

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

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

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XIDELANG HOLDINGS LTD

(Bermuda Company Registration No. 43136)

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

(Malaysian Foreign Company Registration No. 995210-W)

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

PROPOSED CONSOLIDATION OF EVERY FOUR (4) ORDINARY SHARES OF USD0.01 EACH IN XDL INTO ONE (1) ORDINARY SHARE OF USD0.04

AND

NOTICE OF SPECIAL GENERAL MEETING

Principal Adviser



MERCURY SECURITIES SDN BHD

(Company No. 113193-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Special General Meeting ("**SGM**") of XDL to be held at Grand Garden Pavilion, Level 1, Putrajaya Shangri-La Hotel, Taman Putra Perdana, Presint 1, 62000 Wilayah Persekutuan, Putrajaya, Malaysia on Friday, 28 April 2017 at 10.00 a.m. or at any adjournment thereof, is enclosed together with the Form of Proxy in this Circular.

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at the SGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

Last date and time for lodging the Form of Proxy : Wednesday, 26 April 2017 at 10.00 a.m.
Date and time of the SGM : Friday, 28 April 2017 at 10.00 a.m.

This Circular is dated 13 April 2017

DEFINITIONS

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

Adjustments	- Adjustments to the exercise price and total number of the outstanding Warrants C consequential to the Proposed Share Consolidation in accordance with the provisions of Deed Poll C
Bermuda Companies Act	- Companies Act, 1981 of Bermuda, as amended, modified or supplemented from time to time
BNM	- Bank Negara Malaysia
Board	- The Board of Directors of XDL
Books Closure Date	- 5.00 p.m. on a date to be determined by the Board in their absolute discretion as they deem fit and announced later, in which the Shareholders who are registered in the Company's Record of Depositors are entitled to the Consolidated Shares under the Proposed Share Consolidation
Bursa Depository	- Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
Bursa Securities	- Bursa Malaysia Securities Berhad (Company No. 635998-W)
Circular	- This circular dated 13 April 2017 in relation to the Proposed Share Consolidation
Consolidated Shares	- XDL Shares of par value USD0.04 each after the Proposed Share Consolidation
Deed Poll B	- Deed poll dated 9 December 2013 constituting the Warrants B (as varied and amended by a supplemental deed poll dated 27 April 2016)
Deed Poll C	- Deed poll dated 17 June 2015 constituting the Warrants C (as varied and amended by a supplemental deed poll dated 27 April 2016)
Directors	- The directors of the Company for the time being
EPS	- Earnings per Share
FYE	- Financial year(s) ended / ending 31 December
HongPeng	- HongPeng International Holdings Limited
Listing Requirements	- Main Market Listing Requirements of Bursa Securities, including any amendments made thereto from time to time
LPD	- 21 March 2017, being the latest practicable date prior to the printing of this Circular
Market Day(s)	- Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	- Assuming all the outstanding Warrants C are exercised prior to the Proposed Share Consolidation
Mercury Securities	- Mercury Securities Sdn Bhd (Company No. 113193-W)
Minimum Scenario	- Assuming none of the outstanding Warrants C are exercised prior to

DEFINITIONS (CONT'D)

	the Proposed Share Consolidation
NA	- Net assets
Official List	- A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
PRC	- People's Republic of China
Proposed Share Consolidation	- Proposed consolidation of every four (4) ordinary shares of USD0.01 each in the authorised and issued share capital of the Company as at the Books Closure Date into one (1) ordinary share of USD0.04
Record of Depositors	- A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
RM and sen	- Ringgit Malaysia and sen respectively
RMB	- Renminbi, the lawful currency of PRC
Rules of Bursa Depository	- 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
SGM	- Special general meeting of XDL
Shareholders	- Registered holders of XDL Shares
USD	- United States Dollar, the lawful currency of the United States of America
Warrants B	- The XDL warrants 2014/2017 issued by the Company pursuant to the Deed Poll B
Warrants C	- The outstanding XDL warrants 2015/2018 issued by the Company pursuant to the Deed Poll C
XDL or the Company	- XiDeLang Holdings Ltd (Bermuda Company Registration No. 43136) (Malaysian Foreign Company Registration No. 995210-W), incorporated in Bermuda as an exempted company under the Bermuda Companies Act and registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia
XDL Group or the Group	- Collectively, XDL and its subsidiaries
XDL Share(s) or Share(s)	- Ordinary share(s) of par value:- (i) USD0.01 each in the share capital of XDL prior to the Proposed Share Consolidation; or (ii) USD0.04 each in the share capital of XDL after completion of the Proposed Share Consolidation, as the case may be

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DEFINITIONS (CONT'D)

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

Reference to persons shall include corporations, unless otherwise specified.

