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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 appropriate independent professional advisers immediately.

If you have sold or transferred all your ordinary shares in Perisai Petroleum Teknologi Bhd (“Perisai” or the “Company”) please hand this Circular together with the accompanying Form of Proxy to the agent through whom the sale or transfer was contracted or effected for onward transmission to the purchaser or transferee.

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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

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS
OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS' MANDATE”)**

The Ordinary Resolution in respect of the above Proposed Shareholders' Mandate will be tabled at the Annual General Meeting of the Company at the Cempaka Room, Mezzanine Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 3 June 2005 at 10.30 a.m. together with the Form of Proxy are enclosed together with the Annual Report of the Company for the financial year ended 31 December 2004.

A member is entitled to attend and vote at the meeting and is also entitled to appoint a proxy to attend and vote on his behalf. The Form of Proxy must be completed in accordance with the instructions therein as soon as possible and in any event 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 of 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 11 May 2005

DEFINITIONS

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
AME	:	Allied Marine & Equipment Sdn Bhd (Company No. 176294-K), a 55% owned subsidiary of Perisai
AME Asset	:	AME Asset Holdings Sdn Bhd (Company No. 528386-U)
AME Group	:	AME and its subsidiaries, collectively
AME Marine Services	:	AME Marine Services Sdn Bhd (Company No. 644333-U), a wholly-owned subsidiary of AME
AMR	:	Allied Marine Robotics Sdn Bhd (Company No. 641534-A), a wholly-owned subsidiary of AME
Bio-X	:	Bio-X Technologies Sdn Bhd (<i>formerly known as Bio-X Culture Sdn Bhd</i>) (Company No. 644538-W), a 51% owned subsidiary of Perisai
Board	:	Board of Directors of Perisai
Bursa Securities	:	Bursa Malaysia Securities Berhad
CORRO-PRO	:	CORRO-PRO (L) Inc. (Company No. LL04771), a wholly-owned subsidiary of Perisai
CSSB	:	Corro-Shield (M) Sdn Bhd (Company No. 383695-M), a 60% owned subsidiary of Perisai
DSSB	:	Diversified Skills Sdn Bhd (Company No. 628703-D)
EGM	:	Extraordinary general meeting
FSSB	:	Fibaroll (SEA) Sdn Bhd (Company No. 259263-P), a wholly-owned subsidiary of Perisai
FYE	:	Financial year(s) ended 31 December
Maju Hydro	:	Maju Hydro Sdn Bhd (Company No. 513376-M), a 51% owned subsidiary of AME
MCSB	:	Merit Composites Sdn Bhd (<i>formerly known as Merit Contracts Sdn Bhd</i>) (Company No. 624928-P)
MESDAQ Market	:	MESDAQ Market of Bursa Malaysia Securities Berhad (<i>formerly known as Malaysia Securities Exchange Berhad</i>)
MMLR	:	Listing Requirements of Bursa Securities for the MESDAQ Market
MTSB	:	Maya Terang Sdn Bhd (Company no. 618874-T)
OTSB	:	Orinippon Trading Sdn Bhd (Company No. 478158-M), a wholly-owned subsidiary of Perisai
Perisai or the Company	:	Perisai Petroleum Teknologi Bhd (Company No. 632811-X)
Perisai Group or Group	:	Perisai, its subsidiaries and associated companies collectively
Perisai Inc	:	Perisai (L) Inc (Company No. LL04478), a wholly-owned subsidiary of Perisai
Perisai RRPT Group	:	Perisai and its subsidiaries
Perisai Share(s)	:	Ordinary share(s) of RM0.10 each in Perisai
Proposed Shareholders' Mandate	:	Proposed shareholders' mandate for the Perisai RRPT Group to enter into RRPTs with the Related Parties

DEFINITIONS (Cont'd)

Related Party(ies)	:	Related Party as defined under Rule 6.2 of the MMLR as: <ul style="list-style-type: none">(i) A substantial shareholder and includes any person who is or was within the 12 months preceding the date of the related party transaction a substantial shareholder of the listed company; or(ii) A director who is or was within the 12 months preceding the date of the related party transaction a director of the listed company or any of its related companies or associated companies or any associated company of its holding company; or(iii) An associate of a related party under (i) or (ii) above
RHB Sakura	:	RHB Sakura Merchant Bankers Berhad (Company No. 19663-P)
RM and sen	:	Ringgit Malaysia and sen, respectively
RMSB	:	Romilly (M) Sdn Bhd (Company No. 477626-H), a wholly-owned subsidiary of Perisai
ROV	:	Remote operated vehicle
RRPTs	:	Recurrent related party transactions 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 RRPT Group, which involve the interest, direct or indirect, of a Related Party(ies)
STSB	:	Spectrum Trend Sdn Bhd (Company No. 624902-H)
TTSB	:	Tinggi Tiasa Sdn Bhd (Company No. 622752-K)
USD	:	United States Dollar

