

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

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**PERISAI PETROLEUM TEKNOLOGI BHD**

(Company No. 632811 - X)  
(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PART A**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**PART B**

**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF PERISAI PETROLEUM TEKNOLOGI BHD**

*Manager for Part A*



Corporate Finance • Capital Markets • Securities

**RHB INVESTMENT BANK BERHAD**

*(formerly known as RHB Sakura Merchant Bankers Berhad)*

(Company No: 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the 4<sup>th</sup> Annual General Meeting of Perisai Petroleum Teknologi Bhd to be held at Anggerik Room, 4<sup>th</sup> Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 27 June 2007 at 10.30 a.m. is set out in the Annual Report 2006 of the Company which is being sent to you together with this Circular. Shareholders are advised to refer to the Notice of the 4<sup>th</sup> Annual General Meeting (under "Special Business") and the Form of Proxy which are included in the Annual Report 2006 of the Company. The Form of Proxy must be lodged at the Registered Office of the Company at Suite 2, Penthouse, Lobby A, Wisma Leopad, No. 9, Jalan Tun Sambanthan, 50470 Kuala Lumpur, not less than 48 hours before the time set for the meeting or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the meeting should you subsequently decide to do so.

This Circular is dated 4 June 2007

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout and for the purpose of this Circular:

Act	:	Companies Act, 1965
AGM	:	Annual General Meeting
Alpha Perisai	:	Alpha Perisai Sdn Bhd (Company No. 700769-U)
AME	:	Allied Marine & Equipment Sdn Bhd (Company No. 176294-K)
AMR	:	Allied Marine Robotics Sdn Bhd (Company No. 641534-A)
AMS	:	AME Marine Services Sdn Bhd (Company No. 644333-U)
Articles	:	Articles of Association of Perisai
Bio-X	:	Bio-X Technologies Sdn Bhd (Company No. 644538-W)
Board	:	Board of Directors of Perisai
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
CORRO-PRO	:	CORRO-PRO (L) Inc. (Company No. LL04771)
CSSB	:	Corro-Shield (M) Sdn Bhd (Company No. 383695-M)
CS-SEA	:	Corro-Shield (SEA) Sdn Bhd ( <i>formerly known as Fibaroll (SEA) Sdn Bhd</i> ) (Company No. 259263-P)
FYE	:	Financial year(s) ended 31 December
Maju Hydro	:	Maju Hydro Sdn Bhd (Company No. 513376-M)
MCSB	:	Merit Composites Sdn Bhd (Company No. 624928-P)
MESDAQ Market	:	MESDAQ Market of Bursa Securities
MMLR	:	Listing Requirements of Bursa Securities for the MESDAQ Market
OTSB	:	Orinippon Trading Sdn Bhd (Company No. 478158-M)
Perisai or Company	:	Perisai Petroleum Teknologi Bhd (Company No. 632811-X)
Perisai Group or Group	:	Perisai and its subsidiaries collectively
Perisai Research	:	Perisai Research Sdn Bhd (Company No. 732557-V)
Proposed Amendments	:	Proposed Amendments to the Articles
Proposed New Shareholders' Mandate	:	Proposed shareholders' approval for the new shareholders' mandate in respect of the additional RRPTs as set out in Part A: Section 2.3 herein
Proposed Renewal of Shareholders' Mandate	:	Proposed shareholders' approval for the renewal of existing Shareholders' Mandate in relation to the RRPTs as set out in Part A: Section 2.3 herein
Proposed Shareholders' Mandate	:	Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate, collectively
Related Party(ies)	:	A director, major shareholder or person connected with such director or major shareholder. For the purpose of this definition, "director" and "major shareholder" shall have the meaning given in Rule 10.02 of the MMLR
RHB INVESTBANK	:	RHB Investment Bank Berhad ( <i>formerly known as RHB Sakura Merchant Bankers Berhad</i> ) (Company No. 19663-P)
RM and sen	:	Ringgit Malaysia and sen, respectively
RMSB	:	Romilly (M) Sdn Bhd (Company No. 477626-H)

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**DEFINITIONS (Cont'd)**

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RRPT(s)	:	Recurrent related party transaction(s) of a revenue or trading nature which are necessary for the day-to-day operations and are in the ordinary course of business of the Perisai Group, which involve the interest, direct or indirect, of a Related Party(ies)
Share(s)	:	Ordinary share(s) of RM0.10 each in Perisai
Shareholders' Mandate	:	The shareholders' mandate obtained on 27 June 2006 for the Perisai Group to enter into RRPTs based on the terms set out in the circular to shareholders dated 2 June 2006
Tengku Daud	:	Tengku Daud Shaifuddin bin Tengku Zainudin
USD	:	United States Dollar
£	:	Great Britain pounds