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Malaysia time, unless otherwise stated.

Any discrepancies in the figures included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown in totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

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

For illustrative purposes and where applicable, all RM figures in this Circular were translated based on BNM's exchange rate of RMB1:RM0.6424 and USD1:RM4.4285 as at the LPD.

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NOTICE OF SGM

ENCLOSED

FORM OF PROXY

ENCLOSED

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(Malaysian Foreign Company Registration No. 995210-W)

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

Registered office in Malaysia

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

13 April 2017

Board of Directors

Ding LiHong (Executive Chairman)
Dato' Mohamed Nazim Bin Abdul Razak (Deputy Chairman / Independent Non-Executive Director)
Ding PengPeng (Managing Director / Chief Executive Officer)
Ding PengWan (Executive Director / Deputy Chief Executive Officer cum Chief Operating Officer)
Lin YingYu (Executive Director)
Zhu GuoHe (Senior Independent Non-Executive Director)
Wong Yoke Nyen (Independent Non-Executive Director)
Woon Yeow Thong (Independent Non-Executive Director)

To: The Shareholders of XDL

Dear Sir / Madam,

PROPOSED SHARE CONSOLIDATION

1. INTRODUCTION

On 31 March 2017, Mercury Securities had, on behalf of XDL, announced that the Company proposes to undertake the Proposed Share Consolidation.

On 11 April 2017, Mercury Securities had, on behalf of XDL, announced that Bursa Securities had vide its letter dated 11 April 2017 approved the Proposed Share Consolidation.

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

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDIX BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED SHARE CONSOLIDATION AT THE FORTHCOMING SGM.

2. DETAILS OF THE PROPOSED SHARE CONSOLIDATION

XDL is proposing to undertake the Proposed Share Consolidation involving the consolidation of every four (4) XDL Shares of par value USD0.01 each in the authorised and issued capital of XDL as at the Books Closure Date into one (1) XDL Share of par value USD0.04 each.

As at the LPD, the authorised share capital of the Company is USD300,000,000.00 divided into 30,000,000,000 Shares of USD0.01 par value each, out of which 2,695,482,154 Shares (including 1,000 Shares held as treasury shares) of USD0.01 par value each have been issued and fully paid-up.

For illustration purposes, the 2,695,482,154 issued and paid up XDL Shares (inclusive of 1,000 Shares held as treasury shares) of par value USD0.01 each then outstanding (assuming none of the outstanding Warrants C are exercised into new Shares) will be consolidated into 673,870,538 issued and paid-up Consolidated Shares (inclusive of 250 Consolidated Shares held as treasury shares) pursuant to the Proposed Share Consolidation.

The actual number of Consolidated Shares to be issued pursuant to the Proposed Share Consolidation will be determined after taking into consideration any new XDL Shares that may be issued pursuant to the exercise of any outstanding Warrants C and based on the issued and paid-up share capital of the Company at the Books Closure Date.

The Proposed Share Consolidation will result in an adjustment to the reference share price of XDL Shares listed and quoted on the Official List of Bursa Securities. For illustration purposes, based on the last transacted market price of XDL Shares as at the LPD of RM0.035, the adjusted share capital and theoretical adjusted reference share price of Consolidated Shares upon completion of the Proposed Share Consolidation is as follows:-

	No. of issued Shares	Par value	Issued share capital		Market / theoretical adjusted reference price per Share	⁽¹⁾Total value
	'000	USD	USD'000	RM'000	RM	RM'000
As at the LPD	2,695,482	0.01	26,955	119,369	0.035 <i>(Last transacted market price as at the LPD)</i>	94,342
After the Proposed Share Consolidation	673,871	0.04	26,955	119,369	⁽²⁾ 0.140 <i>(Theoretical adjusted reference share price)</i>	94,342

Notes:-

(1) The total value was arrived at by multiplying the number of issued Shares with the market / theoretical adjusted reference price per Share.

