

**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.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



## **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. 200902000038 (995210-W))

(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia and deemed registered under the Companies Act 2016)

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

- (I) PROPOSED PAR VALUE REDUCTION VIA CANCELLATION OF USD0.039 OF THE PAR VALUE OF EVERY ISSUED AND UNISSUED SHARE OF XDL OF USD0.04 PURSUANT TO SECTIONS 45 AND 46 OF THE COMPANIES ACT 1981 OF BERMUDA (“PROPOSED PAR VALUE REDUCTION”); AND**
- (II) PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME (“ESOS” OR “SCHEME”) INVOLVING UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES, IF ANY) FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES (“PROPOSED ESOS”)**

**(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)**

**AND**

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

*Principal Adviser*



## **MERCURY SECURITIES SDN BHD**

(Registration No. 198401000672 (113193-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the special general meeting (“SGM”) of XDL, which will be conducted entirely through live streaming from the broadcast venue at Tricor Boardroom, Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“**Broadcast Venue**”) on Thursday, 3 September 2020 at 10.00 a.m. or at any adjournment thereof, is enclosed together with the Proxy Form in this Circular.

You are requested to complete, sign and return the enclosed Proxy Form and deposit it at the registered office 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, at 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. Alternatively, the proxy appointment may also be lodged electronically via Tricor Investor & Issuing House Services Sdn Bhd’s (“**Tricor**”) **TIIH Online** website at <https://tiih.online> not less than 48 hours before the time and date appointed for holding the SGM or any adjournment thereof.

The Broadcast Venue is strictly for the purpose of complying with the requirement of Chairman of the meeting to be present at the main venue of the meeting. Shareholders or proxies **WILL NOT BE ALLOWED** to attend the SGM in person at the Broadcast Venue on the day of the meeting.

Shareholders or proxies are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, “**participate**”) remotely at the SGM using Remote Participation and Voting Facilities provided by Tricor via its **TIIH Online** website at <https://tiih.online>. Please refer to the Administrative Notes of the SGM as enclosed for further information in relation thereto. The completion and lodgement of the Proxy Form shall not preclude you from participating at the SGM should you subsequently wish to do so and in such an event, your Proxy Form shall be deemed to have been revoked.

Last day, date and time for lodging the Proxy Form : Tuesday, 1 September 2020 at 10.00 a.m.  
Day, date and time of the SGM : Thursday, 3 September 2020 at 10.00 a.m.

This Circular is dated 12 August 2020

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## 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>BNM</b>	- Bank Negara Malaysia
<b>Board</b>	- The Board of Directors of the Company, for the time being
<b>Bursa Securities</b>	- Bursa Malaysia Securities Berhad
<b>By-laws</b>	- The by-laws governing the Scheme as may be amended, varied or supplemented from time to time
<b>Circular</b>	- This circular to the Shareholders in relation to the Proposals
<b>Date of Offer</b>	- The date of the Offer made by the ESOS Committee to an Eligible Person in the manner provided in the By-laws
<b>Deed Poll D</b>	- Deed poll dated 4 January 2019 constituting the Warrants D
<b>Directors</b>	- The Directors of the Company for the time being
<b>Eligible Persons</b>	- Director(s) or employee(s) of the XDL Group (excluding any dormant subsidiary) who meets the criteria of eligibility for participation in the ESOS as set out in the By-laws
<b>EPS</b>	- Earnings per Share
<b>ESOS or Scheme</b>	- Employees' share option scheme for the granting of Options to the Eligible Person(s) to subscribe for new XDL Shares upon the terms as set out in the By-laws, such Scheme to be known as the "XDL Employees' Share Option Scheme"
<b>ESOS Committee</b>	- The committee to be appointed and authorised by the Board from time to time to administer the Scheme in accordance with the By-laws, comprising such number of directors and/or senior management personnel of the XDL Group identified and appointed from time to time by the Board
<b>ESOS Effective Date</b>	- The date on which the Scheme shall take effect, to be determined by the ESOS Committee, following full compliance with all relevant requirements prescribed under the Listing Requirements
<b>Exercise Price</b>	- The price per Share at which a Grantee shall be entitled to subscribe for a new Share upon the exercise of the Options as set out in the By-laws
<b>FYE</b>	- Financial year ended
<b>Grantee</b>	- Any Eligible Person who has accepted an Offer in the manner provided in the By-laws
<b>IFRS 2</b>	- International Financial Reporting Standard 2 on "Share-based Payment" issued by the International Accounting Standards Board
<b>Listing Requirements</b>	- Main Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time

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**DEFINITIONS (CONT'D)**

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<b>LPD</b>	-	15 July 2020, being the latest practicable date prior to the printing of this Circular
<b>Malaysia Companies Act</b>	-	Companies Act, 2016 of Malaysia, as amended, modified or supplemented from time to time
<b>Market Day(s)</b>	-	Any day on which Bursa Securities is open for trading in securities
<b>Maximum Scenario</b>	-	Assuming all the outstanding Warrants D are exercised into new XDL Shares
<b>Maximum Shares</b>	-	Maximum number of new Shares to be issued pursuant to the exercise of the Options that may be granted under the Scheme and shall not in aggregate exceed 15% of the total number of issued shares of XDL (excluding treasury shares, if any)
<b>Mercury Securities or the Principal Adviser</b>	-	Mercury Securities Sdn Bhd
<b>Minimum Scenario</b>	-	Assuming none of the outstanding Warrants D are exercised into new XDL Shares
<b>NA</b>	-	Net assets
<b>Offer</b>	-	Written offer of Options to an Eligible Person
<b>Option Period</b>	-	The period commencing from the date an Offer is accepted by a Grantee and expiring on (a) the last day of the duration of the Scheme, or (b) such other date as stipulated by the ESOS Committee in the Offer, or (c) on the date of termination or expiry of the Scheme as provided in the By-laws
<b>Options</b>	-	The right of a Grantee to subscribe for new Shares, during the Option Period, at the Exercise Price pursuant to an Offer duly accepted by the Grantee
<b>Par Value Reduction Effective Date</b>	-	Such date as may be determined by the Directors for the Proposed Par Value Reduction to take effect
<b>PRC</b>	-	People's Republic of China
<b>Proposals</b>	-	Collectively, the Proposed Par Value Reduction and the Proposed ESOS
<b>Proposed ESOS</b>	-	Proposed establishment of an ESOS involving up to 15% of the total number of issued shares of XDL (excluding treasury shares, if any) for the Eligible Persons
<b>Proposed Par Value Reduction</b>	-	Proposed par value reduction via cancellation of USD0.039 of the par value of every existing issued and unissued share of XDL of USD0.04 pursuant to Sections 45 and 46 of the Bermuda Companies Act and as more particularly described in Section 2 of this Circular
<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 the PRC

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**DEFINITIONS (CONT'D)**

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<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>VWAP</b>	- Volume weighted average market price
<b>Warrants D</b>	- The outstanding XDL warrants 2019/2022 issued by the Company pursuant to the Deed Poll D
<b>XDL or the Company</b>	- XiDeLang Holdings Ltd
<b>XDL Group or the Group</b>	- Collectively, XDL and its subsidiaries
<b>XDL Share(s) or Share(s)</b>	- Ordinary share(s) of par value USD0.04 each in the share capital of XDL prior to the completion of the Proposed Par Value Reduction or ordinary shares of USD0.001 each in the capital of XDL after the completion of the Proposed Par Value Reduction, as the case may be

All references to “you” in this Circular are to the Shareholders.

In this Circular, words referring to 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. References to persons shall include corporations, unless otherwise specified.

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 Malaysian time, unless otherwise stated. Any discrepancies in the tables included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

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 the Company’s plans and objectives will be achieved.

For illustrative purposes and where applicable, all RM figures in this Circular were translated based on the middle exchange rate of RMB1:RM0.6100 and USD1:RM4.2630 as extracted from BNM’s website as at the LPD.

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**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

12 August 2020

**Board of Directors**

Ding LiHong (*Executive Chairman*)

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**

Dear Sir / Madam,

**(I) PROPOSED PAR VALUE REDUCTION; AND**

**(II) PROPOSED ESOS**

**(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)**

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**1. INTRODUCTION**

On 22 July 2020, Mercury Securities had on behalf of XDL, announced that the Company proposes to undertake the following proposals:-

- (i) the Proposed Par Value Reduction; and
- (ii) the Proposed ESOS.

On 28 July 2020, Mercury Securities had, on behalf of the Company, announced that Bursa Securities had granted its approval for the listing and quotation of the new Shares to be issued upon the exercise of the Options from time to time on the Main Market of Bursa Securities vide its letter dated 28 July 2020. The approval of Bursa Securities is subject to the conditions as set out in Section 6 of this Circular.

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

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTIONS IN RESPECT OF THE PROPOSALS AT THE FORTHCOMING SGM.

## 2. DETAILS OF THE PROPOSALS

### 2.1 Proposed Par Value Reduction

XDL is an exempted company<sup>(1)</sup> incorporated in Bermuda and is subject to the Bermuda Companies Act. The concept of par value is applicable to companies under the Bermuda Companies Act. In this respect, the concept of par value is applicable to the Company.

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.*

Pursuant to the Malaysia Companies Act that came into effect on 31 January 2017, all shares of a company issued before or upon the commencement of the Malaysia Companies Act shall no longer have a par or nominal value. The Proposed Par Value Reduction is to facilitate the Company to be more aligned with the no par-value regime adopted in Malaysia pursuant to the Malaysia Companies Act.

XDL Shares are currently trading at a price that is below the current par value of XDL Shares. As at the LPD, the closing share price of XDL Shares was RM0.060 (or approximately USD0.014), which is at a discount of approximately 65% to the existing par value of USD0.04 each (or approximately RM0.171). The Proposed Par Value Reduction will facilitate the Company's granting of Options pursuant to the Proposed ESOS and reward the Eligible Persons at an exercise price that is approximate to its prevailing share price at the point of granting. Further details on the rationale for the Proposed Par Value Reduction are set out in Section 3.1 of this Circular.

As at the LPD, the authorised share capital of the Company is USD300,000,000 divided into 7,500,000,000 Shares of USD0.04 par value each, out of which 1,804,883,364 Shares (including 250 Shares held as treasury shares) of USD0.04 par value have been issued and fully paid-up. The Company's issued and paid-up share capital as at the LPD is USD72,195,334.56 comprising 1,804,883,364 Shares of USD0.04 par value each (including the treasury shares).

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The Directors propose to undertake the following on the Par Value Reduction Effective Date:-

- (i) a reduction of the issued and paid-up share capital of the Company from USD72,195,334.56 to USD1,804,883.36 by cancelling the issued and paid-up share capital of the Company to the extent of USD0.039 on each of the existing issued and paid-up Shares (including 250 Shares held as treasury shares) of USD0.04 par value so that each issued Share of USD0.04 par value shall be treated as a fully paid-up Share of USD0.001 par value as at the Par Value Reduction 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 USD0.04 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 USD298,195,116.64 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 by the creation of 298,195,116,636 Shares of USD0.001 par value each (representing the difference between 300,000,000,000 Shares and the number of Shares of USD0.001 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 USD0.04 to USD0.001;
- (ii) the authorised share capital of the Company will remain intact at USD300,000,000 but will be divided into 300,000,000,000 Shares of par value of USD0.001 each; and
- (iii) the total number of issued and paid-up Shares (including treasury shares) will remain intact at 1,804,883,364 Shares, but will comprise Shares of USD0.001 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 the completion of the Proposed Par Value Reduction, holders of Warrants D who exercise their Warrants D will be receiving Shares of USD0.001 par value each as opposed to Shares of USD0.04 par value each. The Proposed Par Value Reduction will not result in any adjustment to the number and exercise price of the Warrants D pursuant to the Deed Poll D.

## **2.2 Proposed ESOS**

XDL proposes to establish and implement the Proposed ESOS, which involves granting of the Options to the Eligible Persons as set out in the By-laws. The Options granted under the Scheme shall entitle the Eligible Persons to subscribe for new Shares at the Exercise Price. At this juncture, the Board has no plans to allocate any Options to the Directors as the priority of the Scheme is to incentivise the Company's employees.

The Scheme shall be administered by the ESOS Committee. The ESOS Committee shall comprise such number of directors and/or senior management personnel of the XDL Group to be identified and appointed from time to time by the Board. The ESOS Committee will have absolute discretion in administering the Scheme. Any liberty, power or discretion which may be exercised or any decision or determination which may be made by the ESOS Committee pursuant to the By-laws may be exercised in the ESOS Committee's sole and absolute discretion having regard to the terms of reference which the Board may establish to regulate and govern the ESOS Committee's functions and responsibilities. In the event that the ESOS Committee decides to allocate any Options to the Directors, Shareholders' approval will be sought for the specific allocation to each of them.

### **2.2.1 Maximum number of XDL Shares available under the Scheme**

The maximum number of new Shares which may be made available under the Scheme shall not exceed 15% of the Company's total number of issued shares (excluding treasury shares, if any) at any point of time during the duration of the Scheme.

Notwithstanding the above or any other provision contained in the By-laws, in the event that the number of new Shares to be issued pursuant to the exercise of the Options granted under the Scheme exceeds the Maximum Shares as a result of the Company purchasing its own Shares in accordance with the Malaysia Companies Act, or the Company undertaking any other corporate proposal and thereby diminishing its total number of issued and paid-up shares, then such Options granted prior to the adjustment of the total number of issued and paid-up shares (excluding treasury shares) of the Company shall remain valid and exercisable in accordance with the provisions of the By-laws.

However, in such a situation, the ESOS Committee shall not offer any further Options until the total number of new Shares to be issued pursuant to the exercise of the Options granted or to be granted under the Scheme falls below the Maximum Shares during the duration of the Scheme.

It should be noted that even if the Maximum Shares are granted to the Eligible Persons, the actual number of new Shares to be issued pursuant to the exercise of the Options may be lesser in view that not all Grantees under the Proposed ESOS will exercise their Options in full or at all.

### **2.2.2 Basis of allocation and maximum allowable allocation of new XDL Shares**

Subject to the Maximum Shares and any adjustments which may be made under the By-laws, the aggregate maximum number of new Shares that may be allocated to any one Eligible Person shall be determined entirely at the discretion of the ESOS Committee after taking into consideration, amongst others, the position, performance and length of service of the Eligible Person in the Group, and/or such other factors which the ESOS Committee may in its absolute discretion deem fit, subject to the following conditions:-

- (i) the directors or employees do not participate in the deliberation or discussion in respect of their own allocation;

- (ii) the number of new Shares to be allocated to any Eligible Person who, either singly or collectively through persons connected with such Eligible Person, hold 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any), does not exceed 10% of the total number of new Shares to be issued under the Scheme; and
- (iii) not more than 70% of the Options available under the Proposed ESOS shall be allocated to the directors and senior management of the companies in the XDL Group (which are not dormant),

provided always that it is in accordance with any prevailing guidelines issued by Bursa Securities, including the Listing Requirements or any other requirements of the relevant authorities and as amended from time to time.

