

**THIS CIRCULAR TO SHAREHOLDERS OF XIDELANG HOLDINGS LTD (“XDL” OR THE “COMPANY”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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## **XIDELANG HOLDINGS LTD**

(Bermuda Company Registration No. 43136)

(Incorporated as an exempted company in Bermuda under the Companies Act 1981 of Bermuda)

(Malaysian Foreign Company Registration No. 995210-W)

(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia)

### **CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-**

**PROPOSED PAR VALUE REDUCTION VIA CANCELLATION OF USD0.02 OF THE PAR VALUE OF EVERY ISSUED AND UNISSUED SHARE OF XDL OF USD0.03 PURSUANT TO SECTIONS 45 AND 46 OF THE COMPANIES ACT 1981 OF BERMUDA (“PROPOSED PAR VALUE REDUCTION”)**

**AND**

### **NOTICE OF SPECIAL GENERAL MEETING**

*Principal Adviser*



## **Mercury Securities Sdn Bhd**

(Company No. 113193-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Special General Meeting (“**SGM**”) of XDL to be held at Dewan Putra Perdana 2 & Centre, Level 1, Putrajaya Shangri-La Hotel, Taman Putra Perdana, Presint 1, 62000 Wilayah Persekutuan, Putrajaya, Malaysia on Thursday, 16 June 2016 at 10.30 a.m. or immediately following the conclusion of the Seventh Annual General Meeting of XDL, which will be held at the same venue and on the same day, whichever is later or at any adjournment thereof, is enclosed together with the Form of Proxy in this Circular.

You are requested to complete, sign and return the enclosed Form of Proxy and deposit it at the registered office of the Company in Malaysia at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time and date appointed for holding the SGM. The completion and lodgement of the Form of Proxy shall not preclude you from attending and voting in person at the SGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

Last date and time for lodging the Form of Proxy : Tuesday, 14 June 2016 at 10.30 a.m.  
Date and time of the SGM : Thursday, 16 June 2016 at 10.30 a.m. or immediately following the conclusion of the Seventh Annual General Meeting of the Company, whichever is later or at any adjournment thereof

This Circular is dated 20 May 2016

## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

<b>Bermuda Companies Act</b>	- Companies Act, 1981 of Bermuda, as amended, modified or supplemented from time to time
<b>Board</b>	- The Board of Directors of XDL
<b>Bursa Depository</b>	- Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
<b>Bursa Securities</b>	- Bursa Malaysia Securities Berhad (Company No. 635998-W)
<b>Circular</b>	- This circular in relation to the Proposed Par Value Reduction
<b>Code</b>	- Malaysian Code on Take-Overs and Mergers, 2010, as amended, modified or supplemented from time to time
<b>Deed Poll B</b>	- Deed poll dated 9 December 2013 constituting the Warrants B
<b>Deed Poll C</b>	- Deed poll dated 17 June 2015 constituting the Warrants C
<b>Directors</b>	- The directors of the Company for the time being
<b>Effective Date</b>	- Such date as may be determined by the Directors for the Proposed Par Value Reduction to take effect
<b>EPS</b>	- Earnings per Share
<b>FYE</b>	- Financial year(s) ended / ending 31 December
<b>HongPeng</b>	- HongPeng International Holdings Limited
<b>Listing Requirements</b>	- Main Market Listing Requirements of Bursa Securities, including any amendments made thereto from time to time
<b>LPD</b>	- 22 April 2016, being the latest practicable date prior to the printing of this Circular
<b>Malaysian Companies Act</b>	- Companies Act, 1965 of Malaysia, as amended from time to time and any re-enactment thereof
<b>Maximum Scenario</b>	- Assuming all the outstanding Warrants B and Warrants C are exercised after the Effective Date
<b>Market Day(s)</b>	- Any day on which Bursa Securities is open for trading in securities
<b>Mercury Securities</b>	- Mercury Securities Sdn Bhd (Company No. 113193-W)
<b>Minimum Scenario</b>	- Assuming none of the outstanding Warrants B and Warrants C are exercised after the Effective Date
<b>NA</b>	- Net assets
<b>PRC</b>	- People's Republic of China
<b>Proposed Par Value Reduction</b>	- Proposed par value reduction via cancellation of USD0.02 of the par value of every existing issued and unissued share of XDL of USD0.03 pursuant to Sections 45 and 46 of the Bermuda Companies Act and as more particularly described in Section 2 of this Circular

## **DEFINITIONS (CONT'D)**

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<b>Record of Depositors</b>	- A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
<b>RM and sen</b>	- Ringgit Malaysia and sen respectively
<b>RMB</b>	- Renminbi, the lawful currency of PRC
<b>Rules of Bursa Depository</b>	- The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991 of Malaysia as amended from time to time, including Securities Industry (Central Depositories) Amendment Act, 1998 of Malaysia
<b>SGM</b>	- Special general meeting of XDL
<b>Shareholders</b>	- Registered holders of XDL Shares
<b>USD</b>	- United States Dollar, the lawful currency of the United States of America
<b>Warrants B</b>	- The outstanding XDL warrants 2014 / 2017 issued by the Company pursuant to the Deed Poll B
<b>Warrants C</b>	- The outstanding XDL warrants 2015 / 2018 issued by the Company pursuant to the Deed Poll C
<b>XDL or the Company</b>	- XiDeLang Holdings Ltd (Bermuda Company Registration No. 43136) (Malaysian Foreign Company Registration No. 995210-W), incorporated in Bermuda as an exempted company under the Bermuda Companies Act and registered as a foreign company in Malaysia under the Malaysian Companies Act
<b>XDL Group or the Group</b>	- XDL and its subsidiaries
<b>XDL Share(s) or Share(s)</b>	- Ordinary share(s) of par value USD0.03 each in the share capital of XDL prior to completion of the Proposed Par Value Reduction or ordinary shares of USD0.01 each in the capital of XDL after completion of the Proposed Par Value Reduction, as the case may be

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons shall include corporations, unless otherwise specified. All references to “you” in this Circular are to the Shareholders. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysia time, unless otherwise stated.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that XDL plans and objectives will be achieved.

