

**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 BONUS ISSUE OF UP TO 1,969,858,013 NEW ORDINARY SHARES OF USD0.03 EACH IN XIDELANG HOLDINGS LTD (“XDL”) (“SHARES”) (“BONUS SHARES”) ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY ONE (1) EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS OF XDL ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE”)**

**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 Safir II, Ballroom Level, Hotel Istana Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200, Kuala Lumpur, Malaysia on Monday, 21 September 2015 at 10.30 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 Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200, Kuala Lumpur 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at the SGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.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 : Saturday, 19 September 2015 at 10.30 a.m.  
Date and time of the SGM : Monday, 21 September 2015 at 10.30 a.m.

This Circular is dated 4 September 2015

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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>Board</b>	- The Board of Directors of XDL
<b>Bonus Share(s)</b>	- New XDL Shares, credited as fully paid up at par, to be issued pursuant to the Proposed 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>Conyers</b>	- Conyers Dill and Pearman Pte. Ltd.
<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>	- A date to be determined by the Board and announced later, on which the names of Shareholders must appear in the Record of Depositors as at the close of business at 5.00 p.m. on that date in order to be entitled to the Bonus Shares
<b>EPS</b>	- Earnings per Share
<b>ESOS</b>	- The Xidelang Holdings Ltd employees' Share Option Scheme approved and established by the Company on 10 April 2015
<b>FPE</b>	- Financial period ended 31 March
<b>FYE</b>	- Financial year(s) ended / ending 31 December
<b>HongPeng</b>	- HongPeng International Holdings Limited
<b>Listing Requirements</b>	- Main Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time
<b>LPD</b>	- 14 August 2015, being the latest practicable date prior to the printing of this Circular
<b>Malaysian Companies Act</b>	- Companies Act, 1965 of Malaysia, as amended from time to time and any re-enactment thereof
<b>Maximum Scenario</b>	- Assuming all the outstanding Warrants B and Warrants C are exercised prior to the Entitlement Date
<b>Market Day(s)</b>	- Any day on which Bursa Securities is open for trading in securities
<b>Mercury Securities</b>	- Mercury Securities Sdn Bhd (Company No. 113193-W)

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**DEFINITIONS (cont'd)**

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<b>Minimum Scenario</b>	- Assuming that none of the outstanding Warrants B and Warrants C are exercised prior to the Entitlement Date
<b>NA</b>	- Net assets
<b>PRC</b>	- People's Republic of China
<b>Proposed Bonus Issue</b>	- Proposed bonus issue of up to 1,969,858,013 Bonus Shares on the basis of one (1) Bonus Share for every one (1) existing Share held by the Entitled Shareholders on the Entitlement Date
<b>Record of Depositors</b>	- A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
<b>Reporting Accountants</b>	- Messrs BDO (AF 0206)
<b>RM and sen</b>	- Ringgit Malaysia and sen respectively
<b>RMB</b>	- Renminbi, the lawful currency of PRC
<b>Rules of Bursa Depository</b>	- The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991 of Malaysia as amended from time to time, including Securities Industry (Central Depositories) Amendment Act, 1998 of Malaysia
<b>SGM</b>	- Special general meeting of XDL
<b>Shareholders</b>	- Registered holders of XDL Shares
<b>USD</b>	- United States Dollar, the lawful currency of the United States of America
<b>Warrants A</b>	- The outstanding XDL warrants 2012 / 2015 issued by the Company pursuant to the deed poll dated 15 March 2012 and expired on 24 April 2015
<b>Warrants B</b>	- The outstanding XDL warrants 2014 / 2017 issued by the Company pursuant to the Deed Poll B
<b>Warrants C</b>	- The outstanding XDL warrants 2015 / 2018 issued by the Company pursuant to the Deed Poll C
<b>XDL or the Company</b>	- Xidelang Holdings Ltd (Bermuda Company Registration No. 43136) (Malaysian Foreign Company Registration No. 995210-W), incorporated in Bermuda as an exempted company under the Bermuda Companies Act and registered as a foreign company in Malaysia under the Malaysian Companies Act
<b>XDL Group or the Group</b>	- XDL and its subsidiaries
<b>XDL Share(s) or Share(s)</b>	- Ordinary share(s) of par value USD0.03 each in the share capital of XDL

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**DEFINITIONS (cont'd)**

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Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons shall include corporations, unless otherwise specified. All references to “you” in this Circular are to the Shareholders.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysia time, unless otherwise stated.

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

XDL is incorporated in Bermuda under the Bermuda Companies Act and is registered as a foreign company in Malaysia under Section 332(1) of the Malaysian Companies Act. However, for your ease of reference and understanding, all substantial Shareholders and their indirect shareholdings in our Company have been identified based on Section 69D and Section 6A of the Malaysian Companies Act.

For illustrative purposes and where applicable, all RM figures in this Circular were translated based on Bank Negara Malaysia exchange rate of RMB1:RM0.6369 and USD1:RM4.0760 as at the LPD.

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## **XIDELANG HOLDINGS LTD**

(Bermuda Company Registration No. 43136)

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

(Malaysian Foreign Company Registration No. 995210-W)

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

### **Registered office in Malaysia**

Level 18  
The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia

4 September 2015

### **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 Shareholders of XDL**

Dear Sir / Madam,

### **PROPOSED BONUS ISSUE**

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#### **1. INTRODUCTION**

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

On 27 August 2015, Mercury Securities had, on behalf of the Company, announced that Bursa Securities granted its approval for the listing and quotation of the Bonus Shares on the Main Market of Bursa Securities vide its letter dated 27 August 2015. 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 PROPOSED BONUS ISSUE 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 BONUS ISSUE, 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 THE APPENDICES BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED BONUS ISSUE AT THE FORTHCOMING SGM.**

## **2. DETAILS OF THE PROPOSED BONUS ISSUE**

### **2.1 Basis and number of Bonus Shares to be issued**

The Proposed Bonus Issue entails the issuance of up to 1,969,858,013 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.