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**PART A**

**PROPOSED SHAREHOLDERS' MANDATE**



## Perisai Petroleum Teknologi Bhd

(Company No. 632811 - X)  
(Incorporated in Malaysia under the Act)

### Registered Office:

Suite 2, Penthouse  
Lobby A, Wisma Leopad  
No. 9, Jalan Tun Sambanthan  
50470 Kuala Lumpur

4 June 2007

### Board of Directors:

Dato' Dr. Mohamed Ariffin bin Hj. Aton (*Independent Non-Executive Chairman*)  
Nagendran a/l C. Nadarajah (*Managing Director*)  
Chan Feoi Chun (*Independent Non-Executive Director*)  
Yogesvaran a/l T. Arianayagam (*Non-Independent Non-Executive Director*)  
Tengku Daud Shaifuddin bin Tengku Zainudin (*Executive Director*)  
Mohd Jeffrey De Jong Bin Abdullah (*Executive Director*)  
Juhari bin Husin (*Alternate Director to Tengku Daud Shaifuddin bin Tengku Zainudin*)

To : Shareholders of Perisai Petroleum Teknologi Bhd

Dear Sir/Madam,

**Proposed renewal of shareholders' mandate for existing recurrent related party transactions of a revenue or trading nature and proposed new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature**

### 1. INTRODUCTION

At the 3<sup>rd</sup> AGM held on 27 June 2006, Perisai had obtained the Shareholders' Mandate from its shareholders for the Perisai Group to enter into RRPTs.

The aforesaid authorisation for the Shareholders' Mandate shall, in accordance with the MMLR, lapse at the conclusion of the forthcoming 4<sup>th</sup> AGM unless renewal of the Shareholders' Mandate for the RRPTs is obtained from the shareholders of Perisai at the said AGM.

Perisai had on 1 June 2007, announced that the Company proposes to seek shareholders' approval for, inter-alia, the Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate at the forthcoming AGM.

The purpose of this Circular is to provide you with relevant details of the Proposed Shareholders' Mandate, to set out your Board's recommendation thereon, and to seek your approval for the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM of the Company.

**SHAREHOLDERS OF PERISAI ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE.**

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Background

Pursuant to Rule 10.09 and Guidance Note 8/2006 of the MMLR, a listed issuer may seek shareholders' mandate to enter into RRPTs subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
  - (i) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1 million; or
  - (ii) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%;

whichever is the lower.

- (c) the listed company's circular to shareholders for the shareholders' mandate shall include information set out in Part B of Appendix 10D and Appendix GN8/2006-A of Guidance Note No. 8/2006 of the MMLR. The draft circular must be submitted to the Exchange together with a checklist showing compliance with Part B of Appendix 10D and Appendix GN8/2006-A of Guidance Note No. 8/2006 of the MMLR; and
- (d) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

The Proposed Shareholders' Mandate, if approved by the shareholders of Perisai at the forthcoming AGM, shall continue to be in force until:

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

whichever is earlier.

Thereafter, the approval of the shareholders of Perisai will be sought for a renewal of the shareholders' mandate for RRPTs at each subsequent AGM of the Company.

In making the disclosure of the aggregate value of RRPTs conducted pursuant to the Proposed Shareholders' Mandate in Perisai's annual report, Perisai must provide a breakdown of the aggregate value of the RRPTs made during the financial year, amongst others, based on the following information:

- (a) the type of RRPTs made; and

- (b) the names of the related parties involved in each type of the RRPTs made and their relationship with the listed company.

The above disclosure will be made in the Company's annual report for each subsequent financial year after the Proposed Shareholders' Mandate has been obtained.

## 2.2 Principal Activities of the Company and its subsidiaries

The Perisai Group is principally involved in the manufacturing, supplying, commissioning and installation of corrosion control products as well as the inspection and maintenance of pipes, pipelines, risers and heat exchangers primarily for the oil and gas industry.

The subsidiaries of Perisai and their principal activities are as follows:

Subsidiaries	Equity interest (%)	Principal activities
CSSB	60	Manufacturing, supplying, commissioning and installation of corrosion control products and related services primarily for the oil and gas industry.
RMSB	100	Inspection and maintenance of plant and machinery used for the oil and gas industry.
CS-SEA	100	Trading and application of specialist composite materials primarily for the oil and gas industry.
Perisai (L) Inc	100	Dormant.
MCSB	100	Research, development, design, application and construction of composite materials and structural strengthening for marine and oil and gas industry.
Perisai Research	100	To carry out research and development activities.
CORRO-PRO	100	Provision of vessel hiring services.
OTSB	100	Design and engineering and patent holder.
Kingsbury International Trading Ltd	100	Dormant.
Alpha Perisai	70	Design, fabrication and installation of relocatable incremental modular field development structure for topside and subsea application.
AME	55	Provision of offshore diving and vessel hiring services primarily for the oil and gas industry.
Bio-X	51	Supply and provision of bioremediation products, equipment and services primarily for the oil and gas industry.
<u>Subsidiary of OTSB</u>		
Impact Surge Sdn Bhd	100	Dormant.
<u>Subsidiaries of AME</u>		
AMS	100	Vessel hiring services primarily for the oil and gas industry.
AMR	100	Dealers in underwater diving equipment.
Maju Hydro	51	Providing surveys related to offshore and marine industries.