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EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING Enclosed

PERISAI

PetroleumTeknologi

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

11 May 2005

Board of Directors:

Makhtar bin Mohamed (*Non-Independent Non-Executive Chairman*)
Tengku Daud Shaifuddin bin Tengku Zainudin (*Executive Director*)
Nagendran a/l C. Nadarajah (*Executive Director*)
Juhari bin Husin (*Executive Director*)
Dato' Dr. Mohamed Ariffin bin Hj. Aton (*Independent Non-Executive Director*)
Abdul Hamid bin Mohamed Ghows (*Independent Non-Executive Director*)
Yogesvaran a/l T. Arianayagam (*Non-Independent Non-Executive Director*)

To : Shareholders of Perisai Petroleum Teknologi Bhd

Dear Sir/Madam,

Proposed shareholders' mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature

1. INTRODUCTION

Perisai had on 18 April 2005, announced that the Company proposes to seek the shareholders' approval for the Proposed Shareholders' Mandate at the forthcoming AGM to be convened.

Bursa Securities had on 14 December 2004 approved the Company's application to seek shareholders' ratification for RRPTs entered into from the date of the Company's listing until the Company's first EGM. At an EGM held on 7 January 2005, the Company had obtained a mandate from its shareholders for the Perisai Group to enter into RRPTs with Related Parties. The said mandate for the RRPTs shall, in accordance with the MMLR, lapse at the conclusion of the forthcoming AGM.

The purpose of this Circular is to provide you with relevant details of the Proposed Shareholders' Mandate and to seek your approval for the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM of the Company, which will be held at the Cempaka Room, Mezzanine Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 3 June 2005 at 10.30 a.m.

2. INFORMATION ON THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Background

Pursuant to Rule 6.8 and Guidance Notes 12 of the MMLR, Perisai may seek the 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;
- (c) the issuance of a circular to shareholders containing information as specified in the MMLR; and
- (d) in a meeting to obtain shareholders' mandate:-
 - (i) the related party which has interest, directly or indirectly in the transaction; and
 - (ii) where it involves the interest of:-
 - (aa) an associate of a party referred to under sub-Rule 6.2(a) or (b) of the MMLR; or
 - (bb) person connected with a director of the listed company or its holding company as referred to under Rule 6.4 of the MMLR (the director or the listed company or its holding company is referred to as "the Relevant Director"),

the party referred to under sub-Rule 6.2(a) or (b) of the MMLR or the Relevant Director, as the case may be,

must not vote on the resolution approving the transactions.

- (e) where the related party is either a related party under sub-Rule 6.2(a) or (b) of the MMLR or the Relevant Director which has interest, directly or indirectly in the transaction (referred to as "interested related party"), the interested related party must ensure that its/his associates or persons connected, as the case may be, abstain from voting on the resolution approving the transactions.

Where a mandate pursuant to Rule 6.8.2 of the MMLR has been procured, the provisions of Rule 6.6 shall not apply. The Proposed Shareholders' Mandate, if approved by the shareholders at the forthcoming AGM, shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company at which time it will lapse unless authority is renewed by a resolution passed at the next AGM;
- (b) the expiration of the period within which the next AGM is 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 shareholders in a general meeting before the next AGM,

whichever is earlier.

The Proposed Shareholders' Mandate is subject to annual review in a general meeting and disclosure will be made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate.