(2) The theoretical adjusted reference share price is arrived at based on the following formula:-

$$\begin{aligned}
 \text{Theoretical adjusted reference share price} &= \text{Market price per Share as at the LPD (RM)} \times \frac{\text{Number of Shares as at the LPD ('000)}}{\text{Number of Shares after the Proposed Share Consolidation ('000)}} \\
 &= 0.035 \times \frac{2,695,482}{673,871} \\
 &= 0.140
 \end{aligned}$$

Following the above, the illustration based on shareholdings of 1,000 Shares is as follows:-

	Assumed no. of Shares	Par value USD	Issued share capital USD	RM	Market / theoretical adjusted reference price per Share RM	⁽¹⁾ Total value RM
As at the LPD	1,000	0.01	10.00	44.285	0.035 (Last transacted market price as at the LPD)	35
After the Proposed Share Consolidation	250	0.04	10.00	44.285	⁽²⁾ 0.140 (Theoretical adjusted reference share price)	35

Notes:-

(1) The total value was arrived at by multiplying the number of Shares with the market / theoretical adjusted reference price per Share.

(2) The theoretical adjusted reference share price is arrived at based on the following formula:-

$$\begin{aligned}
 \text{Theoretical adjusted reference share price} &= \text{Market price per Share as at the LPD (RM)} \times \frac{\text{Number of Shares as at the LPD}}{\text{Number of Shares after the Proposed Share Consolidation}} \\
 &= 0.035 \times \frac{1,000}{250} \\
 &= 0.140
 \end{aligned}$$

The Proposed Share Consolidation will also result in an adjustment to the reference price of existing Warrants C. For illustration purposes, based on the last transacted market price of Warrants C as at the LPD of RM0.010, the theoretical adjusted reference price of Warrants C upon completion of the Proposed Share Consolidation is as follows:-

	No. of Warrants C '000	Market / theoretical adjusted reference price per Warrant C RM	⁽¹⁾ Total value RM'000
As at the LPD	881,236	0.010 (Last transacted market price as at the LPD)	8,812
After the Proposed Share Consolidation	220,309	⁽²⁾ 0.040 (Theoretical adjusted reference price)	8,812

Notes:-

(1) The total value was arrived at by multiplying the number of Warrants C with the market / theoretical adjusted reference price per Warrant C.

(2) The theoretical adjusted reference price is arrived at based on the following formula:-

$$\begin{aligned}
 \text{Theoretical adjusted reference price} &= \text{Market price per Warrant C (RM)} \times \frac{\text{Number of Warrants C as at the LPD ('000)}}{\text{Number of Warrants C after the Proposed Share Consolidation ('000)}} \\
 &= 0.010 \times \frac{881,236}{220,309} \\
 &= 0.040
 \end{aligned}$$

Pursuant to the Proposed Share Consolidation, the exercise price as well as the number of Warrants C will also be adjusted according to the provisions of Deed Poll C, which would be as follows:-

	Before the Adjustments		After the Adjustments	
	Exercise price (RM)	Number of warrants	Exercise price (RM)	Number of warrants
Warrants C	0.04	881,236,448	0.16	220,309,112

Further details on the Adjustments are set out in Section 4.6 of this Circular.

Based on the above illustration, the Proposed Share Consolidation will increase the reference share price per XDL Share and Warrants C but it will not have any impact on the total market value of these securities held by Shareholders or holders of Warrants C respectively.

Holders of Warrants C are advised that the exercise of Warrants C is subject to the provisions of Deed Poll C.

Fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interests of the Company.

2.1 Ranking of the Consolidated Shares

The Consolidated Shares shall rank *pari passu* in all respects with one another.

2.2 Suspension of trading of XDL Shares

There will not be any suspension of trading of XDL Shares on Bursa Securities pursuant to the Proposed Share Consolidation.