### 2.3 Details of the Proposed Shareholders' Mandate

Details of the RRPTs for which approval is being sought for under the Proposed Shareholders' Mandate are set out below. The basis of arriving at the estimated value as indicated below is based on the actual transacted value that had been previously incurred in the previous FYE 2006 and also the Perisai Group's budget for the FYE 2007.

- (a) Existing RRPTs for which approval is being sought pursuant to the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM are as follows:

	<b>Companies within the Perisai Group</b>	<b>Transacting Party</b>	<b>Interested Directors/ Major shareholders</b>	<b>Nature of transaction</b>	<b>Estimated value of transactions to be entered into from the forthcoming AGM to the next AGM (RM'000)</b>
1.	Perisai	CSSB	<ul style="list-style-type: none"> <li>Tengku Daud</li> </ul>	Provision of management, advisory and administrative services by Perisai to CSSB	1,200
2.	CS-SEA	CSSB	<ul style="list-style-type: none"> <li>Tengku Daud</li> </ul>	Provision of specialised technical services, design and drawings, specification on application method, project and quality assurance/ quality control supervision for the riser repair by CS-SEA to CSSB	6,000
3.	RMSB	CSSB	<ul style="list-style-type: none"> <li>Tengku Daud</li> </ul>	Provision of heat exchanger inspection and specialist services by RMSB to CSSB	500
4.	OTSB	CSSB	<ul style="list-style-type: none"> <li>Tengku Daud</li> </ul>	Royalty income payable by CSSB to OTSB for all patented products, such as CorroCaps <sup>TM</sup> , FlangeShield <sup>TM</sup> , Impactor and Protector for Marine Growth and Composites Sleeve Repairs	120
5.	Perisai	Bio-X	<ul style="list-style-type: none"> <li>Hilmy bin Ahmad</li> </ul>	Provision of management, advisory and administrative services by Perisai to Bio-X	120
6.	CSSB	Bio-X	<ul style="list-style-type: none"> <li>Tengku Daud</li> <li>Hilmy bin Ahmad</li> </ul>	Provision of bio-remediation products and its related services by Bio-X to CSSB	500

	<b>Companies within the Perisai Group</b>	<b>Transacting Party</b>	<b>Interested Directors/ Major shareholders</b>	<b>Nature of transaction</b>	<b>Estimated value of transactions to be entered into from the forthcoming AGM to the next AGM (RM'000)</b>
7.	CS-SEA	AME	<ul style="list-style-type: none"> <li>Aloysius Albert Michael</li> </ul>	Supply and provision of services for the total composite sleeve system by CS-SEA to AME	1,500
8.	CS-SEA	AME	<ul style="list-style-type: none"> <li>Aloysius Albert Michael</li> </ul>	Provision of composites materials for pipeline repairs by CS-SEA to AME	300
9.	Perisai Research	CSSB	<ul style="list-style-type: none"> <li>Tengku Daud</li> </ul>	Provision of research and development services	2,000

(b) New RRPTs for which approval is being sought pursuant to the Proposed New Shareholders' Mandate at the forthcoming AGM are as follows:

	<b>Companies within the Perisai Group</b>	<b>Transacting Party</b>	<b>Interested Directors/ Major shareholders</b>	<b>Nature of transaction</b>	<b>Estimated value of transactions to be entered into from the forthcoming AGM to the next AGM (RM'000)</b>
1.	CORRO-PRO	CSSB	<ul style="list-style-type: none"> <li>Tengku Daud</li> </ul>	Provision of vessel hiring services (Bareboat Charter)	5,700
2.	CSSB	AME	<ul style="list-style-type: none"> <li>Tengku Daud</li> <li>Aloysius Albert Michael</li> </ul>	Provision of Vessel hiring services (Time Charter)	2,040
4.	CS-SEA	CSSB	<ul style="list-style-type: none"> <li>Tengku Daud</li> </ul>	Provision of composites materials and its related services	500
5.	MCSB	CSSB	<ul style="list-style-type: none"> <li>Tengku Daud</li> </ul>	Provision of corrosion control products and its related services	400

Tengku Daud is a director of Perisai, CSSB, RMSB, OTSB, Alpha Perisai, AME and Perisai Research. He is also a major shareholder of Perisai and CSSB and deemed interested in CS-SEA, RMSB, OTSB, Bio-X, AME, Perisai Research, CORRO-PRO and MCSB by virtue of his major shareholdings in Perisai.