For illustrative purposes and where applicable, all RM figures in this Circular were translated based on Bank Negara Malaysia exchange rate of RMB1:RM0.6002 and USD1:RM3.8970 as at the LPD.

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## **XIDELANG HOLDINGS LTD**

(Bermuda Company Registration No. 43136)

(Incorporated as an exempted company in Bermuda under the Companies Act 1981 of Bermuda)

(Malaysian Foreign Company Registration No. 995210-W)

(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia)

### **Registered office in Malaysia**

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

20 May 2016

### **Board of Directors**

Ding LiHong (Executive Chairman)

Dato' Mohamed Nazim Bin Abdul Razak (Deputy Chairman / Independent Non-Executive Director)

Ding PengPeng (Managing Director / Chief Executive Officer)

Ding PengWan (Executive Director / Deputy Chief Executive Officer cum Chief Operating Officer)

Lin YingYu (Executive Director)

Zhu GuoHe (Senior Independent Non-Executive Director)

Wong Yoke Nyen (Independent Non-Executive Director)

Woon Yeow Thong (Independent Non-Executive Director)

### **To: The Shareholders of XDL**

Dear Sir / Madam,

### **PROPOSED PAR VALUE REDUCTION**

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#### **1. INTRODUCTION**

On 27 April 2016, Mercury Securities had, on behalf of XDL, announced that the Company proposes to undertake the Proposed Par Value Reduction.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSED PAR VALUE REDUCTION AND TO SET OUT THE VIEW AND RECOMMENDATIONS OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED PAR VALUE REDUCTION, WHICH WILL BE TABLED AT THE FORTHCOMING SGM. THE NOTICE OF SGM AND THE FORM OF PROXY ARE ENCLOSED WITH THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDICES BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED PAR VALUE REDUCTION AT THE FORTHCOMING SGM.**

## 2. DETAILS OF THE PROPOSED PAR VALUE REDUCTION

As at 26 April 2016, being the Market Day prior to the announcement of the Proposed Par Value Reduction, the closing share price of XDL Shares was RM0.055 (or approximately USD0.014), which is at a discount of approximately 53% to the existing par value of USD0.03 each (or approximately RM0.117).

XDL is an exempted company<sup>(1)</sup> incorporated in Bermuda and is subject to the Bermuda Companies Act. Under Bermuda law, shares of a Bermuda company shall not be issued for a consideration that is below its par value. This restricts the Company from issuing Shares at a price that is approximate to its prevailing share price, as the prevailing share price of the Company is below its par value.

Note:-

(1) *Bermuda law distinguishes between 'local companies' (which are companies owned predominantly by Bermudians) and 'exempted companies' (which are companies owned predominantly by non-Bermudians). Only local companies are permitted to carry on and compete for business in Bermuda. Exempted companies may be resident in Bermuda and carry on business from Bermuda in connection with transactions and activities which are external to Bermuda or with other exempted companies.*

Following the completion of the Proposed Par Value Reduction, the par value of each XDL Share will be reduced to USD0.01 (or approximately RM0.039) while the reference share price of XDL Shares is not expected to be affected. Hence, the Proposed Par Value Reduction will ease the Company in issuing new XDL Shares at or above its revised par value of USD0.01 per XDL Share, while the Proposed Par Value Reduction in itself is not expected to have any effect on the net asset value of the Company. Further details on the rationale for the Proposed Par Value Reduction are set out in Section 3 of this Circular.

As at the LPD, the authorised share capital of the Company is USD300,000,000 divided into 10,000,000,000 Shares of USD0.03 par value each, out of which 2,695,478,822 Shares (including 1,000 Shares held as treasury shares) of USD0.03 par value have been issued and fully paid-up. As at the LPD, 1,000 Shares are held as treasury shares.

The Directors propose to undertake the following corporate actions, all to take effect on the Effective Date:-

- (i) a reduction of the issued and paid-up share capital of the Company from USD80,864,364.66 to USD26,954,788.22 by cancelling the issued and paid-up share capital of the Company to the extent of USD0.02 on each of the existing issued and paid-up Shares (including 1,000 Shares held as treasury shares) of USD0.03 par value so that each issued Share of USD0.03 par value shall be treated as a fully paid-up Share of USD0.01 par value as at the Effective Date and any liability of the holder of such Shares to make any further contribution to the capital of the Company on each such Share shall be treated as satisfied ("**Proposed Par Value Reduction of Issued Capital**");
- (ii) subject to and forthwith upon the Proposed Par Value Reduction of Issued Capital taking effect, the cancellation of all the authorised but unissued Shares of USD0.03 par value each (which shall include the authorised but unissued share capital resulting from the Proposed Par Value Reduction of Issued Capital) and the diminution of the authorised share capital of the Company of USD300,000,000.00 by USD273,045,211.78 representing the amount of Shares so cancelled and, forthwith upon such cancellation, the authorised share capital of the Company be increased to USD300,000,000.00 by the creation of 27,304,521,178 Shares of USD0.01 par value each (representing the difference between 30,000,000,000 Shares and the number of Shares of USD0.01 par value each in issue after the Proposed Par Value Reduction of Issued Capital); and

- (iii) subject to and forthwith upon the Proposed Par Value Reduction of Issued Capital taking effect, the transfer of the credit arising from the Proposed Par Value Reduction of Issued Capital to the contributed surplus account of the Company to be utilised in such manner as may be determined by the Board and permitted by applicable laws

(paragraphs (i), (ii) and (iii) above are collectively referred to as the “**Proposed Par Value Reduction**”).

