

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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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

PART A

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME FOR THE ELIGIBLE EMPLOYEES AND DIRECTORS OF PERISAI AND ITS SUBSIDIARIES

PART B

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR PERISAI AND ITS SUBSIDIARIES

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser in relation to Part A



(A Participating Organisation of Bursa Malaysia Securities Berhad)

An Extraordinary General Meeting ("EGM") will be held at Grand Mahkota Ballroom III, Hotel Istana Kuala Lumpur City Centre, 73, Jalan Raja Chulan, 50200, Kuala Lumpur, on Wednesday, 27 June 2012 at 10.30 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Ninth Annual General Meeting ("AGM") of the Company which has been scheduled to be held at the same venue and on the same day at 10.00 a.m. The notice of EGM together with the Form of Proxy are enclosed in this Circular

As a shareholder, you can appoint a proxy or proxies to attend and vote on your behalf. You must complete and deposit the Form of Proxy at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, not later than 48 hours before the time set for the EGM or any adjournment thereof. You are not precluded from attending and voting in person at the EGM should you wish to do so subsequent to the lodging of the Form of Proxy.

Last date and time for lodging the Form of Proxy : Monday, 25 June 2012, at 10:30 a.m.
Date and time of the EGM : Wednesday, 27 June 2012, at 10.30 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Ninth AGM of the Company which has been scheduled to be held at the same venue and on the same day at 10.00 a.m.

This Circular is dated 5 June 2012

DEFINITIONS

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

“Act”	: The Companies Act, 1965 as amended from time to time and includes any re-enactment thereof
“Acquisition of Intan Offshore”	: Acquisition of 51% equity interest in Intan Offshore Sdn Bhd by Perisai from Emas Offshore (M) Sdn Bhd for a purchase consideration of RM45,237,000, satisfied via the issuance of 70,683,000 new Perisai Shares at an issue price of RM0.64 per Perisai Share which was completed on 22 August 2011
“AGM”	: Annual general meeting
“Board”	: Board of Directors of Perisai
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“By-Laws”	: Rules, terms and conditions of the Proposed ESOS, as may be amended, varied or supplemented from time to time in accordance with the draft By-laws in Appendix I
“Circular”	: This circular to shareholders in relation to the Proposed ESOS
“Date of Offer”	: Date of the Offer is made in writing by the ESOS Committee to the Eligible Person(s)
“Director(s)”	: Has the meaning given in section 2(1) of the Capital Markets and Services Act 2007
“Effective Date”	: Date of full compliance with all relevant requirements pursuant to the Listing Requirements
“EGM”	: Extraordinary general meeting
“Eligible Person(s)”	: An employee who is employed by and on the payroll of any company in the Perisai Group (including person employed by the Perisai Group on a contract basis), save for companies which are dormant, and/or a director who fulfils the conditions of eligibility stipulated in the By-Laws
“EPS”	: Earnings per share
“ESOS” or “Scheme”	: Employees’ share option scheme
“ESOS Committee”	: A committee appointed from time to time by the Board pursuant to the By-Laws to administer the Scheme
“ESOS Option(s)”	: The right of a Grantee to subscribe for new Perisai Share(s) pursuant to the contract constituted by the acceptance of an Offer by the Eligible Person(s) in the manner as set out in the By-laws
“FRS2”	: Financial Reporting Standard 2 in relation to the share based payments by the Malaysian Accounting Standards Board
“FYE”	: Financial year ended / ending

DEFINITIONS (Cont'd)

“Grantee(s)”	: Eligible Person to whom an Offer has been made and who has accepted an Offer (or any part thereof) in accordance with the By-Laws
“HLIB”	: Hong Leong Investment Bank Berhad
“Izzet Ishak”	: Zainol Izzet bin Mohamed Ishak
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities, as amended from time to time
“LPD”	: 7 May 2012, being the latest practicable date prior to the date of this Circular
“Maximum Scenario”	: Assuming all the treasury shares held as at the LPD are resold back into the market at cost
“Minimum Scenario”	: Assuming none of the treasury shares held as at the LPD are resold back into the market at cost
“MOPU”	: Mobile Offshore Production Unit, a facility which is used to process and store oil and gas in offshore location
“NA”	: Net assets
“Offer”	: An offer made in writing by the ESOS Committee to an Eligible Person(s) in the manner indicated in the By-Laws
“Perisai” or the “Company”	: Perisai Petroleum Teknologi Bhd
“Perisai Group” or “Group”	: Perisai and its subsidiaries, collectively
“Perisai Share(s)”	: Ordinary share(s) of RM0.10 each in Perisai
“Proposed ESOS”	: Proposed establishment of an ESOS for not more than 10% of the issued and paid-up share capital of Perisai (excluding treasury shares) for the Eligible Person(s)
“Proposed Mandate Period”	: The period during which the Recurrent Related Party Transactions are to be entered into for which the Proposed Renewal of Shareholders’ Mandate is being sought. This period shall commence immediately upon the passing of the resolution in respect of the Proposed Renewal of Shareholders’ Mandate during the forthcoming EGM until: <ul style="list-style-type: none">(a) the conclusion of the next AGM of the Company 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 will not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or(c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier

DEFINITIONS (Cont'd)

“Proposed Renewal of Shareholders’ Mandate”	: Proposed renewal of the existing Shareholders’ Mandate which was obtained at the EGM held on 24 June 2011
“Recurrent Related Party Transactions”	: Related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of the Perisai Group, described in Section 2.4 of Part B this Circular
“Related Party(ies)”	: Director(s), major shareholder(s) or person(s) connected with such Director(s) or major shareholder(s)
“RM”	: Ringgit Malaysia
“Shareholders’ Mandate”	: Shareholders’ mandate for the Perisai Group to enter into the Recurrent Related Party Transactions
“WAMP”	: Weighted Average Market Price

Words importing the singular only shall include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

All references to the time of day in this Circular are references to Malaysian time.

TABLE OF CONTENTS

Page**PART A****LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED ESOS**

1.	INTRODUCTION	1
2.	DETAILS OF THE PROPOSED ESOS	2
3.	UTILISATION OF PROCEEDS	5
4.	RATIONALE FOR THE PROPOSED ESOS	5
5.	EFFECTS OF THE PROPOSED ESOS	6
6.	APPROVALS REQUIRED	11
7.	ESTIMATED TIMEFRAME FOR COMPLETION	11
8.	HISTORICAL SHARE PRICES OF PERISAI	12
9.	OTHER INTENDED CORPORATE EXERCISE/SCHEME WHICH HAVE BEEN ANNOUNCED BUT NOT YET COMPLETED	12
10.	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER(S) AND/OR PERSONS CONNECTED TO THEM	13
11.	DIRECTORS' RECOMMENDATION	14
12.	EGM	14
13.	FURTHER INFORMATION	14

PART B**LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

1.	INTRODUCTION	15
2.	DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	16
3.	RATIONALE OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	21
4.	EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	22
5.	APPROVAL REQUIRED	22
6.	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSON(S) CONNECTED TO THEM	22
7.	DIRECTORS' RECOMMENDATION	23
8.	EGM	23
9.	FURTHER INFORMATION	24

TABLE OF CONTENTS (Cont'd)

APPENDICES

I	DRAFT BY-LAWS	25
II	FURTHER INFORMATION	44
	NOTICE OF EGM	ENCLOSED
	FORM OF PROXY	ENCLOSED

PART A

LETTER TO THE SHAREHOLDERS OF PERISAI IN RELATION TO THE PROPOSED ESOS



PERISAI

PERISAI PETROLEUM TEKNOLOGI BHD

(Company No. 632811-X)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered office:

Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

5 June 2012

Directors:

Dato' Dr Mohamed Ariffin Bin Hj Aton (*Independent Non-Executive Chairman*)
Zainol Izzet Bin Mohamed Ishak (*Managing Director*)
Adarash Kumar A/L Chranji Lal Amarnath (*Executive Director*)
Dato' Yogesvaran A/L T. Arianayagam (*Independent Non-Executive Director*)
Chan Feoi Chun (*Independent Non-Executive Director*)

To: The Shareholders of Perisai Petroleum Teknologi Bhd

Dear Sir/Madam,

PROPOSED ESTABLISHMENT OF AN ESOS FOR NOT MORE THAN 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF PERISAI FOR THE ELIGIBLE EMPLOYEES AND DIRECTORS OF THE PERISAI GROUP

1. INTRODUCTION

On 25 April 2012, HLIB had, on behalf of the Board, announced that Perisai proposes to establish an ESOS of not more than 10% of the issued and paid-up share capital of Perisai for the eligible employees and Directors of the Perisai Group.

On 22 May 2012, HLIB had, on behalf of the Board, announced that Bursa Securities had, via its letter dated 21 May 2012, approved the listing of and quotation of additional new Perisai Shares, representing up to 10% of the issued and paid-up share capital of Perisai (excluding treasury shares), to be issued pursuant to the exercise of ESOS Options under the Proposed ESOS.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS AND INFORMATION ON THE PROPOSED ESOS TOGETHER WITH THE BOARD'S RECOMMENDATION, AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED ESOS AND THE GRANT OF ESOS OPTIONS TO DIRECTORS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF THE EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF PART A OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED ESOS AND THE GRANT OF ESOS OPTIONS TO DIRECTORS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ESOS

The Proposed ESOS will involve the granting of the ESOS Options to the Eligible Person(s), in accordance with the By-Laws.

The Proposed ESOS shall be administered by the ESOS Committee consisting of such number of person(s) as shall be appointed by the Board from time to time. The Board shall have the power to determine all matters pertaining to the ESOS Committee, including, without limitation, setting the terms of reference for the ESOS Committee, determining its composition, duties, powers and limitations. The Board is also entitled at any time and from time to time to rescind the appointment of any member of the ESOS Committee and appoint replacement members to the ESOS Committee, to change the terms of appointment of the members of the ESOS Committee and to determine and change the terms of reference for the ESOS Committee.

The salient terms and conditions of the Proposed ESOS include, inter alia, the following:

2.1 Total number of Perisai Shares available

At any point of time during the existence of the Scheme and subject to the By-Laws, the aggregate number of Perisai Shares to be comprised in:

- (a) the ESOS Options exercised by all the Grantees;
- (b) the ESOS Options remaining exercisable by all the Grantees; and
- (c) the unexpired Offers pending acceptance by all the Eligible Persons,

shall not exceed an amount equivalent to 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any one time.

2.2 Maximum allowable allotment and basis of allocation

Subject to any adjustment which may be made under the By-Laws, the ESOS Committee shall be entitled in its discretion to determine the number of Perisai Shares to be comprised in an Offer made to an Eligible Person under the Scheme.

The actual entitlement of an Eligible Person shall be at the absolute discretion of the ESOS Committee, after taking into account such criteria as may be determined by the ESOS Committee in its sole discretion (subject always to the By-Laws and any applicable law). The allocation to a Director or employee who, either singly or collectively, through persons connected to him (as defined in the Listing Requirements), holds 20% or more of the issued and paid-up share capital (excluding treasury shares) of Perisai, shall not exceed 10% of the total number of Perisai Shares to be issued under the Scheme.

An Eligible Person who is promoted during the tenure of the Scheme shall be eligible for consideration of an additional offer of Perisai Shares for the category to which he has been promoted subject to the availability of ESOS Options. The decision in this regard shall be made by the ESOS Committee in its absolute discretion.

An Eligible Person who is demoted during the tenure of the Scheme may be eligible for consideration of offer of Perisai Shares for the category to which the Eligible Person belonged prior to demotion, at the absolute discretion of the ESOS Committee.

The decision as to whether or not to stagger the allocation of the ESOS Options over the duration of the Scheme and vesting period, if any, for the ESOS Options granted under the Scheme will be determined by the ESOS Committee at a later date.

The determination of eligibility and allocation are performed by the ESOS Committee at the point of granting of the ESOS Options, after taking into consideration the above factors and amongst others, the length of service, seniority and individual performance in the Perisai Group. Thereafter, the Grantees are free to exercise the ESOS Options without further performance targets being achieved, subject to the terms in Section 2.5 of this Circular and the By-Laws.

2.3 Eligibility

Subject to the discretion of the ESOS Committee, any directors (including non-executive directors) and any employees (including persons employed on a contract basis) of the Perisai Group shall be eligible to participate in the ESOS, provided that as at the Date of Offer in accordance with the By-Laws, the director and/or the employee meets the following criteria:

- (i) has attained the age of eighteen (18) years;
- (ii) in the case of an employee (including Executive Directors), is employed by and on the payroll of the Perisai Group and whose employment has been confirmed in writing;
- (iii) in the case of a non-executive Director, is duly elected as a member of the board of directors of the companies within the Group with Director's fee;
- (iv) is not a participant of any other ESOS implemented by any other company within the Perisai Group which is in force for the time being. A Director or employee who has participated in an ESOS currently in operation of one company and who moves to another company within the Perisai Group is not allowed to participate in the ESOS currently in operation of such other company;
- (v) falls within any other eligibility criteria that may be set by the ESOS Committee at any time and from time to time at its absolute discretion,

provided always that the Directors and the employee of the companies within the Perisai Group which are dormant shall not be eligible to participate in the Proposed ESOS.

