

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)

**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 Fourteenth Annual General Meeting (“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 Thursday, 23 November 2017 at 10.00 a.m. or any adjournment thereof. The Notice of the Company’s AGM together with the Form of Proxy are set out in the 2017 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 : Tuesday, 21 November 2017, 10.00 a.m.

Date and time of the AGM : Thursday, 23 November 2017, 10.00 a.m.

This Circular is dated 31 October 2017

DEFINITIONS

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

“Act”	: The Companies Act, 2016, as amended from time to time and any re-enactment thereof
“Adarash Kumar”	: Captain Adarash Kumar A/L Chranji Lal Amarnath, our Non-Independent Non-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 31 October 2017 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 Markets and 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.
“EOL”	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 Zainol Izzet”	: Datuk Zainol Izzet Bin Mohamed Ishak, our Managing Director
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 1 October 2017, 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 8 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 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 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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 13th AGM held on 24 June 2016

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.

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**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)

Registered Office:

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

31 October 2017

Board of Directors:

Dato' Anwarrudin Bin Ahamad Osman	<i>(Independent Non-Executive Chairman)</i>
Datuk Zainol Izzet Bin Mohamed Ishak	<i>(Managing Director)</i>
Captain Adarash Kumar A/L Chranji Lal Amarnath	<i>(Non-Independent Non-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	<i>(Independent Non-Executive Director)</i>
Tunku Soraya Binti Tuanku Abdul Halim	

To: The Shareholders of Perisai

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 13th AGM held on 24 June 2016. 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 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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 3 October 2017, 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 2017 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), Part E of Chapter 10 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) in relation to a listed issuer with an issued and paid-up capital of RM60 million and above –
 - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 million or more; or
 - (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more,

whichever is the higher; or

- (b) in relation to a listed issuer with an issued and paid-up capital which is less than RM60 million -
 - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transaction is RM1 million or more; or
 - (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more,

whichever is the lower

- (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 provided that

transactions are made at arm's length and conducted on a normal commercial terms and on terms and prices not more favourable to the Related Parties than those generally available to the public and will not detriment to the minority shareholders of the Company.

Details of the transactions containing the information as set out in Annexure PN12-A of the Listing Requirements will be set out in this Circular.

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.

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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	Dormant	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	51%
SJR Marine (L) Ltd ⁽¹⁾	Provision of vessels, barges and equipment on vessels 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	Dormant	100%
Perisai Drilling Services Sdn Bhd	Dormant	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	Dormant	100%
Perisai Production Services Sdn Bhd	Dormant	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	Dormant	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 service for floating, production, storage and offloading ("FPSO")	51%

Note:

(1) *Joint Venture Company*

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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 24 June 2016 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, EOL and Ezra Holdings	Monthly receipt of income for bareboat charter of vessels to Emas Offshore (M) Sdn Bhd	43,000*	52,086	4,100
(ii)	Intan Offshore Group	Emas Offshore Pte Ltd ⁽¹⁾	Adarash Kumar, HCM Logistics, EOL and Ezra Holdings	Monthly receipt of income for bareboat charter of vessels to Emas Offshore Pte Ltd	16,900*	20,111	-
(iii)	Perisai	Larizz Petroleum Services Sdn Bhd ("LPS") ⁽²⁾	Datuk Zainol Izzet	Monthly payment of agency fee to LPS ⁽⁵⁾	180*	228	180
(iv)	Perisai	Larizz Energy Services Sdn Bhd ("LES") ⁽³⁾	Datuk Zainol Izzet	Monthly payment of agency fee to LES ⁽⁵⁾	180*	228	180
(v)	Perisai	Perisai Offshore Sdn Bhd ("POSB") ⁽³⁾	Datuk Zainol Izzet	Monthly payment of agency fee to POSB ⁽⁵⁾	180	141	180

Notes:-

- (1) *These are all in direct subsidiaries of EOL, a direct major shareholder of Perisai. EOL 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 Zainol Izzet, the Managing Director of Perisai.*
- (3) *Both LES and POSB are 51% owned subsidiaries of Perisai and the remaining 49% are owned by Datuk Zainol Izzet, the Managing Director of Perisai.*
- (4) *Further details 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 29 April 2016. 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 (23 November 2017) until the date of the next AGM in 2018 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.*

* On 31 July 2017 and 5 September 2017, the Company announced that the actual value of the Recurrent Related Party Transactions have exceeded the estimated aggregate value of Recurrent Related Party Transactions disclosed in the Circular to Shareholders dated 29 April 2016 by 10% or more by reason of Perisai Group having changed its financial year end from 31 December 2016 to 30 June 2017. Following the change in the financial year end, an extension of time has been granted by the Companies Commission of Malaysia for the Company to hold its AGM latest by 29 December 2017.

