

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

LITIGATION MATTERS INVOLVING SUBSIDIARY OF XDL

1. INTRODUCTION

The Board of Directors of XDL (“**Board**”) wishes to announce that the Board has been made aware from the China Judgement Online website that there are several litigation matters against a subsidiary of XDL, namely, Fujian Province Jinjiang City Chendai HongPeng Footwear Manufacturing Co., Ltd. (福建省晋江市陈埭鸿鹏制鞋有限公司) (“**HongPeng Footwear**”). The details of which are set out in Schedule herein (collectively, the “**Litigation Matters**”).

2. DETAILS OF HONGPENG FOOTWEAR

HongPeng Footwear is a wholly-owned subsidiary of the Company incorporated in The People’s Republic of China People (“**PRC**”) and is principally engaged in the design, manufacturing and marketing of sports shoes in the PRC.

HongPeng Footwear contributed approximately 83.90% of the profit before tax of the Company on a consolidated basis in the financial year ended 31 December 2017. Accordingly, it is a major subsidiary of the Company as prescribed in paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”).

3. EFFECTS OF LITIGATION MATTERS

The Board is of the opinion that the case No. 1 as stipulated in the Litigation Matters is not material to the Group as it arose from the ordinary course of business of the Group whilst the cases No. 2-5 as stipulated in the Litigation Matters would not have any material and adverse effect on the financial position of the Group as Jinjiang Dasen Garment Co., Ltd. has repaid in full the outstanding loans to China Construction Bank Corporation, Jinjiang Branch and those Litigation Matters have been withdrawn as at the date of this announcement.

This announcement is dated 10 January 2019.

SCHEDULE

1.	Court case details	<p>Jinjiang City People's Court (晋江市人民法院)</p> <p>Case No. (2016) Min 0582 Minchu No. 2078 ((2016)闽 0582 民初 2078 号)</p>
	Parties involved	<p>Plaintiff : HongPeng Footwear</p> <p>Defendant : Ding HePing (丁和平)</p>
	Details of claim	<p>HongPeng Footwear had on 19 April 2016 instituted a claim against the defendant claiming compensation sum of RMB800 per month arising from the defendant's failure to vacate a parcel of land belonged to HongPeng Footwear.</p> <p>Following the settlement negotiations between the parties, the defendant agreed to vacate and return the land to HongPeng Footwear and bear all the legal costs incurred by HongPeng Footwear. In view thereof, HongPeng Footwear withdrew the claim on 20 April 2016.</p>
	Current status	The claim has been withdrawn and the matter is now closed.
2.	Court case details	<p>Jinjiang City People's Court (晋江市人民法院)</p> <p>Case No. (2018) Min 0582 Minchu No. 3285 ((2018)闽 0582 民初 3285 号)</p>
	Parties involved	<p>Plaintiff: China Construction Bank Corporation Jinjiang Branch(中国建设银行股份有限公司晋江分行) (“Bank”)</p> <p>Defendants:</p> <p>(1) Jinjiang Dasen Garment Co., Ltd. (晋江大森制衣有限公司) (“Jinjiang Dasen”);</p> <p>(2) Jiatai (Fujian) Co., Ltd. (佳泰 (福建) 事业有限公司);</p> <p>(3) HongPeng Footwear;</p> <p>(4) Yinfa (Fujian) Investment Co., Ltd. (银发 (福建) 投资有限公司);</p> <p>(5) Ding Ronghua (丁荣华);</p> <p>(6) Wang Qiuer (王秋娥);</p> <p>(7) Ding Changhong (丁长洪);</p> <p>(8) Xu Yuyu (许瑜瑜); and</p> <p>(9) Ding Pengpeng (丁鹏鹏) (“DPP”).</p>
	Details of claim	<p>The plaintiff had on 18 March 2018 instituted a claim against the defendants claiming for a sum of RMB4,122,236.74 (being the principal sum of RMB4,100,000 and interest/penalty of RMB22,236.74) arising from the default of Jinjiang Dasen in serving of loan granted by the Bank.</p> <p>HongPeng Footwear and DPP have separately provided corporate guarantee and personal guarantee in relation to such loan granted by the Bank to Jinjiang Dasen.</p> <p>Following the settlement negotiations between the parties, Jinjiang Dasen agreed to repay the loan in tranches. The plaintiff had on 2 May 2018 filed an application to the Court to withdraw the claim and the Court approved the withdrawal on 4 May 2018.</p>
	Current status	The claim has been withdrawn and the matter is now closed.