As at the LPD, the issued and paid-up share capital of the Company is USD40,431,613.35 comprising 1,347,720,445 Shares<sup>(1)</sup> and there are:-

- (i) 181,499,212 outstanding Warrants B and
- (ii) 440,638,356 outstanding Warrants C.

Assuming full exercise of the outstanding Warrants B and Warrants C, the enlarged issued and paid-up share capital of the Company would be USD59,095,740.39 comprising 1,969,858,013 Shares<sup>(1)</sup>.

Based on the foregoing, the Proposed Bonus Issue entails the issuance of up to 1,969,858,013 Bonus Shares. In any event, the actual number of Bonus Shares to be issued will be determined based on the issued and paid-up share capital of Company on the Entitlement Date.

The Entitlement Date will be determined and announced at a later date after the receipt of all relevant approvals by the Company for the Proposed Bonus Issue. The Proposed Bonus Issue is not intended to be implemented in stages over a period of time.

Note:-

(1) After excluding 1,000 treasury shares.

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## 2.2 Capitalisation of reserves

The Proposed Bonus Issue is to be effected by way of capitalising the Company's capital reserve.

Based on the latest audited financial statements of XDL for FYE 2014 and the latest unaudited financial statements of XDL for the three (3)-month FPE 2015, the capital reserve and retained profits balance, at both group and company levels, are as follows:-

	Group				Company			
	Unaudited FPE 2015	Unaudited FPE 2015	Audited FYE 2014	Audited FYE 2014	Unaudited FPE 2015	Unaudited FPE 2015	Audited FYE 2014	Audited FYE 2014
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
Capital reserve <sup>(1)</sup>	489,446	311,728	-	-	489,446	311,728	-	-
Retained profits	577,993	368,124	574,437	365,859	32,741	20,853	33,107	21,086
<b>Total</b>	<b>1,067,439</b>	<b>679,852</b>	<b>574,437</b>	<b>365,859</b>	<b>522,187</b>	<b>332,581</b>	<b>33,107</b>	<b>21,086</b>

Note:-

(1) Capital reserve comprises contributed surplus arising from the par value reduction of XDL Shares from USD0.10 to USD0.03, which was undertaken by the Company and completed on 18 February 2015.

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For illustration purposes, the Proposed Bonus Issue shall be capitalised from the capital reserve account of the Company as follows:-

Minimum Scenario : Assuming none of the outstanding Warrants B and Warrants C are exercised prior to the Entitlement Date

Maximum Scenario : Assuming all the outstanding Warrants B and Warrants C are exercised prior to the Entitlement Date

### **Minimum Scenario**

Company level	Unaudited FPE 2015	Unaudited FPE 2015
	RMB'000	RM'000
Capital reserve	489,446	311,728
Retained profits	32,741	20,853
Share premium	-	-
<b>Total</b>	<b>522,187</b>	<b>332,581</b>
Add:-		
Subsequent events <sup>(1)</sup>		
(i) Exercise of ESOS options	15,087	9,608
(ii) Expiry of warrants	23,710	15,101
(iii) Exercise of warrants	<sup>(3)</sup> -	<sup>(3)</sup> -
Less:-		
Capitalisation for the Proposed Bonus Issue	(258,752)	(164,799)
Estimated expenses <sup>(2)</sup>	(471)	(300)
<b>After the Proposed Bonus Issue</b>		
Capital reserve	230,694	146,929
Retained profits	55,980	35,654
Share premium	15,087	9,608
<b>Total</b>	<b>301,761</b>	<b>192,191</b>

**Notes:-**

- (1) Subsequent events include:-  
 (i) the exercise of 198,224,000 ESOS options since 1 April 2015 up to the LPD;  
 (ii) the expiry of all the 261,778,452 Warrants A on 24 April 2015; and  
 (iii) the exercise of 100 Warrants A and 1,333 Warrants C since 1 April 2015 up to the LPD.
- (2) Estimated expenses incidental to the Proposed Bonus Issue of RM300,000.
- (3) Negligible.

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## Maximum Scenario

Company level	Unaudited FPE 2015	Unaudited FPE 2015
	RMB'000	RM'000
Capital reserve	489,446	311,728
Retained profits	32,741	20,853
Share premium	-	-
<b>Total</b>	<b>522,187</b>	<b>332,581</b>
Add:-		
Subsequent events <sup>(1)</sup>		
(i) Exercise of ESOS options	15,087	9,608
(ii) Expiry of warrants	23,710	15,101
(iii) Exercise of warrants	(3)	(3)
Increase in share premium assuming full exercise of all outstanding Warrants B and Warrants C	88,869	56,601
Less:-		
Capitalisation for the Proposed Bonus Issue	(378,198)	(240,874)
Estimated expenses <sup>(2)</sup>	(471)	(300)
<b>After the Proposed Bonus Issue</b>		
Capital reserve	111,248	70,854
Retained profits	55,980	35,654
Share premium	103,956	66,209
<b>Total</b>	<b>271,184</b>	<b>172,717</b>

### Notes:-

- (1) *Subsequent events include:-*
- (i) *the exercise of 198,224,000 ESOS options since 1 April 2015 up to the LPD;*
  - (ii) *the expiry of all the 261,778,452 Warrants A on 24 April 2015; and*
  - (iii) *the exercise of 100 Warrants A and 1,333 Warrants C since 1 April 2015 up to the LPD.*
- (2) *Estimated expenses incidental to the Proposed Bonus Issue of RM300,000.*
- (3) *Negligible.*

Pursuant to Paragraph 6.30(1) of the Listing Requirements, a listed issuer intending to make a bonus issue of securities must ensure that the necessary reserves required for capitalisation of the bonus issue are unimpaired by losses on a consolidated basis, where applicable, based on the listed issuer's latest audited financial statements as well as its latest quarterly report.

