

XIDELANG HOLDINGS LIMITED (“XDL” OR “THE COMPANY”)

MEMORANDUM OF UNDERSTANDING ON CO-OPERATION BETWEEN YELI INTERNATIONAL LIMITED AND HONGPENG FUJIAN SHOES & GARMENTS CO., LTD

The Board of Directors of XiDeLang Holdings Ltd (“XDL” or “the Company”) wishes to announce that HongPeng Fujian Shoes & Garments Co., Ltd (“HPFS”), a wholly-owned subsidiary of XDL, had on 7 August 2017 entered into a Memorandum of Understanding on Co-Operation (“MOU”) with Yeli International Limited (“Yeli”) for the purpose of establishing a strategic co-operation to achieve mutual growth:-

1) Background of HPFS

HPFS is an export-oriented product developer that integrates its sales and operations as one-stop company. HPFS’s main business is to export sports shoes and sportswear, including a series of outdoor sports products.

2) Background of Yeli

Yeli is an international shoes trading company which possesses a better insight to the brand, types of shoes and categories of products that cater mainly for high end market. More so, it has been working with Tempe SA (a subsidiary of Inditex) and Intersport (the world’s largest retailer on sports products) for a long period of time.

Yeli’s present issued share capital is HKD10,000.00 representing by 10,000 ordinary shares. The directors and shareholders of Yeli and their shareholdings in Yeli are as follows:-

Names of Directors and Shareholders	Number of Shares	Percentage of Shareholding (%)
a) Deng XiaoDong	5,000	50.00
b) Zhou ZhiGang	5,000	50.00
Total	10,000	100.00

3) Purpose of Co-operation

- a) As the basis of strategic business co-operation and as strategic business partners, both parties shall, during the process of co-operation, build up mutual trust, practices and understanding, in order to improve effectiveness and efficiency. Mutual progression is the common objective and the ultimate benefit of both parties.
- b) This MOU is formed based on the basic principles of self-willingness, co-winning, beneficial to each other, mutual progression, co-development, private and confidential, and protecting the collaboration market.
- c) To fully bring out the advantages of both parties, complementing each other, to improve the competitiveness and to co-develop the common market.
- d) This MOU shall form the framework agreement, and be the guidance document from now onwards for the long-term co-operation between the two parties, it also served as the foundation for both parties to enter into any other relevant agreement.

4) Strategic Co-operation Relationship, Model of Co-operation and Objectives

- a) Yeli and HPFS shall build its respective own business of its expertise, technical specialty and management team to enable mutual exchange of information. HPFS shall follow the specifications of product as requested by the customers of Yeli, to assist Yeli to complete the relevant technical and product development, thereafter to run the production after the customers of Yeli has made its final confirmation of the selected sample products.
- b) In accordance to this MOU, the production order from Yeli to HPFS over the next twenty-four (24) months under Original Design Manufacturer shall not be lower than RMB210 million.

5) The Rights And Obligation of Yeli

- a) Yeli may on annual basis bring its existing customers or potential customers to the manufacturing plants of HPFS for visitation and/or study purposes, to understand the product development and technical expertise as well as the level of management on production of HPFS.
- b) Yeli may provide feedback to HPFS in accordance to the information/comments received from its customers, to seek immediate adjustment or assistance from HPFS, while HPFS shall, in response to Yeli's comments and suggestions, provide positive co-operation.
- c) During the period of co-operation, Yeli shall be responsible for the legal compliance of its customers' branding and copyrights and shall file a copy of the same documents with HPFS so that the respective department can make reference to it as and when needed.

6) The Rights And Obligation of HPFS

- a) Upon Yeli's fulfillment of the obligations pursuant to this MOU, HPFS is obligated to adhere to Yeli or its customers' agreed terms in completing all follow up services including but not limited to product development, production and technical services.
- b) HPFS is to provide list of materials used together with its relevant information, e.g. material and testing information, to Yeli.
- c) Upon the request by Yeli, HPFS shall entertain Yeli's customers/clients visitation and/or study purposes. HPFS hereby acknowledged that all information relating to Yeli's customers/clients are business confidential information. Hence, HPFS shall not divulge or contact these business confidential information unless obtained Yeli's consent.
- d) HPFS shall fully cooperate with Yeli in respect to all price inquiry and also tender/bidding invitations.
- e) Pursuant to this MOU executed with Yeli, HPFS is fully responsible to the quality of the products and also to provide after sale services to Yeli.

7) Confidentiality Information

- a) The parties shall at all times keep confidential any and all confidential information which it or they may acquire in relation to the business and affairs of the other and shall not use, disclose or make copies of such information except with the written consent of such party.
- b) Each party undertakes to disclose only to its Representatives such Confidential Information relating to the other party as is reasonably required for the purposes of performing the obligations under this mutual agreement. Without the written consent of such party, no party shall use, disclose or make copies of such information

8) Effective Period of the MOU

This MOU shall be valid for a period of twenty-four (24) months, from 7 August 2017 to 6 August 2019.

9) Effect of the MOU

This MOU only serves as a cooperation framework agreement. In the event, there is a specific project or a need to have a detailed cooperation agreement arises, parties shall enter into another supplementary agreement to formalize the same. Both parties shall resolve, any matters that are not agreed upon in this MOU, in good faith. In the event of dispute, both parties may commence legal action against the other party at its local jurisdiction.

10) Directors and Substantial Shareholders Interest

None of the Directors and/or substantial shareholders of the Company and/or person connected to them have any interest, direct or indirect in the MOU.

11) Statement by Directors

The Board of Directors of XDL, having considered the terms of the MOU, is of the opinion that the MOU is in the best interest of the Company.

This announcement is dated 8 August 2017.