



PERISAI CAPITAL (L) INC

(Incorporated with limited liability in the Federal Territory of Labuan, Malaysia)
(Company Registration No. LL09785)

S\$125,000,000 6.875 PER CENT. NOTES DUE 2016 (ISIN SG57J6997255) COMPRISED IN SERIES 001 (THE "NOTES") ISSUED BY PERISAI CAPITAL (L) INC. PURSUANT TO ITS S\$700,000,000 MULTICURRENCY MEDIUM TERM NOTE PROGRAMME UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY PERISAI PETROLEUM TEKNOLOGI BHD (THE "PROGRAMME")

PROPOSED SETTLEMENT AGREEMENT IN RESPECT OF THE DISPUTES ARISING FROM OR IN CONNECTION WITH THE SHARE SALE AGREEMENT DATED 30 NOVEMBER 2012 ("SSA") BETWEEN PERISAI PETROLEUM TEKNOLOGI BHD ("PERISAI") AND EOC LIMITED (NOW KNOWN AS EMAS OFFSHORE LIMITED) ("EOL") AND/OR THE PUT OPTION RIGHTS OF PERISAI UNDER THE SSA

Perisai Capital (L) Inc wishes to inform that the Company's holding company, Perisai Petroleum Teknologi Bhd which is listed on the Malaysia Stock Exchange, had on 23 December 2016 entered into a Settlement Agreement with 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 SSA and put option rights of Perisai under the SSA.

Please refer to the attached announcement made by Perisai Petroleum Teknologi Bhd on 23 December 2016 to the Malaysia Stock Exchange for further details.

By Order of the Board
Perisai Capital (L) Inc.

Datuk Zainol Izzet bin Mohamed Ishak
Director

23 December 2016

OTHERS PROPOSED SETTLEMENT AGREEMENT IN RESPECT OF THE DISPUTES ARISING FROM OR IN CONNECTION WITH THE SHARE SALE AGREEMENT DATED 30 NOVEMBER 2012 (SSA) BETWEEN PERISAI AND EOC LIMITED (NOW KNOWN AS EMAS OFFSHORE LIMITED) AND/OR THE PUT OPTION RIGHTS OF PERISAI UNDER THE SSA

PERISAI PETROLEUM TEKNOLOGI BHD

Type	Announcement
Subject	OTHERS
Description	PROPOSED SETTLEMENT AGREEMENT IN RESPECT OF THE DISPUTES ARISING FROM OR IN CONNECTION WITH THE SHARE SALE AGREEMENT DATED 30 NOVEMBER 2012 (SSA) BETWEEN PERISAI AND EOC LIMITED (NOW KNOWN AS EMAS OFFSHORE LIMITED) AND/OR THE PUT OPTION RIGHTS OF PERISAI UNDER THE SSA

On behalf of the board of directors of Perisai, M&A Securities Sdn Bhd is pleased to announce that the Company had on 23 December 2016 entered into a Settlement Agreement with EMAS Offshore Limited ("**Proposed Settlement Agreement**").

The details of the Proposed Settlement Agreement are disclosed in the attachment herein.

This announcement is dated 23 December 2016.

Please refer attachment below.

Attachments

[23 12 2016 \(final\) - Announcement - Settlement Agreement - SJR Put Option.pdf](#)
180.0 kB

Announcement Info

Company Name	PERISAI PETROLEUM TEKNOLOGI BHD
Stock Name	PERISAI
Date Announced	23 Dec 2016
Category	General Announcement for PLC
Reference Number	GA1-23122016-00065

**PERISAI PETROLEUM TEKNOLOGI BHD ("PERISAI" OR THE "COMPANY")
PROPOSED SETTLEMENT AGREEMENT IN RESPECT OF THE DISPUTES ARISING
FROM OR IN CONNECTION WITH THE SHARE SALE AGREEMENT DATED 30
NOVEMBER 2012 ("SSA") BETWEEN PERISAI AND EOC LIMITED (NOW KNOWN AS
EMAS OFFSHORE LIMITED) AND/OR THE PUT OPTION RIGHTS OF PERISAI UNDER
THE SSA**