The Board confirms that based on XDL Group's latest audited financial statements for FYE 2014 and latest unaudited financial statements for FPE 2015, the Group's reserves required to be capitalised for the purposes of the Proposed Bonus Issue is unimpaired by losses on a consolidated basis, in compliance with Paragraph 6.30(1) of the Listing Requirements.

The Board also confirms that based on the Group's latest audited financial statements for FYE 2014 and unaudited financial statements for FPE 2015 as well as after the adjustments set out in the table above, the Company has sufficient reserves at both group and company levels for the capitalisation of the Proposed Bonus Issue.

Further, pursuant to paragraph 6.30(3) of the Listing Requirements, the Reporting Accountants have vide their letter dated 17 August 2015, as enclosed in Appendix II, reported that the Company's pro-forma reserves as at FYE 2014 and FPE 2015 and after incorporating the effects of the subsequent events are in excess of the required amount of reserves to be capitalised for the Proposed Bonus Issue.

### **2.3 Ranking of the Bonus Shares**

The Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued and paid up XDL Shares, save and except they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, where the entitlement date precedes the date of allotment of the Bonus Shares.

### **2.4 Listing and quotation of the Bonus Shares**

The Bonus Shares shall be listed and quoted on the Main Market of Bursa Securities on the next Market Day following the Entitlement Date.

The Entitlement Date shall be determined by the Board after all the relevant approvals from the relevant authorities and Shareholders have been obtained for the Proposed Bonus Issue.

## **3. RATIONALE FOR THE PROPOSED BONUS ISSUE**

The rationale of the Proposed Bonus Issue is as follows:-

- (i) to reward existing Shareholders for their loyalty and continuous support by enabling them to have greater participation in the Company's equity in terms of the number of Shares held, while maintaining their percentage of equity interest in the Company;
- (ii) to increase the capital base of the Company to a level that will better reflect the Group's future scale of operations; and
- (iii) to enhance greater participation from a broader range of investors in the equity of the Company in view of the larger capital base.

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#### 4. EFFECTS OF THE PROPOSED BONUS ISSUE

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

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

	Minimum Scenario			Maximum Scenario		
	No of Shares '000	Share capital USD'000	Share capital RM'000	No of Shares '000	Share capital USD'000	Share capital RM'000
As at LPD	1,347,721	40,432	164,801	1,347,721	40,432	164,801
To be issued assuming full exercise of the Warrants B	-	-	-	181,499	5,445	22,194
To be issued assuming full exercise of the Warrants C	-	-	-	440,638	13,219	53,880
<b>After exercise of all convertible securities<sup>(1)</sup></b>	<b>1,347,721</b>	<b>40,432</b>	<b>164,801</b>	<b>1,969,858</b>	<b>59,096</b>	<b>240,875</b>
To be issued pursuant to the Proposed Bonus Issue	1,347,720	40,432	164,801	1,969,858	59,096	240,875
<b>Enlarged issued and paid-up share capital</b>	<b>2,695,441</b>	<b>80,864</b>	<b>329,602</b>	<b>3,939,716</b>	<b>118,192</b>	<b>481,750</b>

Note:-

(1) Inclusive of 1,000 treasury shares.

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## 4.2 NA and gearing

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

### Minimum Scenario

Group level	Audited as at 31 December 2014		After subsequent events <sup>(1)</sup>		After the Proposed Bonus Issue <sup>(2)</sup>	
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
Share capital	699,209	445,326	246,678	157,109	505,430	321,908
Reserves <sup>(3)</sup>	485,650	309,310	977,084	622,305	(4)717,861	(4)457,206
<b>Total equity / NA</b>	<b>1,184,859</b>	<b>754,636</b>	<b>1,223,762</b>	<b>779,414</b>	<b>1,223,291</b>	<b>779,114</b>
No. of Shares ('000) (excluding treasury shares) NA per Share (RMB/RM)	1,149,495 1.03	1,149,495 0.66	1,347,720 0.91	1,347,720 0.58	2,695,440 0.45	2,695,440 0.29
Borrowings (RMB'000/RM'000) Gearing (times)	10,000 (5)_	6,369 (5)_	10,000 (5)_	6,369 (5)_	10,000 (5)_	6,369 (5)_

#### Notes:-

(1) After taking into consideration:-

- (i) the par value reduction of XDL Shares from USD0.10 to USD0.03 which was undertaken by the Company and completed on 18 February 2015;
  - (ii) the exercise of 198,224,000 ESOS options since 1 January 2015 up to the LPD;
  - (iii) the expiry of all the 261,778,452 Warrants A on 24 April 2015; and
  - (iv) the exercise of 100 Warrants A and 1,333 Warrants C since 1 January 2015 up to the LPD.
- (2) After taking into consideration the issuance of 1,347,720,445 new Shares arising from the Proposed Bonus Issue.
  - (3) Reserves include capital reserve, retained profits and other reserves.
  - (4) Including estimated expenses in relation to the Proposed Bonus Issue amounting to RM300,000.
  - (5) Negligible.