For the avoidance of doubt, the ESOS Committee shall have the sole and absolute discretion in determining whether the Options are to be granted to the Eligible Persons via:-

- (i) 1 single Offer at a time determined by the ESOS Committee; or
- (ii) several Offers, where the vesting of the Options comprised in those Offers is staggered or made in several tranches at such times and on such terms and conditions as may be determined by the ESOS Committee,

provided always that the aggregate number of new Shares in respect of the Offers granted to any Eligible Person shall not exceed the amount stipulated in Section 2.2.1 of this Circular.

Subject to paragraph (i) above, in the event that the ESOS Committee has determined that certain Eligible Persons are entitled to be offered additional Options and the available balance of the unissued share capital of the Company under the Scheme is insufficient to grant their full additional entitlement, such available balance under the Scheme may be distributed on such basis as the ESOS Committee may determine and such decision shall be final and binding.

The ESOS Committee also has the discretion to determine, amongst others:-

- (i) whether or not to stagger the Offer over the duration of the Scheme and each Offer shall be separate and independent from the others;
- (ii) the number of Options to be offered in each Offer;
- (iii) whether or not the Options are subject to any vesting period and if so, the vesting conditions and whether such vesting are subject to performance target(s); and
- (iv) such other terms and conditions as it shall deem fit and appropriate to be imposed for the participation in the Scheme.

The decision as to whether the allocation of the Options will be granted on a staggered basis over the duration of the Scheme shall be determined by the ESOS Committee at a later date. No performance target has been set for the allocation of Options at this juncture. Notwithstanding this, the ESOS Committee may from time to time at its own discretion decide on the performance targets.

### **2.2.3 Eligibility to participate in the Scheme**

Any employee / director of the Group, excluding the subsidiaries which are dormant, shall be eligible to participate in the Scheme if, as at the Date of Offer:-

- (i) he / she is at least 18 years of age and he / she is not an undischarged bankrupt and subject to any bankruptcy proceedings;
- (ii) he / she is employed:-
  - (a) full time by and on the payroll of any company in the Group and his / her employment has been confirmed by that company in the Group; or
  - (b) under an employment contract for a fixed duration and has been in the employment of the Group for such period as may be determined by the ESOS Committee prior to and up to the Date of Offer; and
- (iii) falls within such other categories and complies with such criteria that the ESOS Committee may decide at its absolute discretion for the purposes of selecting an Eligible Person from time to time.

If the employee / director is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary whether directly or indirectly held by the Company upon such acquisition, such employee / director must fulfil the following as at the Date of Offer:-

- (i) he / she is at least 18 years of age and he / she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
- (ii) he / she is employed full time by and on the payroll of the newly acquired company and his / her employment has been confirmed by the newly acquired company; and
- (iii) he / she has been an employee of the newly acquired company for such period as may be determined by the ESOS Committee prior to and up to the Date of Offer.

The employee / director must fulfil any other criteria and/or fall within such category / designation of employment as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.

The eligibility to participate in the Scheme does not confer upon an Eligible Person a claim or right to participate in or any rights under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the Options or the Shares unless the ESOS Committee has made an Offer to the Eligible Person and such Eligible Person has accepted the Offer in accordance with the terms of the By-laws.

### **2.2.4 Duration of the Proposed ESOS**

The Scheme shall be in force for a duration of 5 years from the ESOS Effective Date.

On or before the expiry of the first 5 years of the Scheme, the Board shall have the discretion, without having to obtain approval of the Shareholders, to extend the duration of the Scheme, provided that such extension of the Scheme made pursuant to the By-laws shall not in aggregate exceed a duration of 10 years from the ESOS Effective Date or such longer period as may be permitted by Bursa Securities or any other relevant authorities from time to time.

For the avoidance of doubt, no further sanction, approval, consent or authorisation of the Shareholders in a general meeting is required for any such extension. In the event the Scheme is extended in accordance with the provision of the By-laws, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make necessary announcements through Bursa Securities prior to the proposed extension of the Scheme.

The Scheme may be terminated by the ESOS Committee at any time before its expiry and the Company shall make an announcement immediately through Bursa Securities.

In the event of termination of the Scheme, the following provisions shall apply:-

- (i) no further Offer shall be made by the ESOS Committee from the effective date of termination of the Scheme ("**Termination Date**");
- (ii) all Offers which have yet to be accepted by the Eligible Person(s) shall automatically lapse on the Termination Date;
- (iii) all Offers which have yet to be vested in the Eligible Person(s) shall automatically lapse on the Termination Date; and
- (iv) all outstanding Options which have yet to be exercised by the Grantees and/or vested (if applicable) shall automatically terminate and lapse on the Termination Date.

Approval or consent of Shareholders by way of a resolution in a general meeting and written consent of the Grantees who have yet to exercise their Options are not required to effect a termination of the Scheme.

#### **2.2.5 Exercise of Options**

Subject to the By-laws, a Grantee shall be allowed to exercise the Options granted to him / her either in whole or part in multiples of 100 Shares as the Grantee may be entitled under the Options at any time during the Option Period whilst he / she is in the employment of any company within the Group (which are not dormant).

There will be no restriction to the Grantee on the percentage of Options exercisable by him / her during the Option Period.

#### **2.2.6 Exercise Price**

Subject to any adjustments that may be made in accordance with the By-laws, the Exercise Price shall be based on the higher of the following:-

- (i) a price to be determined by the Board upon recommendation of the ESOS Committee based on the 5-day VWAP of the Shares immediately preceding the Date of Offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme; or

- (ii) the par value of Shares from time to time, provided however that this paragraph (ii) shall cease to apply if due to a change in law, no par value is legally required to be ascribed to the share capital of the Company under the applicable law then in effect.

#### **2.2.7 Ranking of the new Shares to be issued pursuant to the exercise of the Options**

The new Shares to be allotted and issued upon the exercise of the Options shall, upon allotment and issue, rank *pari passu* in all respects with the then existing issued and paid-up Shares, save and except that the new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares.

#### **2.2.8 Utilisation of proceeds**

The proceeds arising from the exercise of the Options will depend on, amongst others, the number of Options granted and exercised at the relevant point in time as well as the Exercise Price. As such, the actual amount of proceeds arising from the exercise of the Options could not be determined at this juncture.

Nevertheless, the Company intends to utilise the proceeds arising from the exercise of the Options, if any, as working capital of the Group which commensurate with the business operations of the Group. The working capital raised from the exercise of the Options will be utilised to finance the Group's day-to-day operations, including the purchase of raw materials as well as defrayment of operational and administrative expenses (i.e. payment of salaries, transportation costs, utilities and other miscellaneous items). The proceeds to be utilised for each component of working capital are subject to the operating requirements at the time of utilisation and the timeframe for full utilisation cannot be determined at this juncture.

#### **2.2.9 Retention period**

The new Shares to be allotted and issued to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period or restrictions on transfer save for those (if any) as may be provided in the Bye-laws of the Company for the time being. However, the Grantees are encouraged to hold the Shares as an investment rather than for any speculative purposes and/or for the realisation of any immediate gain.

Notwithstanding the above, pursuant to Paragraph 8.20 of the Listing Requirements, a Grantee who is a non-executive director of any company within the Group (excluding any dormant subsidiary) must not sell, transfer or assign his / her Shares obtained through the exercise of the Options offered to him / her pursuant to the Scheme within 1 year from the Date of Offer of such Options or such period as may be prescribed by Bursa Securities.

The allocation of Options to non-executive directors is to recognise the contributions and efforts made by the non-executive directors as they play a constructive role in contributing towards the growth and performance of the Group. Further details on the rationale for extending participation in the ESOS to non-executive directors are set out in Section 3.2 of this Circular.

## **2.2.10 Alteration of share capital during the Option Period**

In the event of any alteration in the capital structure of the Company during the duration of the Scheme, whether by way of rights issue, bonus issue or other capitalisation issue consolidation or subdivision of Shares or reduction or any other alteration in the capital structure of the Company or otherwise howsoever, the ESOS Committee may, in its discretion, determine whether the Exercise Price; and/or the number of unexercised Options shall be adjusted, and if so, the manner in which such adjustments should be made.

Such adjustments must be confirmed in writing by the external auditors or principal advisers of the Company (acting as experts and not as arbitrators), to be in their opinion, fair and reasonable.

## **2.2.11 Modification, variation and/or amendment to the Scheme**

Subject to compliance with the Listing Requirements and any relevant authorities, the ESOS Committee may at any time recommend to the Board any addition or amendment to, or deletion of the By-laws as it shall deem fit.

Subject to the By-laws, the approval of the Shareholders in a general meeting shall not be required in respect of the additions or amendments to or modifications or deletion of the By-laws provided that no additions, modifications or amendments or deletions shall be made to the By-laws which would:-

- (i) prejudice any rights which have accrued to any Grantee without the prior consent or sanction of that Grantee; or
- (ii) increase the number of Shares available under the Scheme beyond the maximum set out in Section 2.2.1 above; or
- (iii) alter any matter which are required to be contained in the By-laws by virtue of the Listing Requirements to the advantage of the Eligible Person and/or Grantee.

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### **3. RATIONALE FOR THE PROPOSALS**

#### **3.1 Proposed Par Value Reduction**

The concept of par value is applicable to companies under the Bermuda Companies Act. In this respect, XDL is a company incorporated in Bermuda under the Bermuda Companies Act, as such, the concept of par value is applicable to the Company.

Pursuant to the Malaysia Companies Act that came into effect on 31 January 2017, all shares of a company issued before or upon the commencement of the Malaysia Companies Act shall no longer have a par or nominal value. The Proposed Par Value Reduction is to facilitate the Company to be more aligned with the no par-value regime adopted in Malaysia pursuant to the Malaysia Companies Act.

In addition to the above, XDL Shares are currently trading at a price that is below the current par value of XDL Shares. As at the LPD, the closing share price of XDL Shares was RM0.060 (or approximately USD0.014), which is at a discount of approximately 64.8% to the existing par value of USD0.04 each (or approximately RM0.171). Apart from aligning with the no par-value regime adopted in Malaysia as mentioned above, the Proposed Par Value Reduction will facilitate the Company's granting of options pursuant to the Proposed ESOS and reward the Eligible Persons at an exercise price that is approximate to its prevailing share price at the point of granting.

As illustrated in Section 4 of this Circular, the credit arising from the Proposed Par Value Reduction will be transferred to the Company's contributed surplus account. This contributed surplus may increase the distributable reserves of the Company, thereby allowing the Company greater flexibility in making distributions to the 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 the Company 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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### 3.2 Proposed ESOS

The Proposed ESOS is established to achieve the following objectives:-

- (i) to drive and motivate the Eligible Persons to work towards achieving the Group's goals and objectives;
- (ii) to reward the Eligible Persons in recognition of their accumulated contribution to the operations and continued growth of the Group;
- (iii) to provide more flexibility for Company in arriving at the remuneration package to reward and incentivise the Eligible Persons pursuant to the disruptions brought about by the coronavirus disease pandemic;
- (iv) to retain the Eligible Persons by giving the Eligible Persons a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company and thereby provides an incentive for the Eligible Persons to participate in the future growth of the Group and motivate them towards better performance through greater productivity and loyalty;
- (v) to align the interests of the Eligible Persons, including management personnel of the Group, with the interests of the Shareholders via direct participation in the equity of the Company; and
- (vi) to attract and retain high-calibre Eligible Persons.

The allocation of Options to non-executive directors is to recognise the contributions and efforts made by the non-executive directors as they play a constructive role in contributing towards the growth and performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as to enable the Company to attract and retain capable individuals to act as non-executive directors of the Company who will assist in the overall strategic decisions of the Group.

Further, the Board after taking into consideration the past contribution of the directors and senior management of the Group and to encourage them to contribute further to the success of the Group, has decided to allocate not more than 70% of the Options available under the Proposed ESOS in aggregate to them.

The Board recognises that suitable candidates for higher-level management are hard to attract and/or retain. Hence, the Board is of the view that the 70% threshold is optimal as it allows for the Group the flexibility in customising an attractive and holistic remuneration package to the aforementioned parties.

Notwithstanding the above, the Board does not have any plans to allocate any Options to its Directors at this juncture.

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#### 4. EFFECTS OF THE PROPOSALS

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

The pro forma effects of the Proposals 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	1,804,883	72,195	307,769	1,804,883	72,195	307,769		0.040	
To be issued assuming full exercise of outstanding Warrants D	-	-	-	902,442	36,098	153,884		0.040	
Enlarged issued share capital after full exercise of outstanding Warrants D	1,804,883	72,195	307,769	2,707,325	108,293	461,653		0.040	
Proposed Par Value Reduction	-	(70,390)	(300,074)	-	(105,586)	(450,112)		(0.039)	
Issued and paid-up share capital after the Proposed Par Value Reduction	1,804,883	1,805	7,694	2,707,325	2,707	11,541		0.001	
To be issued upon the exercise of the Options <sup>(2)</sup>	270,732	271	1,154	406,099	406	1,731		0.001	
<b>Enlarged issued and paid-up share capital after the Proposals</b>	<b>2,075,616</b>	<b>2,076</b>	<b>8,848</b>	<b>3,113,424</b>	<b>3,113</b>	<b>13,273</b>		<b>0.001</b>	

Notes:-

(1) Inclusive of 250 treasury shares.

(2) Based on 15% of XDL's total number of issued shares (excluding 250 treasury shares) as at the LPD.

The Proposed ESOS is not expected to have an immediate effect on the Company's issued and paid-up share capital until such time when the Options are exercised. The Company's issued and paid-up share capital will increase progressively depending on the number of new Shares which are issued pursuant to the exercise of the Options.

#### 4.2

#### NA, NA per Share and gearing

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

##### Minimum Scenario

Group level	Audited as at 31 December 2018		After subsequent event <sup>(1)</sup>		After (I) and the Proposed Par Value Reduction	
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
Share capital <sup>(2)</sup>	452,534	276,046	452,534	276,046	11,313	6,901
Share premium	2,290	1,397	2,290	1,397	2,290	1,397
Capital redemption reserve	417,225	254,507	417,225	254,507	858,446	523,652
Retained earnings	665,340	405,857	664,756	405,501	(4)664,165	(4)405,141
Other reserves <sup>(3)</sup>	(128,533)	(78,405)	(128,533)	(78,405)	(128,532)	(78,405)
<b>Total equity / NA</b>	<b>1,408,856</b>	<b>859,402</b>	<b>1,408,272</b>	<b>859,046</b>	<b>1,407,682</b>	<b>858,686</b>
No. of Shares ('000) (excluding treasury shares)	1,804,883	1,804,883	1,804,883	1,804,883	1,804,883	1,804,883
NA per Share (RMB/RM)	0.78	0.48	0.78	0.48	0.78	0.48
Borrowings (RMB'000/RM'000)	12,400	7,564	12,400	7,564	12,400	7,564
Gearing (times)	0.01	0.01	0.01	0.01	0.01	0.01

##### Notes:-

- (1) After taking into consideration the effects of the bonus issue of 902,441,557 Warrants D which was completed on 25 January 2019 ("BIOW") and after deducting expenses incurred in relation to the BIOW. The effects of the BIOW are based on the exchange rates of RMB1:RM0.6091 as at 25 January 2019.
- (2) Excluding 250 Shares held as treasury shares as at the LPD.
- (3) Other reserves include treasury shares, statutory surplus reserve, merger deficit and exchange translation reserve.
- (4) Including estimated expenses in relation to the Proposals amounting to RM360,000.

