

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

PROPOSED BONUS ISSUE

Sections 2.2 and 4.2 of the Announcement shall read as follows:-

2. DETAILS OF THE PROPOSED BONUS ISSUE

2.2 Capitalisation of reserves

The Proposed Bonus Issue is to be effected by way of capitalising the Company's share premium and capital redemption reserve accounts at USD0.04 (or RMB0.2655 based on BNM's exchange rate as at the LPD of RMB1:RM0.6351 and USD1:RM4.2160) per Bonus Share, being the par value of the Shares by the following amount:-

Minimum Scenario : Assuming none of the outstanding Warrants C are exercised into new Shares prior to the Entitlement Date

Maximum Scenario : Assuming all the outstanding Warrants C are exercised into new Shares prior to the Entitlement Date

	Minimum Scenario		Maximum Scenario	
	RMB'000	RM'000	RMB'000	RM'000
Capitalisation for the Proposed Bonus Issue	178,935	113,642	237,434	150,794
To be capitalised from:-				
Share premium	15,087	9,582	15,087	9,582
Capital redemption reserve	163,848	104,060	222,347	141,213
Total	178,935	113,642	237,434	150,794

Based on the latest audited financial statements of XDL for the financial year ended 31 December (“FYE”) 2016 and the latest unaudited financial statements of XDL for the 6-month financial period ended 30 June (“FPE”) 2017, the share premium and the capital redemption reserve accounts, at both group and company levels, are as follows:-

	Group				Company			
	Unaudited as at 30 June 2017		Audited as at 31 December 2016		Unaudited as at 30 June 2017		Audited as at 31 December 2016	
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
Share premium	15,087	9,582	15,087	9,582	15,087	9,582	15,087	9,582
Capital redemption reserve	578,218	367,226	578,218	367,226	578,218	367,226	578,218	367,226

Based on the above, the Proposed Bonus Issue shall be capitalised from the share premium and the capital redemption reserve accounts of the Company as follows:-

(i) **Minimum Scenario**

Share premium

Company level	Unaudited as at 30 June 2017		Audited as at 31 December 2016	
	RMB'000	RM'000	RMB'000	RM'000
Share premium	15,087	9,582	15,087	9,582
Less:- Capitalisation for the Proposed Bonus Issue	(15,087)	(9,582)	(15,087)	(9,582)
After the Proposed Bonus Issue Share premium	-	-	-	-

Capital redemption reserve

Company level	Unaudited as at 30 June 2017		Audited as at 31 December 2016	
	RMB'000	RM'000	RMB'000	RM'000
Capital redemption reserve ⁽¹⁾	578,218	367,226	578,218	367,226
Less:- Capitalisation for the Proposed Bonus Issue	(163,848)	(104,060)	(163,848)	(104,060)
After the Proposed Bonus Issue Capital redemption reserve	414,370	263,166	414,370	263,166

Note:-

(1) *The capital redemption reserve of the Company comprises the credit arising from the previous par value reduction exercises undertaken by the Company.*

For the avoidance of doubt, the breakdown of the capitalisation of the capital redemption reserve for the Proposed Bonus Issue under the Minimum Scenario is as follows:-

	Audited as at 31 December 2016	
	RMB'000	RM'000
Capital redemption reserve	578,218	367,226
Less:- Credit arising from the par value reduction completed on 23 June 2016 #	(354,675)	(225,254)
Balance of capital redemption reserve available for capitalisation	223,543	141,972
Less:- Capitalisation for the Proposed Bonus Issue	(163,848)	(104,060)
After the Proposed Bonus Issue Balance of capital redemption reserve from the par value reduction completed on 18 February 2015 available for capitalisation	59,695	37,912

As stated in the circular to Shareholders dated 20 May 2016, the Board does not intend to utilise the credit arising from the par value reduction which was completed on 23 June 2016 for the purpose of any bonus issue exercises in the future.

(ii) **Maximum Scenario**

Share premium

Company level	Unaudited as at 30 June 2017		Audited as at 31 December 2016	
	RMB'000	RM'000	RMB'000	RM'000
Share premium	15,087	9,582	15,087	9,582
Less:- Capitalisation for the Proposed Bonus Issue	(15,087)	(9,582)	(15,087)	(9,582)
After the Proposed Bonus Issue Share premium	-	-	-	-

Capital redemption reserve

Company level	Unaudited as at 30 June 2017		Audited as at 31 December 2016	
	RMB'000	RM'000	RMB'000	RM'000
Capital redemption reserve ⁽¹⁾	578,218	367,226	578,218	367,226
Less:- Capitalisation for the Proposed Bonus Issue	(222,347)	(141,213)	(222,347)	(141,213)
After the Proposed Bonus Issue Capital redemption reserve	355,871	226,013	355,871	226,013

Note:-

(1) As stated above, the capital redemption reserve of the Company comprises the credit arising from the previous par value reduction exercises undertaken by the Company.

For the avoidance of doubt, the breakdown of the capitalisation of the capital redemption reserve for the Proposed Bonus Issue under the Maximum Scenario is as follows:-

	Audited as at 31 December 2016	
	RMB'000	RM'000
Capital redemption reserve	578,218	367,226
Less:- Credit arising from the par value reduction completed on 23 June 2016 #	(354,675)	(225,254)
Balance of capital redemption reserve available for capitalisation	223,543	141,972
Less:- Capitalisation for the Proposed Bonus Issue	(222,347)	(141,213)
After the Proposed Bonus Issue Balance of capital redemption reserve from the par value reduction completed on 18 February 2015 available for capitalisation	1,196	759

As stated in the circular to Shareholders dated 20 May 2016, the Board does not intend to utilise the credit arising from the par value reduction which was completed on 23 June 2016 for the purpose of any bonus issue exercises in the future.