Upon the abovementioned taking effect:-

- (i) the par value of each issued and unissued Share (including treasury shares) will be reduced from USD0.03 to USD0.01;
- (ii) the authorised share capital of the Company will remain intact at USD300,000,000 but will be divided into 30,000,000,000 Shares of par value of USD0.01 each; and
- (iii) the total number of issued and paid-up Shares (including treasury shares) will remain intact at 2,695,478,822 Shares, but will comprise Shares of USD0.01 par value each.

The Proposed Par Value Reduction will not result in any adjustment to the share price of the Company or the number of Shares held by the Shareholders.

The effects of the Proposed Par Value Reduction on the share capital of the Company upon its completion are illustrated in Section 4.1 of this Circular.

Upon completion of the Proposed Par Value Reduction, holders of Warrants B and/or the Warrants C who exercise their warrants will be receiving Shares of USD0.01 par value each as opposed to Shares of USD0.03 par value each.

Consequent to the Proposed Par Value Reduction, the Board further proposes to adjust the exercise prices of Warrants B and Warrants C following the Effective Date. Such adjustments would benefit the holders of Warrants B and Warrants C as the exercise prices of Warrants B and Warrants C will be adjusted to a level that is closer to the prevailing market prices of XDL Shares.

The proceeds arising from the exercise of the Warrants B and the Warrants C by the holders in the future will benefit the Company as the Company will further increase its cash reserves to fund its working capital requirements. Further details as set out in Section 4.6 of this Circular.

### **3. RATIONALE FOR THE PROPOSED PAR VALUE REDUCTION**

As stated in Section 2 of this Circular, XDL is prohibited under Bermuda law to issue shares for a consideration that is below its par value. Hence, the current par value of XDL Shares is not conducive for XDL to issue any equity or equity-related securities.

Following the above, the Proposed Par Value Reduction is undertaken to reduce the par value of each XDL Share (without affecting its reference share price) to a level where it would be conducive for XDL to issue new XDL Shares. This is pertinent as XDL Shares are currently trading at a price that is below the current par value of XDL Shares. The Proposed Par Value Reduction will ease the Company in issuing new XDL Shares at or above its revised par value of USD0.01 per XDL Share.

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As illustrated in Section 4 of this Circular, the credit arising from the Proposed Par Value Reduction of RMB350.03 million (or RM210.09 million) will be transferred to XDL's contributed surplus account. This contributed surplus may increase the distributable reserves of XDL, thereby allowing greater flexibility in making distributions to Shareholders in the future, in such manner as may be determined by the Board and as permitted by applicable laws. It may also be utilised to set-off against accumulated losses of XDL in the future, if any.

Notwithstanding the foregoing, the Board wishes to highlight that it does not intend to utilise the credit arising from the Proposed Par Value Reduction for the purpose of any bonus issue exercises in the future. In this regard, the capitalisation for any future bonus issue exercises will be from XDL's then available share premium and retained earnings.

In undertaking the Proposed Par Value Reduction, the Group has also taken into consideration that the Proposed Par Value Reduction would not result in any change to its NA position and any adjustment to the value and number of Shares held by each Shareholder.

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#### 4. EFFECTS OF THE PROPOSED PAR VALUE REDUCTION

##### 4.1 Issued and paid-up share capital

The pro-forma effects of the Proposed Par Value Reduction on the issued and paid-up share capital of the Company are as follows:-

	Minimum Scenario			Maximum Scenario			Par value USD
	No of Shares '000	Share capital USD'000	Share capital RM'000	No of Shares '000	Share capital USD'000	Share capital RM'000	
Issued and paid-up share capital <sup>(1)</sup> as at the LPD	2,695,479	80,864	315,775	2,695,479	80,864	315,775	0.03
Proposed Par Value Reduction	-	(53,910)	(210,517)	-	(53,910)	(210,517)	(0.02)
Issued and paid-up share capital after the Proposed Par Value Reduction	2,695,479	26,955	105,258	2,695,479	26,955	105,258	0.01
Assuming full exercise of outstanding Warrants B	-	-	-	362,998	3,630	14,175	0.01
Assuming full exercise of outstanding Warrants C	-	-	-	881,240	8,812	34,412	0.01
<b>Enlarged issued and paid-up share capital</b>	<b>2,695,479</b>	<b>26,955</b>	<b>105,258</b>	<b>3,939,717</b>	<b>39,397</b>	<b>153,846</b>	<b>0.01</b>

Note:-

(1) Inclusive of 1,000 treasury shares.

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#### 4.2

#### NA and gearing

The pro-forma effects of the Proposed Par Value Reduction on the NA and gearing of the Group are as follows:-

##### Scenario A: Minimum Scenario

Group level	Audited as at 31 December 2015		(I) After subsequent events <sup>(1)</sup>		(II) After the Proposed Par Value Reduction	
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
Share capital	246,681	148,058	512,584	307,653	162,558	97,567
Reserves <sup>(2)</sup>	996,981	598,388	731,078	438,793	(3)1,080,687	(3)648,629
<b>Total equity / NA</b>	<b>1,243,662</b>	<b>746,446</b>	<b>1,243,662</b>	<b>746,446</b>	<b>1,243,245</b>	<b>746,196</b>
No. of Shares ('000) (excluding treasury shares) NA per Share (RMB/RM)	1,347,740	1,347,740	2,695,479	2,695,479	2,695,479	2,695,479
Borrowings (RMB'000/RM'000) Gearing (times)	0.92	0.55	0.46	0.28	0.46	0.28
	10,000	6,002	10,000	6,002	10,000	6,002
	(4)-	(4)-	(4)-	(4)-	(4)-	(4)-

##### Notes:-

- (1) After taking into consideration the effects of the bonus issue of 1,347,738,911 XDL Shares which was completed on 28 January 2016 ("Bonus Issue").  
The effects of the Bonus Issue are based on the exchange rates of RMB1:RM0.6397 and USD1:RM4.2070 as at 28 January 2016.
- (2) Reserves include capital reserve, retained profits and other reserves.
- (3) Including estimated expenses in relation to the Proposed Par Value Reduction amounting to RM250,000.
- (4) Negligible.