**Maximum Scenario**

Group level	Audited as at 31 December 2018		After subsequent event <sup>(1)</sup>		After (I) and assuming full exercise of outstanding Warrants D		After (II) and the Proposed Par Value Reduction	
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
	Share capital <sup>(2)</sup>	452,534	276,046	452,534	276,046	704,803	429,930	17,620
Share premium	2,290	1,397	2,290	1,397	16,315	9,952	16,315	9,952
Capital redemption reserve	417,225	254,507	417,225	254,507	417,225	254,507	1,104,408	673,689
Retained earnings	665,340	405,857	664,756	405,501	664,756	405,501	(4)664,165	(4)405,141
Other reserves <sup>(3)</sup>	(128,533)	(78,405)	(128,533)	(78,405)	(128,533)	(78,405)	(128,532)	(78,405)
<b>Total equity / NA</b>	<b>1,408,856</b>	<b>859,402</b>	<b>1,408,272</b>	<b>859,046</b>	<b>1,674,566</b>	<b>1,021,485</b>	<b>1,673,977</b>	<b>1,021,126</b>
No. of Shares ('000) (excluding treasury shares)	1,804,883	1,804,883	1,804,883	1,804,883	2,707,325	2,707,325	2,707,325	2,707,325
NA per Share (RMB/RM)	0.78	0.48	0.78	0.48	0.62	0.38	0.62	0.38
Borrowings (RMB'000/RM'000)	12,400	7,564	12,400	7,564	12,400	7,564	12,400	7,564
Gearing (times)	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

**Notes:-**

- (1) After taking into consideration the effects of the BLOW and after deducting expenses incurred in relation to the BLOW. The effects of the BLOW are based on the exchange rates of RMB1:RM0.6091 as at 25 January 2019.
- (2) Excluding 250 Shares held as treasury shares as at the LPD.
- (3) Other reserves include treasury shares, statutory surplus reserve, merger deficit and exchange translation reserve.
- (4) Including estimated expenses in relation to the Proposals amounting to RM360,000.

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The Proposed ESOS is not expected to have an immediate effect on the NA and gearing of the Group until such time when the Options granted under the Scheme are exercised. Any potential effects on the NA and gearing of the Group will depend on the number of new Shares to be issued upon the exercise of the Options granted under the Scheme and the Exercise Price.

For illustrative purposes, upon exercise of the Options under the Proposed ESOS, the NA per Share is expected to:-

- (i) increase if the Exercise Price is higher than the NA per Share; or
- (ii) decrease if the Exercise Price is lower than the NA per Share,

at such point of exercise of the Options.

#### **4.3 Earnings and EPS**

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

Apart from the estimated expenses to be incurred for the Proposed ESOS, the Proposed ESOS is not expected to have any immediate effect on the earnings and EPS of the Group until such time when the Options are granted and exercised.

Any potential effect on the EPS of the Group will depend on the number of Options granted and exercised, the Exercise Price and the non-cash expense arising from the granting of the Options under IFRS 2.

The quantum of such impact cannot be determined at this juncture as it will be measured at the date of granting the Options and recognised as an expense in the profit or loss account of XDL over the vesting period of such Options. However, it should be noted that the estimated cost does not represent a cash outflow by the Company as it is merely an accounting treatment.

The Board takes note of the potential impact of IFRS 2 on the Group's future earnings and shall take into consideration such impact in the allocation and of the Options to the Eligible Persons.

#### **4.4 Substantial Shareholders' shareholdings**

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

The Proposed ESOS is not expected to have any immediate effect on the shareholdings of the substantial Shareholders of the Company until and unless new Shares are issued pursuant to the exercise of the Options. Any potential effect on the substantial Shareholders' shareholdings in the Company would depend on the number of new Shares to be issued at the relevant point in time.

#### **4.5 Existing convertible securities**

Save for the 902,441,557 outstanding Warrants D, the Company does not have any other outstanding convertible securities as at the LPD.

The Proposals will not result in any adjustment to the number and exercise price of the outstanding Warrants D pursuant to the Deed Poll D.

## 5. TENTATIVE TIMELINE

Subject to all relevant approvals being obtained, the Proposals are expected to be completed by the third quarter of 2020.

The tentative timetable for the Proposals is as follows:-

Date	Events
3 September 2020	SGM for the Proposals
September 2020	- Par Value Reduction Effective date - Completion of the Proposed Par Value Reduction - Establishment of the ESOS

## 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 Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities for the listing and quotation of such number of additional new Shares, representing up to 15% of the total number of issued shares of the Company (excluding treasury shares), to be issued upon exercise of Options under the Proposed ESOS; and
- (ii) the Shareholders at the forthcoming SGM.

The approval of Bursa Securities was obtained on 28 July 2020, subject to, amongst others, the following conditions:-

Conditions imposed by Bursa Securities	Status of compliance
1. Mercury Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the Shareholders in general meeting approving the Proposed ESOS;	To be complied
2. XDL is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the issuance of new Shares under the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied
3. To incorporate Bursa Securities' comments in respect of the draft Circular as set out in its letter dated 28 July 2020.	Complied

## 7. INTER-CONDITIONALITY

The Proposed Par Value Reduction is not conditional upon the Proposed ESOS and *vice versa*.

Save as disclosed above, the Proposals are 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 Proposals, there are no other corporate exercises, which have been announced by the Company, but is pending completion before the date of this Circular.

## **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.

All Directors are deemed interested in the Proposed ESOS by virtue of their eligibility for the Options in their capacity as Directors and in respect of their specific allocations (where applicable) as well as specific allocations to persons connected with them under the Proposed ESOS (where applicable). Nonetheless, the Board currently does not have any plans to allocate any Options to the Directors and there will be no resolutions pertaining to their respective specific allocation of Options as well as the specific allocations to any persons connected with them (where applicable) at the relevant Board meetings of the Company nor at the forthcoming SGM.

If there are any specific allocation of Options to the Directors or to any persons connected to them (where applicable) in the future, the Directors will abstain and continue to abstain from all Board deliberations and voting in respect of any specific allocation of Options to themselves respectively as well as the specific allocations to any persons connected with them (where applicable) at the relevant Board meetings of the Company.

Further, the Directors will abstain from voting, in respect of their direct and/or indirect shareholdings in XDL, if any, on the resolutions pertaining to their respective specific allocation of Options as well as the specific allocations to any persons connected with them (where applicable) under the Proposed ESOS at a general meeting to be convened in the future, if applicable.

The Directors further undertake to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in XDL, on the resolutions pertaining to the Directors' respective specific allocation of Options as well as the specific allocations to any persons connected with them (where applicable) under the Proposed ESOS at a general meeting to be convened in the future, if applicable.

## **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.

The Directors are deemed interested in the Proposed ESOS by virtue of their eligibility for the Options in their capacity as Directors and in respect of their specific allocations (where applicable) as well as specific allocations to persons connected with them under the Proposed ESOS (where applicable) as detailed in Section 9 above. The Board as a whole, having duly considered all aspects of the Proposed ESOS, including but not limited to the rationale and effects of the Proposed ESOS, is of the opinion that the Proposed ESOS are in the best interests of the Company.

Accordingly, the Board recommends that the Shareholders vote in favour of the respective resolutions pertaining to the Proposals to be tabled at the forthcoming SGM.

## 11. SGM

The SGM, the notice of which is enclosed with this Circular, which will be conducted entirely through live streaming from the broadcast venue at Tricor Boardroom, Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("**Broadcast Venue**") on Thursday, 3 September 2020 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolutions, with or without any modifications, to give effect to the Proposals.

If you are unable to attend and vote in person at the SGM, you may appoint not more than 2 proxies to attend and vote on your behalf by completing, signing on and returning the enclosed Proxy Form 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, at 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. Alternatively, the proxy appointment may also be lodged electronically via Tricor Investor & Issuing House Services Sdn Bhd's ("**Tricor**") **TIIH Online** website at <https://tiih.online> no less than 48 hours before the time and date appointed for holding the SGM or any adjournment thereof.

The Broadcast Venue is strictly for the purpose of complying with the requirement of Chairman of the meeting to be present at the main venue of the meeting. Shareholders or proxies **WILL NOT BE ALLOWED** to attend the SGM in person at the Broadcast Venue on the day of the meeting.

Shareholders or proxies are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the SGM using Remote Participation and Voting Facilities provided by Tricor via its **TIIH Online** website at <https://tiih.online>. Please refer to the Administrative Notes of the SGM as enclosed for further information in relation thereto.

The completion and lodgement of the Proxy Form shall not preclude you from participating at the SGM should you subsequently wish to do so and in such an event, your Proxy Form 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 PENGWAN**

Executive Director / Deputy Chief Executive Officer cum Chief Operating Officer

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**APPENDIX I – FURTHER INFORMATION**

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**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board, and the Directors 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 Proposals 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.

Mercury Securities is not aware of any conflict of interest which exists or is likely to exist by virtue of its appointment as the Principal Adviser to the Company for the Proposals.

**3. HISTORICAL SHARE PRICES**

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

	<b>High (RM)</b>	<b>Low (RM)</b>
<b><u>2020</u></b>		
July	0.055	0.065
June	0.075	0.055
May	0.070	0.055
April	0.100	0.060
March	0.165	0.085
February	0.175	0.125
January	0.175	0.110
<b><u>2019</u></b>		
December	0.120	0.085
November	0.090	0.075
October	0.085	0.075
September	0.085	0.075
August	0.095	0.085

Last transacted market price on 21 July 2020, being the last Market Day immediately prior to the first announcement of the Proposals (RM) 0.060

Last transacted market price as at the LPD (RM) 0.060

*(Source: Bloomberg)*

**4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****Material commitments**

Save as disclosed below, as at the LPD, the Board confirmed that there are no other material commitments incurred or known to be incurred by the Group 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 - approved but not contracted for	31,142	18,894
	<b>31,142</b>	<b>18,894</b>

**Contingent liabilities**

As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or 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 31 December 2017 and 31 December FYE 2018;
- (iii) unaudited consolidated financial statements of XDL for the 15-month financial period ended 31 March 2020;
- (iv) the letter of consent referred to in Section 2 of this appendix; and
- (v) the draft By-laws for the Proposed ESOS.

*By-Laws of the XiDeLang Holdings Ltd Employees' Share Option Scheme*

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**1. NAME OF SCHEME**

This Scheme (as defined below) shall be called the “XiDeLang Holdings Ltd Employees’ Share Option Scheme”.

**2. OBJECTIVES OF SCHEME**

2.1 The objectives of the Scheme are:-

- (a) to drive and motivate the Eligible Persons (as defined herein) to work towards achieving the Group’s (as defined herein) goals and objectives;
- (b) to reward the Eligible Persons in recognition of their accumulated contribution to the operations and continued growth of the Group;
- (c) to provide more flexibility for Company (as defined herein) in arriving at the remuneration package to reward and incentivise the Eligible Persons pursuant to the disruptions brought about by the coronavirus disease pandemic;
- (d) to retain the Eligible Persons by giving the Eligible Persons a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company and thereby provides an incentive for the Eligible Persons to participate in the future growth of the Group and motivate them towards better performance through greater productivity and loyalty;
- (e) to align the interests of the Eligible Persons, including management personnel of the Group, with the interests of the shareholders of the Company via direct participation in the equity of the Company; and
- (f) to attract and retain high-calibre Eligible Persons.

2.2 In addition to the objectives set out in By-Law 2.1 above, the objective of the Scheme is to recognise the contributions and efforts made by the non-executive Directors (as defined herein) as they play a constructive role in contributing towards the growth and performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as enable the Company to attract and retain capable individuals to act as non-executive Directors of the Company who will assist in the overall strategic decisions of the Group.

**3. DEFINITIONS AND INTERPRETATION**

3.1 In these By-Laws, the following terms and expressions shall have the following meanings:-

Act	The Companies Act, 2016 of Malaysia as amended from time to time including all regulations made thereunder and any re-enactment thereof
Available Balance	The unissued share capital of the Company which is available for the offer of further ESOS Options subject to the limit set out in By-Law 4.2 and after deducting all ESOS Options which have been offered and accepted
Board	The Board of Directors for the time being of XiDeLang
Bursa Securities	Bursa Malaysia Securities Berhad

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By-Laws	These rules, terms and conditions of the Scheme (as the same may be modified, varied and/or amended from time to time in accordance with By-Law 21)
CDS	Central Depository System
CDS Account	An account established by Bursa Malaysia Depository Sdn. Bhd. for a depositor for the recording of deposits and withdrawal of securities and for dealings in such securities by a depositor
Company or XiDeLang	XiDeLang Holdings Ltd (喜得狼控股有限公司)
Date of Expiry	Last day of the duration of the Scheme as defined in By-Law 19.1
Date of Offer	The date of the Offer made by the ESOS Committee to an Eligible Person in the manner provided in By-Law 7
Director	A director within the meaning stipulated in the Act
Effective Date	The date on which the Scheme comes into force as provided in By Law 19.1
Eligible Person(s)	Director(s) or Employee(s) of the XiDeLang Group who meet(s) the criteria of eligibility for participation in the ESOS as set out in By-Law 5
Employee	A natural person who is employed by and on the payroll of any company in the Group
Entitlement Date	The date as at the close of business on which shareholders' names must appear on XiDeLang's Record of Depositors and/or Register of Members in order to be entitled to any dividends, rights, allotments or other distributions
ESOS or Scheme	The XiDeLang Holdings Ltd Employees' Share Option Scheme, as the same may be modified or altered from time to time
ESOS Committee	The committee appointed by the Board to administer the Scheme in accordance with By-Law 20, comprising such number of the Directors and/or senior management personnel of the XiDeLang Group identified and appointed from time to time by the Board
ESOS Options or Options	The right of a Grantee to subscribe for new Shares, during the Option Period, at the Exercise Price pursuant to an Offer duly accepted by the Grantee in the manner provided in By-Law 8
Exercise Price	The price at which a Grantee shall be entitled to subscribe for each new Share from the Company upon the exercise of the ESOS Options, as initially determined and as may be adjusted pursuant thereto in accordance with the provisions of By-Laws 11 and 15
Grantee	Any Eligible Person who has accepted an Offer in the manner provided in By-Law 8