Aloysius Albert Michael is a director of AME, AMR, AMS and Maju Hydro and was a director of Perisai within the preceding 6 months of the date on which the terms of the RRPTs were agreed upon. He is deemed interested in AME by virtue of his major shareholdings in AME Asset Holdings Sdn Bhd, which is a major shareholder of AME.

Hilmy bin Ahmad is a director of MCSB, Bio-X, AMR and Maju Hydro and was a director of AME and AMS within the preceding 6 months of the date on which the terms of the RRPTs were agreed upon. He is also a major shareholder of Bio-X.

## 2.4 Review Procedures for the RRPTs

The Perisai Group has established various procedures to ensure that the RRPTs are undertaken on an arm's length basis and on commercial terms consistent with the Perisai Group's usual business practices and policies, which are no more favourable to the Related Parties than those extended to the public and, are not to the detriment of Perisai's minority shareholders.

The review procedures established by the Perisai Group for RRPTs are as follows:

- (i) All companies within the Group have been informed of the definition of Related Party and the review procedures applicable to all RRPTs with Related Parties;
- (ii) All companies within the Group shall only enter into RRPTs after taking into account the pricing, level of service, quality of product as compared to market prices and industry standards. Any RRPTs entered into shall be treated and processed on normal commercial terms consistent with the Company's usual business practices and policies and will not be detrimental to the minority shareholders;
- (iii) The transaction prices are determined by the prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms;
- (iv) All RRPTs shall be reviewed by the Audit Committee;
- (v) Any member of the Audit Committee may as he or she deems fit, request for additional information pertaining to the transactions including from independent sources or advisers;
- (vi) If a member of the Audit Committee has an interest, direct or indirect, in any particular transaction, he or she will have to abstain from any deliberation and also voting on the matter at the Audit Committee meeting in respect of such transaction;
- (vii) Proper records shall be maintained to capture all RRPTs entered into pursuant to the Proposed Shareholders' Mandate to ensure accurate disclosure thereof. Disclosure will be made in the annual report of the breakdown of the aggregate value of the RRPTs during the financial year, amongst others, based on the following information:
  - (a) the type of RRPTs made; and
  - (b) The names of the Related Parties involved in each type of the RRPTs made and their relationship with Perisai.
- (viii) The annual internal audit plan shall incorporate a review of all RRPTs entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to;
- (ix) The Audit Committee shall review the internal audit reports to ascertain that the guidelines and the procedures established to monitor RRPTs are complied with; and
- (x) The Audit Committee shall have the overall responsibility of determining whether the review procedures are appropriate, with the authority to delegate such function to individuals or committee within the Company as it shall deem fit.

## 2.5 Statement by Audit Committee of Perisai

The Audit Committee of the Company has seen and reviewed the procedures as mentioned in Section 2.4 above and are of the view that the said procedures are sufficient to ensure that the RRPTs are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of Perisai's minority shareholders.

## 3. RATIONALE

The RRPTs entered or to be entered into by the Perisai Group are recurrent transactions of a revenue or trading nature conducted in the ordinary course of business of the Perisai Group and which are likely to occur with some degree of frequency and arise at any time and from time to time.

These transactions may be constrained by the time-sensitive nature and confidentiality of the same may render it impractical to seek shareholders' approval on a case by case basis before entering into such RRPTs. As such, your Board is seeking the Proposed Shareholders' Mandate in respect of Rule 10.09(1) of the MMLR for the RRPTs made on an arm's length basis and on normal commercial terms and which are not to the detriment of Perisai's minority shareholders.

By obtaining the shareholders' mandate and the renewal of the same on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPTs occur, would not arise. This will substantially avoid expenses associated with the convening of general meetings on an ad hoc basis and prevent administrative inconvenience.

The Group is primarily involved in the provision of corrosion control services to the oil and gas industry. Each of the subsidiaries is involved in providing different aspects of the said services. As such, it is in the interest of the Perisai Group to have transactions entered into between the companies in the same group as it allows the Perisai Group to meet its business needs by enjoying synergistic and complementary benefits and thus enabling the Perisai Group to provide a complete solution to its customers. Further, the Company would have an advantage of familiarity and reliability of the products and services provided, thus ensuring quality and prompt delivery of its solutions to its customers.

## 4. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Tengku Daud is deemed interested in the Proposed Shareholders' Mandate. Accordingly, he has and will continue to abstain from Board deliberations and voting pertaining to the Proposed Shareholders' Mandate. In addition, Tengku Daud will also abstain from voting in respect of his direct and indirect shareholdings in Perisai, if any, on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM.

