

HANDAL RESOURCES BERHAD (COMPANY NO. 816839-X)

ANNOUNCEMENT TO BURSA MALAYSIA

1. INTRODUCTION

The Board of Directors of Handal Resources Berhad (“HRB”) wishes to announce that on 17 September 2015 HRB had entered into a Share Sale Agreement (“SSA”) with EN. YAZAID BIN YAAKOB and CIK ATIQA AHASHAD DURRAH BINTI YAZAID (“the Purchasers”) for the disposal of 980,000 ordinary shares of RM1.00 each for a total consideration of RM2.00 only (“the Purchase Price”) representing the entire issued and paid up capital of Handscomms Sdn. Bhd. (Company No. 902193-P) (“HCSB”) a wholly owned subsidiary of HRB (“the Proposed Disposal”).

2. INFORMATION OF THE PURCHASERS

En. Yazaid Bin Yaakob (NRIC No. 640831-01-5285) is one of the Directors of HCSB and Cik Atiqah Ashad Durrah Binti Yazaid (NRIC No. 910513-14-5276) is his daughter.

3. SALIENT TERMS OF THE SSA

HRB has agreed to dispose and the Purchasers have agreed to acquire 980,000 ordinary shares representing the entire issued and paid-up share capital of HCSB free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights, interest attached or deemed to be attached hereto and all dividends, rights and distributions, declared paid or made in respect thereof in the following respective proportions:-

	No. of shares	Consideration (RM)
a) Yazaid Bin Yaakob	882,000	1.00
b) Atiqah Ashad Durrah Binti Yazaid	98,000	1.00

The Purchase Price was agreed upon on a willing seller and willing buyer basis taking into consideration, the Net Assets of RM482,090.00 of HCSB as per the audited accounts as at 31 December 2014 and shall be paid by the Purchasers to the Company upon the execution of SSA.

Upon the fulfillment of the obligation of HRB and the Purchasers as stated in Clause 3 of the SSA, the SSA shall be deemed completed, and the legal and beneficial ownership shall be transferred to the Purchasers.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The rationale for the Proposed Disposal are as follows:-

- a) The Company had in May 2010 set up HCSB to trade in telecommunication hardwares and softwares in relation to video conferencing and broadcasting systems. The intention then was to expand the Communication Division. The business direction has now changed and the HRB Group intends to concentrate on its core business in the oil and gas industry.
- b) HCSB has been incurring losses in the past years.

Thus, the Board of Directors of HRB view that the Proposed Disposal is in the best interest of the HRB Group to reduce cost, streamline and align entities within the HRB Group and to create a leaner, efficient and flexible corporate structure. This will enable HRB Group to save future costs associated with maintaining HCSB.

5. LIABILITES ASSUMED

There are no liabilities to be assumed by the Purchasers under this SSA.

6. FINANCIAL EFFECTS

The Proposed Disposal will not have any effect on the issued and paid-up share capital of HRB and shareholdings of the substantial shareholders of HRB as the Purchase Price will be satisfied entirely in cash by the Purchasers.

The Proposed Disposal is not expected to have any material effect on the earnings per share, net assets and gearing of HRB Group for the financial year ending 31 December 2015.

There will be a gain on disposal (as at 31 August 2015) of RM321,000.00 resulting from the Proposed Disposal.

7. APPLICABLE PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 0.72% based on the audited consolidated financial statements of HRB for the financial year ended 31 December 2014.

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

None of the Directors and/or Major Shareholders of the Company or persons connected to them has any interest, direct or indirect, in the SSA.

9. APPROVAL REQUIRED

The execution of the SSA does not require the approval of shareholders of the HRB.

10. DIRECTORS' STATEMENT

The Board of Directors is of the opinion that the Proposed Disposal is in the best interest of the Company.

This announcement is dated 17 September 2015.