## Maximum Scenario

Group level	Audited as at 31 December 2014		After subsequent events <sup>(1)</sup>		After (I) and assuming full exercise of the Warrants B and Warrants C <sup>(2)</sup>		After the Proposed Bonus Issue <sup>(3)</sup>	
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
Share capital	699,209	445,326	246,678	157,109	366,123	233,184	744,321	474,058
Reserves <sup>(4)</sup>	485,650	309,310	977,084	622,305	1,041,978	663,636	<sup>(5)</sup> 663,309	<sup>(5)</sup> 422,462
<b>Total equity / NA</b>	<b>1,184,859</b>	<b>754,636</b>	<b>1,223,762</b>	<b>779,414</b>	<b>1,408,101</b>	<b>896,820</b>	<b>1,407,630</b>	<b>896,520</b>
No. of Shares ('000) (excluding treasury shares) NA per Share (RMB/RM)	1,149,495	1,149,495	1,347,720	1,347,720	1,969,858	1,969,858	3,939,716	3,939,716
Borrowings (RMB'000/RM'000) Gearing (times) <sup>(6)</sup>	10,000	6,369	10,000	6,369	10,000	6,369	10,000	6,369
	<sup>(6)</sup> -	<sup>(6)</sup> -	<sup>(6)</sup> -	<sup>(6)</sup> -	<sup>(6)</sup> -	<sup>(6)</sup> -	<sup>(6)</sup> -	<sup>(6)</sup> -

### Notes:-

- (1) After taking into consideration:-
  - (i) the par value reduction of Shares from USD0.10 to USD0.03 which was undertaken by the Company and completed on 18 February 2015;
  - (ii) the exercise of 198,224,000 ESOS options since 1 January 2015 up to the LPD;
  - (iii) the expiry of all the 261,778,452 Warrants A on 24 April 2015; and
  - (iv) the exercise of 100 Warrants A and 1,333 Warrants C since 1 January 2015 up to the LPD.
- (2) Assuming all the 181,499,212 outstanding Warrants B and 440,638,356 outstanding Warrants C as at the LPD are fully exercised into new Shares prior to the Entitlement Date.
- (3) After taking into consideration the issuance of 1,969,858,013 new Shares arising from the Proposed Bonus Issue.
- (4) Reserves include capital reserve, retained profits and other reserves.
- (5) Including estimated expenses in relation to the Proposed Bonus Issue amounting to RM300,000.
- (6) Negligible.

## 4.3 Earnings and EPS

The Proposed Bonus Issue will not have any material impact on the earnings of the Group except for the corresponding reduction in the consolidated EPS of the Group as a result of increase in the number of Shares in issue, assuming that the earnings of XDL Group remain unchanged.

#### 4.4 Substantial Shareholders' shareholdings

The effects of the Proposed Bonus Issue on the substantial Shareholders' shareholdings in XDL are as follows:-

##### Minimum Scenario

	Existing as at LPD				After the Proposed Bonus Issue			
	Direct		Indirect		Direct		Indirect	
	No of shares	% <sup>(1)</sup>	No of shares	% <sup>(1)</sup>	No of shares	% <sup>(2)</sup>	No of shares	% <sup>(2)</sup>
HongPeng	450,000,000	33.39	-	-	900,000,000	33.39	-	-
Ding PengPeng	-	-	<sup>(3)</sup> 450,000,000	<sup>(3)</sup> 33.39	-	-	<sup>(3)</sup> 900,000,000	<sup>(3)</sup> 33.39

##### Notes:-

- (1) Based on the issued and paid-up share capital of the Company comprising 1,347,720,445 XDL Shares (after excluding 1,000 treasury shares) as at the LPD.
- (2) Based on the enlarged issued and paid-up share capital of the Company comprising 2,695,440,890 XDL Shares (after excluding 1,000 treasury shares) after taking into consideration the issuance of 1,347,720,445 new Shares arising from the Proposed Bonus Issue.
- (3) Deemed interested by virtue of his interest in HongPeng.

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**Maximum Scenario**

	(I) Existing as at LPD				(II) After (I) and assuming full exercise of the Warrants B and Warrants C				(III) After the Proposed Bonus Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No of shares	% <sup>(1)</sup>	No of shares	% <sup>(1)</sup>	No of shares	% <sup>(2)</sup>	No of shares	% <sup>(2)</sup>	No of shares	% <sup>(3)</sup>	No of shares	% <sup>(3)</sup>
HongPeng	450,000,000	33.39	-	-	(4)600,000,000	30.46	-	-	1,200,000,000	30.46	-	-
Ding PengPeng	-	-	(5)450,000,000	(5)33.39	-	-	(5)600,000,000	(5)30.46	-	-	(5)1,200,000,000	(5)30.46

**Notes:-**

- (1) Based on the issued and paid-up share capital of the Company comprising 1,347,720,445 XDL Shares (after excluding 1,000 treasury shares) as at the LPD.
- (2) Based on the enlarged issued and paid-up share capital of the Company comprising 1,969,858,013 XDL Shares (after excluding 1,000 treasury shares) after assuming all the 181,499,212 outstanding Warrants B and 440,638,356 outstanding Warrants C as at the LPD are fully exercised into new Shares.
- (3) Based on the enlarged issued and paid-up share capital of the Company comprising 3,939,716,026 XDL Shares (after excluding 1,000 treasury shares) after taking into consideration the issuance of 1,969,858,013 new Shares arising from the Proposed Bonus Issue.
- (4) The 150,000,000 Warrants C held by HongPeng as at the LPD are assumed to be fully exercised, along with all other outstanding Warrants C.
- (5) Deemed interested by virtue of his interest in HongPeng.

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## **4.5 Existing convertible securities**

### **4.5.1 Warrants B**

As at the LPD, there are 181,499,212 outstanding Warrants B.

The implementation of the Proposed Bonus Issue will give rise to certain adjustments to the outstanding Warrants B in accordance with the Company's Deed Poll B.