2.3 Listing date and notices of allotment

The Consolidated Shares will be listed and quoted on the Main Market of Bursa Securities on the next Market Day after the Books Closure Date.

The notices of allotment for the Consolidated Shares will be issued and despatched to the entitled Shareholders within four (4) Market Days after the listing and quotation of the Consolidated Shares on the Main Market of Bursa Securities, or such other period as may be prescribed by Bursa Securities.

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3. RATIONALE FOR THE PROPOSED SHARE CONSOLIDATION

As at the LPD, the last traded price of the Shares is RM0.035 and the Company has 2,695,482,154 Shares in issue. Following the completion of the Proposed Share Consolidation, the nominal value of each Share will increase by four (4) times and the total number of Shares in issue will be reduced by the corresponding ratio. Consolidating the Shares would lead to a reduction in the number of Shares available in the market and could potentially reduce the trading volatility of the Shares.

As the Company has a large number of Shares in issue and a relatively low trading price range, the Board noted that a small movement in the Share price of the Company may result in high percentage movement in the Share price. The Proposed Share Consolidation is expected to bring about a corresponding upward adjustment in the trading price of the Shares. This is expected to enhance its corporate image and will encourage investors to view the Shares as a long term investment rather than a “penny stock” prone to speculative pressures.

Shareholders should note that the Proposed Share Consolidation is not expected to alter the value of the Consolidated Shares held by them. Further, as the Proposed Share Consolidation would lead to a reduction in the number of Shares available in the market, the Company will also benefit from easier management of smaller number of Shares.

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4. EFFECTS OF THE PROPOSED SHARE CONSOLIDATION

4.1 Issued and paid-up share capital

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

	Minimum Scenario			Maximum Scenario			Par value (USD)
	No of Shares	Share capital (USD)	Share capital (RM)	No of Shares	Share capital (USD)	Share capital (RM)	
Issued and paid-up share capital ⁽¹⁾ as at the LPD	2,695,482,154	26,954,821.54	119,369,427.19	2,695,482,154	26,954,821.54	119,369,427.19	0.01
Assuming full exercise of outstanding Warrants C	-	-	-	881,236,448	8,812,364.48	39,025,556.10	0.01
Enlarged issued and paid-up share capital	2,695,482,154	26,954,821.54	119,369,427.19	3,576,718,602	35,767,186.02	158,394,983.29	0.01
Issued and paid-up share capital⁽²⁾ after the Proposed Share Consolidation	673,870,538	26,954,821.52	119,369,427.10	894,179,650	35,767,186.00	158,394,983.20	0.04

Notes:-

(1) Inclusive of 1,000 Shares held as treasury shares as at the LPD.

(2) Inclusive of 250 Shares held as treasury shares after the Proposed Share Consolidation.

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4.2

NA and gearing

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

Minimum Scenario

Group level	Audited as at 31 December 2015		(I) After subsequent events ⁽¹⁾		(II) After (I) and the Proposed Share Consolidation	
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
Share capital	246,681	158,468	157,909	101,441	157,909	101,441
Capital redemption reserve	489,446	314,420	578,218	371,447	578,218	371,447
Share premium	15,087	9,692	15,087	9,692	15,087	9,692
Warrants reserve	23,975	15,401	-	-	-	-
Retained earnings	603,547	387,719	627,522	403,120	(3)627,055	(3)402,820
Other reserves ⁽²⁾	(135,074)	(86,772)	(135,074)	(86,772)	(135,074)	(86,772)
Total equity / NA	1,243,662	798,928	1,243,662	798,928	1,243,195	798,628
No. of Shares ('000) (excluding treasury shares)	1,347,739	1,347,739	2,695,481	2,695,481	673,870	673,870
NA per Share (RMB/RM)	0.92	0.59	0.46	0.30	1.84	1.19
Borrowings (RMB'000/RM'000)	10,000	6,424	10,000	6,424	10,000	6,424
Gearing (times)	(4) -	(4) -	(4) -	(4) -	(4) -	(4) -

