterprise, PIWSB, PIW Enterprise and PIS
PIESB	: Pan-International Electronics (Malaysia) Sdn. Bhd. (Company No. 178248-H)
PIE Enterprise	: PIE Enterprise (M) Sdn. Bhd. (Company No. 399636-P)
PIS	: Pan-International Corporation (S) Pte. Ltd.
PIW Enterprise	: PIW Enterprise (Malaysia) Sdn. Bhd. (Company No. 579191-K)
PIWSB	: Pan-International Wire & Cable (Malaysia) Sdn. Bhd. (Company No. 178247-M)
Proposed Articles Amendments	: Proposed amendments to the relevant Articles of Association of the Company to be in line with the change of name of Bursa Securities, Bursa Depository and the relevant business rule pursuant to the demutualization of Kuala Lumpur Stock Exchange, Amendment to paragraph 8.09 of Bursa Securities Listing Requirements and also, to facilitate some administrative issue

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

	PAGE
LETTER TO THE SHAREHOLDERS OF PIE CONTAINING:	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED ARTICLES AMENDMENTS	1
3. RATIONALE FOR THE PROPOSED ARTICLES AMENDMENTS	1
4. CONDITIONS TO THE PROPOSED ARTICLES AMENDMENTS	2
5. DETAILS OF OTHER INTENDED CORPORATE EXERCISES WHICH HAVE BEEN ANNOUNCED BUT NOT YET COMPLETED	2
6. DIRECTORS' RECOMMENDATION	2
7. AGM	2
8. FURTHER INFORMATION	2
 APPENDICES	
APPENDIX I - DETAILS OF THE PROPOSED ARTICLES AMENDMENT	3-9
APPENDIX II - FURTHER INFORMATION	10
EXTRACT OF THE NOTICE OF AGM IN RELATION TO THE PROPOSED ARTICLES AMENDMENTS	11

P.I.E. INDUSTRIAL BERHAD
(Company No. 424086-X)
(Incorporated in Malaysia)

Registered Office
3rd Floor, Wisma Wang
251-A, Jalan Burma
10350 Penang
April 28, 2005

Board of Directors:

Y.T.M. Tunku Dato' Dr. Ismail
Ibni Almarhum Tunku Mohd Jewa (*Chairman*)(*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 (*Independent Non-Executive Director*)
Cheung Ho Leung (*Executive Director*) (*appointed with effect from March 15, 2005*)
Yen, Chien-Kun (*Non-Executive Director*) (*resigned with effect from March 15, 2005*)

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

Dear Sir/Madam,

PROPOSED AMENDMENTS OF THE RELEVANT ARTICLES OF ASSOCIATION OF THE COMPANY (“PROPOSED ARTICLES AMENDMENTS”)

1. INTRODUCTION

On March 29, 2005, the Directors of the Company had announced that the Company proposed to amend its Articles of Association.

The Directors are convening an AGM of the Company to be held on May 20, 2005 at 9.00a.m. to seek shareholders' approval of the Proposed Articles Amendments.

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

The purpose of this Circular is to explain the reasons for and to provide shareholders with information on the details of the Proposed Articles Amendments.

Shareholders of the Company are advised to read carefully the contents of this Circular before voting on the resolutions on the Proposed Articles Amendments.

2. DETAILS OF THE PROPOSED ARTICLES AMENDMENTS

The details of the Proposed Articles Amendments are set out in Appendix I of this Circular.

3. RATIONALE FOR THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments are made to:-

- (i) In tandem with the change of name of Bursa Securities, Bursa Depository and the relevant business rule pursuant to the demutualization of Kuala Lumpur Stock Exchange;
- (ii) Amendment to paragraph 8.09 of Bursa Securities Listing Requirements to reflect that clearance from Bursa Securities is no longer required for Exempt Circulars; and
- (iii) To facilitate some administrative issue.

4. CONDITIONS TO THE PROPOSED ARTICLES AMENDMENTS

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

5. DETAILS OF OTHER INTENDED CORPORATE EXERCISES WHICH HAVE BEEN ANNOUNCED BUT NOT YET COMPLETED

Save as the Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature to be approved by the Shareholders at the forthcoming EGM, there is no corporate proposal announced by the Company but pending implementation prior to the printing of this Circular.

6. DIRECTORS' RECOMMENDATION

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

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

7. AGM

The Notice of AGM, which contains the special resolution to give effect to the Proposed Articles Amendments, has been incorporated in the Annual Report 2004 now being forwarded with this Circular.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy enclosed in the Annual Report 2004 in accordance with the instructions therein. The Form of Proxy must be deposited at the Registered Office of the Company at 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang not later than forty-eight (48) hours before the time stipulated for the AGM or any adjournment thereof. The completion and return of the Form of Proxy will not preclude you from attending and voting at the AGM in person should you subsequently wish to do so.