Any such adjustments arising from the Proposed Bonus Issue will only be determined after due certification by the Directors in consultation with the Principal Adviser and certified by the Company's auditors and approved by the Board on the Entitlement Date. The adjustments to the existing Warrants B arising from the Proposed Bonus Issue, is expected to be as follows:-

#### **(i) Exercise price of Warrants B**

The current exercise price of the Warrants B is RM0.35 per Warrant B. Consequential to the Proposed Bonus Issue, the exercise price of Warrants B which are not exercised prior to the Entitlement Date will be adjusted to RM0.175 per Warrant B in accordance with the Company's Deed Poll B.

Any necessary adjustments will only be finalised on the Entitlement Date and will be effective on the next market date after the Entitlement Date. The relevant notifications to the respective holders will be issued by the Company at a later date.

#### **(ii) Number of Warrants B**

Under the Minimum Scenario, the Proposed Bonus Issue will give rise to 181,499,212 additional Warrants B, yielding a total number of 362,998,424 Warrants B. There will be no additional Warrants B under the Maximum Scenario as all outstanding Warrants B are assumed to be exercised prior to the Entitlement Date.

The rights and obligations of the holders of the existing Warrants B will remain unchanged, save for the said adjustment. The holders of the existing Warrants B will be officially notified in due course on the effective adjustments arising from the Proposed Bonus Issue.

### **4.5.2 Warrants C**

As at the LPD, there are 440,638,356 outstanding Warrants C.

The implementation of the Proposed Bonus Issue will give rise to certain adjustments to the outstanding Warrants C in accordance with the Company's Deed Poll C.

Any such adjustments arising from the Proposed Bonus Issue will only be determined after due certification by the Directors in consultation with the Principal Adviser and certified by the Company's auditors and approved by the Board on the Entitlement Date. The adjustments to the existing Warrants C arising from the Proposed Bonus Issue, is expected to be as follows:-

**(i) Exercise price of Warrants C**

The current exercise price of the Warrants C is RM0.115 per Warrant C or the RM equivalent of the par value of the Shares, whichever is higher. Pursuant to the provisions of the Deed Poll C, the adjustments arising from the Proposed Bonus Issue will not result in any change to the exercise price of the Warrants C as the adjusted exercise price, computed pursuant to the adjustment formula in the Deed Poll C, is below the par value of a XDL Share of USD0.03 (equivalent to RM0.1223 based on BNM's exchange rate of USD1:RM4.0760 as at the LPD).

**(ii) Number of Warrants C**

Under the Minimum Scenario, the Proposed Bonus Issue will give rise to 440,638,356 additional Warrants C, yielding a total number of 881,276,712 Warrants C. There will be no additional Warrants C under the Maximum Scenario as all outstanding Warrants C are assumed to be exercised prior to the Entitlement Date.

The rights and obligations of the holders of the existing Warrants C will remain unchanged, save for the said adjustment. The holders of the existing Warrants C will be officially notified in due course on the effective adjustments arising from the Proposed Bonus Issue.

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

**5. TENTATIVE TIMELINE**

Barring any unforeseen circumstances, the Board expects the Proposed Bonus Issue to be completed by the fourth quarter of 2015.

<b>Date</b>	<b>Events</b>
21 September 2015	SGM for the Proposed Bonus Issue
September / October 2015	Announcement of Entitlement Date
October / November 2015	Listing and quotation of the Bonus Shares

**6. APPROVALS REQUIRED**

The Proposed Bonus Issue is subject to the following approvals being obtained:-

- (i) the approval of Bursa Securities for the listing and quotation of the Bonus Shares, which was obtained on 27 August 2015 subject to, amongst others, the following conditions:-
  - (a) XDL and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue;
  - (b) XDL and Mercury Securities to inform Bursa Securities upon the completion of the Proposed Bonus Issue;

- (c) XDL to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed;
  - (d) XDL and Mercury Securities are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) and (b) as well as 6.35(4) of the Listing Requirements pertaining to the Proposed Bonus Issue; and
  - (e) the Bonus Shares, any additional Warrants B and additional Warrants C to be issued pursuant to the adjustment made arising from the Proposed Bonus Issue must be listed simultaneously; and
- (ii) the approval of the Shareholders at the forthcoming SGM convened for the Proposed Bonus Issue.

**7. INTER-CONDITIONALITY**

The Proposed Bonus Issue is not conditional upon any other corporate exercise / scheme of the Company.

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

Save for the Proposed Bonus Issue, 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 of XDL and/or persons connected to them have any interest, whether direct and/or indirect in the Proposed Bonus Issue save for their respective entitlements, if any, as Shareholders under the Proposed Bonus Issue, which all other Shareholders of the Company are similarly entitled to.

**10. BOARD'S RECOMMENDATION**

The Board, having considered all aspects of the Proposed Bonus Issue, including but not limited to the rationale and effects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue 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 Bonus Issue to be tabled at the forthcoming SGM.

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## 11. SGM

The SGM, the notice of which is enclosed with this Circular, will be held at Safir II, Ballroom Level, Hotel Istana Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200, Kuala Lumpur, Malaysia on Monday, 21 September 2015 at 10.30 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 Bonus Issue.

Only Shareholders whose names appear in the Record of Depositors as at 14 September 2015 will be entitled to attend and vote at the SGM or appoint proxy (proxies) to attend and vote on their behalf. If you are such a Shareholder but are unable to attend and vote in person at the SGM, you may appoint a proxy to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the registered office of the Company in Malaysia at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200, Kuala Lumpur, Malaysia not less than 48 hours before the time and date appointed for holding the SGM or any adjournment thereof.