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	Effective 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
FSSB	100	Trading, design and application of specialist composite materials primarily for the oil and gas industry.
RMSB	100	Provision of services relating to advanced engineering inspection techniques, heat exchanger tubes restoration technology and plants engineering maintenance primarily for the oil and gas industry.
OTSB	100	Design and engineering and patent holder
Impact Surge Sdn Bhd (1)	100	Design and consultancy service and patent holder
Perisai Inc	100	Supplying, commissioning and installation of corrosion control products and inspection and maintenance of pipes, pipelines, risers and heat exchangers primarily for the oil and gas industry outside Malaysia
Bio-X	51	Supply and provision of bio-remediation products, equipment and services for removing harmful and hazardous oil contaminants and transforming it into environmentally friendly products
MCSB	100	Involved in the research, development, design and application and construction of composite materials and technologies such as the structural strengthening of sub-sea structures and the composite protective circular mouldings for the marine industry and also for corrosion control purposes for the oil and gas industry
AME	55	Provision of offshore diving and related services for inspection and maintenance of pipes, pipelines and risers for corrosion control purposes for the oil and gas industry
CORRO-PRO	100	Supplying, commissioning and installation of corrosion control products and inspection and maintenance of pipes, pipelines, risers and heat exchangers primarily for the oil and gas industry in Brunei Darussalam

Note:

(1) Wholly-owned subsidiary of OTSB

2.3 Details of the Proposed Shareholders' Mandate

Details of the RRPTs for which approval is being sought for the Proposed Shareholders' Mandate is 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 FYE2004 and also the Perisai Group's budget for the financial year ending 31 December 2005

	Companies within the Perisai RRPT Group	Related Party	Interested Directors/ Substantial shareholders	Nature of transaction	Estimated value of transactions to be entered into from the forthcoming AGM to the next AGM RM'000
1.	Perisai	CSSB	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision of management, advisory and administrative services by Perisai to CSSB	1,200
2.	FSSB	CSSB	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision of technical design and drawings, specification on application method, project and quality assurance/ quality control supervision for the riser repair by FSSB to CSSB	9,500
3.	RMSB	CSSB	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision of heat exchanger inspection and specialist services by RMSB to CSSB	2,500
4.	OTSB	CSSB	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Royalty income payable by CSSB to OTSB for all patented products, such as CorroCaps™, FlangeShield™, Impactor and Protector for Marine Growth and Composites Sleeve Repairs	600

	Companies within the Perisai RRPT Group	Related Party	Interested Directors/ Substantial shareholders	Nature of transaction	Estimated value of transactions to be entered into from the forthcoming AGM to the next AGM RM'000
5.	Perisai	Bio-X	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision of management, advisory and administrative services by Perisai to Bio-X	120
6.	Bio-X	CSSB	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision of bio-remediation products and its related services by Bio-X to CSSB	1,200
7.	MCSB	CSSB	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision of composite materials and its related services by MCSB to CSSB	1,000
8.	MCSB	FSSB	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision of composite materials and its related services by MCSB to FSSB	1,000

	Companies within the Perisai RRPT Group	Related Party	Interested Directors/ Substantial shareholders	Nature of transaction	Estimated value of transactions to be entered into from the forthcoming AGM to the next AGM RM'000
9.	CSSB	AME	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision of corrosion control products and its related services by CSSB to AME	500
10.	FSSB	AME	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Supply and provision of services for the total composite sleeve system by FSSB to AME	2,000
11.	FSSB	AME	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision of pipeline repairs by FSSB to AME	2,000
12.	Perisai Inc	CSSB	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision and installation of CorroCap™, marine growth impactor and marine growth preventor by Perisai Inc to CSSB	1,000

	Companies within the Perisai RRPT Group	Related Party	Interested Directors/ Substantial shareholders	Nature of transaction	Estimated value of transactions to be entered into from the forthcoming AGM to the next AGM RM'000
13.	Perisai Inc	FSSB	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision of pipeline repairs by Perisai Inc to FSSB	1,000
14.	RMSB	Bio-X	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision of bio-remediation products and its related services by Bio-X to RMSB	50
15.	Perisai Inc	Bio-X	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision of bio-remediation products and its related services by Bio-X to Perisai Inc	500
16.	CORRO-PRO	CSSB	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision and installation of CorroCap™, marine growth impactor and marine growth preventor by CORRO-PRO to CSSB	500

	Companies within the Perisai RRPT Group	Related Party	Interested Directors/ Substantial shareholders	Nature of transaction	Estimated value of transactions to be entered into from the forthcoming AGM to the next AGM RM'000
17.	CORRO-PRO	FSSB	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision of pipeline repairs by CORRO-PRO to FSSB	500
18.	CORRO-PRO	Bio-X	<ul style="list-style-type: none"> • Tengku Daud Shaifuddin bin Tengku Zainudin • Nagendran a/l C. Nadarajah • Juhari bin Husin • Zamri bin Zakaria • Padmanaban a/l Balagurusamy • A. Ghani bin Md. Tahir 	Provision of bio-remediation products and its related services by Bio-X to CORRO-PRO	250

Tengku Daud Shaifuddin Bin Tengku Zainudin is a director of Perisai, CSSB, RMSB and OTSB. He is also a substantial shareholder of Perisai and CSSB and deemed interested in FSSB, RMSB, OTSB, CSSB, Perisai Inc, Bio-X, MCSB, AME and CORRO-PRO by virtue of his substantial shareholdings in Perisai.

