

**THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**THIS NOTICE IS FOR THE INFORMATION OF THE HOLDERS OF WARRANTS OF XIDELANG HOLDINGS LTD (“XDL”) ONLY. NO ACTION IS REQUIRED TO BE TAKEN BY YOU.**

If you have sold or transferred all your warrants of XDL, you should at once hand this notice (“**Notice**”) to the purchaser or agent through whom the sale was contracted for onward transmission to the purchaser or transferee.

Bursa Malaysia Securities Berhad has not perused the contents of this Notice prior to its issuance and takes no responsibility for its contents, 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 Notice.



**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 TO WARRANT HOLDERS**

**IN RELATION TO THE**

**ADJUSTMENTS TO THE NUMBER AND EXERCISE PRICE OF OUTSTANDING WARRANTS 2014 / 2017 (“WARRANTS B”) AS SPECIFIED IN THE DEED POLL DATED 9 DECEMBER 2013 (“DEED POLL B”) (“ADJUSTMENTS”), AS A CONSEQUENCE OF THE BONUS ISSUE OF 1,347,738,911 NEW ORDINARY SHARES OF USD0.03 EACH IN XDL (“XDL SHARES”) (“BONUS SHARES”) CREDITED AS FULLY PAID-UP AT PAR, ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY ONE (1) EXISTING XDL SHARE HELD AT 5.00 P.M. ON 27 JANUARY 2016 (“BONUS ISSUE”)**

*Prepared by*

*Principal Adviser*



**Mercury Securities Sdn Bhd**

(Company No. 113193-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Notice is dated 4 February 2016

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## DEFINITIONS

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For the purpose of this Notice, except where the context otherwise requires, the following definitions shall apply throughout this Notice:-

<b>Act</b>	- Companies Act, 1965, of Malaysia, as amended, modified or supplemented from time to time
<b>Additional Warrants B</b>	- Additional Warrants B to be issued to holders of existing Warrants B arising from the Adjustments
<b>Additional Warrants C</b>	- Additional Warrants C to be issued to holders of existing Warrants C arising from the adjustment to the number of Warrants C in accordance with the Deed Poll C
<b>Adjustments</b>	- The adjustments to the number and exercise price of Warrants B in accordance with the Deed Poll B
<b>Auditors</b>	- BDO (AF 0206)
<b>Bermuda Companies Act</b>	- Companies Act, 1981 of Bermuda, as amended, modified or supplemented from time to time
<b>Board</b>	- The Board of Directors of XDL
<b>Bonus Issue</b>	- Bonus issue of 1,347,738,911 Bonus Shares, to be credited as fully paid-up at par, on the basis of one (1) Bonus Share for every one (1) existing Share held by the Entitled Shareholders on the Entitlement Date
<b>Bonus Share(s)</b>	- New XDL Shares, credited as fully paid-up at par, to be issued pursuant to the Bonus Issue
<b>Bursa Depository</b>	- Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
<b>Bursa Securities</b>	- Bursa Malaysia Securities Berhad (Company No. 635998-W)
<b>Deed Poll B</b>	- Deed poll dated 9 December 2013 constituting the Warrants B
<b>Deed Poll C</b>	- Deed poll dated 17 June 2015 constituting the Warrants C
<b>Directors</b>	- The directors of the Company for the time being
<b>Entitled Shareholders</b>	- Shareholders whose names appear in the Record of Depositors of the Company as at the close of business at 5.00 p.m. on the Entitlement Date in order to be entitled to the Bonus Shares
<b>Entitlement Date</b>	- 27 January 2016, being the date on which the names of Shareholders must appear in the Record of Depositors as at the close of business at 5.00 p.m. in order to be entitled to the Bonus Shares
<b>Market Day(s)</b>	- Any day on which Bursa Securities is open for trading in securities
<b>Mercury Securities</b>	- Mercury Securities Sdn Bhd (Company No. 113193-W)
<b>Notice</b>	- This notice to Warrant B Holders dated 4 February] 2016 in relation to the Adjustments
<b>Record of Depositors</b>	- A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository

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**DEFINITIONS (CONT'D)**

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<b>RM and sen</b>	- Ringgit Malaysia and sen respectively
<b>Rules of Bursa Depository</b>	- The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991 of Malaysia as amended from time to time, including Securities Industry (Central Depositories) Amendment Act, 1998 of Malaysia
<b>SGM</b>	- Special general meeting of XDL
<b>Shareholders</b>	- Registered holders of XDL Shares
<b>USD</b>	- United States Dollar, the lawful currency of the United States of America
<b>Warrants B</b>	- The outstanding XDL warrants 2014 / 2017 issued pursuant to the Deed Poll B
<b>Warrants C</b>	- The outstanding XDL warrants 2015 / 2018 issued pursuant to the Deed Poll C
<b>Warrant B Holder(s)</b>	- The registered holder(s) of the Warrants B as shown in the Record of Depositors for the Warrants B on the Entitlement Date
<b>XDL or the Company</b>	- XiDeLang Holdings Ltd (Bermuda Company Registration No. 43136) (Malaysian Foreign Company Registration No. 995210-W), incorporated in Bermuda as an exempted company under the Bermuda Companies Act and registered as a foreign company in Malaysia under the Act
<b>XDL Share(s)</b>	- Ordinary share(s) of par value USD0.03 each in the share capital of XDL

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 Notice are to the Warrant B Holders.

Any reference in this Notice 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 Notice shall be a reference to Malaysian time, unless otherwise stated.

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

(Malaysian Foreign Company Registration No. 995210-W)

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

**Registered office in  
Malaysia**

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

4 February 2016

**Board of Directors**

Ding LiHong (*Executive Chairman*)

Ding PengPeng (*Managing Director / Chief Executive Officer*)

Ding PengWan (*Executive Director / Chief Operating Officer*)

Lin YingYu (*Executive Director*)

Dato' Mohamed Nazim Bin Abdul Razak (*Deputy Chairman / Independent Non-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 Existing Warrant B Holders**

Dear Sir / Madam,

**ADJUSTMENTS TO THE NUMBER AND EXERCISE PRICE OF OUTSTANDING WARRANTS B IN  
ACCORDANCE WITH THE PROVISIONS OF THE DEED POLL B AS A CONSEQUENCE OF THE  
BONUS ISSUE**

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**1. INTRODUCTION**

On 7 August 2015, Mercury Securities, on behalf of XDL, announced that the Company proposes to undertake the Bonus Issue.

On 27 August 2015, it was announced that Bursa Securities has, vide its letter dated 27 August 2015, granted its approval for listing and quotation of up to:-

- (i) 1,969,858,013 Bonus Shares;
- (ii) 181,499,212 Additional Warrants B;
- (iii) 440,638,356 Additional Warrants C; and

- (iv) 622,137,568 new XDL Shares to be issued arising from the exercise of Additional Warrants B and Additional Warrants C.

The shareholders of XDL had approved the Bonus Issue at the SGM held on 21 September 2015.

On 12 January 2016, the Entitlement Date was fixed at 5.00 p.m. on 27 January 2016.

On 27 January 2016, it was announced that 1,347,738,911 Bonus Shares, 181,499,212 Additional Warrants B and 440,619,890 Additional Warrants C will be listed and quoted on the Main Market of Bursa Securities at 9.00 a.m. on 28 January 2016.

**THE PURPOSE OF THIS NOTICE IS TO PROVIDE YOU WITH INFORMATION PERTAINING TO THE ADJUSTMENTS ARISING FROM THE BONUS ISSUE. THIS NOTICE SETS OUT PARTICULARS OF THE EVENTS GIVING RISE TO THE ADJUSTMENTS, TOGETHER WITH THE COMPUTATION AND THE EFFECTIVE DATE OF THE ADJUSTMENTS. NO ACTION IS REQUIRED TO BE TAKEN ON YOUR PART.**

## 2. DETAILS OF THE ADJUSTMENTS

### 2.1 Adjustment Mechanism

Pursuant to Condition 5.1.3 of Schedule 3 of the Deed Poll B, the number of Warrants B and the exercise price in respect of Warrants B will be adjusted pursuant to the Bonus Issue by multiplying the same with the following fractions:-

Exercise price adjustment fraction	Number adjustment fraction
$\frac{A}{A + B}$	$(\frac{A + B}{A}) - T$

Where:-

- A** = the aggregate number of issued and fully paid-up XDL Shares on the Entitlement Date immediately preceding such capitalisation;
- B** = the aggregate number of XDL Shares to be issued pursuant to any allotment to Shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature including any share premium account and capital redemption reserve fund); and
- T** = existing number of Warrants B held.