This Form of Proxy should be completed strictly in accordance with the instructions contained therein.

8. FURTHER INFORMATION

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

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

Y.T.M. Tunku Dato' Dr. Ismail
Ibni Almarhum Tunku Mohd Jewa
Chairman

DETAILS OF THE PROPOSED ARTICLES AMENDMENTS

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

1. Article 2

THAT to re-number Article 2 accordingly seriatim in consequence of the following amendment:-

- (a) THAT the new definition of “Bursa Securities” be inserted which shall read as follows:-

Bursa Securities ... Bursa Malaysia Securities Berhad (Company No. 635998-W) including any further change of name

- (b) THAT Article 2 of the Company’s Articles of Association be altered by deleting in full the undermentioned Definitions and substituted in lieu thereof with the new Definitions as set out below :-

Existing Definitions

"Central Depository"	means Malaysian Central Depository Sdn. Bhd. (Company No. 165570-W).
"Exchange"	means Kuala Lumpur Stock Exchange or any stock exchange on which the shares of the Company are listed.
“Listing Requirements”	means the Listing Requirements of Kuala Lumpur Stock Exchange including any amendment thereto that may be made from time to time.
"Members"	means a depositor who shall be treated as if he were a member pursuant to Section 35 of the Securities Industry (Central Depositories) Act 1991 but excludes the Central Depository in its capacity as a bare trustee.
"Record of Depositors"	means the record provided by the Central Depository to the Company under Chapter 24.0 of the Rules.
"Rules"	means the Rules of the Malaysian Central Depository for the time being and any appendices thereto as amended from time to time.
“Securities Account”	means an account established by the Central Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor as permitted under the Central Depositories Act, and/or the Rules.

New Definitions

“Bursa Depository”	means Bursa Malaysia Depository Sdn. Bhd. (Company No. 165570-W) including any further change of name.
"Exchange"	means Bursa Securities or any Stock Exchange on which the shares of the Company are listed.
“Listing Requirements”	means the Listing Requirements of Bursa Securities including any amendments to the Listing Requirements that may be made from time to time.
"Members"	means a depositor who shall be treated as if he were a member pursuant to Section 35 of the Central Depositories Act but excludes the Bursa Depository in its capacity as a bare trustee.

"Record of Depositors"	means the record provided by the Bursa Depository to the Company under Chapter 24.0 of the Rules.
"Rules"	means the Rules of the Malaysian Bursa Depository for the time being and any appendices thereto as amended from time to time.
"Securities Account"	means an account established by the Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor as permitted under the Central Depositories Act, and/or the Rules.

2. THAT the existing first paragraph of Article 4 of the Articles of Association to be amended from:-

“Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the Act, the Central Depository Act and to the conditions, restrictions and limitations expressed in these Articles and to the provisions of any resolution of the Company, the Directors may allot, grant options over or otherwise dispose of the unissued share capital of the Company to such persons, at such time and on such terms and conditions, with such preferred or deferred or other special rights as they think proper, PROVIDED ALWAYS THAT- ”

to:

“Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the Act, the Central Depositories Act and to the conditions, restrictions and limitations expressed in these Articles and to the provisions of any resolution of the Company, the Directors may allot, grant options over or otherwise dispose of the unissued share capital of the Company to such persons, at such time and on such terms and conditions, with such preferred or deferred or other special rights as they think proper, PROVIDED ALWAYS THAT – ”

3. THAT the existing Article 4(d) of the Articles of Association to be amended from:-

“every issue of shares or options to employees and/or Directors shall be approved by the members in general meeting and -

- (i) such approval shall specifically detail the number of shares or options to be issued to such employees and/or Directors; and*
- (ii) only Directors holding office in an executive capacity shall participate in such an issue of shares or options Provided Always that a Director not holding office in an executive capacity may so participate in an issue of shares pursuant to a public offer or a public issue”*

to:

“every issue of shares or options to employees and/or Directors shall be approved by the members in general meeting and such approval shall detail the number of shares or options to be issued to such employees and/or Directors.”

4. THAT the existing Article 13 of the Articles of Association to be amended from:-

“Subject to and in accordance with the Act, the Companies Regulations 1966 and the Rules and the requirements of the Exchange, the Central Depository, the Securities Commission and any other relevant authorities, the Company shall have the power to purchase its own shares. Any ordinary shares in the Company so purchased by the Company shall be dealt with as provided by the Act and the requirements of the Exchange and or any other relevant authority.”

to:

“Subject to and in accordance with the Act, the Companies Regulations 1966 and the Rules and the requirements of the Exchange, the Bursa Depository, the Securities Commission and any other relevant authorities, the Company shall have the power to purchase its own shares. Any ordinary shares in the Company so purchased by the Company shall be dealt with as provided by the Act and the requirements of the Exchange and or any other relevant authority.”