The completion and lodgement of the Form of Proxy shall not preclude you from attending and voting in person at the SGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

## 12. FURTHER INFORMATION

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

Yours faithfully,  
For and on behalf of the Board of  
**Xidelang Holdings Ltd**

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

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

**2. CONSENT AND CONFLICT OF INTEREST**

The written consent of Mercury Securities, being the Principal Adviser for the Proposed Bonus Issue, 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 Bonus Issue.

The written consent of Messrs. BDO, being the Reporting Accountants, for the inclusion of its name and letter on the adequacy of the Company's reserves in relation to the Proposed Bonus Issue in the form and context in which they appear in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

As at the LPD, Messrs. BDO 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 Reporting Accountants.

The written consent of Conyers, being the legal counsel to the Company on Bermuda law, for the inclusion of its name and letter of advice in relation to the Proposed Bonus Issue 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, Conyers 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 legal counsel to the Company on Bermuda law.

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## APPENDIX I – FURTHER INFORMATION (cont'd)

### 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 LPD are as follows:-

	High RM	Low RM
<b>2015</b>		
July	0.195	0.125
June	0.155	0.105
May	0.120	0.100
April	0.125	0.100
March	0.130	0.105
February	0.130	0.105
January	0.125	0.095
<b>2014</b>		
December	0.130	0.090
November	0.155	0.130
October	0.170	0.125
September	0.185	0.160
August	0.205	0.175

Last transacted market price on 6 August 2015, being the last Market Day immediately prior to the announcement of the Proposed Bonus Issue (RM) 0.175

Last transacted market price as at the LPD (RM) 0.170

(Source: Bloomberg)

### 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		
- authorised and contracted for	-	-
- approved but not contracted for	43,524	27,720
	<b>43,524</b>	<b>27,720</b>

#### Contingent liabilities

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

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**APPENDIX I – FURTHER INFORMATION (cont'd)**

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**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 Malaysian registered office of XDL at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200, Kuala Lumpur, 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 Group for FYE 2013 and FYE 2014 as well as latest unaudited consolidated financial statements of XDL Group for FPE 2015;
- (iii) the letter dated 17 August 2015 from the Reporting Accountants on adequacy of reserves enclosed in Appendix II;
- (iv) the letter dated 14 August 2015 from Conyers Dill and Pearman Pte. Ltd. enclosed in Appendix III; and
- (iv) the letters of consent referred to in Section 2 of this Appendix.

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**LETTER FROM THE REPORTING ACCOUNTANTS ON THE ADEQUACY OF THE RESERVES OF THE COMPANY IN RELATION TO THE PROPOSED BONUS ISSUES**

(Prepared for inclusion in the Circular to the Shareholders of XiDeLang Holdings Ltd)

Date: 17 August 2015

The Board of Directors  
**XiDeLang Holdings Ltd**  
Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

c/o Hong Peng Building  
Yangguang East Road  
Hua Ting Kou Industrial Zone  
Chendai County  
Jinjiang City, Fujian Province  
Peoples' Republic of China

Dear Sirs,

**XIDELANG HOLDINGS LTD (“XDL” OR THE “COMPANY”)  
ADEQUACY OF THE RESERVES AS AT 31 DECEMBER 2014 AND 31 MARCH 2015 OF XDL FOR  
CAPITALISATION FOR A PROPOSED BONUS ISSUE OF UP TO 1,969,858,013 NEW ORDINARY  
SHARES OF USD0.03 EACH ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY ONE (1)  
EXISTING SHARE HELD**

XDL proposes to undertake the proposed bonus issue of up to 1,969,858,013 new ordinary shares of USD0.03 each (“Shares”) (“Bonus Shares”) on the basis of one (1) bonus share for every one (1) existing share held by the entitled shareholders of XDL on an entitlement date to be determined and announced later (“Proposed Bonus Issue”).

In conjunction with the Proposed Bonus Issue above, we have been appointed to report on the proforma movements of reserves of the Company as at 31 December 2014 and 31 March 2015 and the adequacy of the reserves which have been prepared by the management of the Company for illustrative purposes only, for inclusion in the Circular to the Shareholders in accordance with the Main Market Listing Requirements (“Listing Requirements”) and for no other purpose.

**Directors’ responsibilities**

The proforma movements of reserves of the Company together with the notes thereon are prepared for illustrative purposes only, for which the Directors are solely responsible. The Directors are also responsible to ensure that the reserves on a consolidated basis and also on the Company’s level required for capitalisation for the Proposed Bonus Issue based on the audited financial statements for the year ended 31 December 2014 as well as the unaudited management accounts for the period ended 31 March 2015, after adjustments for subsequent events, are sufficient and are not impaired by any losses up to the completion date of the Proposed Bonus Issue.



### **Our responsibilities**

We report on the proforma movements of reserves of the Company as at 31 December 2014 and 31 March 2015 as set out in the attachment (Appendix 1) which we have stamped for the purpose of identification in accordance with International Standard on Assurance Engagements, ISAE 3000: *Assurance Engagements Other Than Audit or Reviews of Historical Financial Information*.

The proforma movements of reserves as at 31 December 2014 and 31 March 2015 have been prepared for illustrative purposes only based on the assumptions set out in the notes thereon and after making certain adjustments to show the total amount of the reserves of the Company as at 31 December 2014 and 31 March 2015, had the Proposed Bonus Issue been effected on that date.

