

HANDAL RESOURCES BERHAD

(Company No.: 816839-X)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Handal Resources Berhad ("Handal" or "Company") will be held at Resorts World Kijal, KM28, Jalan Kemaman-Dungun, 24100 Kijal, Kemaman, Terengganu on Monday, 5 August 2019 at 10.30 a.m. for the purpose of considering and if thought fit, passing with or without modification, the following resolutions:-

SPECIAL RESOLUTION 1

PROPOSED AMENDMENT TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF HANDAL ("PROPOSED AMENDMENT")

"THAT subject to and conditional upon passing of the Ordinary Resolution 1 and all relevant approvals being obtained from the relevant authorities and/ or parties (where required), approval be and is hereby given for the Proposed Amendment as set out in Appendix IV of the Circular to Shareholders dated 12 July 2019 ("Circular").

AND THAT the Board of Directors of the Company ("Board") be and is hereby authorised and empowered to do or procure to be done all such acts, deeds and things and to execute, sign and deliver, on behalf of the Company, all such documents to give effect to and complete the Proposed Amendment with full power to assent to any conditions, modifications and/ or amendments as may be required by any relevant authorities and/ or parties and as the Board may deem necessary and expedient to finalise, implement and give full effect to the Proposed Amendment."

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION BY HANDAL OF 408,000 ORDINARY SHARES OF BORNEO SEAFLOOR ENGINEERING SDN BHD ("BSEO"), REPRESENTING 51.0% EQUITY INTEREST IN BSEO FROM SEAFLOOR CAPITAL SDN BHD (THE "VENDOR") FOR A PURCHASE CONSIDERATION OF RM25,500,000 TO BE SATISFIED BY WAY OF ISSUANCE AND ALLOTMENT OF 42,857,100 NEW ORDINARY SHARES IN HANDAL ("HANDAL SHARE(S)") AT AN ISSUE PRICE OF RM0.37 PER HANDAL SHARE ("CONSIDERATION SHARE(S)") AND ISSUANCE AND ALLOTMENT OF 26,061,819 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN HANDAL AT AN ISSUE PRICE OF RM0.37 ("CONSIDERATION ICPS") PER CONSIDERATION ICPS ("PROPOSED ACQUISITION")

"THAT, subject to and conditional upon the passing of the Special Resolution 1 and the approvals of all relevant authorities in respect of the listing and quotation for 69,918,919 new Handal Shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), and/ or parties being obtained, approval be and is hereby given to the Company to acquire 408,000 ordinary shares of BSEO, representing 51.0% equity interest in BSEO from the Vendor for a purchase consideration of RM25,500,000 to be satisfied via the issuance and allotment of 42,857,100 Consideration Shares to the Vendor at an issue price of RM0.37 per Consideration Share and the issuance and allotment of 26,061,819 Consideration ICPS to the Vendor at an issue price of RM0.37 per Consideration ICPS, in accordance with the terms and conditions of the conditional share purchase agreement dated 16 April 2019 entered into between the Company and the Vendor pursuant to the Proposed Acquisition.

THAT such Consideration Shares and the new Handal Shares arising from the conversion of the Consideration ICPS shall, upon allotment and issuance, rank *pari passu* in all respects with each other and with the existing Handal Shares, save and except that the Consideration Shares shall not be entitled to participate in any dividends, rights, allotment and/ or other distributions ("Distributions") which are declared, made or paid to the shareholders of Handal for which the entitlement date for the said Distributions precedes the date of allotment and issuance of the Consideration Shares.

THAT such Consideration ICPS shall, upon allotment and issuance, rank in priority to the Handal Shares in respect of the payment of dividends and in the event of a liquidation but *pari passu* among themselves in all respects.

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Acquisition with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Acquisition."