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Group or XiDeLang Group	The Company and its subsidiary company(ies) as defined in Section 4 of the Act, which are not dormant. Subject to the foregoing, subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the existence of the Scheme but exclude subsidiaries which have been divested in the manner provided in By-Law 17
Listing Requirements	The Main Market Listing Requirements of Bursa Securities
Market Day	A day on which Bursa Securities is open for trading of securities
Maximum Allowable Allotment	The maximum number of ESOS Options that can be offered and allotted to an Eligible Person in the manner as provided in By-Law 6
Maximum Limit	The maximum number of Shares that may be offered and issued under the ESOS which shall not exceed fifteen percent (15%) of the total issued and paid-up shares of the Company (excluding treasury shares, if any) at any point of time during the existence of the ESOS, as stipulated in By-Law 4.2
Offer	A written offer made by the ESOS Committee from time to time to an Eligible Person to participate in the Scheme in the manner provided in By-Law 7
Offer Period	has the meaning ascribed to it in By-Law 7.4
Option Period	The period commencing from the date an Offer is accepted by a Grantee and expiring on the Date of Expiry or such other date as stipulated by the ESOS Committee in the Offer or upon the date of termination or expiry of the Scheme as provided in By-Laws 16 or 19 respectively
SC	Securities Commission Malaysia
Shares	Ordinary shares of [USD0.001] each in the Company or such other par value from time to time or, if due to a change in law, par value is no longer legally required to be ascribed to the share capital of the Company, the relevant ordinary share capital of the Company from time to time
SGM	Special general meeting of the Company
USD	United States Dollars, the lawful currency of the United States of America
3.2	Headings are for ease of reference only and do not affect the meaning of a By-Law.
3.3	Any reference to a statutory provision or an applicable law shall include a reference to:
(a)	any and all subsidiary legislation made from time to time under the provision or law;
(b)	any and all Listing Requirements, policies and/or guidelines of Bursa Securities, SC and/or the relevant authorities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with

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- the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities, SC and/or the relevant authorities);
- (c) that provision as from time to time modified or re-enacted, whether before or after the date of these By-Laws, so far as such modification or re-enactment applies or is capable of applying to any ESOS Options offered within the duration of the Scheme; and
  - (d) any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced.
- 3.4 Words importing the masculine gender shall include the feminine and neuter genders.
- 3.5 Words importing the singular number shall include the plural number and vice versa.
- 3.6 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day, and if an event is to occur on a stipulated day which falls after the Date of Expiry then the stipulated day shall be taken to be the last Market Day of the duration of the Scheme.
- 3.7 Any liberty or power or discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:
- (a) by the Board may be exercised in the Board's sole and absolute discretion and the Board shall not be under any obligation to give any reasons therefor; or
  - (b) by the ESOS Committee may be exercised in the ESOS Committee's sole and absolute discretion and the ESOS Committee shall not be under any obligation to give any reason therefor, but subject always to the Board's power to overrule any decision of the ESOS Committee.
- 3.8 In the event of any change in the name of the Company from its present name, all reference to "*XiDeLang Holdings Ltd*" in these By-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company's new name.

**4. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME**

- 4.1 Each Option shall be exercisable into one (1) new issued and fully paid-up Share in accordance with the provisions of these By-Laws.
- 4.2 The aggregate number of ESOS Options offered and to be offered under the Scheme shall not in aggregate exceed fifteen percent (15%) of the issued and paid-up shares in the capital of the Company (excluding treasury shares, if any) at any point of time during the existence of the Scheme as provided in By-Law 19.1.
- 4.3 Notwithstanding By-Law 4.2 above nor any other provision herein contained, in the event the maximum number of new Shares comprised in the ESOS Options granted under the Scheme exceeds in aggregate fifteen percent (15%) of the issued and paid-up shares in the capital of the Company (excluding treasury shares, if any) as a result of the Company purchasing its own Shares or the Company undertaking any corporate proposal and thereby diminishing the issued and paid-up share capital of the Company, then such ESOS Options granted prior to the adjustment of the number of issued Shares (excluding treasury shares, if any) of the Company shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the ESOS Committee shall not make any further Offer unless the total number of Shares to be issued under the Scheme falls below fifteen percent (15%) of the total number of issued and paid-up shares in the capital of the Company (excluding treasury shares, if any) at any point of time during the existence of the Scheme after such adjustment.

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- 4.4 The Company will ensure there is sufficient unissued Shares available in its authorised share capital to satisfy all outstanding ESOS Options throughout the duration of the Scheme.

**5. ELIGIBILITY**

- 5.1 Only a Director or an Employee of the XiDeLang Group who fulfills the following conditions shall be eligible to participate in the Scheme:-

- (a) in respect of an Employee/Director, the Employee/Director must fulfil the following criteria as at the Date of Offer:
- (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
  - (ii) he/she is employed (1) full time by and on the payroll of any company in the Group and his/her employment has been confirmed by any company in the Group or (2) under an employment contract for a fixed duration and has been in the employment of the Group for such period as may be determined by the ESOS Committee prior to and up to the Date of Offer; and
  - (iii) falls within such other categories and complies with such criteria that the ESOS Committee may decide at its absolute discretion for purposes of selecting an Eligible Person from time to time.
- (b) if the Employee/Director is employed by a company which is acquired by the Group during the existence of the Scheme and becomes a subsidiary whether directly or indirectly held by the Company upon such acquisition, the Employee/Director must fulfil the following as at the Date of Offer:
- (i) he/she is at least eighteen (18) years of age and is not an undischarged bankrupt or subject to any bankruptcy proceedings;
  - (ii) he/she is employed full time by and on the payroll of the newly acquired company and his/her employment has been confirmed by the newly acquired company; and
  - (iii) and he/she has been an employee of the newly acquired company for such period as may be determined by the ESOS Committee prior to and up to the Date of Offer.
- (c) the Employee/Director must fulfil any other criteria and/or fall within such category/designation of employment as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.

Subject to this By-Law, there are no performance targets to be achieved by the Grantee before the ESOS Options can be exercised, unless otherwise stated in the Offer or as determined by the ESOS Committee from time to time.

For the avoidance of doubt, an Employee who attains the prescribed retirement age but is offered to continue to serve the Group on a full time basis shall be treated as an Employee of the Group.

- 5.2 The ESOS Committee may from time to time at its absolute discretion select and identify suitable Eligible Persons to be offered the ESOS Options. In the event that any Eligible Person is a member of the ESOS Committee, such Eligible Persons shall neither participate in the deliberation or discussion of nor vote on their own allocation of ESOS Options.
- 5.3 Any eligible Employee or Director who holds more than one (1) position within the XiDeLang Group and by holding such position is an Eligible Person, shall only be entitled to the Maximum Allowable Allotment of any one (1) category/designation of employment. The

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ESOS Committee shall be entitled at its discretion to determine the applicable category/designation of employment.

- 5.4 An Employee or Director of a dormant company within the Group is not eligible to participate in the Scheme.
- 5.5 Eligibility under the Scheme does not confer upon the Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the Options or the Shares comprised herein unless an Offer has been made by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with By-Law 8 hereof.

**6. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOCATION OF SHARES**

- 6.1 Subject to By-Law 4.2 and any adjustments which may be made under By-Law 15 the aggregate maximum number of ESOS Options that may be allocated to any one category/designation of Eligible Person shall be determined entirely at the discretion of the ESOS Committee.
- 6.2 In the event that an Eligible Person is moved to a higher category/designation of employment or entitlement within the Scheme, his Maximum Allowable Allotment shall be increased accordingly with the scale of such category/designation upon his confirmation in the higher category/designation. However, the ESOS Committee has the sole and absolute discretion in deciding whether to grant Options or further Options, as the case may be, notwithstanding any such change in the Eligible Person's Maximum Allowable Allotment.
- 6.3 In the event that an Eligible Person is moved to a lower category/designation, the following provisions shall apply:
- (a) the Maximum Allowable Allotment of such Eligible Person shall be reduced accordingly with the scale of such category/designation;
  - (b) in the event that the total number of Options which have been offered to such Eligible Person up to date he/she is moved to the lower category/designation is greater than his/her Maximum Allowable Allotment under such lower category/designation he/she shall be entitled to continue to hold, accept any or all Offer(s) made to him/her prior to the move to the lower category/designation, and to exercise all unexercised Options held on such date but he/she shall not be entitled to be offered any further Options unless and until he/she is subsequently moved to a higher category/designation or there is an increase to his/her Maximum Allowable Allotment under such lower category/designation, so that his/her new Maximum Allowable Allotment is increased to an amount greater than the total number of Options which have already been offered to him/her; and
  - (c) in the event that the total number of Options which have been offered to such Eligible Person as of the date he/she is moved to the lower category/designation is less than his/her Maximum Allowable Allotment under such lower category/designation, he/she shall be entitled to continue to hold, accept any or all Offer(s) made to him/her prior to the move to the lower category/designation, and to exercise all unexercised Options held by him/her on such date and, subject to By-Law 6.5 to be offered further Options up to his/her Maximum Allowable Allotment under such lower category/designation.
- 6.4 To the extent possible and subject always to By-Law 6.5, the ESOS Committee will ensure that there should be equitable allocation to the various categories/designations of Eligible Persons.
- 6.5 Not more than ten percent (10%) of the new ESOS Options available under the Scheme shall be allocated to any individual Eligible Person who, either singly or collectively through

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- persons connected with the Eligible Person, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any). For the purposes of these By-Laws, unless the context otherwise requires, “**persons connected**” shall have the meaning as defined in paragraph 1.01 of the Listing Requirements.
- 6.6 Not more than seventy percent (70%) of the total number of Shares available under the Scheme will be allocated in aggregate to the Director(s) and senior management personnel of the companies in the Group.
- 6.7 The number of Options that may be offered to an Eligible Person under the Scheme shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst others, the provisions of the Listing Requirements or other applicable regulatory requirements prevailing during the Option Period relating to employees' and/or directors' share issuance schemes and after taking into consideration the performance, targets, position, annual appraised performance, seniority and length of service of the Eligible Person or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit.
- 6.8 The ESOS Committee may make more than one (1) Offer to an Eligible Person **PROVIDED THAT** the aggregate number of Options so offered to an Eligible Person throughout the entire duration of the Scheme does not exceed the Maximum Allowable Allotment of such Eligible Person, subject always to By-Law 6.5.
- 6.9 Subject to By-Law 5.2, in the event that the ESOS Committee has determined that certain Eligible Persons are entitled to be offered additional ESOS Options and the Available Balance is insufficient to grant their full additional entitlement, the Available Balance may be distributed on such basis as the ESOS Committee may determine and such decision shall be final and binding.
- 6.10 The Company shall ensure that allocation of ESOS Options pursuant to the Scheme is verified by the Audit Committee of the Company at the end of each financial year as being in compliance with the criteria for allocation of ESOS Options as set out in these By-Laws. A statement by the Audit Committee of the Company verifying such allocations shall be included in the annual report of the Company.
- 6.11 For the avoidance of doubt, the ESOS Committee shall have sole and absolute discretion in determining whether the Shares available for vesting under this Scheme are to be offered to the Grantees via:
- (a) one (1) single Offer at a time determined by the ESOS Committee; or
  - (b) several Offer, where the vesting of Options comprised in those Offer is staggered or made in several tranches at such times and on terms determined by the ESOS Committee.
- 6.12 In the event the ESOS Committee decides that an Offer is to be staggered, the number of ESOS Options to be offered in each Offer and the timing for the vesting of the same shall be decided by the ESOS Committee at its sole and absolute discretion and each Offer shall be separate and independent from the others.

**7. OFFER**

- 7.1 During the duration of the Scheme, the ESOS Committee may at its discretion at any time and from time to time upon the Effective Date, make an Offer in writing for acceptance in accordance with By-Law 7 to an Eligible Person based on the criteria for allotment as set out in By-Law 6 above and otherwise in accordance with the terms of this Scheme.
- 7.2 (i) The actual number of ESOS Options which may be offered to any Eligible Person shall be at the sole and absolute discretion of the ESOS Committee provided that the number of ESOS Options so offered which may be exercised in respect of all or any

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part of the Shares shall not be less than one hundred (100) Shares nor more than the Maximum Allowable Allocation of such Eligible Person and shall be in multiples of one hundred (100) Shares.

- (ii) In the event the ESOS Committee decides that the Offer is to be offered in tranches, the number of ESOS Options to be offered in each Offer shall be decided by the ESOS Committee at its sole and absolute discretion and each Offer shall be separate and independent from the others.

7.3 The ESOS Committee shall state the following particulars in the Offer:-

- (a) the number of ESOS Options that are being offered to the Eligible Person;
- (b) the number of new Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the ESOS Options being offered;
- (c) the date of the Offer;
- (d) the Option Period;
- (e) the Exercise Price;
- (f) the Offer Period as mentioned in By-Law 7.4;
- (g) the vesting conditions and vesting date(s) (if any/if applicable);
- (h) the basis of the allocation of the Offer(s) made having regard to the Eligible Person(s)' annual appraised performance, category or grade of employment and the Maximum Allowable Allocation; and
- (i) any other information deemed necessary by the ESOS Committee.

7.4 An Offer shall be valid for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee at its sole and absolute discretion ("**Offer Period**").

7.5 No Offer shall be made to any Director and/or major shareholder of XiDeLang, a person connected with any Director and/or major shareholder who are Eligible Persons unless such Offer and the related allotment of new Shares have previously been approved by the shareholders of the Company in general meeting. For the purpose of these By-Laws, "**persons connected**" shall have the meaning defined in paragraph 1.01 of the Listing Requirements.

7.6 Without prejudice to By-Law 20, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 7.3, the following provisions shall apply:-

- (a) as soon as possible but in any event no later than one (1) month after discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in By-Law 7.3;
- (b) in the event that the error relates to particulars other than the Exercise Price, the Exercise Price applicable in the supplemental letter of Offer shall remain as the Exercise Price as per the original letter of Offer; and
- (c) in the event that the error relates to the Exercise Price, the Exercise Price applicable in the supplemental letter of Offer shall be the Exercise Price applicable as at the date of the original letter of Offer, save and except with respect to any ESOS Options which have already been exercised as at the date of issue of the supplemental letter of Offer.

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- 7.7 An Offer made to an Eligible Person shall automatically lapse and be null and void in the event of death of the Eligible Person or in the event the Eligible Person ceases to be a Director or an Employee of the XiDeLang Group for any reason whatsoever, or become a bankrupt prior to his/her acceptance of the Offer in the manner set out in By-Law 8.