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.

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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 30 June 2017 are as follows :-

Transacting Parties		Nature of Transactions	> 3 years to > 5 years			
The Perisai Group	Related Parties		≤ 1 year		> 1 year to 3 years	
			Principal (RM)	Interest * (RM)	Principal (RM)	Interest* (RM)
Intan Offshore Group	Emas Offshore (M) Sdn Bhd	Bareboat charter of vessels to Emas Offshore (M) Sdn Bhd	46,146,143	358,616	46,581,193	143,863
	Emas Offshore Pte Ltd	Bareboat charter of vessels to Emas Offshore Pte Ltd	16,920,509	Nil	19,925,020	Nil

Notes :

- * (i) *The imposition of late payment charges are as per the contractual provisions.*
(ii) *There was no late payment charges imposed on Emas Offshore Pte Ltd as there was no clause for the imposition of late interest charges as per the contractual terms of the vessel contract.*
(iii) *Due to the downturn in the oil and gas sector, the Board is of the opinion that these amounts outstanding would be recovered eventually and would continue to follow up with the charterers for the settlement of all overdue amount.*

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.

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 Listing Requirements. 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 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; 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.

The Proposed Shareholders' Mandate is subject to an annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall only continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

- (ii) the expiration of the period within which next AGM after the date it is required to be held pursuant to Section 340(2) of the Act but must now extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (iii) revoked or varied by a resolution passed by the shareholders in general meeting.

whichever is the earlier.

The Company will disclose the aggregate value of the Recurrent Related Party Transaction conducted during a financial year in the annual report for the said financial year.

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 FOR 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 Directors for the Proposed Renewal of Shareholders' Mandate

Datuk Zainol Izzet 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 Non-Independent Non-Executive Director. He is also an Executive Director of EOL, Emas Offshore (M) Sdn Bhd and Emas Offshore Pte Ltd. Emas Offshore (M) Sdn Bhd and Emas Offshore Pte Ltd are indirect wholly-owned subsidiaries of EOL, a major shareholder of Perisai, which in turn is a subsidiary of Ezra Holdings. Ezra Holdings indirectly holds Perisai Shares through HCM Logistics and EOL.

Hence, both Datuk Zainol Izzet and Adarash Kumar are deemed interested in the Proposed Renewal of Shareholders' Mandate pursuant to Chapter 10 of the Listing Requirements. Accordingly, both Datuk Zainol Izzet and Adarash Kumar are referred to as the Interested Directors for the Proposed Renewal of Shareholders' Mandate. As at the LPD, Datuk Zainol Izzet directly holds 2.34% 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 Zainol Izzet 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 EOL are direct major shareholders of Perisai. HCM Logistics is a wholly-owned subsidiary of Ezra Holdings whereas EOL is a 75.46% subsidiary of Ezra Holdings.

Hence, HCM Logistics, EOL 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	22.32
EOL	144,661,250	11.48	-	-
HCM Logistics	136,683,000	10.84	-	-

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 2017 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' Anwarrudin Bin Ahamad Osman
Independent Non-Executive Chairman

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

Save as disclosed below, 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:

- (i) A Settlement Agreement dated 23 December 2016 between the Company and EOL to achieve a full and final settlement of the disputes, differences claims and counterclaims against each other arising from or in connection with the Share Sale Agreement dated 30 November 2012 ("SSA") and the put option rights of the Company under the SSA.

3. MATERIAL LITIGATION

Save as disclosed below, 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:

- (i) **Kuala Lumpur High Court (Commercial Division), Companies (Winding Up) No. WA-28NCC-888-10/2016**

On 27 October 2016, the Company announced that it has been served with a Winding Up Petition ("Petition"), details of which are as follows:-

- The Petition is dated 24 October 2016 and is taken out by Ravi Murarka (Singapore NRIC S2736306G) ("Petitioner"). The Petition was sent to the Company at its registered address on 26 October 2016.
- The Petitioner's claims is as a holder of SGD15,000,000 out of the SGD125,000,000 6.875% Fixed Rate Notes ("Notes") pursuant to the SGD700 Million Multicurrency Medium Term Notes Programme issued by Perisai Capital (L) Inc ("Issuer"). The Notes matured on 3 October 2016.
- The Petitioner contends that the Company has failed to make payment of the Notes in the sum of SGD15,000,000 plus interest.
- The Company has sought preliminary legal advice and intends to challenge and oppose the Petition.
- On 8 November 2016, the Company announced that legal counsel representing the Company appeared in Court on 8 November 2016 for case management of the matter whereupon the Court directed as follows:
 - (i) The Company shall file its Notice of Intention to Appear on or before 21 November 2016;
 - (ii) The Company to file its Affidavit in Reply to the Petition on or before 21 November 2016;