ORDINARY RESOLUTION 2

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF HANDAL (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME ("PROPOSED ESOS")

"THAT, subject to the provisions under the Companies Act 2016 ("the Act") and conditional upon the approvals of the relevant authorities being obtained for the Proposed ESOS, the approval be and is hereby given to the Company to:-

- establish and administer the Proposed ESOS which involves the granting of options to all eligible Directors and employees of the Handal and its subsidiary companies ("Handal Group"), excluding dormant subsidiaries, who meet the criteria of eligibility for participation of the Proposed ESOS ("Eligible Persons(s)") to subscribe for new ordinary share(s) in Handal ("Handal Share(s)") in accordance with the draft by-laws of the Proposed ESOS ("By-Laws") as set out in Appendix V of the Circular;
- allot and issue such number of new Handal Shares to the Eligible Persons from time to time as may be required in connection with the implementation of the Proposed ESOS while this approval is in force provided the aggregate number of Handal Shares to be allotted and issued shall not exceed 10% of the total number of issued shares of Handal (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS;
- make necessary applications, and to do all things necessary appropriate from time to time, to Bursa Securities for the listing and quotation for the Handal Shares which may from time to time be allotted and issued pursuant to the Proposed ESOS. Such new Handal Shares will, upon allotment and issuance, rank *pari passu*, in all respects with the then existing Handal Shares, save and except the new Handal Shares shall not be entitled to any dividends, rights, allotments and/ or any other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment of the new Handal Shares;
- modify and/ or amend the Proposed ESOS from time to time provided that such modification and/ or amendments are effected in accordance with the By-Laws relating to modifications, and/ or amendments and to do all such acts and enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give rise full effect to the Proposed ESOS; and
- extend the duration of the Proposed ESOS for up to another 5 years immediately from the expiry of the first 5 years, and shall not in aggregate exceed 10 years from the effective date of implementation of the Proposed ESOS, if the Board deems fit.

AND THAT the Directors of the Company be and are authorised to give effect to the Proposed ESOS with full power to modify and/ or amend the By-Laws from time to time as may be required or deemed necessary in accordance with the provisions of the By-Laws relating to modifications and/ or amendments and to assent to any conditions, variation, modification and/ or amendment as may be necessary or expedient and/ or imposed by and/ or agreed with the relevant authorities."

ORDINARY RESOLUTION 3

PROPOSED ALLOCATION OF ESOS OPTIONS TO YAM TENGU BADERUL ZAMAN IBNI SULTAN MAHMUD, THE INDEPENDENT NON-EXECUTIVE CHAIRMAN OF THE COMPANY

"THAT, subject to the passing of Ordinary Resolution 2 as above and the approvals of all relevant authorities or parties (where required) being obtained, the Board is hereby authorised at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to YAM Tengku Baderul Zaman Ibn Sultan Mahmud, the Independent Non-Executive Chairman of the Company, options to subscribe for such number of new Handal Shares and if such options are accepted and exercised, to allot and issue such number of shares of new Handal Shares as may be required to be issued to him under the provisions of the By-Laws of the Proposed ESOS provided that his allocation is not more than 10% of the total Handal Shares of the Company made available under the Proposed ESOS, if he either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares);

AND THAT subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/ or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 4

PROPOSED ALLOCATION OF ESOS OPTIONS TO MALLEK RIZAL BIN MOHSIN, THE EXECUTIVE VICE CHAIRMAN OF THE COMPANY

"THAT, subject to the passing of Ordinary Resolution 2 as above and the approvals of all relevant authorities or parties (where required) being obtained, the Board is hereby authorised at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to Mallek Rizal Bin Mohsin, the Executive Vice Chairman of the Company, options to subscribe for such number of new Handal Shares and if such options are accepted and exercised, to allot and issue such number of shares of new Handal Shares as may be required to be issued to him under the provisions of the By-Laws of the Proposed ESOS provided that his allocation is not more than 10% of the total Handal Shares of the Company made available under the Proposed ESOS, if he either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares);

AND THAT subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/ or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 5

PROPOSED ALLOCATION OF ESOS OPTIONS TO SUNILDEEP SINGH DHALIHAL, THE MANAGING DIRECTOR OF THE COMPANY

"THAT, subject to the passing of Ordinary Resolution 2 as above and the approvals of all relevant authorities or parties (where required) being obtained, the Board is hereby authorised at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to Sunildeep Singh Dhalihal, the Managing Director of the Company, options to subscribe for such number of new Handal Shares and if such options are accepted and exercised, to allot and issue such number of shares of new Handal Shares as may be required to be issued to him under the provisions of the By-Laws of the Proposed ESOS provided that his allocation is not more than 10% of the total Handal Shares of the Company made available under the Proposed ESOS, if he either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares);

AND THAT subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/ or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 6