Nagendran a/l C. Nadarajah is a director of Perisai, CSSB, FSSB, RMSB, OTSB, Perisai Inc and CORRO-PRO. He is also a substantial shareholder of Perisai and deemed interested in FSSB, RMSB, OTSB, CSSB, Perisai Inc, Bio-X, MCSB, AME and CORRO-PRO by virtue of his substantial shareholdings in Perisai.

Juhari Bin Husin is a director of Perisai, CSSB, RMSB and OTSB. He is also a substantial shareholder of Perisai (by virtue of his substantial shareholdings in TTSB, which is a substantial shareholder of Perisai) and deemed interested in FSSB, RMSB, OTSB, CSSB, Perisai Inc, Bio-X, MCSB, AME and CORRO-PRO by virtue of his substantial shareholdings in Perisai.

Zamri bin Zakaria is a director of CSSB and RMSB. He is also a substantial shareholder of Perisai (by virtue of his substantial shareholdings in TTSB, which is a substantial shareholder of Perisai) and deemed interested in FSSB, RMSB, OTSB, CSSB, Perisai Inc, Bio-X, MCSB, AME and CORRO-PRO by virtue of his substantial shareholdings in Perisai.

Padmanaban a/l Balagurusamy was a director of FSSB within the 12 months period preceding the date of the RRPTs and was a substantial shareholder of Perisai (by virtue of his substantial shareholdings in STSB, which was a substantial shareholder of Perisai) within the 12 months period preceding the date of the RRPTs. He is therefore deemed interested in FSSB, RMSB, OTSB, CSSB, Perisai Inc, Bio-X, MCSB, AME and CORRO-PRO by virtue of him being a substantial shareholder of Perisai within the 12 months period preceding the date of the RRPTs.

A. Ghani bin Md. Tahir was a director of FSSB within the 12 months period preceding the date of the RRPTs and was a substantial shareholder of Perisai (by virtue of his substantial shareholdings in STSB and DSSB) within the 12 months period preceding the date of the RRPTs. He is therefore deemed interested in FSSB, RMSB, OTSB, CSSB, Perisai Inc, Bio-X, MCSB, AME and CORRO-PRO by virtue of him being a substantial shareholder of Perisai within the 12 months period preceding the date of the RRPTs.

As at 25 April 2005, the direct and indirect shareholdings of the interested Directors and interested substantial shareholders of Perisai in CSSB are as follows:

	CSSB	
	Direct	Indirect
	%	%
Tengku Daud Shaifuddin bin Tengku Zainudin	40.00	60.00 ¹
Nagendran a/l C. Nadarajah	-	60.00 ¹
Juhari bin Husin	-	60.00 ¹
Zamri bin Zakaria	-	60.00 ¹

Note:

1 Deemed interested by virtue of his substantial shareholdings in Perisai

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.

2.6 Disclosure of Recurrent Transactions

Disclosure will be made in the annual report of Perisai in accordance with Section 3.1.5 of Guidance Notes 12 of the MMLR, which requires a breakdown of the aggregate value of the Recurrent Transactions entered into during the financial year based on the following information:

- (i) types of RRPTs; and
- (ii) names of the Related Parties involved in each Recurrent Transaction entered into and their relationship with the 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.

3. RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE

The RRPTs entered or to be entered into by the Perisai RRPT Group are recurrent transactions of a revenue or trading nature conducted in the ordinary course of business of the Perisai RRPT 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 6.8.1 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 SUBSTANTIAL SHAREHOLDERS' INTERESTS

Tengku Daud Shaifuddin bin Tengku Zainudin, Nagendran a/l C. Nadarajah and Juhari bin Husin are deemed interested in the Proposed Shareholders' Mandate. Accordingly, they have and will continue to abstain from Board deliberations pertaining to the Proposed Shareholders' Mandate. In addition, Tengku Daud Shaifuddin bin Tengku Zainudin, Nagendran a/l C. Nadarajah and Juhari bin Husin will also 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.