Notes:-

(1) After adjusting for the following:-

- (i) the bonus issue of 1,347,738,911 XDL Shares of par value USD0.03 each which was completed on 28 January 2016 ("Bonus Issue"), giving rise to a reclassification from capital redemption reserve to share capital of approximately RMB265.9 million. The effects of the Bonus Issue are based on the exchange rates of RMB1:RM0.6397 and USD1:RM4.2070 as at 28 January 2016;
 - (ii) the par value reduction of XDL Shares from USD0.03 to USD0.01 undertaken by the Company and completed on 23 June 2016, giving rise to a reclassification from share capital to capital redemption reserve of approximately RMB354.7 million. The effects of this par value reduction exercise are based on the exchange rates of RMB1:RM0.6108 and USD1:RM4.0185 as at 23 June 2016;
 - (iii) the issuance of 3,332 new XDL Shares pursuant to the exercise of 3,332 Warrants C at an exercise price of RM0.04 each since 1 January 2016 up to the LPD; and
 - (iv) the expiry of all the 362,998,424 Warrants B on 20 January 2017.
- (2) Other reserves include treasury shares, statutory surplus reserve, merger deficit and exchange translation reserve.
 - (3) Including estimated expenses in relation to the Proposed Share Consolidation amounting to RM300,000.
 - (4) Negligible.

Maximum Scenario

Group level	Audited as at 31 December 2015		(I) After subsequent events ⁽¹⁾		(II) After (I) and assuming full exercise of outstanding Warrants C		(III) After (II) and the Proposed Share Consolidation	
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
Share capital	246,681	158,468	157,909	101,441	218,659	140,466	218,659	140,466
Capital redemption reserve	489,446	314,420	578,218	371,447	578,218	371,447	578,218	371,447
Share premium	15,087	9,692	15,087	9,692	9,209	5,917	9,209	5,917
Warrants reserve	23,975	15,401	-	-	-	-	-	-
Retained earnings	603,547	387,719	627,522	403,120	627,522	403,120	(3)627,055	(3)402,820
Other reserves ⁽²⁾	(135,074)	(86,772)	(135,074)	(86,772)	(135,074)	(86,772)	(135,074)	(86,772)
Total equity / NA	1,243,662	798,928	1,243,662	798,928	1,298,534	834,178	1,298,067	833,878
No. of Shares ('000) (excluding treasury shares) NA per Share (RMB/RM)	1,347,739	1,347,739	2,695,481	2,695,481	3,576,718	3,576,718	894,179	894,179
Borrowings (RMB'000/RM'000) Gearing (times)	0.92	0.59	0.46	0.30	0.36	0.23	1.45	0.93
	10,000	6,424	10,000	6,424	10,000	6,424	10,000	6,424
	(4) -	(4) -	(4) -	(4) -	(4) -	(4) -	(4) -	(4) -

Notes:-

(1) After adjusting for the following:-

- (i) the bonus issue of 1,347,738,911 XDL Shares of par value USD0.03 each which was completed on 28 January 2016 ("Bonus Issue"), giving rise to a reclassification from capital redemption reserve to share capital of approximately RMB265.9 million. The effects of the Bonus Issue are based on the exchange rates of RMB1:RM0.6397 and USD1:RM4.2070 as at 28 January 2016;
 - (ii) the par value reduction of XDL Shares from USD0.03 to USD0.01 undertaken by the Company and completed on 23 June 2016, giving rise to a reclassification from share capital to capital redemption reserve of approximately RMB354.7 million. The effects of this par value reduction exercise are based on the exchange rates of RMB1:RM0.6108 and USD1:RM4.0185 as at 23 June 2016;
 - (iii) the issuance of 3,332 new XDL Shares pursuant to the exercise of 3,332 Warrants C at an exercise price of RM0.04 each since 1 January 2016 up to the LPD; and
 - (iv) the expiry of all the 362,998,424 Warrants B on 20 January 2017.
- (2) Other reserves include treasury shares, statutory surplus reserve, merger deficit and exchange translation reserve.
- (3) Including estimated expenses in relation to the Proposed Share Consolidation amounting to RM300,000.
- (4) Negligible.