**8. ACCEPTANCE OF OFFER AND VESTING CONDITIONS**

- 8.1 An Offer shall be accepted by an Eligible Person within the Offer Period by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration (“**Transaction Cost**”) of Ringgit Malaysia One (RM1.00) only or such other amount as may be determined by the ESOS Committee for the grant of the ESOS Options (regardless of the number of Shares comprised therein). The said written acceptance and the Transaction Cost must be received by the Company at the address specified in the Offer before the expiration of the Offer Period.
- 8.2 If an Offer is not accepted in the manner set out in By-Law 8.1, the Offer shall automatically lapse upon the expiry of the Offer Period and be null and void and be of no further force and effect. The new Shares comprised in such Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.
- 8.3 The number of ESOS Options offered in the lapsed Offer made to the Eligible Person shall be deducted from the Maximum Allowable Allotment or the balance of the Maximum Allowable Allotment of that Eligible Person, and such Eligible Person shall not be entitled to be offered the number of ESOS Options offered in the said lapsed Offer, in any Offer made in the future. However, ESOS Options not taken up resulting from the non-acceptance of Offer within the Offer Period shall thereafter form part of the balance of ESOS Options available under the Scheme for future Offer.
- 8.4 The Company shall within thirty (30) days of its receipt of the written acceptance of the Offer by the Eligible Person and the Transaction Cost (“**Acceptance Date**”), issue to the Eligible Person an Option certificate in such form as may be determined by the ESOS Committee, for all valid acceptances of the Offer in accordance with By-Law 8.1.
- 8.5 An administrative cost of Ringgit Malaysia Thirty (RM30.00) only and any administrative cost determined by the ESOS Committee or the Board for the replacement of any lost Option certificate shall be fully borne by the Grantee and such Grantee shall have to execute a statutory declaration in respect of the loss of the Option certificate.
- 8.6 The Options or such part thereof as may be satisfied in the Offer will only vest with the Grantee on the ESOS vesting date if the conditions determined by the ESOS Committee and stipulated in the Offer which must be fulfilled for the Options under an ESOS to be vested in a Grantee (“**Vesting Conditions**”) are fully and duly satisfied, including the following:
- (a) the Grantee remains an Eligible Person and shall not have given notice of resignation or received a notice of termination as at the ESOS vesting date or has otherwise ceased or had his/her employment terminated;
  - (b) the Grantee has not been adjudicated a bankrupt; and/or
  - (c) any other conditions which are determined by the ESOS Committee.
- 8.7 The ESOS Committee shall have full discretion to determine whether any Vesting Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the ESOS Committee shall have the right to make reference to, amongst others, the audited financial results of the Company or the Group (as the case may be) and to take into account such factors as the ESOS Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend and/or waive any Vesting Condition if the ESOS Committee decides that a changed performance target would be a fairer measure of performance.

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- 8.8 The ESOS Committee may cancel any unvested ESOS Options awarded under this Scheme and any ESOS Options awarded under this Scheme that has not been exercised. In the event of any such cancellation, the ESOS Committee may, at its discretion, authorise the granting of new ESOS Options (which may or may not cover the same number of Shares that had been the subject of any prior ESOS Option) in such manner, at such Exercise Price and subject to such terms, conditions and discretion as would have been applicable under this Scheme had the cancelled ESOS Options not been awarded.

**9. NON-TRANSFERABILITY**

- 9.1 An ESOS Option is personal to the Grantee and subject to the provisions of By-Laws 14.2, 14.3 and 14.8, is exercisable only by the Grantee personally during his/her lifetime whilst he/she is in the employment of any company in the Group.
- 9.2 An ESOS Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under By-Law 14.8. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the ESOS Option.
- 9.3 Notwithstanding this By-Law 9, in the event a Grantee is transferred to another company within the Group which has its own share scheme, the Grantee shall be entitled to continue to exercise all unexercised ESOS Options granted under this Scheme, in accordance with these By-Laws, but such Grantee shall not upon such transfer taking effect be eligible to participate in further Options under this Scheme.

**10. EXERCISE OF OPTIONS**

- 10.1 Subject to By-Laws 14, 16, 17, 18 and 19, a Grantee shall be allowed to exercise the ESOS Options granted to him/her (subject to By-Laws 10.5 and 10.7) either in full or in such lesser number as the Grantee may be entitled under the Options at any time during the Option Period whilst he/she is in the employment of any company within the XiDeLang Group. There will be no restriction to the Grantee on the percentage of Options exercisable during the Option Period.
- 10.2 Any partial exercise of the Options shall not preclude the Grantee from exercising the Options in respect of the remaining balance of the Shares comprised in the ESOS Options. Any ESOS Options which remain unexercised at the expiry of the Option Period shall terminate automatically and shall lapse without any claim against the Company.
- 10.3 (i) A Grantee shall exercise the Options granted to him/her in whole or part in multiples of one hundred (100) Shares. Notwithstanding anything herein to the contrary in the event of any alteration in the share capital of the Company during the Option Period in accordance with By-Law 15 which result in the number of Shares comprised in an Option not being in multiples of not less than one hundred (100), then the requirement that an Option shall be exercised in multiples of not less than one hundred (100) new Shares shall not be applicable to the Grantee's final exercise of the Option.
- (ii) Where an ESOS Option is exercised only in part, a new Option certificate for the balance of the ESOS Options not exercised shall be issued accordingly by the ESOS Committee to the Grantee within thirty (30) days after receipt by the Company of the Notice of Exercise (as defined below) together with the requisite remittance.
- 10.4 Subject to the discretion of the ESOS Committee, where a Grantee is serving under an employment contract, he/she may exercise any remaining unexercised ESOS Options within sixty (60) days before the expiry of the employment contract if the remaining duration of the contract as at the date on which the ESOS Options are granted is less than the Option Period.

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- 10.5 A Grantee shall exercise his/her ESOS Options at any time during normal business hours on any of the last three (3) working days of the Company of each calendar month during the Option Period or such other period as may be determined from time to time by the ESOS Committee, by notice in writing to the Company in such form as the ESOS Committee may prescribe or approve (“**Notice of Exercise**”) as attached to the letter of Offer. The procedure for the exercise of ESOS Options to be complied with by a Grantee shall be determined by the ESOS Committee from time to time. Any ESOS Options which remain unexercised at the expiry of the Option Period shall be automatically terminated and lapse without any claim against the Company.
- 10.6 Subject to By-Law 10.5, a Grantee shall exercise his/her ESOS Options by executing and delivering to the Company the Notice of Exercise, stating the number of ESOS Options to be exercised and the number of Shares to be subscribed and be accompanied with the remittance for the full amount of the subscription price payable in respect thereof in Ringgit Malaysia in the form of a banker’s draft or cashier’s order drawn and payable in Malaysia or any other mode acceptable to the ESOS Committee for the full amount of the Exercise Price in relation to the number of Shares in respect of which the notice is given **PROVIDED THAT** the number of new Shares stated in the Notice of Exercise shall not exceed the amount granted to the Grantee and be subject to By-Laws 10.1 and 10.2 above.
- 10.7 The ESOS Committee may pursuant to By-Law 20 hereof, at any time and from time to time, before or after the ESOS Option is granted, limit the exercise of the ESOS Option to a maximum number of new Shares and/or such percentage of total new Shares comprised in the ESOS Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion including amending or varying any terms and conditions imposed earlier. The exercise by a Grantee of some but not all of the ESOS Options which have been offered to and accepted by him/her shall not preclude the Grantee from subsequently exercising any other ESOS Options which have been or will be offered to and accepted by him/her, during the Option Period.
- 10.8 The Grantee shall state his/her individual’s CDS Account number in the Notice of Exercise. Within eight (8) Market Days of the receipt by the Company of the Notice of Exercise and the payment of the subscription price in respect thereof, or such other period as may be prescribed by Bursa Securities, and subject to the Bye-laws of the Company, the Company shall allot and/or issue the relevant number of Shares, credited as fully paid-up, to the Grantee. The said Shares will be credited directly into the CDS Account of the Grantee or his/her financier, as the case may be, and a notice of allotment stating the number of Shares so credited will be issued to the Grantee. No physical share certificate will be issued to the Grantee.
- 10.9 Notwithstanding anything to the contrary contained in these By-Laws, the ESOS Committee shall have the right, at its absolute discretion, by notice in writing to a Grantee, to suspend the right of the Grantee who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee or are found to have had no basis or justification) to exercise his/her ESOS Options pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate at its sole and absolute discretion, on the Grantee’s right to exercise his/her ESOS Options having regard to the nature of the charges made or brought against such Grantee, **PROVIDED ALWAYS** that:
- (d) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceedings, the ESOS Committee shall withdraw the suspension of the right of such Grantee to exercise his/her ESOS Options;
  - (e) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such Grantee, all unexercised and partially exercised ESOS Options of the Grantee shall immediately lapse and be null and void and of no further force and effect, without notice to the Grantee, upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such

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recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the Grantee in any other forum;

- (f) in the event the Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its absolute discretion whether or not the Grantee may continue to exercise his/her ESOS Options or any part thereof and if so, may impose such terms and conditions as it deems appropriate, on such exercise rights; and
- (g) in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the Option Period, all unexercised and partially exercised Options of such Grantee shall immediately lapse on the expiry of the Option Period without notice,

and nothing herein shall impose any obligation on the ESOS Committee to enquire into or investigate the substantiveness and/or validity of such disciplinary proceeding(s) and the ESOS Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the ESOS Committee's exercise of or failure to exercise any of its rights or discretion under this By-Law.

- 10.10 The Group, the Board (including Directors that had resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone, howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the Notice of Exercise of the ESOS Options or for any errors in any Offer.
- 10.11 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided shall result in the Notice of Exercise being rejected at the discretion of the ESOS Committee, the ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise within fourteen (14) Market Days from the date of rejection and the Grantee shall be deemed to not have exercised his/her Option.
- 10.12 Every Option shall be subject to the condition that no new Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

## **11. EXERCISE PRICE**

The Exercise Price of each Share comprised in any ESOS Option shall, subject always to the provisions of By-Law 15 hereof, be based on the higher of the following:-

- (a) a price to be determined by the Board upon recommendation of the ESOS Committee based on the volume weighted average market price of the Shares for the five (5) Market Days immediately preceding the Date of Offer with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme; or
- (b) the par value of the Shares.

## **12. RIGHTS ATTACHING TO SHARES**

- 12.1 The new Shares to be allotted and issued upon the exercise of any ESOS Option granted under the Scheme will, upon allotment and issuance, rank *pari passu* in all respects with the then

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existing issued and paid-up Shares of the Company, save and except that the new Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions, which may be declared, made or paid to the shareholders, the entitlement date of which precedes the date of allotment and issuance of such new Shares. The new Shares will be subject to, and the allottee thereof shall be deemed to have agreed to be bound by, the provisions of the Memorandum of Association and Bye-laws of the Company for the time being.

- 12.2 The ESOS Options shall not carry any rights to vote at any general meeting of the Company. The new Shares allotted and credited into the Grantee's CDS Account upon the exercise of the ESOS Options would carry rights to vote at any general meeting of the Company, provided that the Grantee is registered on the Register of Depositors on the entitlement date as at the close of business to be entitled to attend and vote at the general meeting.
- 12.3 For the avoidance of doubt, a Grantee shall not in any event be entitled to any dividends, rights or other entitlements on his/her unexercised Options.

**13. RESTRICTION ON DEALING/RETENTION PERIOD**

The new Shares to be allotted and issued to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period or restrictions on transfer save for those (if any) as may be provided in the Bye-laws of the Company for the time being. However, Grantees are encouraged to hold the Shares as an investment rather than for any speculative purposes and/or for the realisation of any immediate gain.

Notwithstanding the above, a Grantee who is a non-executive Director must not sell, transfer or assign his/her Shares obtained through the exercise of his/her ESOS Options offered to him/her pursuant to the Scheme within one (1) year from the Date of Offer of such ESOS Options or such period as may be prescribed by Bursa Securities.

**14. TERMINATION OF OPTIONS**

- 14.1 Any ESOS Option which has not been exercised by a Grantee shall terminate or lapse automatically upon the occurrence of any of the following events:-
- (a) the Eligible Person having received a letter of termination or ceasing to be an Employee/Director (as the case may be) of the Group, for any reason whatsoever; or
  - (b) the Eligible Person giving notice of his/her resignation from service/employment; or
  - (c) the Eligible Person having received a letter of termination or ceasing to be an Employee/Director (as the case may be) of the Group, for any reason whatsoever;
  - (d) the Eligible Person's death;
  - (e) bankruptcy of the Grantee, in which event the ESOS Option shall terminate or lapse automatically on the date a receiving order is made against the Grantee by a court of competent jurisdiction; or
  - (f) the corporation which employs the Eligible Person ceasing to be part of the Group;
  - (g) upon the occurrence of any other event which results in the Grantee being deprived of the beneficial ownership of the ESOS Option; or
  - (h) winding up or liquidation of the Company, in which event the Option shall terminate or lapse automatically on the date the winding up or liquidation (regardless whether a voluntary or involuntary winding up or liquidation) commenced or is deemed to have commenced under the applicable law; or

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- (i) termination of the Scheme pursuant to By-Law 19.5,

whichever shall be applicable.

Upon the termination or lapse of ESOS Options pursuant to By-Laws 14.1, the Grantee shall have no right to compensation or damages or any claim against the Company or any other member of the Group for any loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from him/her ceasing to hold office or employment or from the suspension of his/her entitlement to the award of, acceptance or vesting of any ESOS Option or right to exercise his/her ESOS Options or his/her ESOS Options ceasing to be valid.