5. THAT the existing Article 17 of the Articles of Association to be amended from:-

“The Company must ensure that all new issues of securities for which listing is sought are made by way of crediting the securities accounts of the allottees or the members with such securities save and except where it is specifically exempted from compliance with Section 38 of the Securities Industries (Central Depositories) Act, 1991, in which event it shall so similarly be exempted from compliance with this requirement. For this purpose the Company must notify the Central Depository of the names of the allottees or members and all such particulars required by the Central Depository, to enable the Central Depository to make the appropriate entries in the securities accounts of such allottees or such members.”

to:

“The Company must ensure that all new issues of securities for which listing is sought are made by way of crediting the securities accounts of the allottees or the members with such securities save and except where it is specifically exempted from compliance with Section 38 of the Securities Industries (Central Depositories) Act, 1991, in which event it shall so similarly be exempted from compliance with this requirement. For this purpose the Company must notify the Bursa Depository of the names of the allottees or members and all such particulars required by the Bursa Depository, to enable the Bursa Depository to make the appropriate entries in the securities accounts of such allottees or such members.”

6. THAT the existing 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 Central Depository shall be transferable but every transfer be by way of book entry by the Central Depository in accordance with the Rules of the Central 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 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.”

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

“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 Central 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”

to:

“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”

8. THAT the existing Article 44(1) of the Articles of Association to be amended from:-

“Subject to the Central Depositories Act and the Rules, the directors may in their absolute discretion and without assigning any reason thereof authorise its register to cause the Central Depository to decline to register any transfer of share upon which the Company has a lien or which are not fully paid-up.”

to:

“Subject to the Central Depositories Act and the Rules, the directors may in their absolute discretion and without assigning any reason thereof authorise its register to cause the Bursa Depository to decline to register any transfer of share upon which the Company has a lien or which are not fully paid-up.”

9. THAT the existing Article 44(2) of the Articles of Association to be amended from:-

“Subject to the Central Depositories Act and the Rules, the directors may also authorise its registrar to cause the Central Depository to decline to register any transfer unless such other evidence as the director may reasonably require to show the right of the transferor to make the transfer is deposited at such place as the directors may appoint.”

to:

“Subject to the Central Depositories Act and the Rules, the directors may also authorise its registrar to cause the Bursa Depository to decline to register any transfer unless such other evidence as the director may reasonably require to show the right of the transferor to make the transfer is deposited at such place as the directors may appoint.”

10. THAT the existing Article 51 of the Articles of Association to be amended from:-

“If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects Provided Always that where the shares is a Deposited Security and the person so becoming entitled elects to have the share transferred to him, the aforesaid notice must be served by him on the Central Depository. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice of transfer were a transfer signed by that member.”

to:

“If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects Provided Always that where the shares is a Deposited Security and the person so becoming entitled elects to have the share transferred to him, the aforesaid notice must be served by him on the Bursa Depository. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice of transfer were a transfer signed by that member.”

11. THAT the existing Article 65(2) of the Articles of Association to be amended from:-

“The Company shall request the Central Depository in accordance with the Rules of the Central Depository, to prepare the Record of Depositors to whom notices of general meetings shall be given by the Company.”

to:

“The Company shall request the Bursa Depository in accordance with the Rules of the Bursa Depository, to prepare the Record of Depositors to whom notices of general meetings shall be given by the Company.”

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

“The Company shall request the Central Depository in accordance with the Rules of the Central 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 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.”

13. THAT the existing Article 67 of the Articles of Association to be amended from:-
- “In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him, and that a proxy need not also be a member and that where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.”*
- to:
- “In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him, and that a proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149 (1)(a) and (b) of the Act shall not apply to the Company and that where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.”*
14. THAT the existing Article 123 of the Articles of Association to be amended from:-
- “The Directors may meet together for the despatch of business at such time and place, adjourn and otherwise regulate their meetings and proceedings as they think fit.”*
- to:
- “The Directors may meet together for the despatch of business at such time and place, adjourn and otherwise regulate their meetings and proceedings as they think fit. Directors may participate in a meeting of Directors by means of a conference telephone or similar electronic telecommunicating equipment by means of which all persons participating in the meeting can hear each other and participate throughout the duration of the communication between the Director and participants in a meeting pursuant to the provision shall constitute presence in person at such meeting.”*
15. THAT the existing Article 125 of the Articles of Association to be amended from:-
- “The quorum necessary for the transaction of the business of the Directors shall be five (5).”*
- to:
- “The quorum necessary for the transaction of the business of the Directors shall be three (3).”*
16. THAT the existing Article 138 of the Articles of Association to be amended from:-
- “A resolution in writing signed or approved by letter, telegram, telex or telefax by a majority of the Directors whether within or outside Malaysia and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director is not so present but has an alternate who is so present, then such resolution shall also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minute Book. Any such resolution may consist of several documents in like form, each signed by one or more Directors or their alternates.”*
- to:
- “A resolution in writing signed or approved by letter, telegram, telex or telefax by a majority of the Directors whether within or outside Malaysia and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director is not so present but has an alternate who is so present, then such resolution shall also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the*

Company's Minute Book. Any such resolution may consist of several documents in like form, each signed by one or more Directors or their alternates."