No directors and senior management shall participate in the deliberation or discussion of their own allocation.

2.4 Duration of the Proposed ESOS

Subject to the By-Laws, the Scheme shall be in force for a period of ten (10) years commencing from the effective date for the implementation of the Scheme, which shall be the date of full compliance with all relevant requirements including the following:

- (a) submission of the final copy of the By-Laws to Bursa Securities;
- (b) receipt of approval for the listing of and quotation for the new Perisai Shares to be issued under the Scheme from Bursa Securities;
- (c) procurement of shareholders' approval for the Scheme;
- (d) receipt of approval from any other relevant authorities, where applicable; and
- (e) fulfilment of all conditions attached to the above approvals, if any.

2.5 Subscription Price and Exercise Conditions

The price of the ESOS Options at which the Grantee shall be entitled to subscribe for every new Perisai Share by exercising the ESOS Option shall be the higher of:

- (i) the WAMP of the Perisai Shares for the five (5) market days immediately preceding the Date of Offer, subject to a discount of not more than ten percent (10%) which the Company may at its discretion decide to give;
- (ii) the par value of the Perisai Shares; or
- (iii) such other price as may be determined by the change in law and/or regulations affecting the same whereupon the provisions in Section 2.5 of this Circular and the By-Laws shall be accordingly revised and amended but only in so far as such changes are mandatory and not voluntary.

The subscription price shall be subject to any adjustment in accordance with the By-Laws.

There are no performance targets to be achieved by the Grantee(s) to exercise the ESOS Options. Subject to the By-Laws, the ESOS Committee may impose any condition or conditions on any ESOS Option which the ESOS Committee granted, preventing its exercise unless such condition has been complied with. If after the ESOS Committee has imposed an exercise condition, an event occurred which cause the ESOS Committee to consider that the exercise condition(s) is no longer appropriate, the ESOS Committee may at their absolute discretion, vary the exercise condition(s) imposed. The ESOS Committee may impose an exercise condition where the ESOS Options granted herein shall only be exercised in such proportions as shall be determined by the ESOS Committee and notified in writing to the Grantee.

2.6 Retention Period

The new Perisai Shares to be allotted and issued to the Grantees (excluding non-executive Directors) pursuant to any exercise of the ESOS Options will not be subject to retention period or restriction of transfer. However, the Grantees are encouraged to hold the Perisai Shares.

Notwithstanding the above, a Grantee who is a non-executive Director must not sell, transfer or assign new Perisai Shares obtained through the exercise of the ESOS Options granted to him pursuant to the Scheme within one (1) year from the Date of Offer.

2.7 Ranking of the Perisai Shares

The new Perisai Shares to be allotted and issued upon any exercise of the ESOS Options shall, upon issuance and allotment, rank *pari passu* in all respects with the existing Perisai Shares in issue save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared by Perisai in respect of which the entitlement dates are prior to the allotment and issue of the new Perisai Shares pursuant to the exercise of the ESOS Options.

2.8 Granting of ESOS Options to Directors

Pursuant to Section 2.3 of this Circular, the Directors of Perisai are eligible for the ESOS Options under the Proposed ESOS. The amount of ESOS Options to be granted to the Directors of Perisai will be determined later by the ESOS Committee after the establishment of the Proposed ESOS. The approval from the shareholders of Perisai for the granting of the ESOS Options to the Directors of Perisai shall be sought pursuant to Paragraph 6.06(1) of the Listing Requirements.

3. UTILISATION OF PROCEEDS

The actual proceeds to be received by Perisai pursuant to the exercise of the ESOS Options under the Proposed ESOS will depend on the actual number of ESOS Options granted and exercised, and the subscription price of the ESOS Options. Therefore, the amount of proceeds to be raised from the exercise of the ESOS Options is not determinable at this juncture.

The proceeds to be raised from the exercise of the Proposed ESOS will be utilised for the working capital of the Perisai Group. The working capital will be used to fund the Perisai Group's day-to-day operations to support existing business operations which shall include, but not limited to, the payment of trade and other payables, employees, marketing and administrative expenses. Pending the utilisation of the proceeds by Perisai, the proceeds will be placed in interest-bearing deposit accounts or investments in money markets as the Board may deem fit.

4. RATIONALE OF THE PROPOSED ESOS

The establishment of the Proposed ESOS is to:

- (a) motivate, reward and retain the Eligible Person whose services are vital to the operation and continued growth of the Perisai Group by providing them with the opportunity to participate in the equity of Perisai and thereby relate their contribution directly to the performance of the Perisai Group;
- (b) provide incentive to the Eligible Person to be committed to the Perisai Group without adversely affecting the cash flow of the Perisai Group; and
- (c) reinforce the Eligible Person's sense of belonging to the Perisai Group by enabling them to participate directly in the equity of Perisai and thereby motivate them to further contribute to the growth and success of the Perisai Group.

The Proposed ESOS is also extended to Non-Executive Directors of the Perisai Group as they play a constructive role in contributing towards the growth and performance of the Group. The Proposed ESOS to Non-Executive Directors of the Perisai Group will provide an incentive to them to continue to provide strategic direction for the Perisai Group as well as to allow them to participate in the equity of Perisai and also as recognition for their contribution to the Perisai Group.

The Proposed ESOS is justified on the basis that it is intended to motivate the Eligible Persons towards better performance through greater productivity and loyalty and to continue to attract prospective skilled and experienced employees to the Perisai Group. The Proposed ESOS will also enable the Perisai Group to attract and retain capable individuals to be part of the senior management who would be responsible for making the overall strategic decision of the Company.

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5. EFFECTS OF THE PROPOSED ESOS

For illustrative purposes, the proforma effects of the Proposed ESOS on the share capital, consolidated NA per share and gearing of Perisai, earnings and EPS of the Perisai Group, and the substantial shareholders' shareholdings in Perisai based on the Minimum Scenario and Maximum Scenario are set out below:

5.1 Share capital

The proforma effects of the Proposed ESOS on the issued and paid-up share capital of Perisai are as follows:

	Par value RM	Minimum Scenario		Maximum Scenario	
		No. of Perisai Shares ('000)	RM' 000	No. of Perisai Shares ('000)	RM' 000
Issued and paid-up share capital as at the LPD (excluding treasury shares)	0.10	851,375	85,138	851,375	85,138
Assuming all the Perisai Shares held as treasury shares are resold at cost	0.10	-	-	400	40
		851,375	85,138	851,775	85,178
To be issued pursuant to the full exercise of the ESOS Options granted under the Proposed ESOS ⁽¹⁾	0.10	85,137	8,514	85,177	8,518
Enlarged issued and paid-up share capital	0.10	936,512	93,652	936,952	93,696

Note:

(1) Calculated based on the granting of such number of ESOS Options to the Eligible Person(s) representing approximately 10% of the issued and paid-up share capital of Perisai.

5.2 NA per share and gearing

The Proposed ESOS is not expected to have any effect on the consolidated NA, NA per share and the gearing of Perisai until such time when the ESOS Options to be granted under the Proposed ESOS are exercised.

Effects from the Proposed ESOS on the consolidated NA, NA per share and the gearing of Perisai will depend on the number of ESOS Options granted, the fair value of the ESOS Options after taking into consideration, *inter alia*, the subscription price as well as the vesting conditions of the ESOS Options.

The granting of the ESOS Options under the Proposed ESOS is expected to result in the recognition of a charge on the income statements of the Perisai Group, pursuant to the FRS2. Nevertheless, the recognition of such FRS2 charge will not have any impact on the consolidated NA, NA per share and the gearing of Perisai as the corresponding charge amount will be classified as equity reserve which forms part of the shareholders' funds. In the event none of the ESOS Options granted are exercised within the duration of the Proposed ESOS, the charge amount will be transferred into Perisai's retained earnings under the consolidated balance sheet of Perisai. On the other hand, the charge amount pertaining to the ESOS Options granted that are exercised will be transferred into the share premium account under the consolidated balance sheet of Perisai.

5.3 Earnings and EPS

The Proposed ESOS is not expected to have any material and immediate effect on the future earnings and EPS of the Perisai Group. Any potential effect on the EPS of the Perisai Group in the future would depend on the number of new Perisai Shares to be issued pursuant to the exercise of the ESOS Options granted under the Proposed ESOS and the subscription price(s) of the ESOS Options.

The cost relating to the ESOS Options granted pursuant to the Proposed ESOS pursuant to the FRS2 will need to be measured at the grant date and recognised as an expense in the income statement of Perisai over the vesting period of such ESOS Options. The total cost of the ESOS Options granted would depend on, *inter alia*, the number of ESOS Options granted and the theoretical fair value of such ESOS Options granted. However, the estimated cost does not represent a cash outflow by Perisai as it is merely an accounting treatment.

The total estimated expenses in respect of the Proposed ESOS is RM135,000 and this will also be charged against the earnings of Perisai. These expenses include professional fees, fees payable to the relevant authorities and associated administrative costs.

5.4 Substantial shareholders' shareholdings

The Proposed ESOS is not expected to have any immediate effect on the shareholdings of Perisai's substantial shareholders until such time the ESOS Options granted pursuant to the Proposed ESOS are exercised, the potential effect of which is also dependent on the total issued and paid-up share capital of Perisai at the relevant point in time.

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For illustrative purposes, the proforma effects of the Proposed ESOS (assuming all ESOS Options available under the Proposed ESOS are granted and exercised) on the shareholding structure of the substantial shareholders of Perisai based on the Register of Substantial Shareholders as at the LPD are as set out below:

Minimum Scenario

Substantial Shareholders	As at the LPD				Proforma I Assuming full exercise of the ESOS Options ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Perisai Shares '000	% ⁽¹⁾	No. of Perisai Shares '000	% ⁽¹⁾	No. of Perisai Shares '000	% ⁽¹⁾	No. of Perisai Shares '000	% ⁽¹⁾
HCM Logistics Limited	132,000	15.50	-	-	132,000	14.09	-	-
Mercury Pacific Marine Pte. Ltd	90,466	10.62	-	-	90,466	9.65	-	-
Emas Offshore (M) Sdn Bhd	70,683	8.30	-	-	70,683	7.54	-	-
Lynear Plus Limited	69,700	8.19	-	-	69,700	7.44	-	-
Oversea-Chinese Banking Corporation Limited	-	-	45,355 ⁽³⁾	5.33	-	-	45,355 ⁽³⁾	4.84

Maximum Scenario

Substantial Shareholders	As at the LPD		Proforma I Assuming all the Perisai Shares held as treasury shares are resold at cost	
	Direct	Indirect	Direct	Indirect
	No. of Perisai Shares '000	No. of Perisai Shares '000	No. of Perisai Shares '000	No. of Perisai Shares '000
HCM Logistics Limited	132,000	-	132,000	-
Mercury Pacific Marine Pte. Ltd	90,466	-	90,466	-
Emas Offshore (M) Sdn Bhd	70,683	-	70,683	-
Lynear Plus Limited	69,700	-	69,700	-
Oversea-Chinese Banking Corporation Limited	-	45,355 ⁽³⁾	-	45,355 ⁽³⁾
		% ⁽¹⁾	%	%
	15.50	-	15.49	-
	10.62	-	10.62	-
	8.30	-	8.29	-
	8.19	-	8.18	-
	-	5.33	-	5.32

Substantial Shareholders	Proforma II After Proforma I and assuming full exercise of the ESOS Options ⁽²⁾		Proforma I Assuming all the Perisai Shares held as treasury shares are resold at cost	
	Direct	Indirect	Direct	Indirect
	No. of Perisai Shares '000	No. of Perisai Shares '000	No. of Perisai Shares '000	No. of Perisai Shares '000
HCM Logistics Limited	132,000	-	132,000	-
Mercury Pacific Marine Pte. Ltd	90,466	-	90,466	-
Emas Offshore (M) Sdn Bhd	70,683	-	70,683	-
Lynear Plus Limited	69,700	-	69,700	-
Oversea-Chinese Banking Corporation Limited	-	45,355 ⁽³⁾	-	45,355 ⁽³⁾
		%	%	%
	14.08	-	15.49	-
	9.65	-	10.62	-
	7.54	-	8.29	-
	7.43	-	8.18	-
	-	4.84	-	5.32

Notes:

(1) Excluding 400,000 Perisai Shares held as treasury shares.