4.3

Substantial Shareholders' shareholdings

The Proposed Share Consolidation will not have any effect on the percentage of the substantial Shareholders' shareholdings in the Company. However, the number of Shares held by the substantial Shareholders in the Company will reduce proportionately as a result of the Proposed Share Consolidation as follows:-

Minimum Scenario

Substantial Shareholders	As at the LPD			After the Proposed Share Consolidation		
	Direct		Indirect	Direct		Indirect
	No of Shares	(⁽¹⁾)%		No of Shares	(⁽²⁾)%	
HongPeng	900,000,000	33.39	-	225,000,000	33.39	-
Ding PengPeng	-	-	(⁽³⁾)900,000,000	-	-	(⁽³⁾)225,000,000
						(⁽³⁾)33.39

Notes:-

- (1) Based on the issued and paid-up share capital of the Company comprising 2,695,481,154 XDL Shares as at the LPD (after excluding 1,000 Shares held as treasury shares as at the LPD).
- (2) Based on the issued and paid-up share capital of the Company comprising 673,870,288 XDL Shares after the Proposed Share Consolidation (after excluding 250 Shares held as treasury shares after the Proposed Share Consolidation).
- (3) Deemed interested by virtue of his interest in HongPeng.

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Maximum Scenario

Substantial Shareholders	As at the LPD				(I) Assuming full exercise of outstanding Warrants C				(II) After (I) and the Proposed Share Consolidation			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(⁽¹⁾)%	No. of Shares	(⁽¹⁾)%	No. of Shares	(⁽²⁾)%	No. of Shares	(⁽²⁾)%	No. of Shares	(⁽³⁾)%	No. of Shares	(⁽³⁾)%
HongPeng	900,000,000	33.39	-	-	(⁽⁵⁾)1,199,999,998	33.55	-	-	299,999,999	33.55	-	-
Ding PengPeng	-	-	(⁽⁴⁾)900,000,000	(⁽⁴⁾)33.39	-	-	(⁽⁴⁾)1,199,999,998	(⁽⁴⁾)33.55	-	-	(⁽⁴⁾)299,999,999	(⁽⁴⁾)33.55

Notes:-

- (1) Based on the issued and paid-up share capital of the Company comprising 2,695,481,154 XDL Shares as at the LPD (after excluding 1,000 Shares held as treasury shares as at the LPD).
- (2) Based on the enlarged issued and paid-up share capital of the Company comprising 3,576,717,602 XDL Shares after taking into consideration the issuance of 881,236,448 new Shares arising from the full exercise of the Warrants C (after excluding 1,000 Shares held as treasury shares as at the LPD).
- (3) Based on the issued and paid-up share capital of the Company comprising 894,179,400 XDL Shares after the Proposed Share Consolidation (after excluding 250 Shares held as treasury shares after the Proposed Share Consolidation).
- (4) Deemed interested by virtue of his interest in HongPeng.
- (5) The 299,999,998 Warrants C held by HongPeng as at the LPD are assumed to be fully exercised.

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4.4 Earnings and EPS

The Proposed Share Consolidation will not have any effect on the consolidated earnings of the Group for the FYE 2016. However, the lower number of Consolidated Shares in issue upon completion of the Proposed Share Consolidation will result in a corresponding increase in the EPS of the Group.

4.5 Dividend

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

4.6 Existing convertible securities

Save for the 881,236,448 outstanding Warrants C, the Company does not have any other outstanding convertible securities as at the LPD.

Consequential to the Proposed Share Consolidation, the exercise price and/or number of Warrants C which are not exercised prior to the Books Closure Date will be adjusted in accordance with the provisions of the Deed Poll C to ensure that the status of the holders of Warrants C is not prejudiced as a result of the Proposed Share Consolidation.

Holders of Warrants C are advised that the exercise of Warrants C are subject to the provisions of Deed Poll C.