Aloysius Albert Michael and Hilmy bin Ahmad are interested in the Proposed Shareholders' Mandate and will abstain from voting in respect of their direct and indirect shareholdings in Perisai, if any, on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM.

Tengku Daud, Aloysius Albert Michael and Hilmy bin Ahmad will also ensure that persons connected to them, abstain from voting in respect of their direct and indirect shareholdings in Perisai on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM.

As at 14 May 2007, the direct and indirect interests of the abovementioned interested persons in Perisai are as follows:

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tengku Daud	14,451,480	6.95	29,366,998 <sup>(1)</sup>	14.12
Aloysius Albert Michael	-	-	-	-
Hilmy bin Ahmad	-	-	-	-

*Note:*

*(1) Deemed interested by virtue of his shareholdings in Maya Terang Sdn Bhd.*

Save as disclosed above and insofar as the Directors of Perisai are able to ascertain, and based on Perisai's Register of Directors' shareholdings and Register of Substantial Shareholders' shareholdings, none of the Directors and/or major shareholders or persons connected to them, as defined in the MMLR, has any interest, direct or indirect, in the Proposed Shareholders' Mandate.

## **5. DIRECTORS' RECOMMENDATION**

Your Board (save for Tengku Daud who is deemed interested in the Proposed Shareholders' Mandate and therefore abstained from opining on the resolution pertaining to the Proposed Shareholders' Mandate), having considered all aspects of the Proposed Shareholders' Mandate are of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company. Accordingly, your Board (save for Tengku Daud who is deemed interested in the Proposed Shareholders' Mandate and therefore abstained from making any recommendation on the resolution pertaining to the Proposed Shareholders' Mandate), recommend that the shareholders vote in favour of the resolution in relation to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

## **6. AGM**

The ordinary resolution pertaining to the Proposed Shareholders' Mandate is set out as Special Business in the Notice of the 4<sup>th</sup> AGM contained in the Annual Report 2006 of the Company, which is being sent to you together with this Circular. The 4<sup>th</sup> AGM of Perisai will be held at Anggerik Room, 4<sup>th</sup> Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 27 June 2007 at 10.30 a.m.

If you are unable to attend and vote in person at the 4<sup>th</sup> AGM, you are requested to complete, sign and return the Form of Proxy contained in the Annual Report 2006 of the Company in accordance with the instructions printed thereon, as soon as possible, so as to arrive at the registered office of the Company at Suite 2, Penthouse, Lobby A, Wisma Leopad, No. 9, Jalan Tun Sambanthan, 50470 Kuala Lumpur, not less than 48 hours before the time fixed for the forthcoming AGM or any adjournment thereof. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

## **7. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix for further information

Yours faithfully,  
For and on behalf of the Board of Directors of  
**PERISAI PETROLEUM TEKNOLOGI BHD**

**DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON**  
Independent Non-Executive Chairman

**PART B**

**PROPOSED AMENDMENTS**



## Perisai Petroleum Teknologi Bhd

(Company No. 632811 - X)  
(Incorporated in Malaysia under the Act)

### Registered Office:

Suite 2, Penthouse  
Lobby A, Wisma Leopad  
No. 9, Jalan Tun Sambanthan  
50470 Kuala Lumpur

4 June 2007

### Board of Directors:

Dato' Dr. Mohamed Ariffin bin Hj. Aton (*Independent Non-Executive Chairman*)  
Nagendran a/l C. Nadarajah (*Managing Director*)  
Chan Feoi Chun (*Independent Non-Executive Director*)  
Yogesvaran a/l T. Arianayagam (*Non-Independent Non-Executive Director*)  
Tengku Daud Shaifuddin bin Tengku Zainudin (*Executive Director*)  
Mohd Jeffrey De Jong Bin Abdullah (*Executive Director*)  
Juhari bin Husin (*Alternate Director to Tengku Daud Shaifuddin bin Tengku Zainudin*)

To : Shareholders of Perisai Petroleum Teknologi Bhd

Dear Sir/Madam,

### Proposed amendments to the Articles of Association of Perisai

#### 1. INTRODUCTION

On 1 June 2007, Perisai had announced that the Company proposed to seek shareholders' approval for, inter-alia, the Proposed Amendments.

The purpose of this Circular is to provide you with relevant details of the Proposed Amendments, to set out your Board's recommendation thereon, and to seek your approval for the resolution pertaining to the Proposed Amendments to be tabled at the forthcoming AGM of the Company.

**SHAREHOLDERS OF PERISAI ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED AMENDMENTS.**

#### 2. DETAILS OF THE PROPOSED AMENDMENTS

Bursa Securities had, on 8 May 2006, issued the revamped MMLR. The revamped MMLR requires a listed company to ensure that the provisions set out in Chapter 7 of the MMLR are contained in the Articles.