- (2) *Assuming such number of ESOS Options, representing approximately 10% of the issued and paid-up share capital of Perisai are granted to the Eligible Persons.*
- (3) *Deemed interested via the shareholdings of its subsidiaries in Perisai namely, Great Eastern Assurance (Malaysia) Bhd, Overseas Assurance Corporation (Malaysia) Berhad and Pacific Mutual Fund Berhad, by virtue of Section 6A of the Act.*

HCM Logistics, a substantial shareholder of Perisai and a wholly-owned subsidiary of Ezra Holdings Limited, had on 9 April 2010 entered into a call option with Izzet Ishak pursuant to which HCM Logistics Limited has agreed to grant to Izzet Ishak or his nominee a call option over 66,000,000 Perisai Shares held by HCM Logistics ("**Call Option**"). As at the LPD, the Call Option has been exercised but not yet completed. Upon completion of the Call Option, Izzet Ishak will become a substantial shareholder in Perisai holding 66,000,000 Perisai Shares representing 7.75% of the issued and paid-up share capital of Perisai (excluding treasury shares) as at the LPD.

5.5 Convertible securities

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

6. APPROVALS REQUIRED

The Proposed ESOS are conditional upon approvals being obtained from the following:

- (i) Bursa Securities, for the listing of and quotation for the new Perisai Shares to be issued pursuant to the exercise of the ESOS Options to be granted under the Proposed ESOS;

The approval of Bursa Securities which was obtained via its letter dated 21 May 2012, is subject to, amongst others, the following conditions:

Conditions imposed	Status of compliance
(a) Perisai and HLIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed ESOS;	To be met
(b) HLIB is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with certified true copy of the resolution passed by the shareholders in a general meeting approving the Proposed ESOS;	To be met
(c) Perisai is required to furnish to Bursa Securities on a quarterly basis a summary of the total number of Perisai Shares listed pursuant to the exercise of the ESOS Options granted pursuant to the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable.	To be met

- (ii) the shareholders of Perisai at an EGM to be convened; and

- (iii) other relevant authorities/parties, if required.

7. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, Perisai expects to establish the Proposed ESOS by the second half of 2012.

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8. HISTORICAL SHARE PRICES OF PERISAI

The monthly highest and lowest market prices of Perisai Shares transacted for the past twelve (12) months from June 2011 to May 2012 are as follows:

	High RM	Low RM
2011		
June	0.830	0.735
July	0.840	0.755
August	0.805	0.590
September	0.690	0.455
October	0.670	0.480
November	0.700	0.605
December	0.765	0.650
2012		
January	0.840	0.740
February	1.040	0.815
March	0.955	0.800
April	0.915	0.820
May	0.965	0.835

The last transacted market price of Perisai Shares immediately prior to the announcement of the Proposed ESOS on 25 April 2012

0.895

The last transacted market price of Perisai Shares on 30 May 2012 (being the latest practicable date prior to the printing of this Circular)

0.885

(Source: Bloomberg)

9. OTHER INTENDED CORPORATE EXERCISE/SCHEME WHICH HAVE BEEN ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposed ESOS, the Board confirms that there is no other corporate exercise/scheme that has been announced but not yet completed as at the date of this Circular.

The Proposed ESOS is not conditional upon any other corporate exercise/scheme.

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10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER(S) AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the Directors, major shareholders of Perisai and/or persons connected to them has any interest, direct or indirect, in the Proposed ESOS and their respective allocations under the Proposed ESOS:

Name / (Designation)	Shareholdings in Perisai as at the LPD			
	Direct		Indirect	
	No of Shares⁽¹⁾	%	No of Shares⁽¹⁾	%
<u>Directors</u>				
Dato' Dr Mohamed Ariffin Bin Hj Aton (Independent Non-Executive Chairman)	-	-	-	-
Izzet Ishak (Managing Director)	_(2)	-	-	-
Adarash Kumar A/L Chranji Lal Amarnath (Executive Director)	-	-	-	-
Dato' Yogesvaran A/L T. Arianayagam (Independent Non-Executive Director)	3,856,207	0.45	-	-
Chan Feoi Chun (Independent Non-Executive Director)	-	-	-	-

Notes:

- (1) Excluding 400,000 Perisai Shares which are held as treasury shares as at the LPD.
(2) As at the LPD, the Call Option has been exercised but not yet completed. Upon completion of the Call Option, Izzet Ishak will become a substantial shareholder in Perisai holding 66,000,000 Perisai Shares representing 7.75% of the issued and paid-up share capital of Perisai (excluding treasury shares) as at the LPD.

Dato' Dr Mohamed Ariffin Bin Hj Aton, Izzet Ishak, Adarash Kumar A/L Chranji Lal Amarnath, Dato' Yogesvaran A/L T. Arianayagam and Chan Feoi Chun are Directors of Perisai. Accordingly, they are deemed interested in their respective entitlements under the Proposed ESOS. Hence, the aforesaid Directors have abstained and will continue to abstain from all deliberations and voting at the Board meetings on their respective entitlements pursuant to the Proposed ESOS. All the Directors of Perisai will also abstain from voting in respect of their direct and/or indirect shareholdings in Perisai, if any on the resolutions pertaining to their respective entitlements pursuant to the Proposed ESOS at the forthcoming EGM to be convened by Perisai.

All the Directors of Perisai have undertaken that they will ensure that all persons connected to them will also abstain from voting, in respect of their respective direct and/or indirect shareholdings in Perisai on the resolutions pertaining to their respective entitlements pursuant to the Proposed ESOS to be tabled at the forthcoming EGM to be convened.

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11. DIRECTORS' RECOMMENDATION

The Board, after taking into consideration all aspects of the Proposed ESOS, including *inter-alia*, the current financial position of the Perisai Group and the rationale for the Proposed ESOS as outlined in Section 4 of this Circular, the Proposed ESOS is in the best interest of the Company and accordingly, the Board recommends that the shareholders vote in favour of the resolution pertaining to the Proposed ESOS to be tabled at the forthcoming EGM.

In view of the Directors' interest as set out in Section 10 of this Circular, the Directors are deemed interested in respect of their respective allocations under the Proposed ESOS and therefore has abstained from expressing an opinion and giving any recommendation in respect of their respective proposed allocations of ESOS Options under the Proposed ESOS.

12. EGM

An EGM, the notice of which is enclosed in this Circular, will be held at Grand Mahkota Ballroom III, Hotel Istana Kuala Lumpur City Centre, 73, Jalan Raja Chulan, 50200, Kuala Lumpur on Wednesday, 27 June 2012 at 10.30 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Ninth AGM of the Company which will be held at the same venue and on the same day at 10.00 a.m., to consider and, if thought fit, to pass the ordinary resolutions to give effect to the Proposed ESOS and the grant of ESOS Options to Directors. The Form of Proxy for the forthcoming EGM is enclosed in this Circular. If you are unable to attend and vote in person at the EGM, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event, to reach Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not later than 48 hours before the time fixed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

You are requested to refer to the appendices for further information.

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

Zainol Izzet Bin Mohamed Ishak
Managing Director

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PART B

**LETTER TO THE SHAREHOLDERS OF PERISAI IN RELATION TO THE PROPOSED RENEWAL OF
SHAREHOLDERS' MANDATE**



PERISAI PETROLEUM TEKNOLOGI BHD

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

Registered Office:

Level 15-2,
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

5 June 2012

Board of Directors:

Dato' Dr. Mohamed Ariffin Bin Hj. Aton (*Independent Non-Executive Chairman*)

Zainol Izzet Bin Mohamed Ishak (*Managing Director*)

Adarash Kumar A/L Chranji Lal Amarnath (*Executive Director*)

Dato' Yogesvaran A/L T. Arianayagam (*Independent Non-Executive Director*)

Chan Feoi Chun (*Independent Non-Executive Director*)

To: The Shareholders of Perisai Petroleum Teknologi Bhd

Dear Sir/Madam,

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

1. INTRODUCTION

The Company had obtained the existing Shareholders' Mandate to enter into the Recurrent Related Party Transactions at the EGM held on 24 June 2011. The existing Shareholders' Mandate shall, in accordance with the Listing Requirements, be in force until:

- (i) the conclusion of the forthcoming AGM, which will be held on 27 June 2012 at which time it will lapse, unless by a resolution passed at that 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 an AGM or EGM,

whichever is earlier.

On 7 May 2012, the Company announced that it will seek shareholders' approval for the Proposed Renewal of Shareholders' Mandate.

The purpose of Part B of this Circular is to provide you with the details and information on the Proposed Renewal of Shareholders' Mandate, together with the Board's recommendation, and to seek your approval for the resolution to be tabled at the forthcoming EGM. The Notice of the EGM and the Form of Proxy are enclosed in this Circular.

ALL SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF PART B OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 Proposed Renewal of Shareholders' Mandate

Under Paragraph 10.09(2) of the Listing Requirements, the Company may seek a mandate from its shareholders in respect of Recurrent Related Party Transactions subject to, amongst others, the following:

- (i) 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;
- (ii) 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:
 - (a) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 million or more; or
 - (b) the percentage ratios of such Recurrent Related Party Transactions is 1% or more,whichever is the higher;
- (iii) the Company's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
- (iv) 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; and
- (v) the Company immediately announces to Bursa Securities when the actual value of a Recurrent Related Party Transaction entered into by the Company, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

The Board proposes to seek the renewal of the Shareholders' Mandate from the shareholders of the Company for the Recurrent Related Party Transactions as set out in Section 2.4 below, which are necessary for the day-to-day operations of Perisai Group and are based on normal commercial terms that are not more favourable to the Related Parties than those generally available to the public.

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2.2 Validity period for the Proposed Renewal of Shareholders' Mandate

The Proposed Renewal of Shareholders' Mandate, if approved by the shareholders of the Company at the forthcoming EGM, will take effect from the date of the passing of the resolution proposed at the EGM and the authority conferred under the Proposed Renewal of Shareholders' Mandate shall only continue to be in force for the duration of the Proposed Mandate Period.

2.3 Principal activities of Perisai Group

As at the LPD, Perisai is principally an investment holding company which provides management, administrative and financial support services to its subsidiaries. As at the LPD, the principal activities of its subsidiaries are as follows:

Company	Principal activities	Equity interest held
SJR Marine (L) Ltd	Provision of vessels, barges and equipment on bareboat charter services	100%
Corro-Shield (SEA) Sdn Bhd	Trading and application of specialist composites materials for oil and gas industry and hiring and chartering of vessels	100%
Romilly (M) Sdn Bhd	Dormant	100%
Alpha Perisai Sdn Bhd	Dormant.	100%
Perisai Research Sdn Bhd	Dormant	100%
Corro-Pro (L) Inc	Bareboat charter of vessels	100%
Perisai (L) Inc	Dormant	100%
Garuda Energy (L) Inc	Provision of offshore assets charter services (i.e. owner of the MOPU Rubicone)	100%
Kingsburg International Trading Limited	Dormant	100%
Intan Offshore Sdn Bhd	Provision of vessels and equipment on vessels charter services	51%
<u>Subsidiary companies of Intan Offshore Sdn Bhd</u>		
Intan Offshore (L) Ltd	Dormant	100%
Lewek Swift Shipping Pte Ltd	Dormant	100%
Sarah Pearl Shipping Pte Ltd	Provision of ship chartering services	100%
Lewek Mallard Offshore Sdn Bhd	Provision of ship chartering services	100%
Jade Offshore Sdn Bhd	Dormant	100%
Lewek Eagle Offshore Sdn Bhd	Dormant	100%

2.4

Nature of Recurrent Related Party Transactions and estimated values

The information on the Recurrent Related Party Transactions and their estimated values for which approval is being sought at the forthcoming EGM pursuant to the Proposed Renewal of Shareholders' Mandate are set out in the table below:

Transacting parties		Nature of transactions	Last year mandate ⁽¹⁾ RM'000	Actual value transacted from 24 June 2011 up to the LPD RM'000	Proposed mandate ⁽³⁾ RM'000
(i)	Perisai	Bayu Emas Maritime Sdn Bhd ⁽²⁾	276	230	280
(ii)	Corro-Pro (L) Inc	Emas Offshore Services Pte Ltd ⁽²⁾	605	581	730
(iii)	Intan Offshore Sdn Bhd	Emas Offshore (M) Sdn Bhd ⁽²⁾	25,897	23,414	31,100
(iv)	Intan Offshore Sdn Bhd	Emas Offshore Pte Ltd ⁽²⁾	14,213	12,850	17,100

Notes:

- (1) The amount represents the estimated value of the Recurrent Related Party Transactions undertaken during the preceding year's circular dated 2 June 2011. These estimated values have been arrived at by the Perisai Group after taking into account the management's forecasts on transaction values which have been undertaken and anticipated for the existing Shareholders' Mandate period.
- (2) These are all wholly-owned subsidiaries of Ezra Holdings Limited, an indirect major shareholder of Perisai.
- (3) The proposed mandate for estimated value of transactions is based on information available at the point of estimation and taking into account the management's forecasts on transaction values which have been undertaken and anticipated. The actual value of transactions may vary from the estimated values disclosed above. Disclosure will be made in the next Annual Report of the Company of the actual aggregate value of transactions contemplated under the Proposed Renewal of Shareholders' Mandate during the financial year.

