

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.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. You should rely on your own evaluation to assess the merits and risks of the proposals as set out in this Circular.



PERISAI PETROLEUM TEKNOLOGI BHD

(Company No.: 632811-X)

(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT
RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The resolution in respect of the above proposal will be tabled at the Thirteenth Annual General Meeting ("13th AGM") of the Company to be held at Mahkota Ballroom II, Hotel Istana Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Friday, 24 June 2016 at 10.00 a.m. or any adjournment thereof. The Notice of the Company's 13th AGM together with the Form of Proxy are set out in the 2015 Annual Report of the Company and are despatched together with this Circular.

As a shareholder, you can appoint a proxy or proxies to attend, speak and vote on your behalf. You must complete and deposit the Form of Proxy at the Company's Share Registrar's office 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 AGM or any adjournment thereof. You are not precluded from attending and voting in person at the AGM 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 : Wednesday, 22 June 2016, 10.00 a.m.

Date and time of the AGM : Friday, 24 June 2016, 10.00 a.m.

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 any re-enactment thereof
“Adarash Kumar”	: Adarash Kumar A/L Chranji Lal Amarnath, our Executive Director
“AGM”	: Annual general meeting
“Audit Committee”	: The audit committee established and appointed by the Board pursuant to Chapter 15, Part C of the Listing Requirements
“Board”	: The Board of Directors of Perisai
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“Circular”	: This circular to shareholders of Perisai dated 29 April 2016 in relation to the Proposed Renewal of Shareholders’ Mandate
“Director(s)”	: Has the meaning given in Section 4 of the Act and Section 2(1) of the Capital Market Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director or a chief executive of Perisai or its subsidiary.
“EMAS Offshore”	: EMAS Offshore Limited
“EPS”	: Earnings per share
“Ezra Holdings”	: Ezra Holdings Limited
“FPE”	: Financial period ended/ending, as the case may be
“FYE”	: Financial year ended/ending, as the case may be
“HCM Logistics”	: HCM Logistics Limited
“Intan Offshore”	: Intan Offshore Sdn. Bhd.
“Intan Offshore Group”	: Intan Offshore and its group of companies
“Datuk Izzet Ishak”	: Datuk Zainol Izzet Bin Mohamed Ishak
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 31 March 2016, being the latest practicable date prior to the printing of this Circular
“Main Market”	: Main Market of Bursa Securities

DEFINITIONS (Cont'd)

- “Major Shareholder” : Means a person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is –
- (i) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or
 - (ii) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation.

For the purpose of this definition, “interest in shares” has the meaning given in Section 6A of the Act

For the purpose of the Proposed Renewal of Shareholders’ Mandate, a Major Shareholder (as defined above) includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of Perisai or any other corporation which is its subsidiary or holding company, in accordance with the definition in Chapter 10 of the Listing Requirements.

- “NA” : Net assets
- “Perisai” or “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
- “Person(s) Connected” : Shall have the same meaning given in Paragraph 1.01, Chapter 1 of the Listing Requirements
- “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 AGM until:
- (i) 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 the authority is renewed by a resolution passed at the meeting; or
 - (ii) the expiration of the period within which the next AGM 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 general meeting,
- whichever is the earlier
- “Proposed Renewal of Shareholders’ Mandate” : Proposed renewal of the existing Shareholders’ Mandate which was obtained at the 12th AGM held on 17 June 2015

DEFINITIONS (Cont'd)

- “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 Perisai Group, described in Section 2.3 of this Circular
- “Related Party(ies)” : Director(s), Major Shareholder(s) or Person(s) Connected with such Director(s) or Major Shareholder(s)
- “RM” and “sen” : Ringgit Malaysia and sen, respectively
- “Shareholders’ Mandate” : Shareholders’ mandate for Perisai Group to enter into the Recurrent Related Party Transactions

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, unless otherwise specified.