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**Scenario B: Assuming full exercise of the Warrants B and none of the Warrants C are exercised**

Group level	Audited as at 31 December 2015		(I) After subsequent events <sup>(1)</sup>		(II) After the Proposed Par Value Reduction		(III) After (I), (II) and assuming full exercise of the Warrants B and no exercise of Warrants C <sup>(2)</sup>	
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
	Share capital Reserves <sup>(3)</sup>	246,681	148,058	512,584	307,653	162,558	97,567	186,127
	996,981	598,388	731,078	438,793	(4)1,080,687	(4)648,629	1,165,981	699,822
<b>Total equity / NA</b>	<b>1,243,662</b>	<b>746,446</b>	<b>1,243,662</b>	<b>746,446</b>	<b>1,243,245</b>	<b>746,196</b>	<b>1,352,108</b>	<b>811,535</b>
No. of Shares ('000) (excluding treasury shares)	1,347,740	1,347,740	2,695,479	2,695,479	2,695,479	2,695,479	3,058,477	3,058,477
NA per Share (RMB/RM)	0.92	0.55	0.46	0.28	0.46	0.28	0.44	0.27
Borrowings (RMB'000/RM'000)	10,000	6,002	10,000	6,002	10,000	6,002	10,000	6,002
Gearing (times)	(5)1	(5)1	(5)1	(5)1	(5)1	(5)1	(5)1	(5)1

**Notes:-**

- (1) After taking into consideration the effects of the Bonus Issue, which are based on the exchange rates of RMB1:RM0.6397 and USD1:RM4.2070 as at 28 January 2016.
- (2) Assuming all the 362,998,424 outstanding Warrants B as at the LPD are fully exercised into new Shares prior to the expiry date of the Warrants B.
- (3) Reserves include capital reserve, retained profits and other reserves.
- (4) Including estimated expenses in relation to the Proposed Par Value Reduction amounting to RM250,000.
- (5) Negligible.

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**Scenario C: Assuming full exercise of the Warrants C and none of the Warrants B are exercised**

Group level	Audited as at 31 December 2015		After subsequent events <sup>(1)</sup>		After the Proposed Par Value Reduction		After (I), (II) and assuming full exercise of the Warrants C and no exercise of Warrants B <sup>(2)</sup>	
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
Share capital	246,681	148,058	512,584	307,653	162,558	97,567	219,775	131,909
Reserves <sup>(3)</sup>	996,981	598,388	731,078	438,793	(4)1,080,687	(4)648,629	1,080,687	648,628
<b>Total equity / NA</b>	<b>1,243,662</b>	<b>746,446</b>	<b>1,243,662</b>	<b>746,446</b>	<b>1,243,245</b>	<b>746,196</b>	<b>1,300,462</b>	<b>780,537</b>
No. of Shares ('000) (excluding treasury shares)	1,347,740	1,347,740	2,695,479	2,695,479	2,695,479	2,695,479	3,576,719	3,576,719
NA per Share (RMB/RM)	0.92	0.55	0.46	0.28	0.46	0.28	0.36	0.22
Borrowings (RMB'000/RM'000)	10,000	6,002	10,000	6,002	10,000	6,002	10,000	6,002
Gearing (times)	(5) <sub>-</sub>	(5) <sub>-</sub>	(5) <sub>-</sub>	(5) <sub>-</sub>	(5) <sub>-</sub>	(5) <sub>-</sub>	(5) <sub>-</sub>	(5) <sub>-</sub>

**Notes:-**

- (1) After taking into consideration the effects of the Bonus Issue, which are based on the exchange rates of RMB1:RM0.6397 and USD1:RM4.2070 as at 28 January 2016.
- (2) Assuming all the 881,239,780 outstanding Warrants C as at the LPD are fully exercised into new Shares prior to the expiry date of the Warrants C.
- (3) Reserves include capital reserve, retained profits and other reserves.
- (4) Including estimated expenses in relation to the Proposed Par Value Reduction amounting to RM250,000.
- (5) Negligible.

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**Scenario D: Maximum Scenario (i.e. assuming full exercise of the Warrants B and Warrants C)**

Group level	Audited as at 31 December 2015		(I) After subsequent events <sup>(1)</sup>		(II) After the Proposed Par Value Reduction		(III) After (I), (II) and assuming full exercise of the Warrants B and Warrants C <sup>(2)</sup>	
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
Share capital	246,681	148,058	512,584	307,653	162,558	97,567	243,344	146,055
Reserves <sup>(3)</sup>	996,981	598,388	731,078	438,793	(4)1,080,687	(4)648,629	1,165,981	699,822
<b>Total equity / NA</b>	<b>1,243,662</b>	<b>746,446</b>	<b>1,243,662</b>	<b>746,446</b>	<b>1,243,245</b>	<b>746,196</b>	<b>1,409,325</b>	<b>845,877</b>
No. of Shares ('000) (excluding treasury shares) NA per Share (RMB/RM)	1,347,740	1,347,740	2,695,479	2,695,479	2,695,479	2,695,479	3,939,717	3,939,717
Borrowings (RMB'000/RM'000) Gearing (times)	0.92	0.55	0.46	0.28	0.46	0.28	0.36	0.21
	10,000	6,002	10,000	6,002	10,000	6,002	10,000	6,002
	(5)_	(5)_	(5)_	(5)_	(5)_	(5)_	(5)_	(5)_