The terms, including pricing of the Recurrent Related Party Transactions as set out above are based on normal commercial terms practiced in the industry and are also on similar terms if the same were to be offered to third parties.

There are no amounts due and owing by the Related Parties, to Perisai Group pursuant to the Recurrent Related Parties Transactions as at the FYE 31 December 2011 which exceeded the credit terms.

2.5 Threshold of authority

There is no specific threshold for approval of the Recurrent Related Party Transactions within Perisai Group. However, all Recurrent Related Party Transactions are subject to the approval of the Audit Committee. Where any Director has any interest (direct or indirect) in any Recurrent Related Party Transaction, such Director shall abstain from deliberation and voting on the matter. If it is determined that the guidelines and/or procedures stipulated in Section 2.6 below are inadequate and to ensure that:

- (i) Recurrent Related Party Transaction(s) will be conducted on an arms' length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (ii) such transaction will not be detrimental to the non-interested shareholders of the Company or prejudicial to the interests of the shareholders,

the Company will obtain a fresh shareholders' mandate.

2.6 Review methods and procedures for Recurrent Related Party Transactions

The following review procedures have been formalised to ensure that Recurrent Related Party Transactions contemplated under the Proposed Renewal of Shareholders' Mandate are undertaken on terms no more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the non-interested shareholders of the Company:

- (i) A list of the Related Parties will be circulated within Perisai Group to notify that all Recurrent Related Party Transactions are required to be undertaken on an arm's length basis, under normal commercial terms consistent with Perisai Group's business practices and policies, on terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders of the Company.
- (ii) All companies within Perisai Group are required to inform the Company's headquarters before entering into any Recurrent Related Party Transactions other than those entered into pursuant to the Shareholders' Mandate. In addition, all heads of department are advised to report on all transactions involving Related Parties which are to be tabled to the Audit Committee for review on a quarterly basis.
- (iii) The pricing methods and procedures of the transactions are to be determined by market forces, under similar commercial terms for transactions with third parties that depend on the demand and supply, quality and the availability of the products.

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- (iv) At least 2 other contemporaneous transactions with unrelated third parties for similar products, services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products, services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained for the proposed transactions, the Board and the Audit Committee will rely on their market knowledge of prevailing industry norms to ensure that the Recurrent Related Party Transactions are not detrimental to the Group.
- (v) All types of Recurrent Related Party Transactions are carried out at arm's length and on Perisai Group's normal commercial terms which are no more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the non-interested shareholders of the Company.
- (vi) The Related Parties and Directors who are deemed interested have been advised of their responsibilities, obligations under the Listing Requirements, and Perisai Group's policy and procedures for Recurrent Related Party Transactions.
- (vii) If a member of the Board or Audit Committee has an interest, direct or indirect, in any Recurrent Related Party Transaction, he/she shall abstain from any decision-making by the Board or Audit Committee in respect of the said transaction.
- (viii) A register shall be maintained by the respective companies within Perisai Group to record all Recurrent Related Party Transactions, including Related Party Transactions which are entered into pursuant to the Shareholders' Mandate. All Recurrent Related Party Transactions shall be reported to the Audit Committee on a quarterly basis together with the quarterly financial reports.
- (ix) The annual internal audit plan shall incorporate a review of all Recurrent Related Party Transactions entered into pursuant to the Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to. Any divergence will be reported to the Audit Committee.
- (x) The Audit Committee shall review the annual and periodic internal audit reports to ascertain that the guidelines and procedures established to monitor all Recurrent Related Party Transactions have been complied with.
- (xi) The Audit Committee has reviewed and shall continue to review the adequacy and appropriateness of the procedures as and when required, with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate.
- (xii) If during the annual or periodic review as mentioned in Sections 2.6(x) and (xi) above, the Audit Committee is of the opinion that the guidelines and procedures are not sufficient to ensure that all Recurrent Related Party Transactions are undertaken:
 - (a) on arm's length basis;
 - (b) under normal commercial terms consistent with Perisai Group's business practices and policies;
 - (c) on terms no more favourable to the Related Parties than those generally available to the public; and
 - (d) not to the detriment of the non-interested shareholders of the Company,

the Company will procure a fresh mandate from the non-interested shareholders of the Company based on a new or additional set of review procedures and guidelines.

2.7 Disclosure in annual report

Disclosure will be made in the Company's annual report pursuant to the Proposed Renewal of Shareholders' Mandate and in the annual reports for subsequent years that the Shareholders' Mandate continues to be in force in accordance with applicable accounting standards and Section 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of aggregate value of the Recurrent Related Party Transactions made during the financial year, amongst others, based on the following information:

- (i) the type of Recurrent Related Party Transactions made; and
- (ii) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company.

2.8 Audit Committee's statement

The procedures and processes of Recurrent Related Party Transactions as set out in the Section 2.6 above are reviewed by the Audit Committee of the Company quarterly and the Audit Committee are satisfied that the Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner as well as to ensure that the Recurrent Related Party Transactions will be undertaken:

- (i) on arm's length basis;
- (ii) under normal commercial terms consistent with Perisai Group's business practices and policies;
- (iii) on terms no more favourable to the Related Parties than those generally available to the public; and
- (iv) not to the detriment of the non-interested shareholders of the Company.

3. RATIONALE OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Recurrent Related Party Transactions entered into by Perisai Group with the Related Parties are all in the ordinary course of business. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and could arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case-to-case basis before entering into such Recurrent Related Party Transactions.

The approval for the Proposed Renewal of Shareholders' Mandate will eliminate the need to make regular announcements to Bursa Securities and to convene separate general meetings from time to time to seek shareholders' approval as and when the need arises. Also, it would substantially reduce administrative time, inconvenience and expenses associated with the making of announcements and convening of such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to Perisai Group.

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4. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate will not have any material effect on the consolidated NA, NA per share and the gearing of Perisai, and the earnings and EPS of the Perisai Group.

5. APPROVAL REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to approval being obtained from the shareholders of the Company at the forthcoming EGM.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSON(S) CONNECTED TO THEM

Save as disclosed below, none of the Directors, major shareholders of Perisai and/or persons connected to them have any interest, directly or indirectly, in the Proposed Renewal of Shareholders' Mandate:

Interested Directors/major shareholders/ person connected to Interested Directors and / major shareholders	Shareholdings in Perisai as at the LPD			
	Direct		Indirect	
	No. of Shares ⁽¹⁾	%	No. of Shares ⁽¹⁾	%
<u>Directors</u>				
Izzet Ishak (Managing Director)	(2) -	-	-	-
Adarash Kumar A/L Chranji Lal Amarnath (Executive Director)	-	-	-	-
<u>Major shareholders</u>				
HCM Logistics Limited	132,000,000	15.50	-	-
Emas Offshore (M) Sdn Bhd	70,683,000	8.30	-	-

NoteS:

- (1) Excluding 400,000 Perisai Shares which are held as treasury shares as at the LPD.
- (2) As at the LPD, the Call Option has been exercised but not yet completed. Upon completion of the Call Option, Izzet Ishak will become a substantial shareholder in Perisai holding 66,000,000 Perisai Shares representing 7.75% of the issued and paid-up share capital of Perisai (excluding treasury shares) as at the LPD.

6.1 Interested Directors

Izzet Ishak is the Managing Director of Perisai. HCM Logistics, a substantial shareholder of Perisai and a wholly-owned subsidiary of Ezra Holdings Limited, had on 9 April 2010 entered into the Call Option with Izzet Ishak pursuant to which HCM Logistics Limited has agreed to grant to Izzet Ishak or his nominee a call option over 66,000,000 Perisai Shares held by HCM Logistics. The validity period of the Call Option commenced on 9 April 2010 ("**Commencement Date**") and end on (and including) the date falling 2 years after the Commencement Date, unless extended for a further 1 year period by mutual agreement. As at the LPD, the Call Option has been exercised but not yet completed.

Adarash Kumar A/L Chranji Lal Amarnath is an Executive Director of Perisai. He is also an Executive Director of Ezra Holdings Limited and a Director of Emas Offshore (M) Sdn Bhd. Emas Offshore (M) Sdn Bhd, is a wholly-owned subsidiary of Ezra Holdings Limited.

Izzet Ishak and Adarash Kumar A/L Chranji Lal Amarnath are referred to as the Interested Directors. Save as disclosed above, the Interested Directors do not have any interest, direct or indirect in Perisai.

Premised on the above, Izzet Ishak and Adarash Kumar A/L Chranji Lal Amarnath are deemed interested in the Proposed Renewal of Shareholders' Mandate. They have abstained and will continue to abstain from deliberating and voting on and from making any opinion on the Proposed Renewal of Shareholders' Mandate at the relevant meetings of the Board. Further, they will abstain from voting in respect of their direct and/or indirect shareholdings, if any, in Perisai, and they have undertaken that they will also ensure that persons connected to them shall abstain from voting, deliberating or approving the resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming EGM.

6.2 Interested major shareholders

HCM Logistics Limited and Emas Offshore (M) Sdn Bhd are major shareholders of Perisai. Both HCM Logistics Limited and Emas Offshore (M) Sdn Bhd are wholly-owned subsidiaries of Ezra Holdings Limited.

Premised on the above, HCM Logistics Limited and Emas Offshore (M) Sdn Bhd are deemed interested in the Proposed Renewal of Shareholders' Mandate. As such, they will abstain from voting in respect of their direct and/or indirect shareholdings in Perisai and they have undertaken that they will also ensure that persons connected to them shall abstain from voting, deliberating or approving the resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming EGM.

7. DIRECTORS' RECOMMENDATION

The Board (save for the Interested Directors), after having considered all aspects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is fair, reasonable and in the best interest of the Company.

Accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the resolution in relation to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming EGM.

8. EGM

An EGM, the notice of which is enclosed in this Circular, will be held at Grand Mahkota Ballroom III, Hotel Istana Kuala Lumpur City Centre, 73, Jalan Raja Chulan, 50200, Kuala Lumpur, on Wednesday, 27 June 2012 at 10.30 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Ninth AGM of the Company which will be held at the same venue and on the same day at 10.00 a.m., to consider and, if thought fit, to pass the ordinary resolution to give effect to the Proposed Renewal of Shareholders' Mandate. The Form of Proxy for the forthcoming EGM is enclosed in this Circular. If you are unable to attend and vote in person at the EGM, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event, to reach Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not later than 48 hours before the time fixed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

9. FURTHER INFORMATION

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

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

Zainol Izzet Bin Mohamed Ishak
Managing Director

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DRAFT BY-LAWS**DEFINITIONS**

1.1 In these Bylaws, except where the context otherwise requires, the following expressions shall have the following meanings:

“Act”	:	The Companies Act, 1965 as amended from time to time and any re-enactment thereof
“Board”	:	The Board of Directors of the Company
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Bylaws”	:	These Bylaws of the Scheme, as amended from time to time
“Date of Acceptance”	:	The date on which the ESOS Committee shall receive the written notice accepting an Offer from an Eligible Person
“Date of Offer”	:	The date inscribed on a particular Offer document on which an Offer is deemed to have been made by the ESOS Committee to an Eligible Person
“Director(s)”	:	A person who holds a directorship in a company in the Perisai Group whether in an executive or non-executive capacity
“Disciplinary Proceedings”	:	Proceedings instituted by any company in the Perisai Group against any Grantee or Eligible Person for any alleged misbehaviour, misconduct and/or any other acts of such Grantee or Eligible Person deemed to be unacceptable by the said company whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee or Eligible Person
“Eligible Person”	:	An Employee who is employed by and on the payroll of any company in the Perisai Group, save for companies which are dormant, and/or a Director who fulfils the conditions of eligibility stipulated in Bylaw 4
“Employee”	:	Any person in the employment of the Group including person employed by the Group on a contract basis
“ESOS” or “Scheme”	:	Employees’ share option scheme for the grant of Options to Eligible Persons upon the terms as set out in these Bylaws
“ESOS Committee”	:	A committee appointed by the Board pursuant to Bylaw 2 to administer the Scheme
“Executive Director(s)”	:	A person who holds a directorship in a company in the Perisai Group in an executive capacity
“Exercise Condition”	:	A condition or conditions attaching to an Option in accordance with Bylaw 9.3
“Grantee”	:	An Eligible Person to whom an Offer has been made and who has accepted an Offer (or any part thereof) in accordance with the terms of the Scheme
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities as amended from time to time

DRAFT BY-LAWS (Cont'd)

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|----------------------------------|---|--|
| "M&A" | : | Memorandum and Articles of Association of the Company, as amended from time to time |
| "Market Day" | : | A day on which Bursa Securities is open for trading of securities |
| "Offer" | : | An offer to take up options to subscribe for Shares made in writing by the ESOS Committee to any Eligible Person in the manner provided in Bylaw 6 |
| "Option Period" | : | In respect of an Option, the period during which such Option remains valid commencing from the Date of Acceptance of an Offer or any part thereof as set out in Bylaw 7 and until expiry of the Scheme as set out in Bylaw 20, subject always to any early termination in accordance with these Bylaws |
| "Option(s)" | : | The right of the Grantee to subscribe for such new Perisai Shares pursuant to the contract constituted by acceptance in the manner set out in Bylaw 7 |
| "Perisai" or "Company" | : | Perisai Petroleum Teknologi Bhd |
| "Perisai Group" or "Group" | : | Perisai and its subsidiaries which are not dormant companies |
| "Perisai Share(s)" or "Share(s)" | : | Means ordinary shares of RM0.10 each in the capital of the Company (unless otherwise adjusted) |
| "Principal Adviser" | : | A person as described in paragraph 1.01 of the Listing Requirements |
| "RM" and "sen" | : | Ringgit Malaysia and sen respectively |
| "Scheme Shares" | : | Shares issued pursuant to the Scheme |
| "Subscription Price" | : | The price at which a Grantee shall be entitled to subscribe for each new Perisai Share as determined in accordance with Bylaw 8 |
- 1.2 In these Bylaws, unless the context requires otherwise, words denoting the singular number shall include the plural number and words denoting one gender shall include the other gender.
- 1.3 The headings in these Bylaws are for convenience only and shall not be taken into account in the interpretation of these Bylaws.
- 1.4 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.
- 1.5 This Scheme shall be known as the "Perisai Petroleum Employees Share Option Scheme".