For illustrative purposes, as per the provisions of the Deed Poll C, the Proposed Share Consolidation shall give rise to the following adjustments:-

$$\begin{aligned} \text{Adjusted exercise price of Warrants C} &= \frac{\text{RM0.04} \times \text{USD0.04}}{\text{USD0.01}} \\ &= \text{RM0.16} \\ \\ \text{Adjusted number of Warrants C} &= \frac{881,236,448 \times \text{USD0.01}}{\text{USD0.04}} \\ &= 220,309,112 \end{aligned}$$

The illustrative adjustments above were computed based on:-

- (i) the assumption that the Books Closure Date has been fixed on the LPD;
- (ii) the number of Warrants C outstanding as at the LPD; and
- (iii) the following adjustment formula as set out in the Deed Poll C:-

$$\begin{aligned} \text{Adjusted exercise price of Warrants C} &= \frac{\text{Existing exercise price of Warrants C} \times \text{Revised par value}}{\text{Former par value}} \\ \\ \text{Adjusted number of Warrants C} &= \frac{\text{Existing number of Warrants C} \times \text{Former par value}}{\text{Revised par value}} \end{aligned}$$

5. TENTATIVE TIMELINE

Subject to all relevant approvals being obtained, the Proposed Share Consolidation is expected to be completed by the second quarter of 2017. The tentative timetable for the Proposed Share Consolidation is as follows:-

Date	Events
28 April 2017	SGM for the Proposed Share Consolidation
May 2017	Books Closure Date for the Proposed Share Consolidation Completion of the Proposed Share Consolidation

6. APPROVALS REQUIRED

Under Section 45 of the Bermuda Companies Act, no approval from any Bermuda authorities is required for the Proposed Share Consolidation.

The Proposed Share Consolidation is conditional upon the following approvals being obtained from:-

- (i) Bursa Securities for the Proposed Share Consolidation; and
- (ii) Shareholders at the forthcoming SGM for the Proposed Share Consolidation.

Bursa Securities had vide its letter dated 11 April 2017 granted its approval subject to, amongst others, the following conditions:-

- (a) XDL is required to obtain the Shareholders' approval for the Proposed Share Consolidation;
- (b) Mercury Securities is required to make the relevant announcements pursuant to Paragraph 13.10(2) of the Listing Requirements; and
- (c) XDL / Mercury Securities must make an announcement on any subsequent revisions / amendments to the profile of the XDL warrants (including any revisions arising from adjustment).

7. INTER-CONDITIONALITY

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

8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

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

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

None of the Directors, major Shareholders and/or persons connected with them have any interest, direct and/or indirect, in the Proposed Share Consolidation, save for their respective entitlements as Shareholders, if any, under the Proposed Share Consolidation, which are also available to all other Shareholders.

10. BOARD'S RECOMMENDATION

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

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

11. SGM

The SGM, the notice of which is enclosed with this Circular, will be held at Grand Garden Pavilion, Level 1, Putrajaya Shangri-La Hotel, Taman Putra Perdana, Presint 1, 62000 Wilayah Persekutuan, Putrajaya, Malaysia on Friday, 28 April 2017 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution, with or without any modifications, to give effect to the Proposed Share Consolidation.

If you are unable to attend and vote in person at the SGM, you may appoint not more than two (2) proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the registered office of the Company in Malaysia at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, 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. The completion and lodgement of the Form of Proxy shall not preclude you from attending and voting in person at the SGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

12. FURTHER INFORMATION

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

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

DING PENG PENG
Managing Director / Chief Executive Officer

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST

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

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

3. HISTORICAL SHARE PRICES

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

	High RM	Low RM
<u>2016</u>		
April	0.055	0.045
May	0.050	0.035
June	0.040	0.035
July	0.040	0.035
August	0.045	0.030
September	0.035	0.030
October	0.035	0.025
November	0.030	0.025
December	0.030	0.020
<u>2017</u>		
January	0.030	0.025
February	0.035	0.025
March	0.040	0.030

Last transacted market price on 30 March 2017, being the last Market Day immediately prior to the announcement of the Proposed Share Consolidation (RM) 0.035

Last transacted market price as at the LPD (RM) 0.035

(Source: Bloomberg)

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

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

Capital commitments	Amount	
	RMB'000	RM'000
Capital expenditure in respect of property, plant and equipment - approved but not contracted for	40,248	25,855
	40,248	25,855

Contingent liabilities

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

5. MATERIAL LITIGATION

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

6. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) Memorandum of Association and Bye-laws of XDL;
- (ii) audited consolidated financial statements of XDL for the FYE 2014 and FYE 2015;
- (iii) unaudited consolidated financial statements of XDL for the FYE 2016; and
- (iv) the letter of consent referred to in Section 2 of this Appendix I.

