

XIDELANG HOLDINGS LTD

Draft Announcement – Exclusive Distribution Agreement between XDL and Seacera Polymer Sdn Bhd

1. INTRODUCTION

The Board of Directors of XDL wishes to announce that XDL had on 3 June 2020 entered into an Exclusive Distribution Agreement with Seacera Polymer Sdn Bhd (200001006535)(509140-X) (“Seacera”) (“Agreement”) to appoint Seacera as the exclusive distributor with the exclusive right to resell and distribute XDL’s protective clothing products (non-medical purpose) in all states of Malaysia in which it is legal to sell the products, without restriction. The protective clothing products would be manufacturing by XDL’s existing production facilities.

2. DETAILS AND SALIENT TERMS OF THE AGREEMENT

2.1 Information on Seacera

Seacera was incorporated on 28 March 2000 as a company limited by shares in Malaysia. The issued share capital of Seacera is RM3,000,000.00 consist of 3,000,000 Ordinary Shares. The details of the Board of Directors and shareholders Seacera are as follows:-

Members of Board of Directors

- a) Zulkarnin Bin Ariffin
- b) Mohd Amir Bin Abdullah
- c) Norbatiah Binti Zulkarnai
- d) Nur’ Afiqah Binti Hamzah

Shareholder

Seacera Group Berhad (198701005080)(163751-H)

Seacera is a wholly-owned subsidiary of Seacera Group Berhad, a public company listed on Main Market of Bursa Malaysia Securities Berhad.

Seacera Group Berhad is principally engaged in tiles, construction and property business segments.

2.2 Commencement date

The Agreement shall commence and become effective from the execution date of the Agreement and shall subsist for a period of one (1) year unless it terminates sooner according to the provision of the Agreement.

2.3 Power as Distributor

Seacera may incorporate, combine, integrate or modify the products; sell them either alone or in combination with other products; and sell them under its own label. No franchise is granted in the Agreement. Except as expressly provided in the Agreement, all aspects of the distribution and marketing of the products by Seacera shall be in Seacera’s sole control, including without limitation the methods of marketing, pricing, naming, packaging, labeling and advertising, and the terms and conditions of any sale, unless otherwise provided in the Agreement.

In addition, although these protective clothing products are for non-medical purposes, Seacera can modify them for medical usage subject to acceptability by Ministry of Health.

2.4 Use of Trademarks and Trade Names

No right, title or interest in or to any trademarks, trade names, slogans, labels and designs used by either XDL or Seacera, nor the goodwill connected, is conveyed by the Agreement. Seacera may, in connection with the promotion and sale of the products pursuant to the terms of the Agreement, refer to XDL's applicable trade names or trademarks provided that all such references are in conformance with XDL's requirements regarding such use, as such requirements are communicated to the Seacera in writing from time to time by XDL.

2.5 Payment Terms

Seacera shall pay twenty percent (20%) of the purchase price as a deposit with the placement of any order and shall pay the balance in cash to XDL within thirty (30) days. The parties may renegotiate the payment terms and methods at any time as agreed between both parties.

Seacera shall pay for products within thirty (30) days after the date of XDL's invoice or on such terms as may be otherwise specified in XDL's invoice. XDL reserves the right, upon written notice to Seacera, to declare all sums immediately due and payable in the event of a breach by Seacera of any of its obligations to XDL, including the failure of Seacera to comply with the limitations. Furthermore, XDL reserves the right to vary, change, or limit the amount to be allowed to Seacera, either generally or with respect to a particular order.

Interest shall accrue on any delinquent amounts owed by Seacera for the products at the rate of 1.5% per month, or the maximum rate permitted by applicable law, whichever is less.

2.6 Termination

The Agreement may be terminated by either party in the event of a breach of any terms of the Agreement by the other party, by giving the other party two (2) months written notice provided said notice shall set forth the breach being claimed as the basis for termination.

3. RATIONALE

The Agreement allows XDL to expand its sources of income through diversification of its client portfolios.

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

EXCLUSIVE DISTRIBUTION AGREEMENT BETWEEN XDL AND SEACERA POLYMER SDN BHD

4. RISK FACTORS

XDL does not expect any material risk arising from the appointment of Seacera as distributor other than the normal operational risk associated with the Agreement, which XDL would take appropriate measure to mitigate it.

5. FINANCIAL EFFECT

The Agreement will not have any effect on the issued and paid up share capital and the substantial shareholders' shareholding of XDL.

The Agreement is not expected to have any material effect on the earnings per share, net assets per share and gearing for the financial year ending 30 June 2020.

Barring any unforeseen circumstances, the Agreement is expected to contribute positively the future earnings of XDL Group.

6. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors and/or major shareholders of XDL, as well as persons connected to them, have any interest, direct or indirect, in the Agreement.

7. STATEMENT BY THE BOARD OF DIRECTORS

Having considered all aspects of the Agreement, the Board is of the opinion that the Agreement is in the best interest of the Company.

This announcement is dated 3 June 2020.