DRAFT BY-LAWS (Cont'd)

2. ADMINISTRATION

- 2.1 The Scheme shall be administered by the ESOS Committee consisting of such number of person(s) as shall be appointed by the Board from time to time. The Board shall have the power to determine all matters pertaining to the ESOS Committee, including, without limitation, setting the terms of reference for the ESOS Committee, determining its composition, duties, powers and limitations. The Board is also entitled at any time and from time to time to rescind the appointment of any member of the ESOS Committee and appoint replacement members to the ESOS Committee, to change the terms of appointment of the members of the ESOS Committee and to determine and change the terms of reference for the ESOS Committee.
- 2.2 The ESOS Committee shall administer the Scheme in such manner as it shall in its discretion deem fit and with such powers and duties as are conferred upon it, subject only to these Bylaws as may be amended from time to time. The ESOS Committee may meet together for the despatch of business, to adjourn or otherwise regulate its meetings as it thinks fit.

3. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 3.1 At any point of time during the existence of the Scheme and subject to Bylaw 3.2, the aggregate number of Scheme Shares comprised in:
- (a) Options exercised by all the Grantees;
 - (b) Options remaining exercisable by all the Grantees; and
 - (c) unexpired Offers pending acceptance by all the Eligible Persons,
- (hereinafter referred to as "the Aggregate") shall not exceed an amount equivalent to ten percent (10%) of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any one time.
- 3.2 Notwithstanding the provision of Bylaw 3.1 and any other provision herein contained, in the event the Aggregate exceeds the aforesaid ten percent (10%) (excluding treasury shares) as a result of the Company purchasing its own Shares in accordance with the provisions of Section 67A of the Act or undertaking any other corporate proposal and reducing its issued and paid-up ordinary share capital, then all Offers and Options granted prior to the reduction of the issued and paid-up ordinary share capital of the Company shall remain valid and exercisable in accordance with the provisions of this Scheme as if that reduction had not occurred. However, in such a situation, the ESOS Committee shall not make any further Offers unless the total number of Scheme Shares falls below ten per cent (10%) of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company.
- 3.3 The Company shall keep available sufficient unissued Shares in the share capital of the Company to satisfy all outstanding Offers and Options throughout the duration of the Scheme.

4. ELIGIBILITY

- 4.1 Subject to the discretion of the ESOS Committee, any Employee or any Director of the Group shall be eligible to participate in the Scheme if, as at the Date of Offer, the Employee or Director:
- (a) has attained the age of eighteen (18) years;
 - (b) in the case of an Employee (including Executive Directors), is employed by and on the payroll of the Group and whose employment has been confirmed in writing;

DRAFT BY-LAWS (Cont'd)

- (c) in the case of a non-executive Director, is duly elected as a member of the board of directors of the companies within the Group with Director's fee;
 - (d) is not a participant of any other employees' share option scheme implemented by any other company within the Group which is in force for the time being. A Director or Employee who has participated in the employees' share option scheme currently in operation of one company and who moves to another company within the Group is not allowed to participate in the employees' share option scheme currently in operation of such other company;
 - (e) falls within any other eligibility criteria that may be set by the ESOS Committee at any time and from time to time at its absolute discretion.
- 4.2 In addition to the foregoing, the specific allotment to be made to any person, who is a director, major shareholder or chief executive of Perisai or a holding company of Perisai or person connected with such director, major shareholder or chief executive (as defined in the Listing Requirements), shall also be approved by the shareholders of the Company in general meeting.
- 4.3 No Director and senior management shall participate in the deliberation or discussion of their own allocation.
- 4.4 An Eligible Person who is being subjected to Disciplinary Proceedings as at the Date of Offer, may be made a conditional Offer upon such terms and conditions as the ESOS Committee shall deem appropriate in its discretion and subject to the provisions of Bylaw 9.6.
- 4.5 Eligibility under the Scheme does not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with Options or the Shares comprised therein unless an Offer has been made by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the Scheme.
- 4.6 No Employee of a dormant company within the Group shall be eligible to participate in the ESOS.
- 4.7 Verification of allocation of Scheme Shares to Eligible Persons shall be carried out by the audit committee of the Company at the end of each financial year and a statement to the effect that the audit committee has conducted such verification will be disclosed in the annual report of the Company.

5. BASIS OF ALLOTMENT

- 5.1 Subject to any adjustment which may be made under Bylaw 13, the ESOS Committee shall be entitled in its discretion to determine the number of Shares to be comprised in an Offer made to an Eligible Person under the Scheme.
- 5.2 The actual entitlement of an Eligible Person shall be at the absolute discretion of the ESOS Committee, after taking into account such criteria as may be determined by the ESOS Committee in its sole discretion (subject always to the Bylaws and any applicable law). The allocation to a Director or Employee who, either singly or collectively, through persons connected to him (as defined in paragraph 1.01 of the Listing Requirements), holds 20% or more of the issued and paid-up share capital (excluding treasury shares) of the Company, does not exceed 10% of the total number of shares to be issued under the ESOS.

DRAFT BY-LAWS (Cont'd)

- 5.3 An Eligible Person who is promoted during the tenure of the Scheme may be eligible for consideration of an additional offer of Shares for the category to which he has been promoted subject to the availability of Options. The decision in this regard shall be made by the ESOS Committee in its absolute discretion.
- 5.4 An Eligible Person who is demoted during the tenure of the Scheme may be eligible for consideration of offer of Shares for the category to which he belonged prior to his demotion. The decision in this regard shall be made by the ESOS Committee in its absolute discretion.
- 5.5 A Director and/or Employee who during the tenure of the Scheme becomes an Eligible Person may be eligible for Shares (to be decided by the ESOS Committee in its absolute discretion) for the category to which he has been admitted.
- 5.6 The determination of eligibility and allocation are performed by the ESOS Committee at the point of granting of the Options, after taking into consideration the above factors and amongst others, the length of service, seniority and individual performance in the Perisai Group. Thereafter, the Grantees are free to exercise the Options without further performance targets being achieved, subject to the terms and conditions of this ESOS Bylaws.

6. OFFER

- 6.1 The ESOS Committee may at its discretion at any time and from time to time as it shall deem fit during the duration of the Scheme make one or more Offers to any Eligible Person whom the ESOS Committee in its absolute discretion select, PROVIDED THAT such exercise of the Option shall not be less than and shall be in multiples of Shares equivalent to the board lot of Bursa Securities applicable thereat.
- 6.2 Subject always to Bylaw 3.1, the ESOS Committee may make one or more Offers to each Eligible Person during the Option Period provided always that the total aggregate number of Shares to be so offered to each Eligible Person shall not exceed the maximum entitlement of that Eligible Person under Bylaw 5.2.
- 6.3 An Offer may be made upon such terms and conditions as the ESOS Committee may decide from time to time. The Offer is personal to the Eligible Person and cannot be assigned, transferred, encumbered or otherwise disposed of in any other manner whatsoever. An Offer or any part thereof shall automatically lapse and be null and void in the event the Eligible Person prior to the acceptance of such Offer:-
- (a) ceases to be employed by the Group, or
 - (b) dies or becomes a bankrupt.

7. ACCEPTANCE OF OFFER

- 7.1 Unless otherwise specified in an Offer, an Offer must be accepted by the Eligible Person by way of a written notice of acceptance and in such manner and time as prescribed by the ESOS Committee, and accompanied by a payment to the Company of a sum of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the Option. The date of receipt by the ESOS Committee of such written notice shall constitute the Date of Acceptance.
- 7.2 The ESOS Committee shall within thirty (30) calendar days of the Date of Acceptance issue to the Grantee an option certificate in such form as may be determined by the ESOS Committee.
- 7.3 If the Offer is not accepted in the manner aforesaid, such Offer shall upon the expiry of the period referred to in such Offer automatically lapse and be null and void and of no further effect.

DRAFT BY-LAWS (Cont'd)

7.4 The Option cannot be assigned, transferred, encumbered or otherwise disposed of in any manner whatsoever, save as provided in Bylaw 17.3.

8. SUBSCRIPTION PRICE

8.1 The price at which the Grantee is entitled to subscribe for new Shares upon the exercise of any Option shall be the higher of:

- (a) the weighted average market price of the Shares for the five (5) Market Days immediately preceding the Date of Offer, subject to a discount of not more than ten percent (10%) which the Company may at its discretion decide to give; or
- (b) the par value of the Shares; or
- (c) such other price as may be determined by the change in law and/or regulations affecting the same whereupon the provisions in this Clause 8.1 shall be accordingly revised and amended but only in so far as such changes are mandatory and not voluntary.

8.2 The Subscription Price shall be stipulated in each Option Certificate.

9. EXERCISE OF OPTION

9.1 The Option granted to a Grantee under the Scheme is exercisable only by that Grantee during his employment with the Group or during his tenure as Director of the Group and within the Option Period subject to Bylaw 17 below.

9.2 An Option shall be valid only from the Date of Acceptance until the earliest of any of the following events:

- (a) the expiry of the duration of the Scheme pursuant to Bylaw 20;
- (b) any of the termination event stipulated in Bylaw 17; or
- (c) upon liquidation of the Company.

9.3 The ESOS Committee may impose any condition or conditions on any Option which they grant preventing its exercise unless such condition has been complied with. If after the ESOS Committee has imposed an Exercise Condition, an event occur which cause the ESOS Committee to consider that it is no longer appropriate, they may at their absolute discretion, vary the Exercise Condition. Without prejudice to the generality of the foregoing, the ESOS Committee may impose an Exercise Condition that the Options granted herein shall only be exercised in such proportions as shall be determined by the ESOS Committee (in its absolute discretion at any time and from time to time) and notified in writing to the Grantee.

9.4 An Option may be exercised in whole or in part PROVIDED THAT such exercise of the Option shall be in multiples of Shares equivalent to the board lot of Bursa Securities applicable thereat unless otherwise determined by the ESOS Committee. Subject to the foregoing, a partial exercise of an Option shall not preclude the Grantee from exercising his Option with respect to the balance of the Shares comprised in his Option subject to Bylaw 9.2.

9.5 The Grantee shall notify the Company in writing of his intention to exercise the Option in such form as may be prescribed by the ESOS Committee. Every notice of exercise of an Option shall be accompanied by a remittance for the full amount of the subscription monies in relation to the number of Shares in respect of which the Option is being exercised. A Grantee who exercises his Option shall provide the ESOS Committee with his Central Depository System Account ("CDS Account") number in the notice as referred to.

DRAFT BY-LAWS (Cont'd)

Within eight (8) Market Days of the date of receipt of the abovementioned notice together with the requisite payment or such other period as may be prescribed or allowed by Bursa Securities, the Company will issue and allot such new Shares, despatch to the Grantee a notice of allotment stating the number of Shares credited into the CDS Account and make an application for the quotation of the new Shares on the Bursa Securities, subject to the provisions of the M&A. No physical share certificate will be issued to the Grantee.