All references to “our Company” in this Circular are to Perisai, references to “our Group” are to our Company and its subsidiaries and joint ventures collectively, and references to “we”, “us”, “our” and “ourselves” are to our Company, and save where the context otherwise requires, shall include our subsidiaries.

All references to “you” in this Circular are to the shareholders of the Company.

For practical reasons, information disclosed in this Circular has been verified to be accurate as of LPD before the printing of this Circular, unless stated otherwise.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

	Page
LETTER TO THE SHAREHOLDERS OF PERISAI IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	2
3. RATIONALE OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	10
4. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	10
5. APPROVAL REQUIRED	10
6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM	10
7. DIRECTORS' RECOMMENDATION	11
8. AGM	12
9. FURTHER INFORMATION	12
APPENDIX I: FURTHER INFORMATION	13

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--

**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:

Suite 3A-17, Level 17
Block 3A, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur

29 April 2016

Board of Directors:

Dato' Anwarrudin Ahamad Osman	<i>(Independent Non-Executive Chairman)</i>
Datuk Zainol Izzet Bin Mohamed Ishak	<i>(Managing Director)</i>
Adarash Kumar A/L Chranji Lal Amarnath	<i>(Executive Director)</i>
Dato' Yogesvaran A/L T. Arianayagam	<i>(Independent Non-Executive Director)</i>
Dato' Dr Mohamed Ariffin Bin Hj Aton	<i>(Non-Independent Non-Executive Director)</i>
Chan Feoi Chun	<i>(Non-Independent Non-Executive Director)</i>
D.Y.A.M. Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim	<i>(Independent Non-Executive Director)</i>

To: The Shareholders of Perisai Petroleum Teknologi Bhd

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

1. INTRODUCTION

Our Company had obtained the existing Shareholders' Mandate to enter into the Recurrent Related Party Transactions at the 12th AGM held on 17 June 2015. The existing Shareholders' Mandate shall, in accordance with the Listing Requirements, be in force until:

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

whichever is earlier.

In that regard, on 24 March 2016, our Board announced that our Company proposes to seek your mandate for the Proposed Renewal of Shareholders' Mandate.

The purpose of this Circular is to provide you with the relevant information pertaining to the Proposed Renewal of Shareholders' Mandate and to seek your approval for the resolution which will be tabled at the forthcoming AGM. The notice of the AGM and the Form of Proxy are set out in the 2015 Annual Report and are despatched together with this Circular.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO BE TABLED AT OUR FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

Under Paragraph 10.09(2) of the Listing Requirements, our Company may seek a mandate from our 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) our Company's circular to shareholders for the Shareholders' Mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist compliance with such information;
- (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.

Our Board proposes to seek the renewal of the Shareholders' Mandate from our shareholders to enter into arrangements or transactions with Related Parties as set out in Section 2.3 of this Circular, which are necessary for the day-to-day operations of our Group and are based on normal commercial terms that are not more favourable to the Related Parties than those generally available to the public.

2.1 Validity period for the Proposed Renewal of Shareholders' Mandate

The Proposed Renewal of Shareholders' Mandate, if approved by the shareholders of our Company at the forthcoming AGM, will take effect from the date of the passing of the resolution proposed at the AGM 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.

2.2 Principal activities of our Group

As at the LPD, our Company 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 our subsidiaries and joint ventures are as follows:

Company	Principal Activities	Equity held
Corro-Shield (SEA) Sdn Bhd	Trading and application of specialist composites materials for oil and gas industry and hiring and chartering of vessels	100%
Corro-Pro (L) Inc	Dormant	100%
Romilly (M) Sdn Bhd	Dormant	100%
Alpha Perisai Sdn Bhd	Provision of administrative support services	100%
Perisai Capital (L) Inc	A special purpose vehicle for the procurement of funds	100%
Perisai Production Holdings Sdn Bhd	Investment holding	100%
Perisai Drilling Holdings Sdn Bhd	Investment holding	100%
Intan Offshore Sdn Bhd	Investment holding	51%
Perisai Offshore Sdn Bhd	Provision of offshore oil and gas services in upstream oil sectors	51%
Larizz Energy Services Sdn Bhd	Provision of upstream oil and gas services and other services in the oil and gas sectors and is an agent for the Group	51%
SJR Marine (L) Ltd ⁽¹⁾	Provision of vessels, barges and equipment on vessel charter services	51%
<u>Subsidiaries of Perisai Drilling Holdings Sdn Bhd</u>		
Perisai Drilling Sdn Bhd	Operations and maintenance for jack-up rig	100%
Perisai Pacific 101 (L) Inc	Chartering of offshore assets which are primarily for oil and gas industry	100%
Perisai Pacific 102 (L) Inc	Chartering of offshore assets which are primarily for oil and gas industry	100%
Perisai Pacific 103 (L) Inc	Chartering of offshore assets which are primarily for oil and gas industry	100%
Perisai Drilling Operations Sdn Bhd	Conduct of oil and gas drilling activities	100%
Perisai Drilling Services Sdn Bhd	Conduct of oil and gas drilling activities	100%
<u>Subsidiaries of Perisai Production Holdings Sdn Bhd</u>		
Garuda Energy (L) Inc	Chartering of offshore assets which are primarily for oil and gas industry	100%
Perisai Production Operations Sdn Bhd	Conduct of oil and gas production activities	100%
Perisai Production Services Sdn Bhd	Conduct of oil and gas production activities	100%

Company	Principal Activities	Equity held
<u>Subsidiaries of Intan Offshore</u>		
Intan Offshore (L) Ltd	Provision of vessels and equipment on vessels chartering services	100%
Lewek Swift Shipping Pte Ltd	Dormant	100%
Sarah Pearl Shipping Pte Ltd	Provision of ship chartering services	100%
Lewek Mallard Offshore Sdn Bhd	Dormant	100%
Jade Offshore Sdn Bhd	Dormant	100%
Lewek Eagle Offshore Sdn Bhd	Dormant	100%
<u>Joint Venture of Perisai Production Holdings Sdn Bhd</u>		
Emas Victoria (L) Bhd ⁽¹⁾	Ship owners and provision of ship chartering services	51%
Victoria Production Services Sdn Bhd ⁽¹⁾	Operations and maintenance services for floating, production, storage and offloading ("FPSO")	51%

Note:

(1) Joint Venture Company

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

2.3 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 AGM pursuant to the Proposed Renewal of Shareholders' Mandate are set out in the table below:

	Transacting parties		Interested related parties ⁽⁴⁾	Nature of transactions	Last year mandate ⁽⁶⁾ RM'000	Actual value transacted from 17 June 2015 up to the LPD RM'000	Proposed mandate ⁽⁷⁾ RM'000
	The Perisai Group	Related parties					
(i)	Intan Offshore Group	Emas Offshore (M) Sdn Bhd ⁽¹⁾	Adarash Kumar, HCM Logistics, EMAS Offshore Ltd and Ezra Holdings	Monthly receipt of income for bareboat charter of vessels to Emas Offshore (M) Sdn Bhd	39,200	32,513	43,000
(ii)	Intan Offshore Group	Emas Offshore Pte Ltd ⁽¹⁾	Adarash Kumar, HCM Logistics, EMAS Offshore Ltd and Ezra Holdings	Monthly receipt of income for bareboat charter of vessels to Emas Offshore Pte Ltd	15,300	12,635	16,900
(iii)	Perisai	Larizz Petroleum Services Sdn Bhd ("LPS") ⁽²⁾	Datuk Izzet Ishak	Monthly payment of agency fee to LPS ⁽⁵⁾	180	142	180
(iv)	Perisai	Larizz Energy Services Sdn Bhd ("LES") ⁽³⁾	Datuk Izzet Ishak	Monthly payment of agency fee to LES ⁽⁵⁾	180	142	180
(v)	Perisai	Perisai Offshore Sdn Bhd ("POSB") ⁽³⁾	Datuk Izzet Ishak	Monthly payment of agency fee to POSB ⁽⁵⁾	180	87	180