(i) **Article 2**

Interpretation

Article 2 of the Articles is proposed to be amended by deleting the following definitions which reads:-

Central Depository	Malaysian Central Depository Sdn Bhd
Exchange	Kuala Lumpur Stock Exchange.
Listing Requirements	The Listing Requirements of the Kuala Lumpur Stock Exchange for the Mesdaq Market as may be amended from time to time applicable to and governing the Company.
Member	Any person/persons for the time being holding shares in the Company and whose names appear in the Register of Members (except the Malaysian Central Depository Nominees Sdn Bhd) including depositors whose names appear on the Record of Depositors.

And adopting the following definitions which reads

Central Depository	Bursa Malaysia Depository Sdn Bhd or such other name by which it may be known from time to time.
Exchange	Bursa Malaysia Securities Berhad or such other name by which it may be known from time to time.
Listing Requirements	The Listing Requirements of the Exchange for the Mesdaq Market as may be amended from time to time applicable to and governing the Company.
Member	Any person/persons for the time being holding shares in the Company and whose names appear in the Register of Members (except the Bursa Malaysia Depository Nominees Sdn Bhd ) including depositors whose names appear on the Record of Depositors.

(ii) **Transmission of Securities**

A New Article 25 A after 25 is added which reads

Where :

- a) the securities of the Company are listed on an another stock exchange;
- 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 Depository in respect of such securities,

The Company shall, upon request of a 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, 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.



**(iii) Article 64 is proposed to be amended by deleting the following :**

On a show of hands every Member who is present in person or by proxy shall have one (1) vote. In case of a poll every Member holding ordinary shares who is present in person or by proxy shall have one (1) vote for every ordinary share held by him.

And adopting the new article 64 which reads:

On a show of hands every Member who is present in person and entitled to vote, or by proxy or by attorney or duly authorised representative, shall have one (1) vote. In case of a poll every Member who is present in person or by proxy or by attorney or duly authorised representative shall have one (1) vote for each share held by him in respect of any share or shares upon which all calls due to the Company have been paid.

**(iv) A New Article 71 A after 71 is added which reads:**

**Voting rights of shares of different monetary denominations**

Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such a manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable

**(v) A New sub Article 67(c) after 67(b) is added which reads:**

Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account

**(vi) A New Article 129 A after 129 is added which reads**

The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the directors' and auditors' reports shall not exceed 4 months.

**3. RATIONALE**

The Proposed Amendments are to update the Articles, where relevant, to streamline with the revamped MMLR and to render consistency throughout the Articles. Additionally, the Proposed Amendments are also to enhance the management of Perisai.

**4. EFFECTS OF THE PROPOSED AMENDMENTS**

The Proposed Amendments will not have any effect on the share capital, major shareholders' shareholdings, gearing and dividend policy of Perisai, as well as the net assets and earning of the Perisai Group.

**5. APPROVALS REQUIRED**

The Proposed Amendments are subject to the approvals of the shareholders of Perisai at the forthcoming AGM.

**6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

None of the Directors and/or major shareholders or persons connected to them, as defined in the MMLR, has any interest, direct or indirect, in the Proposed Amendments.

**7. DIRECTORS' RECOMMENDATION**

Your Board, having considered all aspects of the Proposed Amendments are of the opinion that the Proposed Amendments is in the best interest of the Company. Accordingly, your Board recommend that the shareholders vote in favour of the resolution in relation to the Proposed Amendments to be tabled at the forthcoming AGM.

**8. AGM**

The special resolution pertaining to the Proposed Amendments is set out as Special Business in the Notice of the 4th AGM contained in the Annual Report 2005 of the Company, which is being sent to you together with this Circular. The 4th AGM of Perisai will be held at Anggerik Room, 4<sup>th</sup> Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 27 June 2007 at 10.30 a.m.

If you are unable to attend and vote in person at the 4th AGM, you are requested to complete, sign and return the Form of Proxy contained in the Annual Report 2006 of the Company in accordance with the instructions printed thereon, as soon as possible, so as to arrive at the registered office of the Company at Suite 2, Penthouse, Lobby A, Wisma Leopad, No. 9, Jalan Tun Sambanthan, 50470 Kuala Lumpur, not less than 48 hours before the time fixed for the forthcoming AGM or any adjournment thereof. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

**9. FURTHER INFORMATION**

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

Yours faithfully,  
For and on behalf of the Board of Directors of  
**PERISAI PETROLEUM TEKNOLOGI BHD**

**DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON**  
Independent Non-Executive Chairman

**FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY**

This Circular has been reviewed and approved by the Directors of Perisai and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that after making all reasonable inquiries and, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

**2. WRITTEN CONSENT**

RHB INVESTBANK has been appointed as Manager for the Proposed Shareholders' Mandate. As Manager for the Proposed Shareholders' Mandate, RHB INVESTBANK assisted the Company in the preparation of this Circular. However, RHB INVESTBANK was not involved in any negotiations on the terms and conditions of the RRPTs and verifying the amount and nature of RRPTs contained herein.