9.6 Notwithstanding anything to the contrary herein contained in these Bylaws, the ESOS Committee shall have the right at its discretion by notice in writing to that effect, to suspend the rights of any Grantee who is being subjected to Disciplinary Proceedings to exercise his Option pending the outcome of such Disciplinary Proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its discretion, on the right of exercise of the Option having regard to the nature of the charges made or brought against such Grantee, PROVIDED ALWAYS that:

- (a) in the event such Grantee is found not guilty of the charges which gave rise to such Disciplinary Proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise his Option;
- (b) in the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, the Option shall immediately lapse and be null and void and of no further force and effect upon pronouncement of the dismissal or termination of service of such Grantee; and
- (c) in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his Option and if so, to impose such terms and conditions as it deems appropriate, on such exercise.

10. RIGHTS ATTACHING TO THE NEW SHARES

The new Shares to be allotted upon the exercise of an Option shall, upon issue and allotment, rank *pari passu* in all respects with the existing issued and paid-up ordinary shares in the capital of the Company, except that they will not rank for any dividend, rights, transfer, allotment or distribution declared, made or paid to shareholders which record date thereof precedes the date of allotment of the new Shares and will be subject to all the provisions of the M&A relating to transfer, transmission and otherwise. For the purpose hereof, the expression "record date" means the date as at the close of business on which names of shareholders appear on the Record of Depositors of the Company in order to participate in any dividend, rights, allotment or any distribution.

11. LISTING AND QUOTATION OF NEW SHARES

The new Shares (if any) comprise in an Offer to the Grantee will not be allotted, listed or quoted on the Bursa Securities until the Option is exercised in accordance with these Bylaws. The Company will apply to the Bursa Securities for listing of and quotation for such new Shares issued under the Scheme and will use its best endeavours to obtain permission for such listing and quotation.

12. RETENTION PERIOD

The new Shares to be allotted and issued to the Grantees (excluding non-executive Directors) pursuant to any exercise of the Options will not be subject to retention period or restriction on transfer. However, the Grantees are encouraged to hold the Shares.

DRAFT BY-LAWS (Cont'd)

Notwithstanding the above, a Grantee who is a non-executive Director must not sell, transfer or assign new Shares obtained through the exercise of the Options granted to him pursuant to the Scheme within one (1) year from the Date of Offer.

13. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

13.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of rights issues, bonus issues or other capitalisation issues, subdivisions or consolidation of shares or capital reduction or any other variation of capital:

- (a) the Subscription Price;
- (b) the number of new Perisai Shares which a Grantee shall be entitled to subscribe for upon the exercise of each Option (excluding Options already exercised); and/or
- (c) the number of new Perisai Shares and/or Subscription Price comprised in an Option which is open for acceptance (if such Option is subsequently accepted in accordance with terms of the Offer and the Scheme),

shall be adjusted in such manner as the external auditors or the Principal Adviser of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the ESOS Committee, confirm in writing to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:

- (a) in determining a Grantee's entitlement to subscribe for new Shares, any fractional entitlement will be disregarded;
- (b) any adjustment to the Subscription Price shall be rounded up to the nearest one (1) sen;
- (c) no adjustment to the Subscription Price shall be made which would result in the new Perisai Shares to be issued on the exercise of the Option being issued at a discount to par value, and if such an adjustment would but for this provision have so resulted, the Subscription Price payable shall be the par value of the new Perisai Shares; and
- (d) upon any adjustment being made pursuant to this Bylaw, the ESOS Committee shall within thirty (30) days of the effective date of the alteration in the capital structure of the Company notify the Grantee (or his legal or personal representatives where the Grantee is deceased) in writing informing him of the adjusted Subscription Price thereafter in effect and/or the revised number of new Perisai Shares thereafter to be issued on the exercise of the Option and the event giving rise thereto.

Any adjustments to the Subscription Price and/or the number of new Perisai Shares comprised in the Options so far as unexercised other than adjustments resulting from a bonus issue, must be confirmed in writing to be fair and reasonable by the external auditors or Principal Adviser of the Company.

Should there be other circumstances which give rise to a consideration for adjustments to the Subscription Price or the number of new Perisai Shares in favour of all Grantees, but it is decided that no adjustments will be made, such decision must be made known to all the Grantees via a timely notice subject to compliance with the Listing Requirements.

DRAFT BY-LAWS (Cont'd)

13.2 In addition to Bylaw 13.1 and not in derogation thereof, the Subscription Price and the number of new Shares relating to the Options so far as unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with the external auditors or Principal Adviser:

- (a) If and whenever a Perisai Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price shall be adjusted by multiplying it by the revised par value and dividing the result by the former par value:

$$\text{New Subscription Price} = \frac{S \times \text{Revised Par Value}}{\text{Former Par Value}}$$

Where S = Existing Subscription Price.

and the number of additional new Shares relating to the Options to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = \left[\frac{T \times \text{Former Par Value}}{\text{Revised Par Value}} \right] - T$$

Where T = Existing number of Shares relating to the Options so far as unexercised

Such adjustment will be effective from the close of business on the Market Day immediately following the date on which the consolidation or subdivision or conversion becomes effective (being the date when Perisai Shares are traded on Bursa Securities at the new par value), or such period as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make any issue of new Perisai Shares to ordinary shareholders credited as fully paid-up, by way of bonus issue or capitalisation issue (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

and the number of additional new Shares relating to the Options to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = \left[T \times \frac{A + B}{A} \right] - T$$

Where

- A = The aggregate number of issued and fully paid-up Perisai Shares immediately before such bonus issue or capitalisation issue;
- B = The aggregate number of new Perisai Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid-up by way of bonus issue or capitalisation issue (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and
- T = As T above

DRAFT BY-LAWS (Cont'd)

Such adjustment will be effective from the commencement of the Market Day immediately following the entitlement date for such issue.

- (c) If and whenever the Company shall make:
- (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
 - (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for Perisai Shares by way of rights; or
 - (iii) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Perisai Shares or securities with rights to acquire or subscribe for Perisai Shares,

then and in respect of each such case, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of each such case referred to in Bylaw 13.2(c)(ii) hereof, the number of additional new Shares relating to the Options to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[\frac{C}{C - D^*} \right] - T$$

Where

- C = The current market price of each Perisai Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;
- D = (i) In the case of an offer or invitation to acquire or subscribe for Perisai Shares by way of rights under Bylaw 13.2(c)(ii) above or for securities convertible into Perisai Shares or with rights to acquire or subscribe for Perisai Shares under Bylaw 13.2(c)(iii) above, the value of rights attributable to one (1) Perisai Share (as defined below); or
- (ii) In the case of any other transaction falling within Bylaw 13.2(c) hereof, the fair market value as determined (with the concurrence of the auditor) by the external auditors or Principal Adviser of that portion of the Capital Distribution attributable to one (1) Perisai Share;
- D* = The "value of the rights attributable to one (1) Share" (as defined below); and
- T = As T above.

DRAFT BY-LAWS (Cont'd)

For the purpose hereof, "value of rights attributable to one (1) Perisai Share" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

Where

- C = As C above;
- E = The subscription price for one (1) additional Perisai Share or one (1) additional security convertible into Perisai Shares or one (1) additional security with rights to acquire or subscribe for Perisai Shares under the terms of such offer or invitation; and
- F = The number of Perisai Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Perisai Share or security convertible into Perisai Shares or rights to acquire or subscribe for Perisai Shares.

For the purpose of Bylaw 13.2(c) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Perisai Shares (not falling under Bylaw 13.2(b) hereof) or other securities credited as fully or partly paid-up by way of bonus issue or capitalisation issue (whether of a capital or income nature and including any share premium account or capital redemption reserve fund).

Any dividend declared or provided for in the accounts of the Company for any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated financial statements of the Company.

Such adjustment will be effective from the commencement of the Market Day immediately following the entitlement date for such Capital Distribution or offer or invitation, as the case may be.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in Bylaw 13.2(b) above and also makes any offer or invitation to its ordinary shareholders as provided in Bylaw 13.2(c)(ii) or (iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer of invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in Bylaw 13.2(b) above and also makes any offer or invitation to its ordinary shareholders as provided in Bylaw 13.2(c)(ii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the number of additional new Shares relating to the Options to be issued shall be calculated as follows:

$$\text{Additional Shares number of} = \left[\frac{T \times (G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

DRAFT BY-LAWS (Cont'd)

Where

- B = As B above;
- C = As C above;
- G = The aggregate number of issued and fully paid-up Perisai Shares on the entitlement date;
- H = The aggregate number of new Perisai Shares under an offer or invitation to acquire or subscribe for Perisai Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Perisai Shares or securities with rights to acquire or subscribe for Perisai Shares, as the case may be;
- H* = The aggregate number of new Perisai Shares under an offer or invitation to acquire or subscribe for Perisai Shares by way of rights;
- I = The subscription price of one (1) additional Perisai Share under the offer or invitation to acquire or subscribe for Perisai Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Perisai Share, as the case may be;
- I* = The subscription price of one (1) additional Perisai Share under the offer or invitation to acquire or subscribe for Perisai Shares; and
- T = As T above.

Such adjustment will be effective from the commencement of the Market Day immediately following the entitlement date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Perisai Shares as provided in Bylaw 13.2(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for ordinary shares as provided in Bylaw 13.2(c)(iii) above, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the number of additional new Shares relating to the Options to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = \frac{\left[T \times (G + H^*) \times C \right] - T}{\left[(G \times C) + (H^* \times I^*) \right]}$$

Where

- C = As C above;
- G = As G above;
- H = As H above;
- H* = As H* above;

DRAFT BY-LAWS (Cont'd)

I	=	As I above;
I*	=	As I* above;
J	=	The aggregate number of Perisai Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Perisai Shares by the ordinary shareholders;
K	=	The exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Perisai Share; and
T	=	As T above.

Such adjustment will be effective from the commencement of the Market Day immediately following the entitlement date for such issue.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in Bylaw 13.2(b) above and also makes an offer or invitation to acquire or subscribe for Perisai Shares to its ordinary shareholders as provided in Bylaw 13.2(c)(ii) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Perisai Shares as provided in Bylaw 13.2(c)(iii) above, and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the number of additional new Shares relating to the Options to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = \left[\frac{T \times (G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where

B	=	As B above.
C	=	As C above;
G	=	As G above;
H	=	As H above;
H*	=	As H* above;
I	=	As I above;
I*	=	As I* above;
J	=	As J above;
K	=	As K above; and
T	=	As T above.

Such adjustment will be effective from the commencement of the Market Day immediately following the entitlement date for such issue.

DRAFT BY-LAWS (Cont'd)

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under Bylaw 13.2(c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any new Perisai Shares or any securities convertible into Perisai Shares or any rights to acquire or subscribe for Perisai Shares, and in any such case, the Total Effective Consideration per Perisai Share (as defined below) is less than 90% of the average price of one (1) Perisai Share as derived from the last dealt prices for one or more board lots of Perisai Shares as quoted on Bursa Securities on the Market Day comprised in the period used as a basis upon which the issue price of such Perisai Shares is determined ("Average Price for one (1) Perisai Share") or, as the case may be, the price at which the Perisai Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{L + M}{L + N}$$

Where

- L = The number of Perisai Shares in issue at the close of business on the Market Day immediately preceding the date on which relevant adjustment becomes effective;
- M = The number of Perisai Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price of one (1) Perisai Share (exclusive of expenses); and
- N = The aggregate number of Perisai Shares so issued or, in the case of securities convertible into Perisai Shares or rights to acquire or subscribe for Perisai Shares, the maximum number (assuming no adjustment of such rights) of Perisai Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of Bylaw 13.2(g), "Total Effective Consideration" shall be determined by the Board with the concurrence of the external auditors or Principal Adviser and shall be:

- (i) In the case of the issue of new Perisai Shares, the aggregate consideration receivable by the Company on payment in full for such Perisai Shares; or
- (ii) In the case of the issue by the Company of securities wholly or partly convertible into Perisai Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (iii) In the case of the issue by the Company of securities with rights to acquire or subscribe for Perisai Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commission, discount or expenses paid, allowed or incurred in connection with the issue thereof, and the "Total Effective Consideration per Perisai Share" shall be the Total Effective Consideration divided by the number of Perisai Shares issued as aforesaid or, in the case of securities convertible into Perisai Shares or securities with rights to acquire or subscribe for Perisai Shares, by the maximum number of Perisai Shares issuable on full conversion of such securities or on exercise in full of such rights.

DRAFT BY-LAWS (Cont'd)

Such adjustment will be effective (if appropriate, retroactively) from the close of business on Bursa Securities on the Market Day preceding the date on which the issue is announced, or (failing any such announcement) on the Market Day immediately preceding the date on which the Company determines the offer price of such Perisai Shares for such issue.