(In this announcement, unless otherwise stated, all amounts quoted in United States Dollar ("USD") have been translated into Ringgit Malaysia ("RM") based on the exchange rate of USD1:00 : RM4.4755 representing the middle exchange rate at 5.00 p.m. on 22 December 2016 as quoted by Bank Negara Malaysia)

1. INTRODUCTION

Reference is made to the announcements made by Perisai on 9 December 2016 in relation to the following:

- (a) that Perisai had received a letter from EMAS Offshore Limited ("**EOL**") dated 8 December 2016 notifying EOL's intention to terminate the SSA following the occurrence of certain events as alleged by EOL;
- (b) that SJR Marine (L) Ltd ("**SJR Marine**"), a 51%-owned joint-venture company of Perisai had received a letter from EOL dated 8 December 2016 notifying the right of EOL to terminate the shareholders agreement dated 26 December 2013 between Perisai, EOL and SJR Marine;
- (c) that Perisai had on 8 December 2016 replied to EOL and SJR Marine (with a copy to EOL) stating its dispute on both of the aforesaid claims made by EOL; and
- (d) that Perisai had on 8 December 2016 issued a notice to exercise the put option granted by EOL to Perisai pursuant to the SSA, which gives Perisai the right to sell its 51% equity interest in SJR Marine to EOL ("**Put Option**").

On behalf of the Board of Directors of Perisai ("**Board**"), M&A Securities Sdn Bhd ("**M&A Securities**") wishes to announce that the Company had on 23 December 2016 entered into a Settlement Agreement with EOL ("**Proposed Settlement Agreement**") to achieve a full and final settlement of the disputes, differences, claims, and counterclaims against each other arising from or in connection with the SSA and Put Option.

2. SALIENT TERMS OF THE PROPOSED SETTLEMENT AGREEMENT

Pursuant to the Proposed Settlement Agreement, EOL and Perisai (each referred to as a "**Party**" and collectively, the "**Parties**"), had mutually agreed to the following:-

2.1 Consideration

2.1.1 The consideration for the Put-Option Shares (as defined in Paragraph 2.2.2(a) below) is USD43,031,406.55 ("**Consideration**") to be satisfied by EOL in the following manner:

- (a) USD20,000,000 in cash on the Completion Date (as defined hereunder);
- (b) USD23,031,406.55 ("**Deferred Payment Amount**") will be deferred and paid in cash (either in the form of a bullet payment or by installments) on the Maturity Date (as defined in Paragraph 2.5 below); and
- (c) The Deferred Payment Amount shall be subject to interest at the rate of 1% per annum ("**Deferred Payment Interest**") which shall accrue from the Completion Date to the date of actual payment of the Deferred Payment Amount.

Completion shall take place on the next business day, or any other business day as the Parties may agree, following fulfillment (or waiver) of the last condition precedent as set out in Paragraph 2.2.2 below ("**Completion Date**").

2.1.2 The Consideration is based on the agreed price of the Put-Option Shares in accordance with the terms of the SSA.

2.2 Conditions Precedent

2.2.1 Completion of the Proposed Settlement Agreement shall be conditional upon satisfaction of the conditions precedent within the Long Stop Period ("**Conditions Precedent**").

Long Stop Period means:-

- (a) the period of up to 4 months from the date of the Proposed Settlement Agreement; or
- (b) at the request of each Party and with the consent of the other Party, further extension of a period of 1 month per request, subject always to a maximum of 4 months in aggregate of extension.

Where Perisai requires any further extensions beyond the 4 months extended period, such further extensions may be granted with the consent of EOL, which consent shall not be unreasonably withheld in the case where the extended period is being sought for the purposes of dismissing any appeal to the decision of the High Court of Malaya ("**High Court**") in relation to the creditors' scheme of arrangement referred to in 2.2.2(b)(ii) below.