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XIDELANG HOLDINGS LTD

(Bermuda Company Registration No. 43136)

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

(Malaysian Foreign Company Registration No. 995210-W)

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

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a Special General Meeting of XiDeLang Holdings Ltd (the “Company” or “XDL”) will be held at Grand Garden Pavilion, Level 1, Putrajaya Shangri-La Hotel, Taman Putra Perdana, Presint 1, 62000 Wilayah Persekutuan, Putrajaya, Malaysia on Friday, 28 April 2017 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following ordinary resolution with or without any modification:-

ORDINARY RESOLUTION

PROPOSED CONSOLIDATION OF EVERY FOUR (4) ORDINARY SHARES OF USD0.01 EACH IN XDL INTO ONE (1) ORDINARY SHARE OF USD0.04 (“PROPOSED SHARE CONSOLIDATION”)

“**THAT** subject to the approval of all relevant authorities and parties being obtained, approval be and is hereby given for the consolidation of every four (4) ordinary shares of USD0.01 each in the issued and authorised capital of XDL as at a books closure date to be determined later by the Board and announced by the Company (the “**Books Closure Date**”) into one (1) ordinary share of USD0.04 (“**Consolidated Share**”) (the “**Proposed Share Consolidation**”);

THAT the Consolidated Shares shall rank *pari passu* in all respects with one another **AND THAT** fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;

AND FURTHER THAT the Board of Directors of the Company (“**Board**”) be and is hereby authorised 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 Share Consolidation (including, without limitation, to fix the Books Closure Date in its discretion as it deems fit) 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 the Board may consider necessary, desirable or expedient to implement, finalise and give full effect to the Proposed Share Consolidation.”

By Order of the Board

Secretarius Services Sdn Bhd
Company Secretary

Kuala Lumpur, Malaysia
13 April 2017

Notes:-

- i. A member entitled to attend and vote at a meeting of the Company who is the holder of two (2) or more shares shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- ii. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 of Malaysia, it may appoint not more than two (2) proxies in respect of each Securities Account it holds which is credited with ordinary shares of the Company.

- iii. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
- iv. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer, attorney or other person duly authorised to sign the same.*
- v. *The instrument appointing a proxy must be deposited at the Company's registered office in Malaysia i.e. Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, 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 26 April 2017 or any adjournment thereof.*
- vi. *Only members whose names appear in the Record of Depositors as at 21 April 2017 will be entitled to attend and vote at the meeting or appoint proxy (proxies) to attend and vote on their behalf.*



XIDELANG HOLDINGS LTD

(Bermuda Company Registration No. 43136)

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

(Malaysian Foreign Company Registration No. 995210-W)

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

FORM OF PROXY

No. of Shares held	
CDS account no.	

Telephone no. (during office hours)

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

of.....
(Full Address)

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

(Full Name in Capital Letters)

of.....
(Full Address)

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

of.....
(Full Address)

or 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 to be held at Grand Garden Pavilion, Level 1, Putrajaya Shangri-La Hotel, Taman Putra Perdana, Presint 1, 62000 Wilayah Persekutuan, Putrajaya, Malaysia on Friday, 28 April 2017 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.	ORDINARY RESOLUTION – PROPOSED SHARE CONSOLIDATION		

Dated thisday of 2017

Signature of Shareholder(s) / Common Seal

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

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

Notes:-

- A member entitled to attend and vote at a meeting of the Company who is the holder of two (2) or more shares shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 of Malaysia, it may appoint not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an office, attorney or other person duly authorised to sign the same.
- The instrument appointing a proxy must be deposited at the Company's registered office in Malaysia i.e. Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, 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 26 April 2017 or any adjournment thereof.
- Only members whose names appear in the Record of Depositors as at 21 April 2017 will be entitled to attend and vote at the meeting or appoint proxy (proxies) to attend and vote on their behalf.



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AFFIX
STAMP

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

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