- 14.2 A Grantee will be allowed to continue to hold and to exercise any unexercised Options held by him/her upon retirement on or after attaining the normal retirement age prescribed by the Group for its Employees or Directors (as the case may be) for a period of one (1) year after the last day of his/her employment provided that the Options are exercised within the Option Period. For the avoidance of doubt, By-Laws 10.1 and 10.6 shall remain applicable in this event.
- 14.3 Notwithstanding By-Law 14.1 above, the ESOS Committee may at its discretion allow an Option to remain exercisable during the Option Period on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:-
- (a) ill-health, injury, physical or mental disability;
  - (b) retirement at or after attaining the normal retirement age under the Group's retirement policy;
  - (c) retirement before attaining the normal retirement age with the consent of his/her employer;
  - (d) redundancy, retrenchment or voluntary separation scheme;
  - (e) transfer to any company outside the Group at the direction of the Company; or
  - (f) any other circumstance as may be deemed as acceptable to the ESOS Committee in its sole and absolute discretion.
- 14.4 Applications under By-Law 14.3 by a Grantee to the ESOS Committee for its approval to exercise his/her Options shall be made:-
- (a) in a case where By-Law 14.3(a) is applicable, within one (1) month after the Grantee notifies his/her employer of his/her resignation due to ill health, injury, physical or mental disability. If the Grantee's application is approved, the Grantee may exercise all his/her unexercised Options within the said one (1) month period or within such period approved by the ESOS Committee. In the event that no application is received by the ESOS Committee within the said period, any unexercised Options held by the Grantee at the expiry of the said period shall terminate or lapse automatically;
  - (b) in a case where By-Laws 14.3(b), (c) or (d) is applicable, before the Grantee's last day of employment. If the Grantee's application is approved, the Grantee may exercise the Options at any time before his/her last day of employment, or within such period approved by the ESOS Committee, but in each case subject to the provisions of By-Law 10. In the event that no application is received by the ESOS Committee before the Grantee's last day of employment, any unexercised Options held by the Grantee on his/her last day of employment shall terminate or lapse automatically; or

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- (c) in a case where By-Law 14.3(e) is applicable, within one (1) month after he/she is notified of the transfer. If the Grantee's application is approved, the Grantee may exercise his/her unexercised Options within the said one (1) month period, or within such period approved by the ESOS Committee, but in each case subject to the provisions of By-Law 10. Thereafter, any unexercised Option held by the Grantee at the expiry of the said period shall terminate or lapse automatically.
- 14.5 In the event that a Grantee is notified that he will be retrenched or where he/she is given an offer by his/her employer as to whether he/she wishes to accept retrenchment upon certain terms, the Grantee may exercise his/her unexercised Options within one (1) month after he/she receives such notice or accepts such offer, as the case may be, subject to the provisions of By-Law 10. Thereafter, any Option held by the Grantee at the expiry of the said period shall terminate or lapse automatically.
- 14.6 The ESOS Committee shall consider applications made to it under By-Law 14.3 on a case-by-case basis and may at its discretion approve or reject any application in whole or in part without giving any reasons therefor and may impose any terms and conditions in granting an approval. The decision of the ESOS Committee shall be final and binding. In the event that the ESOS Committee approves an application in whole or in part, the Grantee may exercise the Options which are the subject of the approval within the period so approved by the ESOS Committee and subject to the provisions of By-Law 10. Any Options in respect of which an application is rejected shall terminate or lapse automatically on the date of termination stipulated in the relevant paragraph of By-Law 14.4 or on the date of the ESOS Committee's decision, whichever is the later.
- 14.7 In the event that the ESOS Committee receives an application under By-Law 14.3 after the expiry of the relevant period under By-Law 14.4, the ESOS Committee shall take into account the reasons given by the Grantee for the delay in making the application, in exercising the ESOS Committee's discretion and powers under By-Law 14.6. In the event that the ESOS Committee approves the application in whole or in part, the Company shall make an Offer in respect of the unexercised Options which are the subject of approval to the Grantee and such Options offered, if accepted by the Grantee shall be exercisable:-
- (a) only within the Option Period of those Options which had terminated or lapsed due to the Grantee's delay in making the application;
- (b) in accordance with the provisions of By-Law 10 as applicable in respect of such terminated or lapsed Options; and
- (c) at the subscription price applicable in respect of such terminated or lapsed Options.
- 14.8 In the event that a Grantee dies before the expiry of the Option Period and, at the date of death, holds any ESOS Options which are unexercised, the following provisions shall apply:-
- (a) such ESOS Options may be exercised by the personal or legal representative of the deceased Grantee ("**Representative**") within the Option Period, subject to the approval of the ESOS Committee; and
- (b) any Options which have not been exercised by the Representative at the expiry of the Option Period shall terminate or lapse automatically and the Representative shall not be entitled to apply for any extension of time for exercising such unexercised Options.

**15. ALTERATION OF SHARE CAPITAL**

- 15.1 Subject to By-Law 15.5 hereof, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Shares or reduction of capital or otherwise howsoever, the Company shall cause such adjustment to be made to:-

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- (a) the Exercise Price; and/or
- (b) the number of Options granted to each Grantee (excluding ESOS Options already exercised); and/or
- (c) the number of new Options and/or Exercise Price comprised in an Offer which is open for acceptance (if such Offer is subsequently accepted in accordance with the terms of the Offer and the Scheme),

for purposes of ensuring that the capital outlay to be incurred by a Grantee in subscribing for the same proportion of the issued capital of the Company as that to which he/she was entitled prior to the event giving rise to such adjustment (i.e. not taking into account ESOS Options already exercised) shall remain unaffected.

Any adjustment (other than an adjustment pursuant to a bonus issue, subdivision or consolidation of shares) must be confirmed in writing by either the external auditors or the principal adviser of the Company (which must be a person who is eligible to act as a principal adviser under the Principal Adviser Guidelines issued by SC).

15.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 15.1:-

- (a) Any adjustment to the Exercise Price shall be rounded up to the nearest Ringgit Malaysia one (1) sen and in no event shall the Exercise Price be reduced to an amount which is below the par value of the Shares; and
- (b) In determining a Grantee's entitlement to subscribe for Shares, any fractional entitlements will be disregarded.

Notwithstanding the foregoing, By-Law 15.2(a) shall not apply if, due to a change in law, no par value is legally required to be ascribed to the share capital of the Company under the applicable law then in effect.

15.3 Subject to By-Law 15.2, the Exercise Price and the number of ESOS Options granted to each Grantee so far unexercised shall from time to time be adjusted, calculated and determined in accordance with the following relevant provisions in consultation with the external auditor of the Company:-

- (a) If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Exercise Price and/or the additional number of Options to be issued shall be adjusted, calculated or determined in the following manner:-

- (i) 
$$\text{New Exercise Price} = \text{EP} \times \frac{\text{Revised Par Value}}{\text{Former Par Value}}$$
- (ii) 
$$\text{Additional number of Options} = T \times \left( \frac{\text{Former Par Value}}{\text{Revised Par Value}} \right) - T$$

Where:

EP = Existing Exercise Price; and

T = Existing number of Options held.

- (iii) Par Value shall be adjusted to the Revised Par Value.

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If however due to a change in law, par value is no longer legally required to be ascribed to the share capital of the Company, the Exercise Price shall be adjusted in such manner as the Board shall determine or deem fit as shall be compliant with the law then applicable.

Such adjustment will be effective from the close of business on the Market Day immediately following the Entitlement Date on which the consolidation or subdivision or conversion becomes effective (being the date when the Shares are traded on Bursa Securities at the new par value), or such other period as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make any issue of new Shares to ordinary shareholders credited as fully paid-up, by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Exercise Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{A}{A + B}$$

and the additional number of Options to be issued shall be calculated as follows:-

$$\text{Additional number of Options} = T \times \left( \frac{A+B}{A} \right) - T$$

Where:

A = the aggregate number of issued and fully paid-up Shares immediately before such bonus issue or capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully paid-up by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and

T = T as in By-Law 15.3(a) above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

- (c) If and whenever the Company shall make:
- (1) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
  - (2) any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe new Shares by way of rights; or
  - (3) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares attached thereto,

then and in respect of each such case, the Exercise Price shall be adjusted by multiplying it by the following fraction:-

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$$\frac{C - D}{C}$$

and in respect of the case referred to in By-Law 15.3(c)(2) hereof, the number of additional Options to be issued shall be calculated as follows:-

$$\text{Additional number of Options} = T \times \left( \frac{C}{C - D^*} \right) - T$$

Where:

T = T as in By-Law 15.3(a) above;

C = the prevailing market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (aa) in the case of an offer or invitation to acquire or subscribe for new Shares under By-Law 15.3(c)(2) above or for securities convertible into Shares or securities with rights to acquire or subscribe for new Shares under By-Law 15.3(c)(3) above, the value of rights attributable to one (1) existing Share (as defined below); or

(bb) in the case of any other transaction falling within By-Law 15.3(c) hereof, the fair market value as determined (with the concurrence of the external auditor) by the adviser of the Company (a person who is eligible to act as a principal adviser under the Principal Adviser Guidelines issued by SC) of that portion of the Capital Distribution attributable to one (1) existing Share.

For the purpose of definition (aa) of “D\*” above, the “value of rights attributable to one (1) existing Share” shall be calculated in accordance with the formula:-

$$\frac{C - E}{F + 1}$$

Where:

C = C as in By-Law 15.3(c) above;

E = the subscription price for one (1) additional Share under the terms of such offer or invitation or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;

F = the number of existing Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Shares or security convertible into Shares or one (1) additional security with right to acquire or subscribe for Shares; and

D\* = The “value of rights attributable to one (1) existing Shares” (as defined below).

For the purpose of definition D\* above, the “value of the rights attributable to one (1) existing Share” shall be calculated in accordance with the formula:-

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$$\frac{C - E^*}{F^* + 1}$$

Where:

- C = C as in By-Law 15.3(c) above;
- E\* = the subscription price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares; and
- F\* = the number of existing Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of By-Law 15.3(c) hereof, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of new Shares (not falling under By-Law 15.3(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund).

Any dividend charged or provided for in the audited accounts of the Company for any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited statement of comprehensive income of the Company for any period as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 15.3(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 15.3(c)(2) or (3) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 15.3(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 15.3(c)(2) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional Options to be issued shall be calculated as follows:-

$$\text{Additional number of Options} = T \times \left( \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Where:

- G = the aggregate number of issued and paid-up Shares on the Entitlement Date;
- C = C as in By-Law 15.3(c) above;

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H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;

H\* = the aggregate number of Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;

I = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;

I\* = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;

B = B as in By-Law 15.3(b) above; and

T = T as in By-Law 15.3(a) above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 15.3(c)(2) above together with an offer or invitation to acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for Shares as provided in By-Law 15.3(c)(3) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the number of additional Options to be issued shall be calculated as follows:-

$$\text{Additional number of Options} = T \times \left( \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Where:

G = A as in By-Law 15.3(d) above;

C = C as in By-Law 15.3(c) above;

H = H as in By-Law 15.3(d) above;

H\* = H\* as in By-Law 15.3(d) above;

I = I as in By-Law 15.3(d) above;

I\* = I\* as in By-Law 15.3(d) above;

J = the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders;

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K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share; and

T = T as in By-Law 15.3(a) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for the above transactions.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.3(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 15.3(c)(2) above, together with rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for Shares as provided in By-Law 15.3(c)(3) above, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the number of additional Options to be issued shall be calculated as follows:-

$$\text{Additional number of Options} = T \times \left[ \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

G = A as in By-Law 15.3(d) above;

C = C as in By-Law 15.3(c) above;

H = H as in By-Law 15.3(d) above;

H\* = H\* as in By-Law 15.3(d) above

I = I as in By-Law 15.3(d) above;

I\* = I\* as in By-Law 15.3(d) above

J = J as in By-Law 15.3(e) above;

T = T as in By-Law 15.3(a) above;

K = K as in By-Law 15.3(e) above; and

B = B as in By-Law 15.3(b) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for the above transactions.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 15.3(c)(2), 15.3(c)(3), 15.3(d), 15.3(e) or 15.3(f) above) the Company shall issue either any Shares or any security convertible into new Shares or with rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than ninety percent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon

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conversion of such securities or exercise of such rights is determined, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{L + M}{L + N}$$

Where:

- L = the number of Shares in issue at the close of business on Bursa Securities on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and
- N = the aggregate number of Shares so issued or, in the case of securities convertible into new Shares or securities with rights to acquire or subscribe for Shares, the maximum number (assuming no adjustments of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of By-Law 15.3(g), “**Total Effective Consideration**” shall be determined by the ESOS Committee with the concurrence of the external auditor and shall be:-

- (i) In case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (ii) In the case of the issue by the Company of securities wholly or partly convertible into new Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (iii) In the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case, without any deduction of any commission, discount or expenses paid, allowed or incurred in connection with the issue thereof, and the “Total Effective Consideration per Share” shall be the Total Effective Consideration divided by the number of new Shares issued as aforesaid or, in the case of securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares, by the maximum number of new Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 15.3(g), “**Average Price**” of a Share shall be the average market price of one (1) Share as derived from the last traded prices for one or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the next Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the next Market Day immediately following the date on which the Company determines the subscription price of such Shares. Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the completion of the above transaction.

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- (h) For the purpose of By-Laws 15.3(c), (d), (e) and (f), the current market price in relation to one (1) existing Share for any relevant day shall be the average of the last traded prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.
- (i) Such adjustments must be confirmed in writing by the external auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the ESOS Committee, to be in their opinion, fair and reasonable, **PROVIDED ALWAYS THAT:**
  - (i) any adjustment to the Exercise Price shall be rounded up to the nearest Ringgit Malaysia one (1) sen and no adjustment to the Exercise Price shall be made which would result in the new Shares to be issued on the exercise of the ESOS Option being issued at a discount to par value, and if such an adjustment would but for this provision have so resulted, the Exercise Price payable shall be the par value of the new Shares;
  - (ii) in the event that a fraction of a new Share arising from the adjustment referred to in these By-Laws would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded down to the nearest multiple of 100 shares;
  - (iii) upon any adjustment being made pursuant to these By-Laws, the ESOS Committee shall, within thirty (30) calendar days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his/her Representative where applicable) in writing informing him of the adjusted Exercise Price thereafter in effect and/or the revised number of Options to be issued; and
  - (iv) any adjustments made must be in compliance with the provisions for adjustment as provided in these By-Laws.

Notwithstanding the foregoing, any adjustments to the Exercise Price and/or the number of Options to be issued so far as unexercised arising from bonus issues, need not be confirmed in writing by the external auditors of the Company.

- 15.4 Save as expressly provided for herein, the external auditors must confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of the external auditors shall be final, binding and conclusive.
- 15.5 The provisions of this By-Law 15 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:-
  - (a) an issue of Shares pursuant to the exercise of ESOS Options under the Scheme; or
  - (b) an issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business; or
  - (c) an issue of securities as a private placement and/or restricted issue; or
  - (d) an issue of securities as a special issue approved by the relevant governmental authorities; or
  - (e) an issue of shares pursuant to exercise of convertible securities; or
  - (e) an issue of warrants, convertible loan stocks or other instruments by the Company which give a right of conversion into new Shares arising from the conversion of such securities; or

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- (f) a purchase by the Company of its own Shares and cancellation of all or a portion of such Shares purchased.
- 15.6 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act or Part VII of the Companies Act 1981 of Bermuda, By-Law 15.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 is applicable, but By-Law 15.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 is not applicable as described in By-Law 15.5.
- 15.7 An adjustment pursuant to By-Law 15.1 shall be made according to the following terms:-
- (a) in the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or
- (b) in the case of a consolidation or subdivision of Shares or reduction of capital, on the next Market Day immediately following the date of allotment of new shares of the Company in respect of such consolidation, subdivision or reduction.

Upon any adjustment being made, the ESOS Committee shall give notice in writing within thirty (30) days from the date of adjustment to the Grantee, or his/her Representative where the Grantee is deceased, to inform him/her of the adjustment and the event giving rise thereto.