The written consent of RHB INVESTBANK to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear, has been given and has not subsequently been withdrawn.

**3. MATERIAL CONTRACTS**

Save as disclosed below, neither Perisai nor its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business), within the two (2) years immediately preceding the date of this Circular:

- (i) On 24 June 2005, Perisai entered into the following agreements:
  - (a) shareholder agreement with Alpha Thames Subsea Limited ("ATS") governing their commitment and regulating their rights in relation to Alpha Perisai, the joint venture company between Perisai and ATS;
  - (b) a license agreement with Alpha Perisai and ATS in relation to the sole and exclusive right to the AlphaPRIME™ and all other components relating thereto for a consideration of £100,000; and
  - (c) a research and development agreement with Alpha Perisai and ATS in relation to the continued research and development work for the AlphaPRIME™ for a consideration of £900,000;
- (ii) On 30 October 2005, Perisai entered into an agreement with Meridian Term Sdn Bhd for the disposal of its entire 37.5% equity interest comprising 37,500 ordinary shares of RM1.00 each in Whizz Water Sdn Bhd for a cash consideration of RM1.5 million;
- (iii) Bridging Loan Facility Agreement dated 8 August 2006 between Perisai and United Overseas Bank (Malaysia) Bhd ("UOB") for the sum of RM20 million. The bridging loan facility to be used by Perisai to on-lend to Corro-Pro for the part finance of Corro-Pro's acquisition of a vessel called Ocean Hercules ("Vessel") for USD5,800,000. The security for the repayment of the facility was secured through the following security documents:
  - (a) FD pledge created in favour of UOB;
  - (b) an assignment, charge and mortgage in favour of UOB over the Vessel;
  - (c) Personal guarantees from Tengku Daud Shaifuddin bin Tengku Zainudin, Nagendran a/l C. Nadarajah and Juhari bin Husin in favour of UOB dated 8 August 2006 for the sum of RM20 million;

**FURTHER INFORMATION**


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- (d) Corporate guarantee from CSSB in favour of UOB dated 8 August 2006 for the sum of RM20 million; and
- (e) Corporate guarantee from AME in favour of UOB dated 8 August 2006 for the sum of RM20 million;
- (iv) Corporate Guarantee dated 8 August 2006 between CSSB and UOB. Pursuant to the terms of the bridging loan facility agreement dated 8 August 2006 between Perisai and UOB (please refer to item (iii) above), a corporate guarantee dated 8 August 2006 has been given by CSSB in favour of UOB as part of the security for UOB making available the bridging loan facility to Perisai. The guarantee stands at a sum not exceeding RM20 million;
- (v) Corporate Guarantee dated 8 August 2006 between AME and UOB. Pursuant to the terms of the bridging loan facility agreement dated 8 August 2006 between Perisai and UOB (please refer to item (iii) above), a corporate guarantee dated 8 August 2006 has been given by AME in favour of UOB as of the security for UOB making available the bridging loan facility to Perisai. The guarantee stands at a sum not exceeding RM20 million;
- (vi) Deed of Covenants dated 26 September 2006 between Corro-Pro and UOB for the sum of RM20 million. Pursuant to the bridging loan facility agreement dated 8 August 2006 between Perisai and UOB (please refer to item (iii) above), a Deed of Covenants has been given by Corro-Pro in favour of UOB as part of the security for UOB making available the bridging loan facility to Perisai;

Further terms include:

- (a) Corro-Pro to execute a Statutory Mortgage by way of a first fixed charge over the Vessel;
- (b) Assignment by Corro-Pro to UOB all monies insured by or become payable under such policy or policies of insurance taken out in respect of the Vessel; and
- (c) Corro-Pro shall not during the subsistence of the Deed of Covenants without the consent of UOB execute any form of charge, mortgage, debenture, pledge over or in respect of the Vessel;
- (vii) Debenture dated 26 September 2006 between Corro-Pro and UOB for the sum of RM20 million. Pursuant to the bridging loan facility agreement dated 8 August 2006 between Perisai and UOB (please refer to item (vi) above). As part of the security for UOB making available the bridging loan facility to Perisai. Corro-Pro as beneficial owner of the Vessel charges and agrees to charge in favour of UOB as security for the payment in full of the secured amounts by way of a first fixed charge. Further terms include:
  - (a) Assignment by Corro-Pro to UOB all monies insured by or become payable under such policy or policies of insurance taken out in respect of the Vessel; and
  - (b) Corro-Pro shall not during the subsistence of the Debenture without the consent of UOB execute any form of charge, mortgage, debenture, pledge over or in respect of the Vessel;
- (viii) Agreement between RMSB and Qatar Sand Treatment Plant (“Qatar Sand”) dated 13 March 2007. The salient terms of agreement are:
  - (a) RMSB as contractor to provide to Qatar Sand project management and execution services of the design, engineering, procurement, construction, installation, testing and commissioning inclusive of supply of spare parts during warranty and operational phases of the following projects namely setting up of:
    - (i) 1200 TPH Sand Washing Plant