17. THAT the existing Article 158 of the Articles of Association to be amended from:-

"Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant and sent through the post directed to the registered address of the holder or to such person and to such address as the holder may in writing direct or, in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and to such address as such holder may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or person entitled to the share in consequence of the death or bankruptcy of the holder may direct and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented."

to:

"Any dividend, interest or other money payable in cash in respect of shares may be paid by direct debit, bank transfer, cheque or warrant and sent through the post directed to the registered address of the holder or to such person and to such address as the holder may in writing direct or, in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and to such address as such holder may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or person entitled to the share in consequence of the death or bankruptcy of the holder may direct and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented."

18. THAT the existing Article 182 of the Articles of Association to be amended from:-

"The Company shall not delete, amend or add to any of these Articles which have been previously approved by the Exchange, unless prior written approval has been sought and obtained from the Exchange for such deletion, amendment or addition."

to:

"Subject to the Listing Requirements including any amendment thereto that may be made from time to time, The Company shall not delete, amend or add to any of these Articles which have been previously approved by the Exchange, unless prior written approval has been sought and obtained from the Exchange for such deletion, amendment or addition."

19. THAT the existing Article 183 of the Articles of Association to be amended from:-

"The Company shall comply with the provisions of the provisions of the relevant governing statutes, regulations and rules as may be amended, modified or varied from time to time or any other directive or requirement imposed by the Exchange, the Central Depository and other appropriate authorities, to the extent required by law, notwithstanding any provision in these Articles to the contrary."

to:

"The Company shall comply with the provisions of the provisions of the relevant governing statutes, regulations and rules as may be amended, modified or varied from time to time or any other directive or requirement imposed by the Exchange, the Bursa Depository and other appropriate authorities, to the extent required by law, notwithstanding any provision in these Articles to the contrary."

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 facts, the omission of which would make any statements herein misleading.

2. Material Contracts

PIE Group has not entered into any contracts which are or may be material during the two (2) years preceding the date of this Circular.

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) On December 26, 2001, PIESB commenced legal proceeding against Inter-Network Multimedia Solutions Sdn.Bhd. to recover the sum of Ringgit Malaysia Eight Hundred Forty Eight Thousand Five Hundred Thirty Eight and Sen Fifty (RM848,538.50) for goods sold and delivered to and stock kept for the defendant. PIESB had on June 19, 2002 obtained summary judgement against the defendant. Inter-Network Multimedia Solutions Sdn.Bhd. has since approached PIESB to discuss settlement of the judgement sum and has began to settle part of the judgment sum . The Board is of the opinion that there is a fair chance that both parties will reach an agreement on the settlement of the judgment sum. Until today, Inter-Network Multimedia Solutions Sdn. Bhd. has made payment of RM80,000.00 and promised to make further periodic payment.
- (ii) PIESB had on October 24, 2002 commenced legal action against Xircom Operations (M) Sdn. Bhd. 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 Operations (M) Sdn. Bhd. has applied to the court for the case to be referred to arbitration. Xircom Operations (M) Sdn.Bhd.'s application for stay of proceeding has been fixed for hearing on July 26, 2005. On the other hand, PIESB's application for summary judgment for the sum claimed has been fixed for mention on July 26, 2005. The Board is advised by the solicitor that PIESB has a reasonable chance to succeed in the claim.

4. 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 3rd Floor, Wisma Wang, 251-A Jalan Burma 10350 Penang from the date of this Circular up to the date of AGM:

- a. Memorandum and Articles of Association of PIE;
- b. Audited Financial Statements for the past three financial years ended December 31, 2004; and
- c. The writ of summon/claim referred to Section 3 of this Appendix II.

**EXTRACT OF THE NOTICE OF AGM IN RELATION TO THE SPECIAL RESOLUTION
FOR THE PROPOSED ARTICLES AMENDMENTS**

**SPECIAL RESOLUTION
PROPOSED ARTICLES AMENDMENTS**

“THAT the Articles of Association of the Company be and are hereby amended in the manner as set out in Appendix I of the Circular to Shareholders dated April 28, 2005”