- 13.3 The provisions of this Bylaw 13 shall not apply where the alteration in the capital structure of the Company arises from:
- (a) the issue of securities as consideration for an acquisition of any other securities, assets or business;
 - (b) a special issue of new Perisai Shares approved by the relevant governmental authorities;
 - (c) a private placement or restricted issue of new Perisai Shares by the Company;
 - (d) a share buy-back arrangement by the Company pursuant to the Section 67A of the Act;
 - (e) an issue of new Perisai Shares arising from the exercise of any conversion rights attached to securities convertible into new Perisai Shares or upon exercise of any other rights to acquire or subscribe for new Perisai Shares, including warrants (if any) issued by the Company; and
 - (f) an issue of new Perisai Shares upon the exercise of Options pursuant to the Scheme.
- 13.4 Upon any adjustment being made, the ESOS Committee shall within thirty (30) days of the effective date of the alteration in capital structure of the Company notify the Grantee (or his legal or personal representatives where the Grantee is deceased) in writing to inform him of the adjusted Subscription Price thereafter in effect and/or the revised number of new Perisai Shares thereafter to be issued on the exercise of the Option and the event giving rise thereto.
- 13.5 In the event of any alteration in the capital structure of the Company during the tenure of the Option Period for which the formula has not already been set out in this Bylaw 13, the Board shall have the discretion to decide and accordingly assess the practicality of complying with the requirement to cause such corresponding adjustment (if any) to be made to:
- (a) the Subscription Price; and/ or
 - (b) the number of new Perisai Shares comprised in the Option or any portion thereof which have not been exercised; and/or
 - (c) the number of new Perisai Shares and/or Subscription Price comprised in an Offer which is open for acceptance (if such Offer is subsequently accepted in accordance with terms of the Offer and the Scheme); and/ or
 - (d) the formula for adjustment which shall be generally acceptable, in compliance with the Listing Requirements (if any), and not detrimental to the Grantee.

14. TAKEOVER

Notwithstanding Bylaw 9 hereof and subject to the provisions of any applicable laws, rules, regulations, guidelines and/or conditions issued by the relevant authorities, in the event of:

DRAFT BY-LAWS (Cont'd)

- 14.1 a takeover offer being made for the Company through a general offer to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the general offer ("Offeror") or any persons acting in concert with the Offeror) a Grantee will be entitled within three (3) months of such a general offer being made, to exercise all or any part of his unexercised Options or until the expiry of the Option Period pursuant to Bylaw 20.1, whichever is earlier. The Board shall use their best endeavours to procure that such a general offer be extended to any new Shares that may be issued pursuant to the exercise of Options under this Bylaw; and
- 14.2 the Offeror becoming entitled or bound to exercise the rights of compulsory acquisition of Shares under the provisions of the Capital Markets and Services Act 2007 or other relevant laws applicable at the material time and gives notice to the Company that it intends to exercise such right on a specific date, a Grantee will be entitled to exercise all or any part of his unexercised Option from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised.

15. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC

Notwithstanding Bylaw 9 but subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 176 of the Act or its amalgamation with any other company or companies under Section 178 of the Act, a Grantee may be entitled to exercise all or any part of his Option remaining unexercised at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective. In the event that the Company is not liquidated, all or part of an Option which remains unexercised shall remain in force until the expiry of the Option Period.

16. MODIFICATION / VARIATION TO THE SCHEME

The ESOS Committee may at any time and from time to time recommend to the Board any amendments and/or modifications to all or any of the provisions of the Scheme and these Bylaws and the power to amend and/or modify all or any of the provisions of the Scheme and these Bylaws shall rest with the Board PROVIDED THAT no amendment shall alter adversely the rights attaching to any Options granted prior to such amendment, nor alter such rights to the advantage of any Grantee without the prior approval of the shareholders of the Company. The Company is required to submit to Bursa Securities a confirmation letter that the amendment or modification does not contravene any of the provisions of the Listing Requirements on employees' share option scheme and the rules issued by Bursa Depository no later than five (5) Market Days after the effective date of the said amendment or modification is made.

17. TERMINATION OF OPTIONS

- 17.1 Upon the cessation of employment of a Grantee with the Group or the cessation of the directorship of a Grantee who is a Director for whatever reason prior to the exercise of the Option or any part thereof, such unexercised Option shall forthwith cease unless otherwise determined by the ESOS Committee in its absolute discretion.
- 17.2 Upon the bankruptcy of a Grantee, any and all unexercised portion of the Option shall immediately become null and void and have no further effect as if the same had never been granted in the first place.

DRAFT BY-LAWS (Cont'd)

- 17.3 In the event a Grantee dies before the expiry of the Option Period and at the date of his death held an Option unexercised in whole or in part, his legal or personal representatives may exercise his entire unexercised Option within six (6) calendar months from the date of his death or such extended period as the ESOS Committee may allow failing which such unexercised Option shall immediately become null and void and of no further force and effect.
- 17.4 Save for the amendments and/or changes to the relevant statutes, guidelines and/or regulations currently in force, the Scheme may be terminated by the Company at any time during the duration of the Scheme provided the Company announces to Bursa Securities:
- (a) the effective date of termination;
 - (b) the number of Options exercised or Shares vested; and
 - (c) the reasons for termination.

18. DIVESTMENT FROM THE GROUP

If a Grantee who was in the employment of a corporation in the Group which was subsequently divested, then such Grantee shall:

- (a) notwithstanding such divestment or any of the provisions of any Bylaw herein at the discretion and approval of the ESOS Committee, be entitled to continue to exercise all such unexercised Option which were granted to him under the Scheme within a period of six (6) calendar months from the date of such divestment (within the Option Period), failing which the right of such Grantee to subscribe for that number of the new Shares under his Option shall, together with the remainder of his Option, automatically lapse and be null and void and of no further force and effect; and
- (b) not be eligible to participate for further Offers under the Scheme.

19. LIQUIDATION OF THE COMPANY

In the event of any proceedings of winding-up of the Company, all unexercised Options shall be suspended until the winding-up proceedings are withdrawn or resolved subsequent to which only any unexercised Options shall be allowed to be exercised, PROVIDED ALWAYS the exercising of the Options is within the Option Period or any extended Option Period pursuant to Bylaw 20.2.

20. DURATION OF THE SCHEME

Subject to Bylaw 17.4, the Scheme shall be in force for a period of ten (10) years commencing from the effective date for the implementation of the Scheme, which shall be the date of full compliance with all relevant requirements including the following:

- (a) submission of the final copy of these Bylaws to Bursa Securities;
- (b) receipt of approval for the listing of and quotation for the new Perisai Shares to be issued under the Scheme from Bursa Securities;
- (c) procurement of shareholders' approval for the Scheme;
- (d) receipt of approval from any other relevant authorities, where applicable; and
- (e) fulfilment of all conditions attached to the above approvals, if any.

DRAFT BY-LAWS (Cont'd)

21. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEMES

The Company may establish a new employees' share option scheme after the expiry of the Scheme or upon termination of the Scheme pursuant to the provisions of Bylaw 17.4, subject to the approval of Bursa Securities, shareholders of the Company at a general meeting and any other relevant authorities/parties.

22. TAXES

All taxes (including income tax), if any, arising from the exercise of any Option under the Scheme shall be borne by the Grantee.

23. COSTS AND EXPENSES

23.1 The Grantee shall be responsible for all charges of Bursa Depository relating to or in connection with the issue and allotment of any Scheme Shares in Bursa Depository's name and the crediting of the Shares to the Grantee's CDS Account.

23.2 Save for the taxes referred to in Bylaw 22 and the fees referred to in Bylaw 23.1, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of the Scheme Shares by the Company pursuant to the exercise of any Option shall be borne by the Company.

24. DISCLAIMER OF LIABILITY

Notwithstanding any provisions contained herein and subject to the Act, the ESOS Committee and the Company shall not under any circumstances be held liable for any cost, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in allotting and issuing the Scheme Shares or in applying for or procuring the listing of the Scheme Shares on the Bursa Securities.

25. DISPUTES

Any dispute or difference of any nature arising hereunder shall be referred to the decision of the ESOS Committee. The said decision shall be final and binding on the parties unless the Eligible Person or Grantee, as the case may be, shall dispute the same by notice to the ESOS Committee within fourteen (14) days of the receipt of the decision of the ESOS Committee, in which case, such dispute or difference shall be referred to the decision of an approved company auditor as defined under Section 8 of the Act (acting as expert and not as arbitrator), whose decision shall be binding in all respects and whose costs shall be borne by the party against whom the decision is given on appeal.

26. COMPENSATION

26.1 The Scheme shall afford the Grantee no additional right to compensation or damages in the event of the cessation of his employment or appointment for any reason whatsoever.

DRAFT BY-LAWS (Cont'd)

- 26.2 Participation in this Scheme by an Eligible Person is a matter entirely separate from his terms and conditions of employment and participation in this Scheme shall in no respects whatever affect in any way a Grantee's terms and conditions of employment. In particular (but without limiting the generality of the foregoing words) any Grantee who leaves employment shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under this Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal, dismissal without just cause or excuse, or other breach of contract or by way of compensation for loss of office or otherwise howsoever.

27. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme does not form part nor shall it in any way be construed as part of the terms and conditions of employment of any Eligible Person.

28. INSPECTION OF THE AUDITED ACCOUNTS

All Grantees shall be entitled to inspect a copy of the latest audited accounts of the Company which shall be made available at the registered office of the Company during normal office hours on any working day of the Company.

29. NOTICE

- 29.1 Any notice which under the Scheme is required to be given to or served upon the ESOS Committee by an Eligible Person or Grantee or any correspondence to be made between an Eligible Person or Grantee and the ESOS Committee shall be given or served in writing and either delivered by hand or sent to the corporate office of the Company by facsimile or ordinary letter. Proof of posting shall not be evidence of receipt of the letter.
- 29.2 Save as otherwise provided in these Bylaws, any notice which under the Scheme is required to be given to or served upon an Eligible Person or Grantee by the ESOS Committee or any correspondence to be made between the ESOS Committee and an Eligible Person or Grantee shall be deemed to be sufficiently given or served in writing and either delivered by hand or sent to the Eligible Person or Grantee by facsimile or ordinary letter addressed to the Eligible Person or Grantee at the place of employment or at the last address known to the Company as being his address. Any notice served by post as aforesaid shall be deemed to have been received on the third day after the day the letter is posted, including that day.
- 29.3 Any notice served by a party after the Company's official working hours shall be deemed to have been served on the next working day.

30. MEMORANDUM AND ARTICLES OF ASSOCIATION

Notwithstanding the terms and conditions contained in this Scheme, if a situation of conflict should arise between this Scheme and the M&A, the provisions of the M&A shall prevail at all times.

31. GOVERNING LAW

The Scheme, the Bylaws, and all Offers and all Options made and granted and actions taken under the Scheme shall be governed by and construed in accordance with the Malaysian law.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

2. CONSENTS AND DECLARATIONS OF CONFLICT OF INTERESTS

HLIB has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears. HLIB confirms that there is no situation of conflict of interest or potential conflict of interest in its capacity as Adviser to Perisai in respect of the Proposed ESOS.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**3.1 Material commitment**

Save as disclosed below, as at the LPD, the Board is not aware of any material commitment incurred or known to be incurred by the Perisai Group which may have a material adverse effect on the financial position of the Perisai Group upon becoming enforceable:

	USD'000
Rig construction contract dated 27 April 2012 entered into between Perisai (through its wholly owned subsidiary, Perisai (L) Inc) and PPL Shipyard Pte Ltd for the construction and delivery of one unit of a PPL Pacific Class 400® Jack-Up Drilling Rig	208,000

3.2 Contingent liabilities

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

	USD'000
Corporate guarantees provided by Perisai in favour of local licensed financial institutions in respect of credit facilities granted to its subsidiaries	141,000

4. MATERIAL LITIGATION

Save as disclosed below, neither Perisai nor any of its subsidiaries is engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and the Directors of Perisai do not have any knowledge of proceedings pending or threatened against Perisai and/or its subsidiaries, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the financial position or business of the Perisai Group as at the LPD:

On 7 December 2009, SJR Marine (L) Ltd ("**SJR**"), ("**the Claimant**"), a wholly-owned subsidiary of Perisai had commenced arbitration proceedings in London in accordance with the London Maritime Arbitrators Association ("**LMAA**") against Superior Energy Services LLC ("**the Respondent**") in respect of breach by the Respondent of three agreements between the parties namely:

- (i) losses arising from the Respondent's breaches of the Bareboat Charter Party Agreement dated 13 July 2006 for the sum of USD1,173,356.00;
- (ii) losses arising from the Respondent's breaches of the Vessel Purchase Agreement dated 13 July 2006 ("**VPA**") for the sum of USD16,200,107.00;

FURTHER INFORMATION (Cont'd)

- (iii) losses arising from the Respondent's breach of the Settlement Agreement dated 19 June 2008 for the sum of US\$1,387,843.23, arising from the Respondents' wrongful call for payment under the letter of credit; and
- (iv) costs and interest thereon.

Both the Claimant and the Respondent have filed their pleadings in the LMAA. The Claimant has submitted its questionnaires to the tribunal and is currently awaiting the Respondent's submission of the same before the tribunal will establish the future procedural course of the reference to move the arbitration proceedings ahead. The Claimant's lawyers are of the view that the Claimant is likely to succeed against the Respondent for the claims or at least have an arguable case.