- 15.8 Notwithstanding the provisions referred to in this By-Law, in any circumstances where the ESOS Committee consider that an adjustments to the Exercise Price and/or the number of Options as provided for under the foregoing provisions of this By-Law 15 should not be made or should be calculated on a different basis or should take effect on a different date or that such adjustments should be made to the Exercise Price and/or the number of Options notwithstanding that no such adjustment formula has been explicitly set out in this By-Law, the ESOS Committee may appoint and consult a principal adviser, a person who is eligible to act as a principal adviser under the Principal Adviser Guidelines issued by SC, (who shall act as experts) to consider whether for any reasons whatsoever the adjustments to the Exercise Price and/or number of Options to be made (or the absence of an adjustment) is appropriate or inappropriate, as the case may be. If the ESOS Committee following consultation with such principal adviser shall consider adjustments to the Exercise Price and/or number of Options to be inappropriate and the ESOS Committee decides accordingly, such adjustments shall be nullified or modified in such manner as the ESOS Committee may deem appropriate. If the ESOS Committee following consultation with principal adviser shall consider that adjustments to the Exercise Price and/or number of Options should be made (even though not required to be made under the foregoing provisions of this By-Law 15), such adjustments shall be made in such manner as the ESOS Committee may deem appropriate, subject to the auditors of the Company (who shall act as experts) confirming or certifying the calculation of such adjustment.
- 15.9 All adjustments to the Exercise Price and/or number of Options to be made pursuant to this By-Law 15 shall be subject to the Company's compliance with the applicable rules and regulations of Bursa Securities and other relevant authorities.

**16. TAKE-OVER OFFER, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC**

Notwithstanding By-Law 10 and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of:-

- (a) a take-over offer being made for the Company, under the Malaysian Code on Take-Overs and Mergers, 2016 (or any replacement thereof), to acquire the whole of the issued share capital of the Company (or such part thereof not at the time held by the person making the take-over

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("Offeror") or any persons acting in concert with the Offeror), a Grantee will be entitled within such period to be determined by the ESOS Committee, to exercise all or any part of his/her unexercised Options and the Board shall use its best endeavours to procure that such a take-over offer be extended to the new Shares that may be issued pursuant to the exercise of the Options under these By-Laws; or

- (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new Shares under the provisions of any applicable statutes, rules and/or regulations applicable at that point of time and gives notice to the Company that it intends to exercise such right on a specific date; or ("Specific Date"), a Grantee who is holding outstanding exercisable Options will be entitled to exercise all or any part of his/her Options from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised; or
- (c) the Court sanctioning a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme of arrangement and reconstruction of the Company under Subdivision 2 of Division 7 of Part III of the Act or its amalgamation with any other company or companies under the Act (or in each of the afore said case, under Part VII of the Companies Act 1981 of Bermuda), a Grantee may be entitled to exercise all or any part of his/her Option remaining unexercised at any time commencing from the date upon which the compromise or arrangement is approved by the Court and ending on the date upon which it becomes fully implemented,

if the Grantee fails to exercise his/her Options or elects to exercise only in respect of a portion of such Options, then any Options to the extent unexercised by the expiry of the periods stipulated in the aforesaid circumstances shall automatically lapse and be null and void.

## **17. DIVESTMENT FROM THE GROUP, ETC**

17.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is employed by such company:-

- (a) shall be entitled to continue to hold and to exercise all the unexercised ESOS Options held by him/her from the date of completion of such divestment, within a period of three (3) months from the date of completion of such divestment (within the Option Period). In the event that the Grantee does not so exercise some or all of such Options upon the expiration of the three (3) month period, the unexercised Options shall terminate automatically terminated and be null and void and of no further force and effect; and
- (b) shall no longer be eligible to participate for further ESOS Options under the Scheme as from the date of completion of such divestment, unless approved by the ESOS Committee in writing.

17.2 For the purposes of By-Law 17.1, a company shall be deemed to be divested from the Group or disposed off from the Group in the event that the effective interest of the Company in such company is reduced from above 50% to 50% or below so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act or such company ceases to form part of the Group for such reason(s) as determined by the ESOS Committee as its absolute discretion.

## **18. WINDING UP**

All outstanding ESOS Options shall terminate or lapse automatically and be of no further force and effect in the event that a resolution to wind up or liquidate the Company is passed or a court order is made for the winding up of the Company commencing from the date of such resolution or the date of the court order. In the event a petition is presented in court for the winding-up or liquidation of the Company, all rights to exercise all outstanding ESOS Options shall automatically be suspended from

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the date of the presentation of the petition, and if an order to wind-up the Company pursuant to the said petition is subsequently made, all the outstanding ESOS Options shall be deemed to have been terminated and lapsed automatically and be of no further force and effect immediately from the date of the presentation of the said petition. Conversely, if the petition for winding-up is dismissed by the court, the right to exercise the ESOS Options shall accordingly be restored.

**19. DURATION, TERMINATION AND EXTENSION OF SCHEME**

19.1 The Scheme is conditional upon:-

- (a) the receipt of the approval or approval-in-principle, as the case may be, for the listing of and quotation for the new Shares to be issued pursuant to the exercise of Options granted under the Scheme from Bursa Securities;
- (b) the approval of the shareholders of the Company for the Scheme in a general meeting being obtained;
- (c) the receipt of the approval of any other relevant regulatory authority whose approval is necessary in respect of the Scheme;
- (d) submission of the final copy of the By-Laws of the Scheme to Bursa Securities together with the letter of compliance pursuant to paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements (and/or such other documents as may be determined by Bursa Securities from time to time); and
- (e) fulfilment of all conditions attached to any of the abovementioned approvals, if any;

and shall take effect upon full compliance with all the relevant requirements of the Listing Requirements including the abovementioned conditions (“**Effective Date**”) whereupon the advisor of the Company must submit a confirmation of full compliance as aforesaid to Bursa Securities and stating the Effective Date no later than five (5) Market Days after the Effective Date together with the certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting.

The Scheme shall be in force for a duration of five (5) years from the Effective Date subject however to any extension of the Scheme as provided under By-Law 19.3 below. The date of expiry of the Scheme shall be at the end of the five (5) years from the Effective Date or, if the Scheme shall be extended, shall be the date of expiry as so extended.

19.2 Offers can only be made during the duration of the Scheme before the Date of Expiry.

19.3 On or before the Date of Expiry, the Board shall have the discretion, without having to obtain approval of the Company’s shareholders, to extend the duration of the Scheme provided that the initial period of the Scheme and such extension of the Scheme made pursuant to this By-Law shall not in aggregate exceed the duration of ten (10) years from the Effective Date or such longer period as may be permitted by Bursa Securities or any other relevant authorities from time to time. In the event the Scheme is extended in accordance with this provision, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make necessary announcements through Bursa Securities prior to the proposed extension of the Scheme.

19.4 Notwithstanding anything to the contrary, all unexercised ESOS Options shall lapse on the Date of Expiry.

19.5 Subject to providing a notice period of at least thirty (30) days, the Scheme may be terminated by the ESOS Committee at any time before the Date of Expiry **and** the Company shall make an announcement immediately through Bursa Securities. The announcement shall include:-

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- (a) the effective date of termination (“**Termination Date**”);
  - (b) the number of ESOS Options exercised or Shares vested; and
  - (c) the reasons and justification for termination.
- 19.6 In the event of termination as stipulated in By-Law 19.5 above, the following provisions shall apply:-
- (a) no further Offer shall be made by the ESOS Committee from the Termination Date;
  - (b) all Offers which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date;
  - (c) all Offers which have yet to be vested in the Eligible Persons shall automatically lapse on the Termination Date; and
  - (d) all outstanding ESOS Options which have yet to be exercised by Grantees and/or vested (if applicable) shall automatically terminate and lapse on the Termination Date.
- 19.7 Approval or consent of the shareholders of the Company by way of a resolution in a SGM and written consent of Grantees who have yet to exercise their Options are not required to effect a termination of the Scheme.
- 19.8 The Company may implement more than one (1) employee share scheme provided that the aggregate number of Share available under all the employee share schemes implemented by the Company is not more than 15 percent (15%) of its total number of issued Shares (excluding treasury shares, if any) at any one time or any other limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.

**20. ADMINISTRATION**

- 20.1 The Scheme shall be administered by the ESOS Committee. The ESOS Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall think fit and with such powers and duties as are conferred upon it by the Board. The decision of the ESOS Committee shall be final and binding.
- 20.2 Without limiting the generality of By-Law 20.1, the ESOS Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in any Offer, execute all documents and delegate any of its powers and duties relating to the Scheme as it may at its sole and absolute discretion consider to be necessary or desirable for giving effect to the Scheme, and shall also have the power to make such regulations (and to vary the same) from time to time, not being inconsistent with the Scheme, for the implementation and administration of the Scheme as it thinks fit after taking into consideration the provisions of the Listing Requirements or other applicable regulatory requirements prevailing during the Option Period relating to employees' and/or directors' share issuance schemes.
- 20.3 In implementing the Scheme, the ESOS Committee may in its absolute discretion, after taking into consideration, amongst others, factors such as prevailing market price of the Shares, funding considerations and dilutive effects on the Company's capital base, future returns and cash requirements of the Group, decide that the Shares to be awarded under this Scheme shall be satisfied by any of the following methods:
- (a) issuance of new Shares;
  - (b) acquisition and transfer of existing Shares;

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- (c) any other methods as may be permitted by the Act, as amended from time to time and any re-enactment thereof; or
  - (d) a combination of any of the above.
- 20.4 For the purposes of facilitating the implementation and administration of the Scheme, the Company and/or the ESOS Committee may (but shall not be obliged to) establish a trust to be administered by trustee(s) consisting of such trustee appointed by the Company from time to time (“**Trustee**”), if required, for the purposes of subscribing for new Shares and/or acquiring existing Shares from the Main Market of Bursa Securities and transferring them to Grantees at such times as the ESOS Committee shall direct (“**Trust**”). To enable the Trustee to subscribe for new Shares and/or acquire existing Shares for the purpose of the Scheme and to pay expenses in relation to the administration of the Trust, the Trustee will, to the extent permitted by law, be entitled from time to time to accept funding and/or assistance, financial or otherwise, from the Company and/or its subsidiaries or any third party to subscribe for Shares on behalf of Grantees and to release the relevant net gains arising from the sale of the Shares from the exercise of the ESOS Options by a Grantee (after deducting the Exercise Price and the related transaction costs) to the relevant Grantee.
- 20.5 The Trustee if and when a Trust is established shall administer the Trust in accordance with the terms of the trust deed to be entered into between the Company and the trustee constituting the trust (“**Trust Deed**”). For the purpose of administering the Trust, the Trustee shall do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the ESOS Committee may in its sole and absolute discretion direct for the implementation and administration of the Trust.
- 20.6 The Company or ESOS Committee shall have power from time to time, at any time, to appoint or rescind/terminate the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed. The ESOS Committee shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.
- 20.7 Without limiting the generality of By-Law 20.1, the ESOS Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in an Offer, execute all documents and delegate any of its powers and duties relating to the Scheme as it may at its discretion consider to be necessary or desirable for giving effect to the Scheme.
- 20.8 The Board shall have power at any time and from time to time to appoint, approve, rescind and/or revoke the appointment of any member of the ESOS Committee as it shall deem fit.

**21. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE SCHEME**

- 21.1 Subject to the compliance with the Listing Requirements and any other relevant authorities, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of these By-Laws as it shall at its discretion think fit and the Board shall have the power at any time and from time to time by resolution to add to, amend, modify and/or delete all or any of these By-Laws upon such recommendation **PROVIDED THAT** no additions, modifications or amendments to or deletions of these By-Laws shall be made which will:-
- (a) prejudice any rights which have accrued to any Grantee without the prior consent or sanction of that Grantee;
  - (b) increase the number of Shares available under the Scheme beyond the maximum imposed by By-Law 4.2; or
  - (c) alter any matter which are required to be contained in these By-Laws by virtue of the Listing Requirements to the advantage of the Eligible Person and/or Grantee.

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- 21.2 For the purpose of complying with the provisions of the Listing Requirements, By-Laws 4, 5, 6, 8, 10, 11, 12, 13, 15, 18, 19.1 and 31 shall not be amended or altered in any way whatsoever for the advantage of Eligible Persons without the prior approval of shareholders obtained at a general meeting.
- 21.3 Upon amending and for modifying all or any of the provisions of the Scheme, the Company shall within five (5) Market Days after the effective date of the amendments, cause to be submitted to Bursa Securities the amended By-Laws and a confirmation letter that the said amendment and/or modification complies and does not contravene any of the relevant provisions of the Listing Requirements.

**22. INSPECTION OF ACCOUNTS**

All Grantees are entitled to inspect the latest annual report of the Company at the registered office of the Company in Malaysia during normal business hours on any working day.

**23. SCHEME NOT A TERM OF EMPLOYMENT**

This Scheme shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the Group under which the Eligible Person is employed nor any additional rights to compensation or damages that the Eligible Person may be normally entitled to in consequence of the cessation of such employment. The Scheme or any Options shall not form part of or constitute or be in any way construed as a term or condition of employment of any employee of the Group.

**24. NO COMPENSATION FOR TERMINATION**

No Eligible Person shall be entitled to any compensation for damages arising from the termination of any ESOS Options or this Scheme pursuant to the provisions of these By-Laws. Notwithstanding any provisions of these By-Laws:

- (a) this Scheme shall not form part of any contract of employment between the Company or any company within the Group and any Eligible Person of any company of the Group. The rights of any Eligible Person under the terms of his/her office and/or employment with any company within the Group shall not be affected by his/her participation in the Scheme, nor shall such participation or the Offer or consideration for the Offer afford such Eligible Person any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason;
- (b) this Scheme shall not confer on any person any legal or equitable right or other rights under any other theory of law (other than those constituting the ESOS Options) against the Company or any company of the Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other theory of law against any company within the Group;
- (c) no Grantee or his/her Representative shall bring any claim, action or proceeding against any company of the Group, the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension/cancellation of his/her rights/exercise of his/her ESOS Options or his/her rights/ESOS Options ceasing to be valid pursuant to the provisions of these By-Laws; and
- (d) the Company, the Board or the ESOS Committee shall in no event be liable to the Grantee or his/her Representative or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation lost profits or savings, directly or indirectly arising from the breach or non-performance of these By-Laws or any loss suffered by reason of any change in the price of the Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of

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warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company of the Group, the Board or the ESOS Committee has been advised of the possibility of such damage.

**25. DISPUTES**

25.1 In case any dispute or difference shall arise between the ESOS Committee and an Eligible Person or a Grantee or in the event of an appeal by an Eligible Person, as the case may be, as to any matter of any nature arising hereunder, such dispute or appeal must have been referred to and received by the ESOS Committee during the duration of the Scheme, then the ESOS Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) given to the Eligible Person and/or Grantee, as the case may be PROVIDED THAT where the dispute is raised by a member of the ESOS Committee, the said member shall abstain from deliberations and voting in respect of the decision of the ESOS Committee in that instance.

In the event the Eligible Person or Grantee, as the case may be, shall dispute the same by written notice to the ESOS Committee within fourteen (14) days of the receipt of the written decision, then such dispute or difference shall be referred to the Board, whose decision shall be final and binding in all respects, provided that any Director of the Company who is also in the ESOS Committee shall abstain from deliberations and voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws. Under no circumstances shall a dispute or difference be brought to a court of law. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.

25.2 Notwithstanding the foregoing provisions of By-Law 25.1 above, matters concerning adjustments made pursuant to By-Law 15 shall be referred to external auditors or principal adviser of the Company who shall act as experts and not as arbitrators and whose decision shall be final and binding in all respects.