Our work has been undertaken to enable us to form an opinion, as required by the Listing Requirements, as to:

- a) Whether the proforma movements of reserves of the Company as at 31 December 2014 and 31 March 2015 are properly compiled in accordance with the basis of preparation as set out in the notes to the proforma movements of reserves.
- b) The adequacy of proforma movements of reserves of the Company as at 31 December 2014 and 31 March 2015 for capitalisation of the Proposed Bonus Issues based on the audited financial statements of XDL for the year ended 31 December 2014 and the unaudited management accounts for the period ended 31 March 2015 respectively.

and to report that opinion to you.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in assessing the adequacy of reserves of the Company nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue and we have performed review on the unaudited management accounts of the Company subsequent to the previous financial years ended and previous unaudited interim financial statements of the Company.

### **Work performed**

Our procedures include the following:

- 1) Read the proforma movement of reserves of the Company as at 31 December 2014 and 31 March 2015;
- 2) Inquired of management of the Company, who have responsibility for the financial and accounting matters about:
  - a) the basis for their determination of the proforma adjustments;
  - b) whether the proforma movements of reserves referred to in Appendix 1, have been properly compiled based on the bases stated; and
  - c) whether, within the context of the assumed date of the Proposed Bonus Issue on 14 August 2015:
    - Such bases are consistent with the accounting policies of the Company as disclosed in the audited financial statements for the year ended 31 December 2014 and the unaudited management accounts for the period ended 31 March 2015; and
    - The adjustments set out are appropriate for the purpose of the proforma movements of reserves.



**Work performed (continued)**

- 3) Checked the mathematical accuracy of the application of the proforma adjustments to the historical amounts as at 31 December 2014 and 31 March 2015; and
- 4) Considered whether the reserves of the Company after the proforma adjustments are adequate for the purpose of the Proposed Bonus Issue.

**Opinion**

In our opinion,

- a) the proforma movements of reserves as at 31 December 2014 and 31 March 2015 have been properly compiled on the basis of assumptions as set out in the accompanying notes,
- b) after accounting for the effect of the adjustments arising thereon, the proforma movements of reserves as at 31 December 2014 and 31 March 2015 (after incorporating the effects of the subsequent events), are adequate for the purpose of capitalisation for the Proposed Bonus Issue; and

Our opinion has been formed on the basis of, and is subject to, the matters outlined in this letter.

**Other matters**

This letter has been prepared for the purpose as stated in the first paragraph of this letter and is exclusively for inclusion in the Circular to the Shareholders and should not be relied on for any other purpose. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Proposed Bonus Issue.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'BDO'.

**BDO**  
AF: 0206  
Chartered Accountants

**XIDELANG HOLDINGS LTD** (Bermuda Company No. 43136)

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**XIDELANG HOLDINGS LTD (“XDL” OR THE “COMPANY”)  
PROFORMA MOVEMENTS OF RESERVES AS AT 31 DECEMBER 2014 AND 31 MARCH 2015**

XDL proposes to undertake the proposed bonus issue of up to 1,969,858,013 new ordinary shares of USD0.03 each in the Company (“XDL Shares” or “Shares”) (“Bonus Shares”), on the basis of one (1) Bonus Share for every one (1) existing Share held by entitled shareholders of the Company (“Entitled Shareholders”) on an entitlement date to be determined by the Board at a later date (“Entitlement Date”) (“Proposed Bonus Issue”).

The proforma movements of reserves of XDL as at 31 December 2014 and 31 March 2015 as set out below are provided for illustrative purposes only to show the effects of the Proposed Bonus Issue as if they were effected on 31 December 2014 and 31 March 2015 respectively.

**Minimum Scenario:** Assuming none of the outstanding Warrants B and Warrants C are exercised prior to the Entitlement Date.

**Maximum Scenario:** Assuming all the outstanding Warrants B and Warrants C are exercised prior to the Entitlement Date.

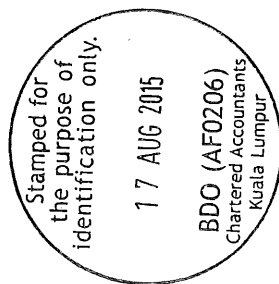


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**XIDELANG HOLDINGS LTD (“XDL” OR THE “COMPANY”)  
PROFORMA MOVEMENTS OF RESERVES AS AT 31 DECEMBER 2014 AND 31 MARCH 2015**

**As at 31 December 2014**

**Minimum Scenario**

<u>Company level</u>	Capital reserve		Share premium		Retained earnings		Total	
	RMB'000	RM'000 <sup>(6)</sup>	RMB'000	RM'000 <sup>(6)</sup>	RMB'000	RM'000 <sup>(6)</sup>	RMB'000	RM'000 <sup>(6)</sup>
Audited reserves as at 31 December 2014	-	-	-	-	33,107	21,086	33,107	21,086
Subsequent events								
- Par value reduction <sup>(1)</sup>	489,446	311,728	-	-	-	-	489,446	311,728
- Exercise of ESOS options <sup>(2)</sup>	-	-	15,087	9,608	-	-	15,087	9,608
- Expiry of Warrants <sup>(3)</sup>	-	-	-	-	23,710	15,101	23,710	15,101
- Exercise of Warrants <sup>(4)</sup>	-	-	-(7)	-(7)	-	-	-(7)	-(7)
Amounts to be capitalised for the Proposed Bonus Issue	(258,752)	(164,799)	-	-	-	-	(258,752)	(164,799)
Estimated expenses for the Proposed Bonus Issue <sup>(5)</sup>	-	-	-	-	(471)	(300)	(471)	(300)
Balance after the Proposed Bonus Issue	230,694	146,929	15,087	9,608	56,346	35,887	302,127	192,424