5. MATERIAL CONTRACTS

Neither Perisai nor its subsidiary has entered into any contracts which are or may be material, not being contracts entered into in the ordinary course of business, during the past 2 years preceding the date of this Circular, save for as disclosed below:

- (i) share sale agreement dated 27 January 2011, entered into between Perisai and Emas Offshore (M) Sdn Bhd for the acquisition of 37,299,900 ordinary shares of RM1.00 each in Intan Offshore Sdn Bhd, representing 51% of the issued and paid-up share capital of Intan Offshore Sdn Bhd for a purchase consideration of RM45,237,000 to be satisfied via the issuance of 70,683,000 new Perisai Shares at an issue price of RM0.64 per Perisai Share.
- (ii) share sale agreement dated 26 August 2011, entered into between Perisai and Nagendran A/L C. Nadarajah for the acquisition of 100% equity interest in Garuda Energy (L) Inc ("**Garuda**") from Nagendran A/L C. Nadarajah of 100 ordinary shares of USD1.00 each in Garuda for a purchase consideration of USD70,000,000 satisfied via USD50,000,000 in cash and the remaining USD20,000,000 via the issuance of new Perisai Shares at an issue price of RM0.65 per Perisai Share.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal office hours (except for public holidays) from the date of this Circular up to and including the date of the forthcoming EGM, at the Registered Office of Perisai at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur:

- (a) Memorandum and Articles of Association of Perisai;
- (b) letters of consent referred to in Section 2 above;
- (c) the audited consolidated financial statements of the Perisai Group for the two (2) FYEs 31 December 2010 and 31 December 2011;
- (d) the unaudited consolidated financial statements of the Perisai Group for the three (3)-month financial period ending 31 March 2012;
- (e) the relevant cause papers in respect of the material litigations referred to in Section 4 above;
- (f) the draft By-Laws; and
- (g) the material contracts referred to in Section 5 above.



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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of Perisai Petroleum Teknologi Bhd (“**Perisai**” or “**Company**”) will be held at Grand Mahkota Ballroom III, Hotel Istana Kuala Lumpur City Centre, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Wednesday, 27 June 2012 at 10.30 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Ninth Annual General Meeting of the Company which will be held at the same venue and on the same day at 10.00 a.m., for the purpose of considering and if thought fit, to pass with or without modifications the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME FOR THE DIRECTORS AND EMPLOYEES OF PERISAI AND ITS SUBSIDIARIES (“PROPOSED ESOS”)

“**THAT**, subject to the approvals from all relevant regulatory authorities (where required) being obtained, approval be and is hereby given to the Directors of the Company:

- (i) to establish, implement and administer an Employees’ Share Option Scheme (“**Scheme**”) for the benefit of the eligible Directors and eligible employees (“**Eligible Persons**”) of the Company and its non-dormant subsidiary companies (“**Perisai Group**”) who meet the criteria of eligibility for participation in the Scheme in accordance with the By-laws of the Scheme (“**By-laws**”) set out in Appendix I of the Circular to shareholders dated 5 June 2012, and to adopt and approve the draft By-laws;
- (ii) to allot and issue from time to time such number of new Perisai Shares as may be required to be issued pursuant to the exercise of options under the Scheme (“**ESOS Options**”) (including such additional ESOS Options issued pursuant to the By-laws), provided that the total number of new Perisai Shares to be allotted and issued shall not exceed 10% in aggregate of the total issued and paid-up share capital (excluding treasury shares) of the Company at any point of time during the existence of the Scheme and that such new Perisai Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing issued and paid-up share capital of Perisai, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared by Perisai in respect of which the entitlement dates are prior to the allotment and issue of the new Perisai Shares pursuant to the exercise of the ESOS Options;
- (iii) to make the necessary applications to Bursa Securities for permission to deal in and for the listing of and quotation for the new Perisai Shares that may hereafter from time to time be allotted and issued pursuant to the Scheme (including such additional ESOS Options issued pursuant to the By-laws); and
- (iv) to modify and/or amend the Scheme from time to time as may be required/permitted by the authorities or deemed necessary by the authorities or the Board provided that such modifications and/or amendments are effected and permitted in accordance with the provisions of the By-laws relating to modifications and/or amendments and to do all such acts and to enter into all such transactions, arrangements and agreements, deeds or undertakings and to make such rules or regulations, or impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Scheme;

THAT the Directors of the Company be and is hereby authorised to give effect to the Scheme with full power to consent to and to adopt such conditions, modifications, variations and/or amendments as may be required by the relevant regulatory authorities;

AND THAT the proposed By-laws of the Scheme, as set out in Appendix I of the Circular, be and is hereby approved.”

ORDINARY RESOLUTION 2

PROPOSED GRANTING OF ESOS OPTIONS TO DATO' DR MOHAMED ARIFFIN BIN HJ ATON

“**THAT**, subject to the passing of the Ordinary Resolution 1 above and the approvals from all other relevant authorities, where applicable, the Board be and is hereby authorized, at any time from time to time during the duration of the Scheme, to offer and grant to Dato' Dr Mohamed Ariffin Bin Hj Aton, the Independent Non-Executive Chairman, the ESOS Options to subscribe for new Perisai Shares under the Scheme **PROVIDED THAT** the number of new Perisai Shares allocated to any Eligible Persons who, either singly or collectively through persons connected with Eligible Persons, holds 20% or more of the issued and paid-up share capital of the Company, does not exceed 10% of the total new Perisai Shares available under the Scheme, and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-laws of the Scheme.”

ORDINARY RESOLUTION 3

PROPOSED GRANTING OF ESOS OPTIONS TO ZAINOL IZZET BIN MOHAMED ISHAK

“**THAT**, subject to the passing of the Ordinary Resolution 1 above and the approvals from all other relevant authorities, where applicable, the Board be and is hereby authorized, at any time from time to time during the duration of the Scheme, to offer and grant to Zainol Izzet Bin Mohamed Ishak, the Managing Director, the ESOS Options to subscribe for new Perisai Shares under the Scheme **PROVIDED THAT** the number of new Perisai Shares allocated to any Eligible Persons who, either singly or collectively through persons connected with Eligible Persons, holds 20% or more of the issued and paid-up share capital of the Company, does not exceed 10% of the total new Perisai Shares available under the Scheme, and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-laws of the Scheme.

ORDINARY RESOLUTION 4

PROPOSED GRANTING OF ESOS OPTIONS TO ADARASH KUMAR A/L CHRANJI LAL AMARNATH

“**THAT**, subject to the passing of the Ordinary Resolution 1 above and the approvals from all other relevant authorities, where applicable, the Board be and is hereby authorized, at any time from time to time during the duration of the Scheme, to offer and grant to Adarash Kumar A/L Chranji Lal Amarnath, the Executive Director, the ESOS Options to subscribe for new Perisai Shares under the Scheme **PROVIDED THAT** the number of new Perisai Shares allocated to any Eligible Persons who, either singly or collectively through persons connected with Eligible Persons, holds 20% or more of the issued and paid-up share capital of the Company, does not exceed 10% of the total new Perisai Shares available under the Scheme, and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-laws of the Scheme.”

ORDINARY RESOLUTION 5

PROPOSED GRANTING OF ESOS OPTIONS TO DATO' YOGESVARAN A/L T. ARIANAYAGAM

"**THAT**, subject to the passing of the Ordinary Resolution 1 above and the approvals from all other relevant authorities, where applicable, the Board be and is hereby authorized, at any time from time to time during the duration of the Scheme, to offer and grant to Dato' Yogesvaran A/L T. Arianayagam, the Independent Non-Executive Director, the ESOS Options to subscribe for new Perisai Shares under the Scheme **PROVIDED THAT** the number of new Perisai Shares allocated to any Eligible Persons who, either singly or collectively through persons connected with Eligible Persons, holds 20% or more of the issued and paid-up share capital of the Company, does not exceed 10% of the total new Perisai Shares available under the Scheme, and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-laws of the Scheme."

ORDINARY RESOLUTION 6

PROPOSED GRANTING OF ESOS OPTIONS TO CHAN FEOI CHUN

"**THAT**, subject to the passing of the Ordinary Resolution 1 above and the approvals from all other relevant authorities, where applicable, the Board be and is hereby authorized, at any time from time to time during the duration of the Scheme, to offer and grant to Chan Feoi Chun, the Independent Non-Executive Director, the ESOS Options to subscribe for new Perisai Shares under the Scheme **PROVIDED THAT** the number of new Perisai Shares allocated to any Eligible Persons who, either singly or collectively through persons connected with Eligible Persons, holds 20% or more of the issued and paid-up share capital of the Company, does not exceed 10% of the total new Perisai Shares available under the Scheme, and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-laws of the Scheme."

ORDINARY RESOLUTION 7

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

"**THAT**, pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") approval be and is hereby given to the Directors of the Company and its subsidiaries ("**Group**") to enter into and give effect to the specified recurrent related party transactions of a revenue or trading nature and with the specified classes of related parties as set out in Section 2.4 of Part B of the Circular to Shareholders dated 5 June 2012, provided that:-

- (a) such arrangements and/or transactions are necessary for the Group's day-to-day operations;
- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public;
- (c) such arrangements and/or transactions are not detrimental to the non-interested shareholders of the Company; and
- (d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:-
 - (i) the related transacting parties and their respective relationship with the Company; and
 - (ii) the nature of the recurrent transactions.

AND THAT such authority shall continue to be in force until:-

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

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

BY ORDER OF THE BOARD

LIM SECK WAH (MAICSA No. 0799845)

M. CHANDRASEGARAN A/L S. MURUGASU (MAICSA No. 0781031)

Company Secretaries

Kuala Lumpur
5 June 2012

Notes:-

1. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the Extraordinary General Meeting, the Company shall be requesting the Record of Depositors as at 20 June 2012. Only a depositor whose name appears on the Record of Depositors as at 20 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.*
2. *A member of the Company entitled to attend and vote at the Meeting of the Company is entitled to appoint a proxy or proxies to attend and vote on his/her behalf.*
3. *A proxy or attorney or corporate representative need not be a member of the Company and if not a member he/she need not be a qualified legal practitioner, an approved Company Auditor or a person approved by the Registrar.*
4. *A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.*
5. *Where a member appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of the holding to be represented by each proxy is specified.*
6. *Where a member is an authorized nominee as defined under the Security Industry (Central Depositories) Act, 1991, it may appoint at least one (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.*
7. *A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.*
8. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
9. *The instrument of Proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time of meeting or any adjournment thereof.*

form of proxy

(Before completing this form, please refer to the notes below)



PERISAI

PERISAI PETROLEUM TEKNOLOGI BHD
632811-X

Number of Ordinary Shares Held

I/We _____ I.C. No/ Co. No./ CDS No. _____
(Full name in block letters)

of _____
(Full address)

being a member/members of **PERISAI PETROLEUM TEKNOLOGI BHD** hereby appoint the following person(s):-

	Name of proxy, NRIC No. & Address	No. of shares to be represented by proxy
1.	_____	_____
2.	_____	_____

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Grand Mahkota Ballroom III, Hotel Istana Kuala Lumpur City Centre, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, on Wednesday, 27 June 2012 at 10.30 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Ninth Annual General Meeting of the Company which will be held at the same venue and on the same day at 10.00 a.m.

My/Our Proxy is to vote as indicated below:

NO.		FOR	AGAINST
1.	Ordinary Resolution 1 – Proposed ESOS		
2.	Ordinary Resolution 2 – Proposed Granting of ESOS Options to Dato' Dr Mohamed Ariffin Bin Hj Aton		
3.	Ordinary Resolution 3 - Proposed Granting of ESOS Options to Zainol Izzet Bin Mohamed Ishak		
4.	Ordinary Resolution 4 - Proposed Granting of ESOS Options to Adarash Kumar A/L Chranji Lal Amarnath		
5.	Ordinary Resolution 5 - Proposed Granting of ESOS Options to Dato' Yogesvaran A/L T. Arianayagam		
6.	Ordinary Resolution 6 - Proposed Granting of ESOS Options to Chan Feoi Chun		
7.	Ordinary Resolution 7 – Proposed Renewal of Shareholders' Mandate		

(Please indicate with a "✓" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy/ proxies may vote or abstain from voting at his/ her/ their discretion). The first named proxy shall be entitled to vote on a show of hands on my/our behalf.

Dated this _____ day of _____, 2012

Signature/Common Seal



Notes on Appointment of Proxy

1. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the Extraordinary General Meeting, the Company shall be requesting the Record of Depositors as at 20 June 2012. Only a depositor whose name appears on the Record of Depositors as at 20 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.*
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Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
Perisai Petroleum Teknologi Bhd
(Company No. 632811-X)
Level 15-2,
Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur

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