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- (iii) The Petitioner to file his reply to the Company's Affidavit on or before 5 December 2016; and
 - (iv) The Petition is fixed for hearing on 9 January 2017.
 - Further case management is fixed on 19 December 2016 for both the Company's and the Petitioner's solicitors to update the status of the matter.
 - On 25 November 2016, the Company filed an application to strike out the winding up Petition. The matter is now fixed for case management on 5 December 2016.
 - The Striking Out Application is fixed for hearing on 3 March 2017 followed by a case management of the Petition.
 - The matter was called up in Court on 17 April 2017, during which the Court was informed that an ad interim restraining order was granted to the Company on 17 April 2017, the Court fixed a further case management date on 23 June 2017.
 - The Petitioner had on 20 June 2017 withdrawn the Petition against the Company with liberty to file afresh and with costs to be paid to the Company.
 - As a consequence of the above, on the same day, the Company withdrew its application to strike out the Petition with liberty to file afresh and with no order as to costs.
 - The Company will announce further developments on the above matter as and when the same arises.
- (ii) **Winding-Up Petition Under Section 218 Of The Companies Act, 1965**
- On 15 May 2017, a Winding-Up Petition pursuant to Section 218 of the Companies Act, 1965 together with a copy of the Affidavit Verifying Petition ("Petition") has been served on Perisai Pacific 102 (L) Inc ("Perisai Pacific"), a subsidiary of Perisai Drilling Holdings Sdn Bhd (a wholly-owned subsidiary of Perisai) by Messrs Yeoh & Joanne, the Solicitors who act on behalf of Tech Offshore Marine (S) Pte Ltd ("Tech Offshore") demanding for the payment of the total outstanding sum owing by Perisai Pacific to Tech Offshore amounting to USD178,636.00.
 - The said Winding-Up Petition was presented to the High Court of Sabah and Sarawak in the Federal Territory of Labuan and the hearing is fixed on 4 September 2017 and was subsequently rescheduled to 11 October 2017.
 - The Company decided not to contest the winding-up proceedings.
 - As the alleged debt has been incorporated in the financial statements, the financial impact from the winding-up proceedings is the loss of investment in Perisai Pacific. There is no impact on the operation of the Group.
 - On 11 October 2017, the Honourable Court has granted order as follows:-
 - (i) That Perisai Pacific be wound up by the Court under the provisions of the Companies Act, 2016;

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- (ii) That the Director General of Insolvency be appointed as the Liquidator of Perisai Pacific; and
- (iii) That the costs of and incidental to this Petition be paid out of the assets of Perisai Pacific.

➤ The Company will announce further developments on the above matter.

(iii) **Writ of Summons and Statement of Claim**

On 13 October 2017, the Company announced that a Writ of Summons and Statement of Claim dated 9 October 2017 has been served on Perisai Drilling Sdn Bhd (“Defendant”), a sub-subsidiary of the Company by Skrine acting on behalf of Konsortium Pelabuhan Kemaman Sdn Bhd, Pangkalan Bekalan Kemaman Sdn Bhd and EPIC Mushtari Engineering Sdn Bhd (Collectively the “Plaintiffs”) demanding for the sum of RM13,682,059.93 due and owing to the Plaintiffs.

The circumstances leading to the filing of the Writ of Summons and Statement of Claim against Defendant, alleging a sum of RM13,682,059.93 being the Defendant had failed to use reasonable care and skill to ensure mooring of the Perisai Pacific 101 (“Rig”) within the Kemaman Port.

The Plaintiffs claim the following from the Defendant:

- a) Total sum of RM13,682,059.93 (continuing losses);
- b) Interests at the rate that the Honourable Court deems fit and proper on the sum so awarded to the Plaintiffs from 5 September 2016 to the date of the decision;
- c) Interest at the rate of 5% per annum from the date of the decision to the date of full payment of the judgment sum;
- d) Costs; and/or
- e) Such further and other reliefs as the Honourable Court may deem just.

The Company will seek the necessary legal advice on the above matter. The Company had duly notified its insurer regarding the claim.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of Perisai at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan 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 Constitution of Perisai;
- (ii) the latest audited consolidated financial statements of Perisai for the past two FYE 31 December 2015 and 30 June 2017.
- (iii) the unaudited quarterly financial results of our Group for the six quarter ended 30 June 2017.
- (iv) the material contracts referred to in Section 2 of this Appendix 1; and
- (v) the relevant cause papers in respect of the material litigation and claims referred to in Section 3 of Appendix 1.