**Notes:-**

- (1) After taking into consideration the effects of the Bonus Issue, which are based on the exchange rates of RMB1:RM0.6397 and USD1:RM4.2070 as at 28 January 2016.
- (2) Assuming all the 362,998,424 outstanding Warrants B and 881,239,780 outstanding Warrants C as at the LPD are fully exercised into new Shares prior to their respective expiry dates.
- (3) Reserves include capital reserve, retained profits and other reserves.
- (4) Including estimated expenses in relation to the Proposed Par Value Reduction amounting to RM250,000.
- (5) Negligible.

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### 4.3 Substantial Shareholders' shareholdings

The Proposed Par Value Reduction will not have any effect on the substantial Shareholders' shareholdings in the Company.

Notwithstanding the foregoing, in the event that the Warrants B and/or Warrants C are fully exercised pursuant to the Proposed Par Value Reduction, the shareholdings of the substantial Shareholders and all other Shareholders will be as follows:-

#### **Scenario A: Assuming full exercise of the Warrants B and none of the Warrants C are exercised**

	Existing as at LPD			After full exercise of the Warrants B			
	Direct		Indirect	Direct		Indirect	
	No of shares	% <sup>(1)</sup>		No of shares	% <sup>(2)</sup>		No of shares
HongPeng	900,000,000	33.39	-	-	900,000,000	29.43	-
Ding PengPeng	-	-	(3)900,000,000	(3)33.39	-	-	(3)29.43
All other Shareholders	1,795,477,822	66.61	-	-	1,795,477,822	58.70	-
Shareholders arising from full exercise of Warrants B	-	-	-	-	362,998,424	11.87	-

#### **Notes:-**

- (1) Based on the issued and paid-up share capital of the Company comprising 2,695,477,822 XDL Shares (after excluding 1,000 treasury shares) as at the LPD.
- (2) Based on the enlarged issued and paid-up share capital of the Company comprising 3,058,476,246 XDL Shares (after excluding 1,000 treasury shares) after taking into consideration the issuance of 362,998,424 new Shares arising from the full exercise of the Warrants B.
- (3) Deemed interested by virtue of his interest in HongPeng.

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**Scenario B: Assuming full exercise of the Warrants C and none of the Warrants B are exercised**

	Existing as at LPD		After full exercise of the Warrants C	
	Direct		Indirect	
	No of shares	% <sup>(1)</sup>	No of shares	% <sup>(2)</sup>
HongPeng	900,000,000	33.39	-	-
Ding PengPeng	-	-	(3)900,000,000	(3)33.39
All other Shareholders	1,795,477,822	66.61	-	-
Shareholders arising from full exercise of Warrants C	-	-	581,239,782	16.25
			(4)1,199,999,998	33.55
			(3)1,199,999,998	(3)33.55

**Notes:-**

- (1) Based on the issued and paid-up share capital of the Company comprising 2,695,477,822 XDL Shares (after excluding 1,000 treasury shares) as at the LPD.
- (2) Based on the enlarged issued and paid-up share capital of the Company comprising 3,576,717,602 XDL Shares (after excluding 1,000 treasury shares) after taking into consideration the issuance of 881,239,780 new Shares arising from the full exercise of the Warrants C.
- (3) Deemed interested by virtue of his interest in HongPeng.
- (4) The 299,999,998 Warrants C held by HongPeng as at the LPD are assumed to be fully exercised.

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**Scenario C: Maximum Scenario (i.e. assuming full exercise of the Warrants B and Warrants C)**

	Existing as at LPD		After full exercise of the Warrants B and Warrants C				
	Direct		Direct		Indirect		
	No of shares	% <sup>(1)</sup>	No of shares	% <sup>(1)</sup>	No of shares	% <sup>(2)</sup>	
HongPeng	900,000,000	33.39	-	-	(4)1,199,999,998	30.46	-
Ding PengPeng	-	-	(3)900,000,000	(3)33.39	-	-	(3)30.46
All other Shareholders	1,795,477,822	66.61	-	-	1,795,477,822	45.57	-
Shareholders arising from full exercise of Warrants B	-	-	-	-	362,998,424	9.21	-
Shareholders arising from full exercise of Warrants C	-	-	-	-	581,239,782	14.75	-

**Notes:-**

- (1) Based on the issued and paid-up share capital of the Company comprising 2,695,477,822 XDL Shares (after excluding 1,000 treasury shares) as at the LPD.
- (2) Based on the enlarged issued and paid-up share capital of the Company comprising 3,939,716,026 XDL Shares (after excluding 1,000 treasury shares) after taking into consideration the issuance of 1,244,238,204 new Shares arising from the full exercise of the Warrants B and Warrants C.
- (3) Deemed interested by virtue of his interest in HongPeng.
- (4) The 299,999,998 Warrants C held by HongPeng as at the LPD are assumed to be fully exercised.

A separate announcement will be made in the event that HongPeng's shareholding in XDL falls below 33% and increases back to 33% or above of the issued and paid-up share capital of the Company at any time due to, amongst others, the exercise of the Warrants B and/or Warrants C by the warrant holders of the Company (including HongPeng). A separate announcement will also be made in the event HongPeng's shareholding in XDL increases by more than 2% of the issued and paid-up share capital of the Company within a period of six (6) months at any time due to, amongst others, the exercise of the Warrants C held by HongPeng.