Notes:

- (1) These are all indirect subsidiaries of EMAS Offshore Limited, a direct major shareholder of Perisai. EMAS Offshore Limited is a 75.46% subsidiary of Ezra Holdings, an indirect major shareholder of Perisai.
- (2) LPS is 40% associate company of Perisai and the remaining 60% owned by Datuk Izzet Ishak, the Managing Director of Perisai.
- (3) Both LES and POSB are 51% owned subsidiaries of Perisai and the remaining 49% are owned by Datuk Izzet Ishak, the Managing Director of Perisai.
- (4) Further detail on the respective interests, direct or indirect, of the related parties are set out in Section 6 of this Circular.

- (5) *The agency fee is the consideration for the services rendered by the related party which includes the use of its Petronas license, tender support, business development, market intelligence and contract management.*
- (6) *The amount represents the estimated value of the Recurrent Related Party Transactions as disclosed in the preceding year's circular dated 26 May 2015. These estimated values have been arrived at by our Group after taking into account the management's forecasts on transaction values which have been undertaken and anticipated for the existing Shareholders' Mandate period.*
- (7) *The proposed mandate for estimated value of transactions from the date of the forthcoming AGM (24 June 2016) until the date of the next AGM in 2017 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 REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

The terms, including pricing of the Recurrent Related Party Transactions as set out in Section 2.3 of this Circular 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, as explained in Section 2.6(iv) below.

2.4 Amount due and owing by Related Parties pursuant to the Recurrent Related Party Transactions

The breakdown of the principal sum and interest for the total outstanding amount due or owing to the Group under the Recurrent Related Party Transactions as set out in Section 2.3 of this Circular which exceeded the credit terms as at 31 December 2015 are as follows :-

Transacting parties		Nature of transactions	Outstanding amount (RM)				
The Perisai Group	Related Parties		≤ 1 year		> 1 year to 3 years	> 3 years to 5 years	> 5 years
			Principal (RM)	Interest * (RM)			
Intan Offshore Group	Emas Offshore (M) Sdn Bhd	Bareboat charter of vessels to Emas Offshore (M) Sdn Bhd	26,650,496.91	28,082.80	Nil	Nil	Nil
	Emas Offshore Pte Ltd	Bareboat charter of vessels to Emas Offshore Pte Ltd	7,670,329.22	Nil	Nil	Nil	Nil

Note :

* The imposition of late payment charges are as per the contractual provisions.

The company constantly monitors all sums outstanding. The company is currently in dialogue with the charterers with regards to the payment of the outstanding amounts. In the event such dialogue does not result in a recovery solution acceptable to the company, all available recourse to recovery of the same shall be undertaken, including litigation.

The Board is of the opinion that there is no indication that the outstanding sums are not recoverable. All available recourse towards the recoverability of the outstanding should be pursued.

2.5 Threshold of authority

There is no specific threshold for approval of the Recurrent Related Party Transactions within our Group. However, all Recurrent Related Party Transactions are subject to the approval of our Board in accordance with the provisions of the Company's Articles of Association. 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 of this Circular below, are inadequate and to ensure that:

- (i) the 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 our non-interested shareholders or prejudicial to the interests of our shareholders,

our 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 the Recurrent Related Party Transactions contemplated under the Proposed Renewal of Shareholders' Mandate are undertaken on transaction prices and terms no more favourable to the Related Parties than those generally available to the public, and are not to the detriment of our non-interested shareholders:

- (i) A list of the Related Parties will be circulated within our 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 our 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 non-interested shareholders of our Company.
- (ii) All companies within our Group are required to inform our 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 our 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.
- (iv) At least two 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, our Board and our Audit Committee will rely on their usual business practices to ensure that the Recurrent Related Party Transactions are not detrimental to our Company/Group.
- (v) All types of Recurrent Related Party Transactions are carried out at arm's length and on our 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 our Company.
- (vi) The Related Parties and Directors who are deemed interested have been advised of their responsibilities, obligations under the Listing Requirements, and our Group's policy and procedures for Recurrent Related Party Transactions.
- (vii) If a member of our 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 our Board or Audit Committee in respect of the said transaction.
- (viii) A register shall be maintained by the respective companies within our 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 our 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) Our 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) Our 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 our Company as they deem appropriate.
- (xii) If during the annual or periodic review as mentioned in Sections 2.6(x) and (xi) of this Circular, our 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 our 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 our non-interested shareholders,

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

2.7 Disclosure in annual report

Disclosure will be made in our Company's annual report pursuant to the Proposed Renewal of Shareholders' Mandate and in the annual reports for subsequent years that the Proposed Renewal of 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 our Company.

2.8 Audit Committee's statement

The procedures and processes of Recurrent Related Party Transactions as set out in Section 2.6 of this Circular are reviewed by our Audit Committee quarterly. Our Audit Committee has seen and reviewed the procedures set out in Section 2.6 of this Circular, and they are satisfied that these procedures are sufficient to ensure that the Recurrent Related Party Transactions are conducted:

- (i) on arm's length basis;
- (ii) under normal commercial terms consistent with our 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 our non-interested shareholders.

The Audit Committee is of the view that our Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner and these processes and procedures are reviewed at least on an annual basis.

3. RATIONALE OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Recurrent Related Party Transactions to be entered into by our 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 of 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 or operational matters in respect of our Group.

The Recurrent Related Party Transactions set out in Section 2.3 of this Circular will provide net income for our Group and the close co-operation and transactions with the Related Parties are expected to provide a number of benefits for the business of our Group ranging from, but are not limited to, greater earnings visibility from longer confirmed charters, revenue and earnings creation from the use of licenses and cost efficiencies of asset maintenance stemming from a broader asset pool.

4. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate will not have any material effect on our share capital and substantial shareholders' shareholdings as well as the earnings, NA and gearing of our Group.

5. APPROVAL REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to your approval being obtained at our forthcoming AGM.

As at the LPD, the Proposed Renewal of Shareholders' Mandate is not conditional upon any other corporate exercise.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

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

6.1 Interested Director for the Proposed Renewal of Shareholders' Mandate

Datuk Izzet Ishak is our Managing Director. He is also a Director of LPS, LES and POSB. LPS is a 40%-owned associated company of Perisai whereas POSB and LES are 51%-owned subsidiaries of Perisai.

Adarash Kumar is our Executive Director. He is also an Executive Director of of EMAS Offshore, Emas Offshore (M) Sdn Bhd and Emas Offshore Pte Ltd. Emas Offshore (M) Sdn Bhd and Emas Offshore Pte Ltd are indirect subsidiaries of EMAS Offshore, a major shareholder of Perisai, which in turn is a subsidiary of Ezra Holdings. Ezra Holdings indirectly holds Perisai Shares through HCM Logistics and EMAS Offshore.

Hence, both Datuk Izzet Ishak and Adarash Kumar are deemed interested in the Proposed Renewal of Shareholders' Mandate pursuant to Chapter 10 of the Listing Requirements. Accordingly, both Datuk Izzet Ishak and Adarash Kumar are referred to as the Interested Directors for the Proposed Renewal of Shareholders' Mandate. As at the LPD, Datuk Izzet Ishak who is a substantial shareholder of Perisai, directly holds 5.40% shareholdings in our Company. He does not have any indirect shareholdings in our Company. Adarash Kumar does not have any direct and indirect shareholdings in our Company.