2.2.2 The Conditions Precedent are:-

- (a) Perisai shall provide EOL with evidence that Perisai has obtained the approval of its Board and shareholders in respect of the sale of its 51% equity interest in SJR Marine ("**Put-Option Shares**") to EOL and the consummation of all matters that are contemplated under, or referred to in the Proposed Settlement Agreement;
- (b) (i) Perisai shall provide EOL with evidence of the binding agreement of its noteholders and financial lenders in respect of the bond restructuring, and the restructuring of any outstanding indebtedness it owes to any such financial lenders;

OR

- (ii) in the alternative to any approval or agreement required pursuant to Paragraph 2.2.2(b)(i) above, if a creditors' scheme of arrangement is required in relation to Perisai, Perisai shall provide EOL with evidence that Perisai has obtained an order granted by the High Court sanctioning a creditors' scheme of arrangement pursuant to the Companies Act, 1965 (Act 125 of Malaysia) approving, as applicable, the bond restructuring, or the restructuring of any outstanding indebtedness owed to any of its financial lenders, provided that no appeal against such order was filed within the prescribed period to appeal of 30 days from the date of grant of such order. Where an appeal is filed within such stipulated period, Perisai will take the necessary steps to contest such appeal, and if such appeal is dismissed by the relevant Malaysian courts within the Long Stop Period, the condition in this Paragraph 2.2.2b(ii) shall be deemed to have been satisfied;

For the avoidance of doubt, the scheme of arrangement referred to herein is limited to a scheme of arrangement of Perisai and does not extend to a scheme of arrangement of other entities within the Perisai group of companies ("**Perisai Group**");

- (c) Perisai shall provide EOL with a deed of waiver and subordination duly executed by Perisai in relation to:-
 - (i) the waiver of Perisai shareholder's loan of USD8,449,230.17 ("**Perisai's Partial Shareholder's Loan**"), unless Perisai elects to capitalise the Perisai Partial Shareholder's Loan, provided always that such capitalisation shall not affect the aggregate value of the Consideration; and
 - (ii) the subordination of Perisai shareholder's loan of USD5,366,349.54 payable to Perisai ("**Perisai's Remaining Shareholder's Loan**") granted in favour of Oversea-Chinese Banking Corporation and/or any of its branches, subsidiaries, representative offices or affiliates ("**OCBC**"), which subordination rights shall be valid for 15 years or until the indebtedness in favour of OCBC has been fully settled, whichever is earlier;

The Perisai's Remaining Shareholder's Loan shall be subject to an interest at the rate of 1% per annum which shall accrue from the Completion Date to the date of actual payment of Perisai's Remaining Shareholder's Loan ("**Perisai's Remaining Shareholder's Loan Interest**");

- (d) Perisai shall provide EOL with a duly executed deed of priority and subordination in favour of OCBC where:-
 - (i) EOL's payment obligations in respect of the Deferred Payment Amount will be subordinated to EOL's payment obligations owing to OCBC under the USD21.5m EOL Loan (as defined in (g) below) and all of EOL's other outstanding loans or other indebtedness owing to OCBC; and
 - (ii) the Second Ranking Share Charge (as defined in (i) below) will be subordinated to the First Ranking Share Charge (as defined in (g) below) over the shares in SJR Marine granted by EOL to OCBC as security for the USD21.5m EOL Loan;

which subordination rights shall be valid for a period of 15 years or until the indebtedness in favour of OCBC has been fully settled, whichever is earlier;