Zamri bin Zakaria, who is a substantial shareholder of Perisai (by virtue of his substantial shareholding in TTSB, which is a substantial shareholder of Perisai), as well as Padmanaban a/l Balagurusamy and A. Ghani bin Md Tahir, who are shareholders of Perisai, will 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.

Tengku Daud Shaifuddin bin Tengku Zainudin, Nagendran a/l C. Nadarajah, Juhari bin Husin, Zamri bin Zakaria, Padmanaban a/l Balagurusamy and A. Ghani bin Md Tahir 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 25 April 2005, the direct and indirect interests of the interested Directors and interested shareholders in Perisai are as follows:

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Interested Directors / Shareholders				
Tengku Daud Shaifuddin bin Tengku Zainudin	18,418,480	8.86	44,366,998 ⁽¹⁾	21.33
Nagendran a/l C. Nadarajah	17,596,300	8.46	44,366,998 ⁽¹⁾	21.33
Juhari bin Husin	4,401,500	2.12	12,740,000 ⁽²⁾	6.13
Zamri bin Zakaria	209,100	0.10	12,740,000 ⁽²⁾	6.13
Padmanaban a/l Balagurusamy	1,154,768	0.56	-	-
A. Ghani bin Md Tahir	253,333	0.12	-	-

Notes:

(1) Deemed interested by virtue of his shareholdings in MTSB.

(2) Deemed interested by virtue of his shareholdings in TTSB.

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 substantial shareholders or persons connected to the Relevant Director or associates of the Related Parties, has any interest, direct or indirect, in the Proposed Shareholders' Mandate.

5. DIRECTORS' RECOMMENDATION

Your Board (save for Tengku Daud Shaifuddin bin Tengku Zainudin, Nagendran a/l C. Nadarajah and Juhari bin Husin who are 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 Proposals are of the opinion that the Proposals are in the best interest of the Company. Accordingly, your Board (save for Tengku Daud Shaifuddin bin Tengku Zainudin, Nagendran a/l C. Nadarajah and Juhari bin Husin who are 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 resolutions in relation to the Proposals to be tabled at the forthcoming AGM.

6. AGM

The AGM of Perisai, the Extract of Notice of AGM which is enclosed in this Circular, will be held at the Cempaka Room, Mezzanine Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 3 June 2005 at 10.30 a.m. for the purpose of considering and, if thought fit, passing resolution pertaining to the Proposed Shareholders' Mandate as described herein.

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the Form of Proxy contained in the Annual Report of the Company in accordance with the instructions therein as soon as possible and in any event 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 AGM. The completion and returning of the Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

7. FURTHER INFORMATION

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

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

**MAKHTAR BIN MOHAMED
Non-Independent Non-Executive Chairman**

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY

This Circular has been seen and 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. MATERIAL LITIGATION

As at 25 April 2005, save as disclosed below, neither Perisai nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of Perisai or its subsidiaries. The Directors of Perisai and its subsidiaries are not aware of any proceedings pending or threatened against Perisai and its subsidiaries or any facts likely to give rise to any proceedings which might materially affect the financial position or business of Perisai and its subsidiaries:-

- (i) Shah Alam Sessions Court Summons No. 4-52-1504-2002 dated 31 May 2002 between Mark Brian McIntyre, being the plaintiff and AME, being the defendant. The plaintiff made a claim for negligence against AME for failing to provide a safe and proper work environment. The action is being taken up by the insurers, Capital Insurance Bhd. The plaintiff is seeking unqualified general and aggravated damages (unquantifiable amount). The matter is fixed for trial on 29 and 30 March 2005. The court had subsequently adjourned the trial to 8 and 9 August 2005. The Directors of AME, after consulting with its legal adviser, believe that it has a good defendable case.
- (ii) 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. AME's lawyers are still taking instructions to finalise defense. AME has not filed its defence for this case and is expected to file the witness statement and bundle of documents to the Industrial Court by 18 May 2005. No trial dates have been fixed. The Directors of AME, after consulting with its legal adviser, believe that it has a good defendable case.