Nonetheless, HongPeng has confirmed that to the extent applicable, it will at all times observe and ensure compliance with the provisions of the Code and will seek the necessary exemptions from the Securities Commission Malaysia from undertaking such mandatory offer, if required and if they qualify for such exemption pursuant to the Code.

#### 4.4 Earnings and EPS

The Proposed Par Value Reduction will not have any material effect on the Group's earnings and EPS.

#### 4.5 Dividend

The Proposed Par Value Reduction is not expected to affect the dividend payment of the Company, if any. Any future dividend payable by the Company would be dependent on, *inter-alia*, the future profitability and cash flow position of the Group.

#### 4.6 Existing convertible securities

As at the LPD, there are 362,998,424 outstanding Warrants B and 881,239,780 outstanding Warrants C in the Company.

Under the terms of the Deed Poll B and Deed Poll C, there is no specific provision or adjustment formula which caters for adjustments to the exercise price and number of Warrants B and Warrants C arising from the Proposed Par Value Reduction.

The terms of the Deed Poll B and Deed Poll C stipulate that, in any circumstances where the Directors consider that adjustments to the exercise price and number of Warrants B and Warrants C should be made notwithstanding that no adjustment is required under the provisions of the Deed Poll B and Deed Poll C, the Company may implement and carry out such adjustments in accordance with the provisions of the Deed Poll B and Deed Poll C.

As such, the Board proposes to adjust the exercise prices of the Warrants B and Warrants C which remain unexercised as at the Effective Date ("**Adjustments**") upon passing the special resolution for the Proposed Par Value Reduction. Any such Adjustments will only be finalised after completion of the Proposed Par Value Reduction and such Adjustments will be carried out in accordance with the provisions of the Deed Poll B and Deed Poll C. A notice explaining the Adjustments will be issued to the holders of Warrants B and Warrants C at a later date.

The Board has resolved to adopt the following formula for the Adjustments pursuant to the Proposed Par Value Reduction:-

$$\text{New exercise price} = \frac{\text{Revised par value of each XDL Share}}{\text{Original par value of each XDL Share}} \times \text{Existing exercise price}$$

*Based on the above, the illustrative adjustments to the exercise prices of the outstanding Warrants B and Warrants C after the Proposed Par Value Reduction are set out below:-*

##### **Adjustment to the exercise price of Warrants B**

$$\begin{aligned} \text{New exercise price} &= \frac{\text{USD0.01}}{\text{USD0.03}} \times \text{RM0.180} \\ \text{of Warrants B} &= \text{RM0.06} \end{aligned}$$

##### **Adjustment to the exercise price of Warrants C**

$$\begin{aligned} \text{New exercise price} &= \frac{\text{USD0.01}}{\text{USD0.03}} \times \text{RM0.115} \\ \text{of Warrants C} &= \text{RM0.04 (rounded up in accordance with the provisions of the Deed Poll C)} \end{aligned}$$

In proposing the Adjustments, the Board has considered that the Warrants B and Warrants C are currently out-of-the-money in view of their exercise price of RM0.18 and RM0.115 respectively compared to the last transacted market price of XDL Shares of RM0.050 as at the LPD.

Hence, the Adjustments would benefit the holders of Warrants B and Warrants C as their exercise price will be adjusted to a level that is closer to the prevailing market prices of XDL Shares.

The proceeds arising from the exercise of Warrants B and Warrants C by the holders of the Warrants B and Warrants C in the future will also benefit the Company as the Company will further increase its cash reserves for its working capital requirements.

The Board has resolved not to adjust the number of outstanding Warrants B and Warrants C pursuant to the Proposed Par Value Reduction as the Proposed Par Value Reduction is not expected to result in any dilutive effect on the holders of Warrants B and Warrants C since the number of XDL Shares in issue remains unchanged after the Proposed Par Value Reduction.

Given the above, the Adjustments would be as follows:-

	Existing	Adjustments	After the Adjustments
Exercise price of Warrants B (RM)	0.180	(0.120)	0.060
Exercise price of Warrants C (RM)	0.115	(0.075)	0.040
Number of Warrants B	362,998,424	-	362,998,424
Number of Warrants C	881,239,780	-	881,239,780

Notwithstanding the foregoing illustrative adjustments, the Adjustments shall not result in the exercise prices of the outstanding Warrants B and Warrants C to be below the par value of XDL Shares. Under the Bermuda Companies Act, shares of a Bermudian company may not be issued for a consideration that is below its par value.

Save for the outstanding Warrants B and Warrants C, the Company does not have any other outstanding convertible securities as at the LPD.

## 5. TENTATIVE TIMELINE

The Board expects the Proposed Par Value Reduction to be completed by the second quarter of 2016.

## 6. APPROVALS REQUIRED

Under Sections 45 and 46 of the Bermuda Companies Act, no approval from any Bermuda authorities is required for the Proposed Par Value Reduction.

The Proposed Par Value Reduction is subject to the approval of the Shareholders at the forthcoming SGM.

## 7. INTER-CONDITIONALITY

The Proposed Par Value Reduction is not conditional upon any other corporate exercise / scheme undertaken or to be undertaken by the Company.

**8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION**

Save for the Proposed Par Value Reduction, there are no other corporate exercises which have been announced by the Company but is pending completion as at the LPD.

**9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors, major Shareholders and/or persons connected to them have any interest, direct and/or indirect, in the Proposed Par Value Reduction.

**10. BOARD'S RECOMMENDATION**

The Board, having duly considered all aspects of the Proposed Par Value Reduction, including but not limited to the rationale and effects of the Proposed Par Value Reduction, is of the opinion that the Proposed Par Value Reduction is in the best interests of the Company.