- (e) Perisai shall provide EOL with one or more duly executed deed(s) of subordination in favour of the Other Existing Lenders¹ where EOL's payment obligations in respect of the Deferred Payment Amount will, be subordinated to EOL's payment obligations in respect of the Existing EOL Loans² and/or EOL's other outstanding loans or other indebtedness under the Existing EOL Loans to such Other Existing Lenders, which subordination rights shall be valid for a period of 15 years or until the indebtedness in favour of such Other Existing Lenders pursuant to such Existing EOL Loans, have been fully settled, whichever is earlier. For the avoidance of doubt, the subordination of EOL's payment obligations in respect of the Deferred Payment Amount under this paragraph will not be applicable in the case where Enterprise 3 is sold by SJR Marine;
- (f) Perisai shall provide SJR Marine with a duly executed deed of subordination in favour of OCBC where, SJR Marine's payment obligations in respect of Perisai's Remaining Shareholder Loan will be subordinated to (i) the SJR Marine's payment obligations owing to OCBC under the existing USD20.5 million loan granted to it by OCBC and the additional USD3.5 million loan to be extended to it by OCBC (together, "**USD24m SJR Loan**") and all of SJR Marine's other outstanding loans or other indebtedness owed to OCBC and (ii) EOL's payment obligations owing to OCBC under the USD21.5m EOL Loan, which subordination rights shall be valid for 15 years or until the indebtedness in favour of OCBC has been fully settled, whichever is earlier;

¹ "**Other Existing Lenders**" means the aggregate 9 financial lenders to EOL and its subsidiaries (excluding OCBC) in respect of the Existing EOL Loans.

² "**Existing EOL Loans**" means the existing indebtedness of not more than USD545 million in aggregate owed by EOL and its subsidiaries to the Other Existing Lenders as at the date of the Proposed Settlement Agreement and the restructured or refinanced amount of such indebtedness. For the avoidance of doubt, such restructured or refinanced indebtedness shall not include any increased indebtedness through the said refinancing.

- (g) EOL shall provide Perisai with evidence that EOL has obtained a USD20 million secured term loan facility from OCBC for the purpose of part financing the purchase of the Put-Option Shares and a USD1.5 million secured term loan facility from OCBC for the purpose of working capital, to be secured by way of a first ranking charge ("**First Ranking Share Charge**") over EOL's interest in the shares of SJR Marine ("**USD21.5m EOL Loan**");
- (h) EOL shall provide Perisai with a deed of waiver to waive EOL shareholder's loan of USD8,449,230.17 ("**EOL Shareholder's Loan**"), unless EOL elects to capitalise the EOL Shareholder's Loan, provided always that such capitalisation shall not affect the aggregate value of the Consideration; and
- (i) the execution by EOL and Perisai of a second priority ranking charge over the shares in SJR Marine in favour of Perisai (which ranks after the First Ranking Share Charge) as security for the Deferred Payment Amount ("**Second Ranking Share Charge**").

The deeds of subordination to be executed by Perisai pursuant to Paragraphs 2.2.2(c), 2.2.2(d), 2.2.2(e) and 2.2.2(f) are collectively referred to as "**Perisai Deeds of Subordination**".

- 2.2.3 Except for the Condition Precedent set out in Paragraph 2.2.2(g) which cannot be waived, a Party to whom the benefits of a Condition Precedent is owed may, to the extent permitted by law, waive in whole or in part, and with or without conditions, such Condition Precedent by notice in writing to the other Party.
- 2.2.4 From the date of the Proposed Settlement Agreement until the termination of the Proposed Settlement Agreement or the Completion Date, EOL irrevocably and unconditionally confirms that EOL shall refrain from commencing any action against Perisai Group that will jeopardise Perisai Group's rights in connection with the put-option rights under the SSA, including the Consideration will not be affected by the time required to fulfil the Conditions Precedent.

2.3 Completion

- 2.3.1 Upon the fulfilment (or waiver) of all the Conditions Precedent within the Long Stop Period:-

- (a) Perisai shall sell, and EOL shall purchase, the Put-Option Shares, with full legal and beneficial title, free from any and all encumbrances; and
- (b) Perisai shall deliver the share certificates for the Put-Option Shares and the duly executed share transfer forms to EOL, and EOL shall pay part of the Consideration amounting to USD20,000,000 to Perisai, on the Completion Date,

("Completion").