PROPOSED ALLOCATION OF ESOS OPTIONS TO JOEL EMANUEL HEANEY, THE EXECUTIVE DIRECTOR OF THE COMPANY

"THAT, subject to the passing of Ordinary Resolution 2 as above and the approvals of all relevant authorities or parties (where required) being obtained, the Board is hereby authorised at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to Joel Emanuel Heaney, the Executive Director of the Company, options to subscribe for such number of new Handal Shares and if such options are accepted and exercised, to allot and issue such number of shares of new Handal Shares as may be required to be issued to him under the provisions of the By-Laws of the Proposed ESOS provided that his allocation is not more than 10% of the total Handal Shares of the Company made available under the Proposed ESOS, if he either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares);

AND THAT subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/ or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 7

PROPOSED ALLOCATION OF ESOS OPTIONS TO DATO' MOHAMMAD MEDAN ABDULLAH, THE INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY

"THAT, subject to the passing of Ordinary Resolution 2 as above and the approvals of all relevant authorities or parties (where required) being obtained, the Board is hereby authorised at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to Dato' Mohammad Medan Abdullah, the Independent Non-Executive Director of the Company, options to subscribe for such number of new Handal Shares and if such options are accepted and exercised, to allot and issue such number of shares of new Handal Shares as may be required to be issued to him under the provisions of the By-Laws of the Proposed ESOS provided that his allocation is not more than 10% of the total Handal Shares of the Company made available under the Proposed ESOS, if he either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares);

AND THAT subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/ or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 8

PROPOSED ALLOCATION OF ESOS OPTIONS TO JACQUELINE FONG YEAN YEE, THE INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY

"THAT, subject to the passing of Ordinary Resolution 2 as above and the approvals of all relevant authorities or parties (where required) being obtained, the Board is hereby authorised at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to Jacqueline Fong Yean Yee, the Independent Non-Executive Director of the Company, options to subscribe for such number of new Handal Shares and if such options are accepted and exercised, to allot and issue such number of shares of new Handal Shares as may be required to be issued to her under the provisions of the By-Laws of the Proposed ESOS provided that her allocation is not more than 10% of the total Handal Shares of the Company made available under the Proposed ESOS, if she either singly or collectively through persons connected with her, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares);

AND THAT subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/ or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 9

PROPOSED ALLOCATION OF ESOS OPTIONS TO TERRY BIUSING, THE INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY

"THAT, subject to the passing of Ordinary Resolution 2 as above and the approvals of all relevant authorities or parties (where required) being obtained, the Board is hereby authorised at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to Terry Busing, the Independent Non-Executive Director of the Company, options to subscribe for such number of new Handal Shares and if such options are accepted and exercised, to allot and issue such number of shares of new Handal Shares as may be required to be issued to him under the provisions of the By-Laws of the Proposed ESOS provided that his allocation is not more than 10% of the total Handal Shares of the Company made available under the Proposed ESOS, if he either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares);

AND THAT subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/ or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 10

PROPOSED ALLOCATION OF ESOS OPTIONS TO MIOR MOKHTAR BIN MIOR ABU BAKAR, THE INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY

"THAT, subject to the passing of Ordinary Resolution 2 as above and the approvals of all relevant authorities or parties (where required) being obtained, the Board is hereby authorised at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to Mior Mokhtar Bin Mior Abu Bakar, the Independent Non-Executive Director of the Company, options to subscribe for such number of new Handal Shares and if such options are accepted and exercised, to allot and issue such number of shares of new Handal Shares as may be required to be issued to him under the provisions of the By-Laws of the Proposed ESOS provided that his allocation is not more than 10% of the total Handal Shares of the Company made available under the Proposed ESOS, if he either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares);

AND THAT subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/ or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

By Order of the Board

CHONG VOON WAH (MAICSA 7055003)
Company Secretary
Kuala Lumpur
12 July 2019

Notes:-

- The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
- A proxy may but need not be a member of the Company.*
- A member entitled to attend and vote is entitled to appoint not more than 2 proxies. Where a member appoints 2 proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid.*
- To be valid, this form, duly completed must be deposited at the Share Registrar of the Company at Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd), Level 6, Symphony House, Pusat Dagangan Dama 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*
- Where a member of the company is an exempt authorised nominee as defined under the Depositories Act which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
- Depositors who appear in the Record of Depositors as at 29 July 2019 shall be regarded as Members of the Company entitled to attend the EGM or appoint a proxy to attend and vote on his behalf.*
- Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, the resolutions set out above will be put to vote by way of poll.*