Accordingly, the Board recommends that the Shareholders vote in favour of the resolution pertaining to the Proposed Par Value Reduction to be tabled at the forthcoming SGM.

**11. SGM**

The SGM, the notice of which is enclosed with this Circular, will be held at Dewan Putra Perdana 2 & Centre, Level 1, Putrajaya Shangri-La Hotel, Taman Putra Perdana, Presint 1, 62000 Wilayah Persekutuan, Putrajaya, Malaysia on Thursday, 16 June 2016 at 10.30 a.m. or immediately following the conclusion of the Seventh Annual General Meeting of XDL which will be held at the same venue and on the same day, whichever is later or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution, with or without any modifications, to give effect to the Proposed Par Value Reduction.

If you are unable to attend and vote in person at the SGM, you may appoint a proxy to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the registered office of the Company in Malaysia at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time and date appointed for holding the SGM or any adjournment thereof. The completion and lodgement of the Form of Proxy shall not preclude you from attending and voting in person at the SGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

**12. FURTHER INFORMATION**

You are requested to refer to the enclosed appendices for further information.

Yours faithfully,  
For and on behalf of the Board of  
**XIDELANG HOLDINGS LTD**

**DING PENG PENG**  
Managing Director / Chief Executive Officer

## FURTHER INFORMATION

### 1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and the Directors of XDL collectively and individually accept full responsibility for the completeness and accuracy of the information given in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other material facts the omission of which would make any statement in this Circular false or misleading.

### 2. CONSENT AND CONFLICT OF INTEREST

The written consent of Mercury Securities, being the Principal Adviser for the Proposed Par Value Reduction, for the inclusion of its name in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

As at the LPD, Mercury Securities is not aware of any existing conflict of interest nor of any circumstances which would or is likely to give rise to a possible conflict of interest by virtue of its appointment as the Principal Adviser for the Proposed Par Value Reduction.

### 3. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of XDL Shares traded on Bursa Securities for the past twelve (12) months preceding the date of this Circular are as follows:-

	High RM	Low RM
<b>2016</b>		
April	0.055	0.045
March	0.055	0.045
February	0.060 <sup>(1)</sup>	0.045 <sup>(1)</sup>
January	0.120	0.045 <sup>(1)</sup>
<b>2015</b>		
December	0.110	0.100
November	0.115	0.100
October	0.130	0.100
September	0.165	0.110
August	0.195	0.155
July	0.195	0.125
June	0.155	0.105
May	0.120	0.100

Note:-

(1) After adjustment for the effects of the Bonus Issue.

Last transacted market price on 26 April 2016, being the last Market Day immediately prior to the announcement of the Proposed Par Value Reduction (RM) 0.055

Last transacted market price as at the LPD (RM) 0.050

(Source: Bloomberg)

**FURTHER INFORMATION (CONT'D)****4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****Material commitments**

Save as disclosed below, the Board is not aware of any other material commitments incurred or known to be incurred by the Group that has not been provided for as at the LPD, which upon becoming due or enforceable, may have a material impact on the financial position of the Group:-

<b>Capital commitments</b>	<b>Amount</b>	
	<b>RMB'000</b>	<b>RM'000</b>
Capital expenditure in respect of property, plant and equipment		
- authorised and contracted for	-	-
- approved but not contracted for	40,658	24,403
	<b>40,658</b>	<b>24,403</b>

**Contingent liabilities**

The Board is not aware of any contingent liabilities incurred or known to be incurred by the Group as at the LPD, which may have a material impact on the financial position of the Group.

**5. MATERIAL LITIGATION**

As at the LPD, neither XDL nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position of the Group and, to the best of the Board's knowledge and belief, the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of XDL in Malaysia at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the SGM:-

- (i) Memorandum of Association and Bye-laws of XDL;
- (ii) audited consolidated financial statements of XDL for the FYE 2014 and FYE 2015; and
- (iii) the letter of consent referred to in Section 2 of this Appendix I.

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## XIDELANG HOLDINGS LTD

(Bermuda Company Registration No. 43136)

(Incorporated as an exempted company in Bermuda under the Companies Act 1981 of Bermuda)

(Malaysian Foreign Company Registration No. 995210-W)

(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia)

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** a Special General Meeting of XiDeLang Holdings Ltd (“**XDL**” or the “**Company**”) will be held at Dewan Putra Perdana 2 & Centre, Level 1, Putrajaya Shangri-La Hotel, Taman Putra Perdana, Presint 1, 62000 Wilayah Persekutuan, Putrajaya, Malaysia on Thursday, 16 June 2016 at 10.30 a.m. or immediately following the conclusion of the Seventh Annual General Meeting of XDL, which will be held at the same venue and on the same day, whichever is later or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolution:-

#### **SPECIAL RESOLUTION – PROPOSED PAR VALUE REDUCTION**

“**THAT** with effect from such date as may be determined by the Board of Directors of the Company (“**Board**”) (the “**Effective Date**”):-