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## 2.2 Adjustment to the exercise price of Warrants B

Based on the formula set out in Section 2.1 above, the adjusted exercise price for Warrants B is calculated as follows:-

New exercise price of Warrants B

$$\begin{aligned}
 &= \text{Current exercise price} \times \text{Exercise price adjustment fraction} \\
 &= \text{RM0.35} \times \frac{A}{A + B} \\
 &= \text{RM0.35} \times \frac{1,347,738,911}{1,347,738,911 + 1,347,738,911} \\
 &= \text{RM0.35} \times \frac{1,347,738,911}{2,695,477,822} \\
 &= \text{RM0.35} \times 0.5 \\
 &= \text{RM0.18 (rounded up to the nearest one (1) Sen in accordance with the provisions of the Deed Poll B)}
 \end{aligned}$$

Based on the calculation above, the current exercise price of RM0.35 per Warrant B will be adjusted to RM0.18 per Warrant B.

## 2.3 Adjustment to the number of Warrants B

Based on the formula set out in Section 2.1 above, the adjusted number of Warrants B will be as follows:-

Additional number of Warrants B to be issued

$$\begin{aligned}
 &= \text{Existing number of Warrants B} \times \text{Number adjustment fraction} \\
 &= 181,499,212 \times \frac{A + B}{A} - T \\
 &= 181,499,212 \times \frac{1,347,738,911 + 1,347,738,911}{1,347,738,911} - 181,499,212 \\
 &= 181,499,212 \times \frac{2,695,477,822}{1,347,738,911} - 181,499,212 \\
 &= 181,499,212 \times 2 - 181,499,212 \\
 &= 181,499,212
 \end{aligned}$$

Based on the above computation, the Additional Warrants B will be issued by the Company to the entitled Warrant B Holders as follows:-

	<b>Basis (Number)</b>	<b>Example (Number)</b>
Warrants B held on the Entitlement Date	A	1,000
Adjusted number of Warrants B	B = (A x 2)	2,000
Additional Warrants B to be allotted	B - A	1,000

## 2.4 Summary

In summary, the details of the Adjustments are set out below:-

### (i) Exercise price

	Before the adjustments	After the adjustments
Warrants B	0.35	0.18

### (ii) Number of warrants

	Before the adjustments	After the adjustments
Warrants B	181,499,212	362,998,424

The 181,499,212 Additional Warrants B arising from the Adjustments have been listed and quoted on the Main Market of Bursa Securities on 28 January 2016.

The Adjustments were made by the Directors in consultation with Mercury Securities and certified by the Auditors, in accordance with the provisions of the Deed Poll B.

## 2.5 Ranking of the Additional Warrants B and new XDL Shares arising from the exercise of the Additional Warrants B

The Additional Warrants B arising from the Adjustments as set out in Section 2.3 above shall, upon issuance and allotment, form part of the series of the existing Warrants B constituted by the Deed Poll B and subject to the terms and conditions as set out in the Deed Poll B. As the Warrants B are prescribed securities, the Additional Warrants B will be credited directly into the respective Central Depository System accounts of the entitled Warrant B Holders and no physical warrant certificate will be issued.

The new XDL Shares to be issued arising from the exercise of the Additional Warrants B shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing XDL Shares, save and except that the new XDL Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid for which the entitlement date for the distribution precedes the date of issuance and allotment of the new XDL Shares arising from the exercise of the Additional Warrants B.

## 3. RATIONALE OF THE ADJUSTMENTS

The Adjustments aim to mitigate equity dilution such that the status of the Warrant B Holders would not be prejudiced after the Bonus Issue is implemented. The rights and obligations of each Warrant B Holder remain unchanged.

## 4. EFFECTIVE DATE OF THE ADJUSTMENTS

In accordance with the provisions of the Deed Poll B, the Adjustments took effect on 28 January 2016, being the next Market Day following the Entitlement Date for the Bonus Issue.

## **5. CONSENTS**

Mercury Securities and the Auditors have given and have not subsequently withdrawn their written consents to the inclusion of their names and all references thereto in the form and context in which they appear in this Notice.

## **6. DIRECTORS' RESPONSIBILITY STATEMENT**

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

## **7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the Malaysian registered office of XDL at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, during normal business hours from Mondays to Fridays (except public holidays) for as long as any of the Warrants B remain outstanding and exercisable:-

- (i) Deed Poll B;
- (ii) certificate from the Auditors certifying the computation of the Adjustments;
- (iii) certificate from the Board dated 27 January 2016 setting forth brief particulars of the events giving rise to the Adjustments, together with the relevant computation and effective date of the Adjustments; and
- (iv) consent letters referred to in Section 5 of this Notice.

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

**DING PENGWAN**  
Executive Director / Chief Operating Officer