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) Deed of assignment dated 16 September 2003 between Golden Land Properties Sdn. Bhd. and Maju Hydro, whereby Maju Hydro had acquired the parcel unit No. C5-06 Megan Phileo Promenade, 189 Jalan Tun Razak, 50400 Kuala Lumpur, bearing postal address C-7-5 Megan Phileo Promenade measuring approximately 1,539 square feet for a total cash consideration of RM356,816;
- (ii) Conditional Share Sale Agreement dated 2 January 2004 between Tengku Daud Shaifuddin Bin Tengku Zainudin, Nagendran a/l C. Nadarajah, Juhari Bin Husin and MTSB, being the vendors and Perisai, being the purchaser for the acquisition of CSSB for a total consideration of RM7,366,801 to be satisfied by the issuance of 73,668,010 new Perisai Shares at par;
- (iii) Conditional Share Sale Agreement dated 2 January 2004 between STSB, Padmanaban a/l Balagurusamy, A. Ghani Bin Md Tahir and Wan Mazila Binti Wan Abas, being the vendors and Perisai, being the purchaser for the acquisition of FSSB for a total consideration of RM3,103,197 to be satisfied by the issuance of 31,031,970 new Perisai Shares at par;

FURTHER INFORMATION

- (iv) Conditional Share Sale Agreement dated 2 January 2004 between MTSB and Vigneswaran a/l C. Nadarajah, being the vendors and Perisai, being the purchaser for the acquisition of OTSB for a total consideration of RM1,030,000 to be satisfied by the issuance of 10,300,000 new Perisai Shares at par;
- (v) Conditional Share Sale Agreement dated 2 January 2004 between TTSB, Spiral Match Sdn Bhd and Kho Poh Eng, being the vendors and Perisai, being the purchaser for the acquisition of RMSB for a total consideration of RM2,600,000 to be satisfied by the issuance of 26,000,000 new Perisai Shares at par;
- (vi) Conditional Share Sale Agreement dated 2 January 2004 between DSSB and Devarajah a/l C. Navaratnam, being the vendors and Perisai, being the purchaser for the acquisition of Whizz Water Sdn Bhd for a total consideration of RM1,500,000 to be satisfied by the issuance of 15,000,000 new Perisai Shares at par;
- (vii) Bill of Sale and Acceptance of Sale dated 20 February 2004 between Subsea 7AS, being the vendor, and AME Marine Services, being the purchaser, for the purchase and transfer of the vessel known as Allied Commander (ex Seaway Commander), Type ROV Support Vessel for a cash consideration of USD1,175,000. The purchase and refurbishment costs amounting to approximately RM11 million were financed by the AME Group via internally generated funds;
- (viii) Placement and Underwriting Agreement dated 2 June 2004 between the Company and RHB Sakura, for RHB Sakura to:
 - (a) act as Placement Agent for 29,120,000 new Perisai Shares reserved for identified placees pursuant to the Company's flotation exercise on the MESDAQ Market, for a placement fee of 0.5% of the issue price of RM0.33 per share; and
 - (b) underwrite 22,880,000 Perisai Shares to be issued to the Malaysian public and eligible Directors and employees of Perisai and its subsidiaries for the pink form allocation for an underwriting commission of 2.0% of the issue price of RM0.33 per share;
- (ix) Sale and Purchase Agreement dated 15 June 2004 made between Dolomite Industrial Park Sdn Bhd, being the vendors and AME, being the purchaser for the acquisition of a vacant piece of freehold land held under H.S. (D) 21766 P.T. 28815 Mukim Batu, District of Gombak, State of Selangor measuring approximately 39,956 square feet for a total purchase consideration of RM4,392,960. The purchase consideration is financed by internally generated funds and bank borrowings;
- (x) Hire purchase agreement dated 21 July 2004 between AME and Southern Finance Berhad for a sum of RM700,000, in relation to the acquisition by AME of a Porsche 911 Turbo Coupe WLY919 for a sum of RM930,000;
- (xi) On 4 August 2004, Perisai entered into a joint venture agreement ("JV Agreement") with SIF Universal Sdn Bhd ("SIF-U") in relation to the incorporation of a joint venture company to be known as Perisai SIFU Sdn Bhd ("PSSB") (or such other name as may be mutually agreed) to undertake research and development for the application of Fiber Optic Sensors ("FOS") into Perisai's Composite Sleeve Repair System and other corrosion prone areas, to facilitate the promotion and sale of FOS and all intellectual property to be developed by PSSB or intellectual property rights belonging to PSSB, to oil and gas companies worldwide;
- (xii) On 4 August 2004 Perisai subscribed for 51,000 new ordinary shares of RM1.00 each in Nottingham AI Sdn Bhd (*formerly known as Valiantique Sdn Bhd*) ("Nottingham AI"), representing 51% of the entire enlarged issued and paid-up capital of Nottingham AI for a cash consideration of RM51,000 ("Subscription") to be entirely satisfied from internally generated funds. Upon completion of the Subscription, Nottingham AI had on the same day, entered into a Memorandum of Understanding with University of Nottingham Malaysia

