

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Handal Resources Berhad ("Handal" or the "Company") will be held at Level 4, Awana Ballroom, Awana Kijal Golf, Beach & Spa Resort, KM 28, Jalan Kemaman-Dungun, 24100 Kijal, Kemaman, Terengganu Darul Iman on Monday, 21 February 2011 at 10.00 a.m. for the purpose of considering and if thought fit, passing the following resolutions, with or without modification:

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 60,000,000 NEW ORDINARY SHARES OF RM0.50 EACH IN HANDAL ("RIGHTS SHARE(S)") TOGETHER WITH 60,000,000 NEW FREE DETACHABLE WARRANTS ("WARRANT(S)") ON THE BASIS OF TWO (2) RIGHTS SHARES AND TWO (2) FREE WARRANTS FOR EVERY THREE (3) EXISTING ORDINARY SHARES OF RM0.50 EACH IN HANDAL ("HANDAL SHARE(S)") HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE")

"THAT, subject to the passing of Special Resolution 1 and Ordinary Resolution 3, and all approvals being obtained from the relevant authorities, approval be and is hereby given to the Directors to provisionally allot by way of a renounceable rights issue of 60,000,000 Rights Shares together with 60,000,000 Warrants to the registered shareholders of the Company whose names appear in the Record of Depositors at the close of business on the entitlement date to be determined by the Directors, on the basis of two (2) Rights Shares and two (2) Warrants for every three (3) existing Handal Shares held on the said Entitlement Date;

THAT, the Rights Shares shall upon issue and allotment thereof, rank *pari passu* in all respects with the then existing issued and fully paid-up Handal Shares except that the Rights Shares shall not be entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid prior to the date of allotment and issuance of the Rights Shares;

THAT, such further new Handal Shares to be issued arising from the exercise of the Warrants shall upon issue and allotment, rank *pari passu* in all respects with the then existing issued and fully paid-up Handal Shares each except that they shall not be entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid prior to the date of issue and allotment of the said new Handal Shares;

THAT, the Directors be and are hereby entitled to deal with all or any of the fractional entitlement of the Rights Shares arising from the Proposed Rights Issue, which are not allotted for any reason whatsoever, in such manner as the Directors may in their discretion deem fit and expedient in the best interest of the Company;

THAT, the Directors be and are hereby authorised to enter into and execute the Deed Poll constituting the Warrants including the terms set out in the Circular to Shareholders dated 29 January 2011 in relation to the Proposed Rights Issue with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authority/authorities or as may be deemed necessary by the Directors of Handal and that subject to all provisions and adjustments contained in the Deed Poll, to assent to any modification and/or amendment to the exercise price, exercise period and number of Warrants as may be required or permitted to be revised as a consequence of the adjustments under the provisions of the Deed Poll, and to take all steps as they may deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll; and

AND THAT, the Directors be and are hereby authorised to take all steps to enter into all such agreements, deeds, arrangements, indemnities and guarantees as the Directors of Handal may deem fit and expedient to give full effect to the Proposed Rights Issue with full power to assent to any condition, modification and/or amendment (if any) as may be imposed or permitted by the relevant authority/authorities or as may be deemed necessary by the Directors of Handal and to deal with all matters relating thereto and to take all steps to do all such acts and things in any manner as they may deem necessary in connection with the Proposed Rights Issue and as they may deem expedient and in the best interest of the Company."

ORDINARY RESOLUTION 2

PROPOSED BONUS ISSUE OF 10,000,000 HANDAL SHARES ("BONUS SHARE(S)") ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY SIX (6) RIGHTS SHARES SUBSCRIBED ("PROPOSED BONUS ISSUE")

"THAT, subject to the passing of Special Resolution 1, Ordinary Resolution 1 and Ordinary Resolution 3, and the approvals of all relevant authorities, the Directors of the Company be and are hereby authorised to capitalise an amount of RM5,000,000 out of the share premium and retained earnings account of the Company, and to apply the same for the purposes of issuing 10,000,000 Bonus Shares of RM0.50 each in the share capital of the Company credited as fully paid-up to be issued on the basis of one (1) new Bonus Share for every six (6) Rights Shares subscribed;

AND THAT fractional entitlements, if any, shall be dealt in such manner as the Directors shall in their absolute discretion deem fit and expedient in the best interest of the Company;

AND THAT the new Bonus Shares will upon allotment and issuance, rank *pari passu* in all respects with the existing issued and paid-up Handal Shares, save and except that the new Handal Shares so issued will not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date precedes the date of allotment of such new Handal Shares;

AND THAT the Directors be and are hereby authorised to give effect to the Proposed Bonus Issue with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the 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 Bonus Issue."

ORDINARY RESOLUTION 3

PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF THE COMPANY FROM RM50,000,000 COMPRISING 100,000,000 HANDAL SHARES TO RM250,000,000 COMPRISING 500,000,000 HANDAL SHARES ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL")

"THAT, subject to the passing of Special Resolution 1, the authorised share capital of the Company be hereby increased from RM50,000,000 comprising 100,000,000 Handal Shares of RM0.50 each to RM250,000,000 comprising 500,000,000 Handal Shares of RM0.50 each by the creation of 400,000,000 new Handal Shares of RM0.50 each and such new Handal Shares when issued shall rank *pari passu* in all respects with the existing Handal Shares of the Company;

AND THAT, the Board be and is hereby authorised to give effect to the Proposed Increase in Authorised Share Capital with full powers to assent to any condition, modification, variation and/or amendments as may be required by the relevant authorities and to do all such acts as they may consider necessary or expedient in the best interest of the Company to give effect to the Proposed Increase in Authorised Share Capital."

SPECIAL RESOLUTION 1

PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENT")

"THAT the Memorandum of Association of the Company be amended by deleting the existing Clause 6 of the Memorandum of Association in its entirety and substituting with the following new Clause 6:

New Clause 6

The authorised share capital of the Company is RM250,000,000 (Ringgit Malaysia: Two Hundred and Fifty Million only) divided into 500,000,000 ordinary shares of RM0.50 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividend, capital, voting or otherwise.

AND THAT the Board be and is hereby authorised to give effect to the Proposed Amendment with full powers to assent to any condition, modification, variation and/or amendment as may be required by the relevant authorities and to do all such acts as they may consider necessary or expedient in the best interest of the Company to give effect to the Proposed Amendments."

By Order of the Board

LEONG OI WAH (MAICSA 7023802)

WANG SHEAU WEI (MAICSA 7033274)

Company Secretaries

Petaling Jaya
29 January 2011

Notes:

1. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
2. A proxy may but need not be a member of the Company and paragraphs (a) and (b) of Section 149(1) of the Act shall not apply.
3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid.
4. To be valid, this form, duly completed must be deposited at the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (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 twenty-four hours (24) before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositors) Act, it may appoint one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.