- (i) the issued and paid-up share capital of the Company be reduced (the “**Par Value Reduction of Issued Capital**”) from USD80,864,364.66 to USD26,954,788.22 by cancelling the paid-up capital of the Company to the extent of USD0.02 on each of the existing issued and paid-up ordinary shares of the Company (including 1,000 Shares held as treasury shares) (“**Shares**”) of USD0.03 par value so that each issued Share of USD0.03 par value shall be treated as a fully paid-up Share of USD0.01 par value (“**New Share**”) and any liability of the holder of such New Share to make any further contribution to the capital of the Company on each such New Share shall be treated as satisfied (i.e. the holders of the New Shares will not be required to make further payments, if any, in connection with the New Shares held by them);
- (ii) subject to and forthwith upon the Par Value Reduction of Issued Capital taking effect, all the authorised but unissued Shares of USD0.03 par value each (which shall include the authorised but unissued share capital resulting from the Par Value Reduction of Issued Capital) be cancelled and the authorised share capital of the Company of USD300,000,000.00 be diminished by USD273,045,211.78, representing the amount of Shares so cancelled and, forthwith upon such cancellation, the authorised share capital of the Company be increased to USD300,000,000.00 by the creation of 27,304,521,178 Shares of USD0.01 par value each (representing the difference between 30,000,000,000 Shares of USD0.03 par value each and the number of Shares of USD0.01 par value each in issue after the Par Value Reduction of Issued Capital); and
- (iii) subject to and forthwith upon the Par Value Reduction of Issued Capital taking effect, the credit arising from the Par Value Reduction of Issued Capital be transferred to the contributed surplus account of the Company to be utilised in such manner as may be determined by the Board and permitted by applicable laws.

(paragraphs (i), (ii) and (iii) above are collectively referred to as the “**Proposed Par Value Reduction**”).

**THAT** approval be and is hereby given to the Board to adjust and fix the exercise prices of the outstanding warrants 2014 / 2017 issued by the Company (“**Warrants B**”) pursuant to the Deed Poll dated 9 December 2013 constituting the Warrants B and the outstanding warrants 2015 / 2018 issued by the Company (“**Warrants C**”) pursuant to the Deed Poll dated 17 June 2015 constituting the Warrants C as a consequence of any adjustment arising from the Proposed Par Value Reduction, in such manner as the Board shall in its absolute discretion deem fit or expedient, and to give full effect to such adjustment;

**AND THAT** subject to the approvals from relevant authorities being obtained where necessary, approval be and is hereby given for the implementation of the Proposed Par Value Reduction and that the Board be and is hereby authorised to act for and on behalf of the Company to approve, sign and execute all documents, do all things and acts as may be required or desirable to give effect to and to complete the Proposed Par Value Reduction with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or deemed necessary or desirable and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as such Director may consider necessary, desirable or expedient to implement, finalise and give full effect to the Proposed Par Value Reduction.”

**By Order of the Board**

**Secretarius Services Sdn Bhd**  
**Company Secretary**

**Kuala Lumpur, Malaysia**  
**20 May 2016**

Notes:-

- i. *A member entitled to attend and vote at a meeting of the Company who is the holder of two (2) or more shares shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
- ii. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 of Malaysia, it may appoint not more than two (2) proxies in respect of each Securities Account it holds which is credited with ordinary shares of the Company.*
- iii. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**Omnibus Account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
- iv. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer, attorney or other person duly authorised to sign the same.*
- v. *The instrument appointing a proxy must be deposited at the Company’s registered office in Malaysia i.e. Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting i.e. on or before 14 June 2016 or any adjournment thereof.*
- vi. *Only members whose names appear in the Record of Depositors as at 10 June 2016 will be entitled to attend and vote at the meeting or appoint proxy (proxies) to attend and vote on their behalf.*



## XIDELANG HOLDINGS LTD

(Bermuda Company Registration No. 43136)  
(Incorporated as an exempted company in Bermuda under the Companies Act 1981 of Bermuda)  
(Malaysian Foreign Company Registration No. 995210-W)  
(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia)

### FORM OF PROXY

No. of Shares held	
CDS account no.	

Telephone no. (during office hours)

I/We.....NRIC / Passport / Company No.....  
(Full Name in Capital Letters)

of.....  
(Full Address)

being a member(s) of **XIDELANG HOLDINGS LTD** (incorporated in Bermuda under the Companies Act 1981 of Bermuda – Company No. 43136) (Registered as a Foreign Company in Malaysia under the Companies Act, 1965 of Malaysia – Company No. 995210-W) hereby appoint.....NRIC / Passport No.....  
(Full Name in Capital Letters)

of.....  
(Full Address)

and/or failing him/her.....NRIC / Passport No.....  
(Full Name in Capital Letters)

of.....  
(Full Address)

or the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Special General Meeting of the Company to be held at Dewan Putra Perdana 2 & Centre, Level 1, Putrajaya Shangri-La Hotel, Taman Putra Perdana, Presint 1, 62000 Wilayah Persekutuan, Putrajaya, Malaysia on Thursday, 16 June 2016 at 10.30 a.m. or immediately following the conclusion of the Seventh Annual General Meeting of XDL, which will be held at the same venue and on the same day, whichever is later or at any adjournment thereof. The proxy is to vote in the manner indicated below, with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

NO.	RESOLUTION	FOR	AGAINST
1.	<b>SPECIAL RESOLUTION – PROPOSED PAR VALUE REDUCTION</b>		

Dated this .....day of ..... 2016

Signature of Shareholder(s) / Common Seal

For the appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:-

Proxy	No. of Shares	Percentage (%)
1		
2		
Total		100

#### Notes:-

- A member entitled to attend and vote at a meeting of the Company who is the holder of two (2) or more shares shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 of Malaysia, it may appoint not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an office, attorney or other person duly authorised to sign the same.
- The instrument appointing a proxy must be deposited at the Company's registered office in Malaysia i.e. Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting i.e. on or before 14 June 2016 or any adjournment thereof.
- Only members whose names appear in the Record of Depositors as at 10 June 2016 will be entitled to attend and vote at the meeting or appoint proxy (proxies) to attend and vote on their behalf.



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AFFIX  
STAMP

Registered Office in Malaysia  
**XIDELANG HOLDINGS LTD**  
Unit 30-01, Level 30, Tower A, Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

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