2.4 Restitution in the Event of Non-Fulfilment of Conditions Precedent

2.4.1 If Completion does not occur by Completion Date:-

- (a) the Proposed Settlement Agreement shall terminate in its entirety and the obligations of the Parties thereunder shall cease PROVIDED ALWAYS that such termination shall not release any Party from any liability which at the time of such termination has already accrued to any other Party or parties thereto or which may accrue thereafter in respect of any act, omission or breach prior to such termination, nor compromise any rights of the Parties which have accrued to the Parties; and
- (b) the rights and obligations under the SSA remain unchanged and the Parties' rights and obligations prior to the date of execution of the Proposed Settlement Agreement shall be restored to their respective position as if the Proposed Settlement Agreement was never executed by the Parties.

2.5 Deferred Payment

2.5.1 Subject to Paragraph 2.5.2, EOL shall pay the remaining part of the Consideration to Perisai in the following installments, on the date falling on the 15th anniversary from the Completion Date or the date on which EOL's payment obligations owing to OCBC under the USD21.5m EOL Loan and all of EOL's other outstanding loans or, where applicable, other indebtedness owing to OCBC and to the Other Existing Lenders under the Existing EOL Loans have been fully settled, whichever is the earlier ("Maturity Date**"):-**

- (a) EOL shall pay to Perisai (either in the form of a bullet payment or by instalments) the Deferred Payment Amount, and procure SJR Marine to repay the Perisai's Remaining Shareholder's Loan and the Perisai's Remaining Shareholder's Loan Interest subject to the terms of the Perisai Deeds of Subordination and Paragraph 2.5.2 below; and
- (b) EOL shall pay to Perisai the Deferred Payment Interest, which shall accrue from the Completion Date up to the date of actual payment of the Deferred Payment Amount.

2.5.2 The Parties agree that in the event that Enterprise 3 is sold by SJR Marine, the sale proceeds derived from the sale of Enterprise 3 shall be applied as follows:-

- (a) first, to repay the outstanding USD24m SJR Loan;
- (b) second, if there are any remaining sale proceeds, to repay the USD21.5m EOL Loan (if any); and
- (c) third, if there are any remaining sale proceeds, to repay Perisai's Remaining Shareholder's Loan and the Perisai's Remaining Shareholder's Loan Interest (if any); and

- (d) lastly, if there are any remaining sale proceeds, EOL shall pay to Perisai a sum equivalent to the Deferred Payment Amount and the Deferred Payment Interest (if any) within a period of 7 days upon settlement of amounts due under (a), (b) and (c) above. In the event that any such remaining sale proceeds are insufficient for EOL to pay to Perisai the full amount of the Deferred Payment Amount and any applicable Deferred Payment Interest and/or the sales proceeds are insufficient for SJR Marine to pay Perisai the full amount of the Perisai's Remaining Shareholder's Loan and Perisai's Remaining Shareholder's Loan Interest in accordance with this Paragraph 2.5.2, the balance owing to Perisai with respect to the Deferred Payment Amount and the Deferred Payment Interest shall be repaid by EOL on the Maturity Date, and the Perisai's Remaining Shareholder's Loan, the Perisai's Remaining Shareholder's Loan Interest shall be repaid by SJR Marine on the Maturity Date.

For purposes of this Paragraph 2.5.2, the Parties acknowledge and agree that in the case where Enterprise 3 is sold to a related corporation (as defined in the Companies Act, Chapter 50 of Singapore) of EOL, the sale shall be subject to the consent of Perisai within 3 business days.

3. INFORMATION ON SJR MARINE AND EOL

3.1 SJR Marine

SJR Marine was incorporated in the Federal Territory of Labuan, Malaysia on 14 June 2006 under the Labuan Companies Act, 1990 as a limited company. As at 22 December 2016, the authorised share capital of SJR Marine is USD5,000,000 comprising 5,000,000 ordinary shares of USD1.00 each, of which 4,000,000 ordinary shares have been issued and fully paid up.

The principal activities of SJR Marine are those of leasing of vessels, barges and equipment on bareboat basis. SJR Marine is the owner of a derrick lay barge, known as "Enterprise 3" which is presently not on charter.