FURTHER INFORMATION

- Campus to engage in joint research and development to produce intelligent electronic systems for the oil and gas industry;
- (xiii) On 26 August 2004, CSSB, a 60% owned subsidiary of the Company, has entered into a conditional Sale and Purchase Agreement to purchase two (2) pieces of leasehold land from Perbadanan Kemajuan Negeri Selangor (“PKNS”) in Bangi for a total purchase consideration of RM2,084,166 (“Proposed Land Acquisitions”) to be satisfied by internally generated funds and/ or bank borrowings;
 - (xiv) On 30 September 2004, Perisai had entered into a conditional sale and purchase agreement with Encik Hilmy bin Ahmad for the acquisition of 51,000 new ordinary shares of RM1.00 each in Bio-X, representing 51% of the issued and paid-up capital of Bio-X for a cash consideration of RM100,000 to be entirely satisfied from internally generated funds and/or bank borrowings;
 - (xv) On 30 September 2004, Perisai had entered into a conditional sale and purchase agreement with Encik Hilmy bin Ahmad and Cik Salina binti Shariff for the acquisition of 250,000 new ordinary shares of RM1.00 each in MCSB, representing the entire enlarged issued and paid-up capital of MCSB for a cash consideration of RM3,600,000 to be entirely satisfied from internally generated funds and/or bank borrowings;
 - (xvi) On 15 October 2004, Perisai entered into a joint venture agreement with Morstrong Industries Sdn Bhd in relation to the incorporation of a Joint Venture Company to undertake research and development in, manufacturing and marketing of specialised protective underwater and surface coating for corrosion control purposes in the oil and gas industry which are synergistic to the principal activities of the Perisai Group;
 - (xvii) On 18 October 2004, Perisai had entered into a share sale agreement with AME Asset, Mohd Naim bin Hassan, Poon Sing Kwong and Nor Hidayah binti Abdul Aziz for the acquisition of a 55% equity interest in AME for a cash consideration of RM29,700,000 to be entirely satisfied from internally generated funds and/or bank borrowings;
 - (xviii) Memorandum of agreement between AME and Mansal Offshore QSC Qatar dated 7 February 2005 for the acquisition of a Dynamic Positioning II vessel named Mansal 19 for a purchase consideration of USD4,250,000 to be entirely satisfied from internally generate funds and/or borrowings;
 - (xix) Facilities agreement dated 16 February 2005 between AME and Malayan Banking Berhad for a sum of RM12 million in relation to the acquisition of the Dynamic Positioning II vessel; and
 - (xx) Facilities agreement dated 1 March 2005 between Perisai and RHB Bank Berhad for a sum of RM26,730,000 in relation to the acquisition of AME.

4. 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 Leopard, 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) Audited consolidated financial statements of Perisai for the FYE2003 and FYE2004;
- (iii) The relevant cause papers for current material litigation referred to in Section 2 above; and
- (iv) The material contracts referred to in Section 3 above.



PERISAI PETROLEUM TEKNOLOGI BHD

(Company No. 632811 - X)

(Incorporated in Malaysia under the Companies Act, 1965)

EXTRACT OF RESOLUTION TO BE TABLED AS SPECIAL BUSINESS AT THE FORTHCOMING ANNUAL GENERAL MEETING

RESOLUTION 10

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT, subject always to the provisions of the Companies Act, 1965 ("Act"), the Memorandum & Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market and the regulations, guidelines and guidance notes issued from time to time by Bursa Securities or any other regulatory authorities, approval be and is hereby given for Perisai and its subsidiaries ("Perisai RRPT Group") to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business which are necessary for the day-to-day operations of the Perisai RRPT Group as specified in Section 2.3 of the Company's Circular to Shareholders dated 11 May 2005 ("Circular") on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders and that authority conferred by this resolution shall take effect immediately upon the passing of this resolution and the shareholders' mandate shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of Perisai following this AGM at which the ordinary resolution for the shareholders' mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) 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
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting

whichever is earlier.

AND THAT, authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this ordinary resolution.

AND THAT, as the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular are provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 2.4 of the Circular."