**FURTHER INFORMATION**

- (ii) 4800 GPM Water re-cycle and Fine Recovery Systems for existing plant expansion
- (b) Total contract price exclusive of government duties and taxes and all other related charges is USD12,000,000.
- (c) Payment schedule is 20% against bank guarantee, 50% against delivery at site, 25% against successful commissioning, 5% at the end of the warranty period of one year.
- (d) RMSB to provide a Bank Guarantee in the form of an irrevocable first call unconditional for the release by Qatar Sand of 20% down payment of the total value of the contract.
- (e) The works to be completed by or before 15th August 2007.
- (f) Performance guarantees given by RMSB for the Sand Washing Plant and Water Recycling and Fine Recovery System on the basis that if plant is not performing satisfactorily at:
  - (i) 5% less than 2% of the contract price penalty is incurred; and
  - (ii) 10% less than 5% of the contract price penalty is incurred.
- (g) Disputes to be resolved via arbitration in Doha in accordance with the Qatar Arbitration Act. The contract to be governed by laws of Qatar; and
- (ix) Memorandum of agreement between Corro-Pro and Ocean Sparkle Limited dated 27 April 2007 for the acquisition of a supply vessel with 4-point mooring system and deck crane pedestal named Ocean Melody for a purchase consideration of USD3,600,000.

**4. MATERIAL LITIGATION**

As at 14 May 2007, save as disclosed below, neither Perisai nor its subsidiaries are engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, and the Board is not aware of any material proceedings pending or threatened against Perisai and/or its subsidiaries or of any other facts likely to give rise to any proceedings which may materially or adversely affect the business or financial position of the Perisai Group:

- (i) Kuala Lumpur Industrial Court matter No. 12/4-1988/04 dated 17 November 2004 between Charles Mok Ngoh Check, being the plaintiff and AME, being the defendant. The plaintiff made a claim for reinstatement or alternatively compensation (unquantifiable) for wrongful dismissal. The trial was part heard on 21 and 22 May 2007 and fixed for continuance at a date which is not confirmed by the court. The Directors of AME, after consulting with its legal adviser, believe that it has a good defendable case. In any event, the quantum of the compensation is expected to be limited given that the plaintiff was given an opportunity to return back to work soon after he had left his employment with AME but the plaintiff had sought employment elsewhere; and
- (ii) Kuala Lumpur High Court Civil Suit No. D3-22-436-2007 between AME Asset Holdings Sdn Bhd, being the plaintiff and Perisai, being the defendant. The statement of claim was filed recently and the defence is due to be filed on the 25 May 2007. The plaintiff's claim is for damages, special and exemplary damages for breach of the Share Sale Agreement and Shareholders Agreement both dated 18 October 2004.

The Plaintiff was granted an ex parte injunction order on 12 April 2007 restraining the Defendant from receiving from Malayan Banking Berhad the sum of RM8 million pursuant to an unconditional bank guarantee made in favour of the Defendant. The Defendant was entitled to make a call on the bank guarantee given a shortfall in the Profit Guarantee granted by the Plaintiff in the Share Sale Agreement between the parties.

**FURTHER INFORMATION**

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The inter partes hearing of the injunction application is currently being heard. The defendant has also filed to set aside the ex parte injunction order.

Your Board, after consulting with its legal adviser, believe that it has a good case to set aside the ex parte injunction order and make a call on the bank guarantee for RM8 million. In addition your Board believes that it can successfully defend the suit for damages.

**5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of the Company at Suite 2, Penthouse, Lobby A, Wisma Leopad, No. 9, Jalan Tun Sambanthan, 50470 Kuala Lumpur, during normal business hours on Mondays to Fridays (excluding public holidays) from the date of this Circular up to the date of the forthcoming AGM:

- (i) Memorandum and Articles of Association of Perisai;
- (ii) Letter of consent referred to in Section 2 above;
- (iii) Audited consolidated financial statements of Perisai for the FYE 2005 and 2006 and the unaudited consolidated results of Perisai for the 3 months financial period ended 31 March 2007;
- (iv) The material contracts referred to in Section 3 above; and
- (v) The relevant cause papers for the material litigation referred to in Section 4 above.