3.2 EOL

EOC Limited was incorporated in the Republic of Singapore on 7 February 2007 under the Singapore Companies Act (Cap 50) as a private limited company. It was converted to a public company on 12 April 2007 and assumed its present name, EMAS Offshore Limited ("**EOL**") on 15 September 2014. EOL is dual listed on Oslo Bors as well as the Singapore Stock Exchange. The principal activities of EOL are those of investment holding and provision of ship management services.

Perisai and EOL are presently joint venture partners of SJR Marine with shareholdings of 51.0% and 49.0% respectively. Separately, EOL is also a major shareholder of Perisai with 11.48% equity interest as at the date of this announcement.

EOL is a subsidiary of Ezra Holdings Limited, a company listed on the Singapore Stock Exchange.

4. RATIONALE OF THE PROPOSED SETTLEMENT AGREEMENT

The Proposed Settlement Agreement will enable the Parties to reach an amicable solution to the current disputes in relation to Perisai's exercise of the Put Option. Upon Completion, Perisai will receive partial settlement of the Consideration of USD20.0 million, which is crucial to ensure the success of its debt restructuring plan, and as general working capital for operational, corporate and restructuring expenses.

Perisai's agreement to the deferred portion of the Consideration in the form of the Deferred Payment Amount was necessary amidst uncertainties on the upfront full payment of the Consideration due to the current challenging market environment which has adversely affected EOL's profitability and cash flows. As such, the partial settlement of the Consideration of USD20.0 million will be paid by EOL through its bank borrowings.

Following completion of the sale of the Put-Option Shares, SJR Marine will no longer be part of Perisai Group and this is consistent with the Perisai Group's plan to exit the offshore construction segment. Due to the current challenging and competitive market environment, SJR Marine has been unable to secure any contract for its only asset, the derrick lay barge known as "Enterprise 3". The exit of a loss making jointly-controlled entity will enable Perisai to focus on its core assets and businesses, namely the offshore drilling and production business.

5. ORIGINAL COST AND DATE OF INVESTMENT IN SJR MARINE

Perisai's 100% original cost and date of investment in SJR Marine are as follows:-

Date of investment	Cost of investment USD'000	No. of SJR Marine shares	Cumulative no. of SJR Marine shares
22.09.2008	USD42,000	4,000,000	4,000,000
30.09.2011	(i)USD15,000	-	4,000,000
	(ii)USD57,000		

Notes:

(i) Being the deferred consideration for the investment of the initial 4,000,000 shares in SJR Marine.

(ii) Equivalent to approximately RM255.10 million.

Perisai had completed the disposal of 1,960,000 SJR Marine shares, representing 49.0% equity interest in SJR Marine, to EOL on 26 December 2013.

On 8 December 2016, Perisai exercised the Put Option to dispose 2,040,000 SJR Marine shares, representing the balance 51.0% equity interest to EOL.

6. LIABILITIES TO BE ASSUMED

Save for the Consideration amount and the existing liabilities and contingent liabilities and those liabilities arising in the ordinary course of business of SJR Marine, there are no other liabilities or contingent liabilities to be assumed by EOL from its acquisition of the Put-Option Shares from Perisai.

7. UTILISATION OF PROCEEDS

Upon Completion, the proceeds from the sale of the Put-Option Shares of USD20.0 million (equivalent to RM89.51 million) are intended to be utilised as follows:-

Proposed utilisation of proceeds	RM'000	⁽ⁱ⁾Estimated timeframe for utilisation
Repayment of existing borrowings	⁽ⁱⁱ⁾ 67,133	Within 12 months
General working capital purposes	⁽ⁱⁱⁱ⁾ 21,877	Within 12 months
Estimated expenses for the Proposed Settlement Agreement	^(iv) 500	Within 3 months
Total	89,510	

Notes:

- (i) From the Completion Date.*
- (ii) For illustrative purposes, the repayment of bank borrowings could result in an estimated interest savings of approximately RM2.11 million per annum based on an effective interest rate of approximately 3.15% per annum.*
- (iii) The general working capital requirement of Perisai Group includes but is not limited to office overheads and operating expenditure such as staff salaries and personnel related costs, office rental, payment for utilities, professional fees and office related expenses.*
- (iv) The estimated expenses comprise professional fees, fees to be paid to the relevant authorities, printing and advertising charges and miscellaneous charges. If the actual expenses incurred are higher than the amount budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for working capital.*

Proceeds from the Deferred Payment Amount are expected to be utilised for repayment of bank borrowings and/or general working capital purposes.