Pursuant to Paragraph 6.30(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), a listed issuer intending to make a bonus issue of securities must ensure that the necessary reserves required for capitalisation of the bonus issue are unimpaired by losses on a consolidated basis, where applicable, based on the listed issuer's latest audited financial statements as well as its latest quarterly report.

The Board confirms that based on the latest audited financial statements of the XDL and its subsidiaries ("**Group**") for the FYE 2016 and the latest unaudited financial statements of the Group for the 6-month FPE 2017, the Group's reserves required to be capitalised for the purposes of the Proposed Bonus Issue are unimpaired by losses on a consolidated basis, in compliance with Paragraph 6.30(1) of the Listing Requirements.

The Board also confirms that based on the latest audited financial statements of the Group for the FYE 2016 and the latest unaudited financial statements of the Group for the 6-month FPE 2017, the Company has sufficient reserves at both group and company levels for the capitalisation of the Proposed Bonus Issue.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

4. EFFECTS OF THE PROPOSED BONUS ISSUE

4.2 Net assets (“NA”) and gearing

The pro forma effects of the Proposed Bonus Issue on the NA and gearing of the Group are as follows:-

Minimum Scenario

Group level	Audited as at 31 December 2016		(I) After subsequent events ⁽¹⁾		(II) After (I) and the Proposed Bonus Issue ⁽²⁾	
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
Share capital ⁽³⁾	157,909	100,288	157,909	100,288	336,844	213,930
Share premium	15,087	9,582	15,087	9,582	-	-
Warrant reserve	24,032	15,263	-	-	-	-
Capital redemption reserve	578,218	367,226	578,218	367,226	414,370	263,166
Retained earnings	608,967	386,755	632,999	402,018	⁽⁵⁾ 632,684	⁽⁵⁾ 401,818
Other reserves ⁽⁴⁾	(133,617)	(84,860)	(133,617)	(84,860)	(133,617)	(84,860)
Total equity / NA	1,250,596	794,254	1,250,596	794,254	1,250,281	794,054
No. of Shares ('000) (excluding treasury shares)	2,695,482	2,695,482	673,870	673,870	1,347,740	1,347,740
NA per Share (RMB/RM)	0.46	0.29	1.86	1.18	0.93	0.59
Borrowings (RMB'000/RM'000)	10,000	6,351	10,000	6,351	10,000	6,351
Gearing (times)	(6)_	(6)_	(6)_	(6)_	(6)_	(6)_

Notes:-

- (1) After adjusting for the following:-
 (i) the consolidation of every 4 ordinary shares of USD0.01 each in the authorised and issued share capital of the Company into 1 ordinary share of USD0.04, which was completed on 18 May 2017; and
 (ii) the expiry of all 362,998,424 XDL warrants 2014/2017 (“Warrants B”) on 20 January 2017.
- (2) After taking into consideration the issuance of 673,870,288 new Shares arising from the Proposed Bonus Issue.
- (3) Excluding 250 Shares held as treasury shares as at the LPD.
- (4) Other reserves include treasury shares, statutory surplus reserve, merger deficit and exchange translation reserve.
- (5) After taking into account the estimated expenses in relation to the Proposed Bonus Issue amounting to RM200,000.
- (6) Negligible.

Maximum Scenario

Group level	Audited as at 31 December 2016		(I) After subsequent events ⁽¹⁾		(II) After (I) and assuming full exercise of the outstanding Warrants C ⁽²⁾		(III) After (II) and the Proposed Bonus Issue ⁽³⁾	
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
Share capital ⁽⁴⁾	157,909	100,288	157,909	100,288	216,408	137,441	453,842	288,235
Share premium	15,087	9,582	15,087	9,582	15,087	9,582	-	-
Warrant reserve	24,032	15,263	-	-	-	-	-	-
Capital redemption reserve	578,218	367,226	578,218	367,226	578,218	367,226	355,871	226,014
Retained earnings	608,967	386,755	632,999	402,018	632,999	402,018	⁽⁶⁾ 632,684	⁽⁶⁾ 401,818
Other reserves ⁽⁵⁾	(133,617)	(84,860)	(133,617)	(84,860)	(133,617)	(84,860)	(133,617)	(84,860)
Total equity / NA	1,250,596	794,254	1,250,596	794,254	1,309,095	831,406	1,308,780	831,206
No. of Shares ('000) (excluding treasury shares)	2,695,482	2,695,482	673,870	673,870	894,179	894,179	1,788,358	1,788,358
NA per Share (RMB/RM)	0.46	0.29	1.86	1.18	1.46	0.93	0.73	0.46
Borrowings (RMB'000/RM'000)	10,000	6,351	10,000	6,351	10,000	6,351	10,000	6,351
Gearing (times)	(7) ₋	(7) ₋	(7) ₋	(7) ₋	(7) ₋	(7) ₋	(7) ₋	(7) ₋

Notes:-

- (1) After adjusting for the following:-
 (i) the consolidation of every 4 ordinary shares of USD0.01 each in the authorised and issued share capital of the Company into 1 ordinary share of USD0.04, which was completed on 18 May 2017; and
 (ii) the expiry of all 362,998,424 Warrants B on 20 January 2017.
- (2) Assuming all the 220,309,112 outstanding Warrants C as at the LPD are fully exercised into new Shares prior to the Entitlement Date.
- (3) After taking into consideration the issuance 894,179,400 new Shares arising from the Proposed Bonus Issue.
- (4) Excluding 250 Shares held as treasury shares as at the LPD.
- (5) Other reserves include treasury shares, statutory surplus reserve, merger deficit and exchange translation reserve.
- (6) After taking into account the estimated expenses in relation to the Proposed Bonus Issue amounting to RM200,000.
- (7) Negligible.

This announcement is dated 23 November 2017.