Premised on the above, both Datuk Izzet Ishak and Adarash Kumar have abstained and will continue to abstain from deliberating and voting on and from making any opinion on the Proposed Renewal of Shareholders' Mandate, involving their respective interests, at the relevant meetings of our Board. Further, they will abstain from voting in respect of their direct and/or indirect shareholdings, if any, in our Company, and they have undertaken that they will also ensure that Persons Connected to them shall abstain from voting in respect of their direct and indirect shareholdings, deliberating or approving the resolution pertaining to the Proposed Renewal of Shareholders' Mandate, involving their respective interests, to be tabled at our forthcoming AGM.

6.2 Interested Major Shareholders for the Proposed Renewal of Shareholders' Mandate

HCM Logistics and EMAS Offshore are direct major shareholders of Perisai. HCM Logistics is a wholly-owned subsidiary of Ezra Holdings whereas EMAS Offshore is a 75.46% subsidiary of Ezra Holdings.

Hence, HCM Logistics, EMAS Offshore and Ezra Holdings are deemed interested in the Proposed Renewal of Shareholders' Mandate and accordingly are referred to as the Interested Major Shareholders.

The direct and indirect shareholdings of the Interested Major Shareholders for the Proposed Renewal of Shareholders' Mandate in our Company as at the LPD are as follows:

Name	Direct		Indirect	
	No. of Perisai Shares	%	No. of Perisai Shares	%
Ezra Holdings	-	-	281,344,250	23.01
EMAS Offshore	144,661,250	11.83	-	-
HCM Logistics	136,683,000	11.18	-	-

Premised on the above, the Interested Major Shareholders for the Proposed Renewal of Shareholders' Mandate will abstain from voting in respect of their direct and/or indirect shareholdings in our Company and have undertaken to ensure that Persons Connected to them shall abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the resolution pertaining to the Proposed Renewal of Shareholders' Mandate, involving their respective interests, to be tabled at our forthcoming AGM.

7. DIRECTORS' RECOMMENDATION

Our Board (save for the Interested Directors for the Proposed Renewal of Shareholders' Mandate as set out in Section 6.1 of this Circular), having considered all aspects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of our Company and are not detrimental to the interest of the non-interested shareholders of our Company.

Accordingly, our Board (save for the Interested Directors for the Proposed Renewal of Shareholders' Mandate as set out in Section 6.1 of this Circular) recommends that you vote in favour of the resolution to be tabled at our forthcoming AGM to give effect to the Proposed Renewal of Shareholders' Mandate.

8. AGM

The Notice of AGM, which contains the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate and the Form of Proxy, has been incorporated into the Company's 2015 Annual Report which is being despatched to you together with this Circular.

If you are unable to attend and vote in person at the AGM, you should complete and return the enclosed Form of Proxy in accordance with the instructions therein as soon as possible and in any event must be deposited at the Company's Share Registrar's office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia not later than 48 hours before the time fixed for holding the AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

9. FURTHER INFORMATION

You are advised to refer to Appendix I for further information.

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

Dato' Anwarudin Ahamad Osman
Independent Non-Executive Chairman

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein 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. MATERIAL CONTRACTS

As at the LPD, neither we nor our subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two years immediately preceding the date of this Circular.

3. MATERIAL LITIGATION

As at the LPD, neither we nor our subsidiaries and/or joint ventures are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and our Board has no knowledge of any proceedings pending or threatened against us and/or our subsidiaries and/or joint ventures or of any facts likely to give rise to any proceedings which may materially affect our financial position or our business and/or our subsidiaries and/or joint ventures.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of Perisai at Suite 3A-17, Level 17, Block 3A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur during normal office hours (except for public holidays) from the date of this Circular up to and including the date of the AGM:

- (i) the Memorandum and Articles of Association of Perisai;
- (ii) the latest audited consolidated financial statements of Perisai for the past two FYE 31 December 2014 and 31 December 2015; and
- (iii) the unaudited quarterly financial result of our Group for the first quarter ended 31 March 2015.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--