8. EFFECTS OF THE PROPOSED SETTLEMENT AGREEMENT

8.1 Share Capital and Substantial Shareholders' Shareholdings

The Proposed Settlement Agreement will not have any effect on the issued and paid-up capital and substantial shareholders' shareholding of Perisai.

8.2 Net asset ("NA") and Gearing

The pro forma effects of the Proposed Settlement Agreement on the NA and gearing of Perisai Group based on its audited consolidated financial statements for the financial year ended 31 December 2015 are set out as follows:-

	Audited As at 31 December 2015 RM'000	Pro forma After Completion of Proposed Settlement Agreement RM'000
Share capital	120,461	120,461
Share premium	640,108	640,108
Treasury shares	(231)	(231)
Accumulated losses	(406,620)	⁽ⁱ⁾ (314,639)
Other reserves	323,897	⁽ⁱⁱ⁾ 287,282
Shareholders' funds/NA	677,614	732,980
No. of shares in issue (excluding 400,000 treasury shares) ('000)	1,204,207	1,204,207
NA per share (RM)	0.56	0.61
Total borrowings (RM'000)	1,341,495	1,274,362
Gearing (times)	1.98	⁽ⁱⁱⁱ⁾ 1.74

Notes:

- (i) After taking into consideration the (a) gain on disposal of 51.0% interest in SJR Marine of approximately RM130.29 million; (b) waiver of the Perisai's Partial Shareholder's Loan of approximately RM37.81 million; and (c) estimated expenses for the Proposed Settlement Agreement of approximately RM0.50 million.
- (ii) After reclassification adjustment of the foreign currency translation gain in Other Reserve arising from the disposal of 51.0% interest in SJR Marine to Profit & Loss.
- (iii) For illustrative purposes, assuming that all proceeds from the Deferred Payment Amount and Perisai's Remaining Shareholder's Loan are utilised towards repayment of borrowings, the gearing of Perisai Group is expected to be reduced to 1.57 times.

8.3 Earnings

Upon completion of the Proposed Settlement Agreement, Perisai Group expects to record a net gain on disposal of approximately RM91.98 million, after taking into consideration waiver of the Perisai's Partial Shareholder's Loan and estimated expenses as set out in Paragraph 8.2 (note (i)) above. Such gain translates to an increase in earnings per share of approximately 7.64 sen, calculated based on 1,204,606,978 Perisai shares in issue as at 31 December 2015 (excluding 400,000 treasury shares).

9. APPROVALS REQUIRED

The Proposed Settlement Agreement is subject to and conditional upon approvals being obtained from, *inter-alia*, the following:

- (a) the shareholders of Perisai at an extraordinary general meeting ("**EGM**") to be convened;
- (b)
 - (i) the noteholders and financial lenders of Perisai in respect of the bond restructuring, and the restructuring of any outstanding indebtedness that Perisai owes to any such financial lenders; or
 - (ii) alternatively, an order granted by the High Court sanctioning a creditors' scheme of arrangement pursuant to the Companies Act 1965 (Act 125 of Malaysia) approving, the bond restructuring or the restructuring of any outstanding indebtedness owed by Perisai to any of its financial lenders;
- (c) Labuan Financial Services Authority, if required; and
- (d) any other relevant authorities/ parties, if required.

The Proposed Settlement Agreement is not conditional upon any other corporate exercise/scheme of the Company.

10. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed below, none of the Directors and/or major shareholders of the Company or persons connected to them have any interest, direct or indirect, in the Proposed Settlement Agreement:-

- (a) EOL and HCM Logistics Limited ("**HCM**") are direct major shareholders of Perisai. Both EOL and HCM are subsidiaries of Ezra Holdings Limited ("**Ezra**"). EOL and HCM hold 11.48% and 10.84% in Perisai respectively. Ezra indirectly holds 22.32% of Perisai through EOL and HCM; and
- (b) Captain Adarash Kumar A/L Chranji Amarnath ("**Capt Adarash**"), the Executive Director of Perisai, is also the Chief Executive Officer and Executive Director of EOL. He does not have any shareholdings in Perisai.

Given Capt Adarash's interest, he has abstained from all deliberations and decisions taken by Perisai at the relevant meetings of the Board in relation to the Proposed Settlement Agreement. Further, he will abstain from voting in respect of his direct and/or indirect shareholdings, if any, in Perisai and he will also undertake to ensure that persons connected to him shall abstain from voting in respect of their direct and/or indirect shareholdings in Perisai on the Proposed Settlement Agreement to be tabled at the forthcoming EGM.

Ezra, EOL and HCM will abstain from voting in respect of their direct and/or indirect shareholdings in Perisai and will also undertake to ensure that persons connected to them shall abstain from voting in respect of their direct and/or indirect shareholdings in Perisai on the Proposed Settlement Agreement to be tabled at the forthcoming EGM.

11. PERCENTAGE RATIOS UNDER PARAGRAPH 10.02(G) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("MMLR")

The highest percentage ratio under Paragraph 10.02(g) of the MMLR is 28.42%, calculated based on the Consideration of USD43.03 million (equivalent to RM192.59 million) over the latest audited NA position of Perisai Group as at 31 December 2015 of RM677.61 million.

12. TRANSACTIONS WITH THE SAME RELATED PARTY

The total amount transacted between Perisai Group and EOL and/or persons connected to EOL in the preceding 12 months (including the recurrent related party transactions under the shareholders' mandate obtained at the Thirteenth Annual General Meeting of Perisai held on 24 June 2016) is approximately RM64.31 million.

13. PRINCIPAL ADVISER AND INDEPENDENT ADVISER

M&A Securities has been appointed as the Principal Adviser to Perisai for the Proposed Settlement Agreement.

The Proposed Settlement Agreement is deemed as a related party transaction pursuant to paragraph 10.08 of the MMLR. In this respect, TA Securities Holdings Berhad has been appointed to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of Perisai as to whether the Proposed Settlement Agreement is fair and reasonable and not to the detriment of the non-interested shareholders.

14. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee, having considered all aspects of the Proposed Settlement Agreement and the preliminary views of the Independent Adviser, is of the opinion that the Proposed Settlement Agreement is:-

- (a) in the best interest of Perisai;
- (b) fair, reasonable and on normal commercial terms; and
- (c) not detrimental to the interests of the non-interested shareholders.

The Audit Committee has sought the preliminary views of the Independent Adviser, in forming its views in relation to the Proposed Settlement Agreement and has concurred with the Independent Adviser's views that the terms and conditions of the Proposed Settlement Agreement are fair and reasonable and are not detrimental to the interest of the non-interested shareholders of Perisai.

15. DIRECTORS' RECOMMENDATION

The Board (with the exception of Capt Adarash), having considered all aspects of the Proposed Settlement Agreement, is of the opinion that the Proposed Settlement Agreement is in the best interest of Perisai.

16. ESTIMATED TIMEFRAME FOR COMPLETION

The Proposed Settlement Agreement is expected to be completed by the third quarter of 2017.

17. DOCUMENTS FOR INSPECTION

The Proposed Settlement Agreement is available for inspection during the normal office hours (except for public holidays) at the registered office of Perisai at Suite 3A-17, Level 17, Block 3A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur for a period of 3 months from the date of this announcement.

This announcement is dated 23 December 2016.