**26. COSTS AND EXPENSES**

All fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the issue and allotment and/or transfer of the Shares pursuant to the exercise of ESOS Options, shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs and expenses incurred in relation to his/her acceptance and exercise of the Options under the Scheme.

**27. BYE-LAWS OF THE COMPANY**

In the event of a conflict between any of the provisions of these By-Laws and the Bye-laws of the Company, the Bye-laws of the Company shall at all times prevail.

**28. TAXES**

All taxes (including income tax), if any, arising from the transfer, issuance and allotment of Shares under the Scheme shall be borne by the Grantee. For the avoidance of doubt, all other costs, fees, levies, charges and/or taxes (including, without limitation, income taxes) that are incurred by a Grantee pursuant to or relating to the exercise of any ESOS Options, and any holding or dealing of such Shares (such as (but not limited to) brokerage commissions and stamp duty) shall be borne by that Grantee for his own account and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

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**29. QUOTATION OF SHARES**

Upon the exercise of any Options in accordance with By-Law 10, the Company shall apply to Bursa Securities for the quotation for such new Shares arising from the exercise of the Options together with the requisite payment within such period as may be prescribed by Bursa Securities, and shall use its best endeavours to obtain permission for the dealing of such new Shares.

**30. NOTICE**

30.1 Any notice or request which the Company is required to give, or may desire to give (including the letter of Offer), to any Eligible Person or a Grantee pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:-

- (a) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his/her address, such notice or request shall be deemed to have been received three (3) Market Days after posting;
- (b) if it is delivered by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; and
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received by the recipient on the Market Day immediately following the day on which the electronic mail is sent or (in the case of communication by other digital means) on the Market Day immediately following the day on which such communication is effected or otherwise upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person or the Grantee and any notice or document which an Eligible Person or a Grantee is required to give, or may desire to give, to the Company, shall be communicated in writing to the Company and such written communication, notice or document shall be delivered by hand, or sent by courier or prepaid post, to the registered office of the Company.

30.2 Where any notice which the Company or the ESOS Committee is required to give, or may desire to give, in relation to matters which may affect all the Eligible Persons or all the Grantees (as the case may be) pursuant to the Scheme, the Company or the ESOS Committee may give such notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee (including via electronic media). Upon the making of such an announcement, the notice to be made under By-Law 30.1 shall be deemed to be sufficiently given, served or made to and received by all affected Eligible Persons or Grantee, as the case may be on the date such announcement is made.

**31. RIGHTS OF A GRANTEE**

The Options shall not carry any rights to vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, rights or other entitlements on his/her unexercised Options.

**32. SEVERABILITY**

Any term, condition, stipulation or provision in these By-Laws which is or becomes illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

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**33. GOVERNING LAW AND JURISDICTION**

- 33.1 These By-Laws shall be governed and construed in accordance with the laws of Malaysia and the Eligible Person and/or Grantee shall subject to the provisions of By-Law 25 submit to the exclusive jurisdiction of the courts of Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these By-Laws.
- 33.2 Any proceeding or action shall subject to the provisions of By-Law 25, be instituted or taken in Malaysia and the Eligible Person and/or Grantee irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.
- 33.3 No action has been or will be taken by the Company to make an Offer valid in any country or jurisdiction other than Malaysia or to ensure compliance of the Offer with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken also by the Company to ensure compliance by the Eligible Person to whom an Offer is offered, with all applicable laws and regulations in such other country or jurisdiction in which the Eligible Person accepts the Offer or will exercise the ESOS Option.
- 33.4 Any Eligible Person to whom an Offer is offered is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they accept the Offer or exercise the ESOS Option. By their acceptance of an Offer, each Grantee has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they accept the Offer and/or will exercise the ESOS Option.

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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. 200902000038 (995210-W))

(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia and deemed registered under the Companies Act 2016)

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

**NOTICE IS HEREBY GIVEN THAT** a Special General Meeting of XiDeLang Holdings Ltd (“**XDL**” or the “**Company**”) will be conducted entirely through live streaming from the broadcast venue at Tricor Boardroom, Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“**Broadcast Venue**”) on Thursday, 3 September 2020 at 10.00 a.m. or at any adjournment for the purpose of considering and, if thought fit, passing the following resolutions:-

#### **SPECIAL RESOLUTION – PROPOSED PAR VALUE REDUCTION VIA CANCELLATION OF USD0.039 OF THE PAR VALUE OF EVERY ISSUED AND UNISSUED SHARE OF XDL OF USD0.04 PURSUANT TO SECTIONS 45 AND 46 OF THE COMPANIES ACT 1981 OF BERMUDA**

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

- (i) the issued and paid-up share capital of the Company be reduced (the “**Par Value Reduction of Issued Capital**”) from USD72,195,334.56 to USD1,804,883.36 by cancelling the paid-up capital of the Company to the extent of USD0.039 on each of the existing issued and paid-up ordinary shares of the Company (including 250 Shares held as treasury shares) (“**Shares**”) of USD0.04 par value so that each issued Share of USD0.04 par value shall be treated as a fully paid-up Share of USD0.001 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 USD0.04 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 be diminished by USD298,195,116.64, 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 by the creation of 298,195,116,636 Shares of USD0.001 par value each (representing the difference between 300,000,000,000 Shares of USD0.04 par value each and the number of Shares of USD0.001 par value each in issue after the Par Value Reduction of Issued Capital); and
- (iii) subject to and forthwith upon the Proposed Par Value Reduction of Issued Capital taking effect, the credit arising from the Proposed 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 of Directors of the Company (“**Board**”) and permitted by applicable laws.

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

**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.”

**ORDINARY RESOLUTION – PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME (“ESOS” OR “SCHEME”) INVOLVING UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF XDL (EXCLUDING TREASURY SHARES, IF ANY) FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF XDL AND ITS SUBSIDIARIES (“XDL GROUP” OR THE “GROUP”) (“PROPOSED ESOS”)**

“**THAT** subject to the approval of all the relevant authorities (where required), including but not limited to the approval of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing and quotation of the shares of the Company (“**Shares**”) to be issued pursuant to the exercise of the ESOS options granted under the Scheme having been obtained, approval be and is hereby given to the Company to establish the Scheme of up to 15% of the total number of issued shares of the Company from time to time (excluding treasury shares, if any) for the benefit of eligible directors and eligible employees of the Group, and the Board be and is hereby authorised to:-

- (i) implement and administer the Scheme in accordance with the form set out in the by-laws governing the Scheme (“**By-laws**”), a draft of which is set out in Appendix II of the circular to shareholders dated 12 August 2020 (“**Circular**”), and to give full effect to the Scheme with full power to assent to any conditions, variations, modifications and/or amendments as may be deemed fit or expedient and / or imposed or required by the relevant authorities;
- (ii) make the necessary applications to Bursa Securities and do all the things necessary at the appropriate time or times for the listing and quotation of the Shares which may from time to time be allotted and issued pursuant to the exercise of the ESOS options granted under the Scheme;
- (iii) allot and issue from time to time such number of Shares as may be required to be issued upon the exercise of the ESOS options granted under the Scheme provided that the aggregate number of Shares to be allotted and issued under the Scheme shall not exceed in aggregate of 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any time during the existence of the Scheme. The Shares issued pursuant to the exercise of the ESOS options granted under the Scheme shall, upon allotment and issuance, rank *pari passu* in all respect with the then existing issued and fully paid-up Shares except that the new Shares so issued will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new Shares pursuant to the Scheme and will be subject to all the provisions of Memorandum of Association and the Bye-laws of the Company;
- (iv) modify and/or amend the By-laws from time to time as may be required or permitted by the authorities or deemed necessary by the authorities or the Board provided that such modifications and/or amendments are effected in accordance with the provisions of the By-laws relating to modifications and/or amendments and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Scheme; and
- (v) extend the Scheme for a further period of up to 5 years without having to obtain the approval of the shareholders of the Company in a general meeting or the relevant authorities (unless otherwise required by law or the relevant authorities) and to consent to and to adopt, if the Board so deems fit and expedient, such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in respect of the Scheme.

**AND THAT** the Board be and is hereby authorised to give effect to the Scheme with full power to consent to and to adopt and implement such conditions, modifications, variations and/or amendments as may be required by the relevant regulatory authorities or as the Board may deem fit or necessary at its absolute discretion;

**AND FURTHER THAT** the By-laws of the Scheme, a draft of which is set out in Appendix II of the Circular, be and is hereby approved and adopted.”

**By Order of the Board**  
**XIDELANG HOLDINGS LTD**

**Secretarius Services Sdn Bhd**  
**Company Secretary**  
Kuala Lumpur, Malaysia  
12 August 2020

Notes:-

- i. *The Broadcast Venue is strictly for the purpose of complying with the requirement of Chairman of the meeting to be present at the main venue of the meeting. Shareholders or proxies **WILL NOT BE ALLOWED** to attend the SGM in person at the Broadcast Venue on the day of the meeting.  
Shareholders or proxies are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the SGM using Remote Participation and Voting Facilities provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) via its **TIIH Online** website at <https://tiih.online>. Please refer to the Administrative Notes of the SGM as enclosed for further information in relation thereto.*
- ii. *A member 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.*
- iii. *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 at least one (1) proxy in respect of each Securities Account it holds which is credited with ordinary shares of the Company.*
- iv. *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.*
- v. *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.*
- vi. *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, at 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 for holding the meeting i.e. on or before 1 September 2020 or any adjournment thereof. Alternatively, the proxy appointment may also be lodged electronically via Tricor’s **TIIH Online** website at <https://tiih.online> no less than 48 hours before the time and date appointed for holding the SGM or any adjournment thereof.*
- vii. *Only members whose names appear in the Record of Depositors as at 27 August 2020 will be entitled to attend and vote at the meeting or appoint proxy (proxies) to attend and vote on their behalf.*



## XIDELANG HOLDINGS LTD

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(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia and deemed registered under the Companies Act 2016)

### ADMINISTRATIVE NOTES OF THE SPECIAL GENERAL MEETING

Date : Thursday, 3 September 2020  
Time : 10.00 a.m.  
Broadcast Venue : Tricor Boardroom  
Unit 30-01, Level 30, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia

### MODE OF MEETING

In view of the COVID-19 outbreak and as part of the safety measures, the Special General Meeting (“SGM”) will be conducted entirely through live streaming from the Broadcast Venue. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the SGM in person at the Broadcast Venue on the day of the meeting.

### REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV FACILITIES”)

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the SGM using RPV Facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its **TIIH Online** website at <https://tiih.online>.

Shareholders who appoint proxies to participate via RPV Facilities in the SGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Tuesday, 1 September 2020 at 10.00 a.m.**

Corporate representatives of corporate members must deposit their original certificate of appointment of corporate representative to Tricor not later than **Tuesday, 1 September 2020 at 10.00 a.m.** to participate via RPV Facilities in the SGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than **Tuesday, 1 September 2020 at 10.00 a.m.** to participate via RPV Facilities in the SGM.

**A shareholder who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this SGM via RPV Facilities must request his/her proxy to register himself/herself for RPV Facilities at TIIH Online website at <https://tiih.online>**

As the SGM is a fully virtual SGM, members who are unable to participate in this SGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.
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## PROCEDURES FOR RPV FACILITIES

Shareholders/proxies/corporate representatives/attorneys who wish to participate the SGM remotely using the RPV Facilities are to follow the requirements and procedures as summarised below:

	Procedure	Action
<b>BEFORE THE DAY OF THE SGM</b>		
(a)	Register as a user with <b>TIIH Online</b>	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services”. Refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with <b>TIIH Online</b>, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at <b>TIIH Online</b>.</li> </ul>
(b)	Submit your request	<ul style="list-style-type: none"> <li><b>Registration is open from 12 August 2020 at 10.00 a.m. up to Tuesday, 1 September 2020 at 10.00 a.m.</b></li> <li>Login with your user ID and password and select the corporate event: “<b>(REGISTRATION) XIDELANG SGM</b>”.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select “Register for Remote Participation and Voting”</li> <li>Review your registration and proceed to register</li> <li>System will send an e-mail to notify that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors as at 27 August 2020, the system will send you an e-mail to approve or reject your registration for remote participation.</li> </ul>
<b>ON THE DAY OF THE SGM</b>		
(c)	Login to <b>TIIH Online</b>	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the SGM at any time from 9.30 a.m. i.e. 30 minutes before the commencement of the SGM on <b>Thursday, 3 September 2020 at 10.00 a.m.</b></li> </ul>
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: “<b>(LIVE STREAM MEETING) XIDELANG SGM</b>” to engage in the proceedings of the SGM remotely.</li> <li>If you have any question for the Chairman/ Board, you may use the query box to transmit your question. The Chairman/ Board will endeavor to respond to questions submitted by remote participants during the SGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</li> </ul>
(e)	Online remote voting	<ul style="list-style-type: none"> <li>Voting session commences from <b>10.00 a.m., 3 September 2020</b> until a time when the Chairman announces the completion of the voting session of the SGM.</li> <li>Select the corporate event: “<b>(REMOTE VOTING) XIDELANG SGM</b>”.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the closure of the SGM, the live streaming will end.</li> </ul>

### Note to users of the RPV Facilities:

- Should your application to join the meeting be approved we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to **TIIH Online** on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.





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### PROXY FORM

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 Registration No. 200902000038 (995210-W) and deemed registered under the Companies Act 2016) 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 failing him/her, 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 which will be conducted entirely through live streaming from the broadcast venue at Tricor Boardroom, Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("**Broadcast Venue**") on Thursday, 3 September 2020 at 10.00 a.m. 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.	SPECIAL RESOLUTION – PROPOSED PAR VALUE REDUCTION		
2.	ORDINARY RESOLUTION – PROPOSED ESOS		

Dated this .....day of ..... 2020

Signature of Shareholder(s) / Common Seal

Telephone No.: \_\_\_\_\_

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:-

- The Broadcast Venue is strictly for the purpose of complying with the requirement of Chairman of the meeting to be present at the main venue of the meeting. Shareholders or proxies **WILL NOT BE ALLOWED** to attend the SGM in person at the Broadcast Venue on the day of the meeting. Shareholders or proxies are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the SGM using Remote Participation and Voting Facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiih.online>. Please refer to the Administrative Notes of the SGM as enclosed for further information in relation thereto.
- 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, at 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 1 September 2020 or any adjournment thereof. Alternatively, the proxy appointment can be lodged electronically via **TIIH Online** at <https://tiih.online> before the proxy form lodgement cut-off time as mentioned above. Alternatively, the proxy appointment may also be lodged electronically via Tricor's **TIIH Online** website at <https://tiih.online> no less than 48 hours before the time and date appointed for holding the SGM or any adjournment thereof.
- Only members whose names appear in the Record of Depositors as at 27 August 2020 will be entitled to attend and vote at the meeting or appoint proxy (proxies) to attend and vote on their behalf.



Fold this flap for sealing

Then fold here

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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