3.	Court case details	Jinjiang City People's Court (晋江市人民法院) Case No. (2018) Min 05 Minchu No. 175 and one of 175 ((2018)闽 05 民初 175 号 & (2018)闽 05 民初 175 号之一)
	Parties involved	Plaintiff: the Bank Defendants: (1) Jinjiang Dasen; (2) HongPeng Footwear; (3) Yinfa (Fujian) Investment Co., Ltd. (银发 (福建) 投资有限公司); (4) Ding Ronghua (丁荣华); (5) Wang Qiuer (王秋娥); (6) Ding Changhong (丁长洪); (7) Xu Yuyu (许瑜瑜); and (8) DPP.
	Details of claim	The plaintiff had on 7 February 2018 instituted a claim against the defendants claiming for a sum of RMB10,044,496.05 (being the principal sum of RMB9,990,000 and interest/penalty of RMB54,496.05) arising from the default of Jinjiang Dasen in serving of loan granted by the Bank. HongPeng Footwear and DPP have separately provided corporate guarantee and personal guarantee in relation to such loan granted by the Bank to Jinjiang Dasen. Following the settlement negotiations between the parties, Jinjiang Dasen agreed to repay the loan in tranches. The plaintiff had on 16 May 2018 filed an application to the Court to withdraw the claim and the Court approved the withdrawal on 17 May 2018.
	Current status	The claim has been withdrawn and the matter is now closed.
4.	Court case details	Jinjiang City People's Court (晋江市人民法院) Case No. (2018) Min 05 Minchu No. one of 219 ((2018)闽 05 民初 219 号之一)
	Parties involved	Plaintiff: the Bank Defendants: (1) Jinjiang Dasen; (2) Jiatai (Fujian) Co., Ltd. (佳泰 (福建) 事业有限公司) (3) HongPeng Footwear; (4) Yinfa (Fujian) Investment Co., Ltd. (银发 (福建) 投资有限公司); (5) Ding Ronghua (丁荣华); (6) Wang Qiuer (王秋娥); (7) Ding Changhong (丁长洪); (8) Xu Yuyu (许瑜瑜); and (9) DPP.

	Details of claim	<p>The plaintiff had on 7 February 2018 instituted a claim against the defendants claiming for a sum of RMB9,903,732.34 (being the principal sum of RMB9,850,000 and interest/penalty of RMB53,732.34) arising from the default of Jinjiang Dasen in serving of loan granted by the Bank.</p> <p>HongPeng Footwear and DPP have separately provided corporate guarantee and personal guarantee in relation to such loan granted by the Bank to Jinjiang Dasen.</p> <p>Following the settlement negotiations between the parties, Jinjiang Dasen agreed to repay the loan in tranches. The plaintiff had on 16 May 2018 filed an application to the Court to withdraw the claim and the Court approved the withdrawal on 17 May 2018.</p>
	Current status	The claim has been withdrawn and the matter is now closed.
5.	Court case details	<p>Jinjiang City People's Court (晋江市人民法院)</p> <p>Case No. (2018) Min 05 Minchu No. one of 221 ((2018)闽 05 民初 221 号之一)</p>
	Parties involved	<p>Plaintiff: the Bank</p> <p>Defendants:</p> <p>(1) Jinjiang Dasen;</p> <p>(2) Jiatai (Fujian) Co., Ltd. (佳泰 (福建) 事业有限公司)</p> <p>(3) HongPeng Footwear;</p> <p>(4) Yinfa (Fujian) Investment Co., Ltd. (银发 (福建) 投资有限公司);</p> <p>(5) Ding Ronghua (丁荣华);</p> <p>(6) Wang Qiuer (王秋娥);</p> <p>(7) Ding Changhong (丁长洪);</p> <p>(8) Xu Yuyu (许瑜瑜); and</p> <p>(9) DPP.</p>
	Details of claim	<p>The plaintiff had on 7 February 2018 instituted a claim against the defendants claiming for a sum of RMB7,140,493.27 (being the principal sum of RMB7,100,000 and interest/penalty of RMB40,493.27) arising from the default of Jinjiang Dasen in serving of loan granted by the Bank.</p> <p>HongPeng Footwear and DPP have separately provided corporate guarantee and personal guarantee in relation to such loan granted by the Bank to Jinjiang Dasen.</p> <p>Following the settlement negotiations between the parties, Jinjiang Dasen agreed to repay the loan in tranches. The plaintiff had on 16 May 2018 filed an application to the Court to withdraw the claim and the Court approved the withdrawal on 17 May 2018.</p>
	Current status	The claim has been withdrawn and the matter is now closed.