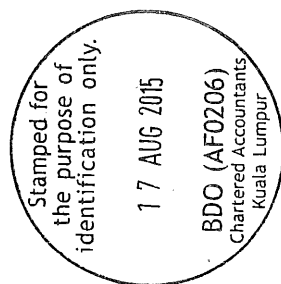
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**XIDELANG HOLDINGS LTD (“XDL” OR THE “COMPANY”)  
PROFORMA MOVEMENTS OF RESERVES AS AT 31 DECEMBER 2014 AND 31 MARCH 2015**

**As at 31 December 2014**

**Maximum Scenario**

Company level	Capital reserve		Share premium		Retained earnings		Total	
	RMB'000	RM'000 <sup>(6)</sup>	RMB'000	RM'000 <sup>(6)</sup>	RMB'000	RM'000 <sup>(6)</sup>	RMB'000	RM'000 <sup>(6)</sup>
Audited reserves as at 31 December 2014	-	-	-	-	33,107	21,086	33,107	21,086
Subsequent events								
- Par value reduction <sup>(1)</sup>	489,446	311,728	-	-	-	-	489,446	311,728
- Exercise of ESOS options <sup>(2)</sup>	-	-	15,087	9,608	-	-	15,087	9,608
- Expiry of Warrants <sup>(3)</sup>	-	-	-	-	23,710	15,101	23,710	15,101
- Exercise of Warrants <sup>(4)</sup>	-	-	-	-	-	-	-	-
Assuming full exercise of Warrants B and Warrants C	-	-	88,869	56,601	-	-	88,869	56,601
Amounts to be capitalised for the Proposed Bonus Issue	(378,198)	(240,874)	-	-	-	-	(378,198)	(240,874)
Estimated expenses for the Proposed Bonus Issue <sup>(5)</sup>	-	-	-	-	(471)	(300)	(471)	(300)
Balance after the Proposed Bonus Issue	111,248	70,854	103,956	66,209	56,346	35,887	271,550	172,950

**XIDELANG HOLDINGS LTD**

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Stamped for  
the purpose of  
identification only.  
17 AUG 2015  
BDO (AF0206)  
Chartered Accountants  
Kuala Lumpur

**XIDELANG HOLDINGS LTD (“XDL” OR THE “COMPANY”)  
PROFORMA MOVEMENTS OF RESERVES AS AT 31 DECEMBER 2014 AND 31 MARCH 2015**

As at 31 March 2015

**Minimum Scenario**

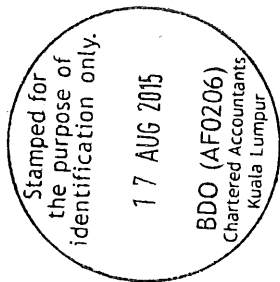
<u>Company level</u>	Capital reserve		Share premium		Retained earnings		Total	
	RMB'000	RM'000 <sup>(6)</sup>	RMB'000	RM'000 <sup>(6)</sup>	RMB'000	RM'000 <sup>(6)</sup>	RMB'000	RM'000 <sup>(6)</sup>
Unaudited reserves as at 31 March 2015	489,446	311,728	-	-	32,741	20,853	522,187	332,581
Subsequent events								
- Exercise of ESOS options <sup>(2)</sup>	-	-	15,087	9,608	-	-	15,087	9,608
- Expiry of Warrants <sup>(3)</sup>	-	-	-	-	23,710	15,101	23,710	15,101
- Exercise of Warrants <sup>(4)</sup>	-	-	-	-	-	-	-	-
Amounts to be capitalised for the Proposed Bonus Issue	(258,752)	(164,799)	-	-	-	-	(258,752)	(164,799)
Estimated expenses for the Proposed Bonus Issue <sup>(5)</sup>	-	-	-	-	(471)	(300)	(471)	(300)
Balance after the Proposed Bonus Issue	230,694	146,929	15,087	9,608	55,980	35,654	301,761	192,191

**XIDELANG HOLDINGS LTD**

(Bermuda Company No. 43136)

Bermuda Registered Office  
Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda  
Tel : +1 (441) 295 1422  
Fax : +1 (441) 292 4720

Head Office  
Chendai Huating Kou Industrial Zone  
Jinjiang City  
Fujian Province  
People's Republic of China  
Tel : +86 (595) 8677 6888  
Fax : +86 (595) 8677 7222



**XIDELANG HOLDINGS LTD (“XDL” OR THE “COMPANY”)  
PROFORMA MOVEMENTS OF RESERVES AS AT 31 DECEMBER 2014 AND 31 MARCH 2015**

As at 31 March 2015

Maximum Scenario

<u>Company level</u>	Capital reserve		Share premium		Retained earnings		Total	
	RMB'000	RM'000 <sup>(6)</sup>	RMB'000	RM'000 <sup>(6)</sup>	RMB'000	RM'000 <sup>(6)</sup>	RMB'000	RM'000 <sup>(6)</sup>
Unaudited reserves as at 31 March 2015	489,446	311,728	-	-	32,741	20,853	522,187	332,581
Subsequent events								
- Exercise of ESOS options <sup>(2)</sup>	-	-	15,087	9,608	-	-	15,087	9,608
- Expiry of Warrants <sup>(3)</sup>	-	-	-	-	23,710	15,101	23,710	15,101
- Exercise of Warrants <sup>(4)</sup>	-	-	-	-	-	-	-	-
Assuming full exercise Warrants B and Warrants C	-	-	88,869	56,601	-	-	88,869	56,601
Amounts to be capitalised for the Proposed Bonus Issue	(378,198)	(240,874)	-	-	-	-	(378,198)	(240,874)
Estimated expenses for the Proposed Bonus Issue <sup>(5)</sup>	-	-	-	-	(471)	(300)	(471)	(300)
Balance after the Proposed Bonus Issue	111,248	70,854	103,956	66,209	55,980	35,654	271,184	172,717

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

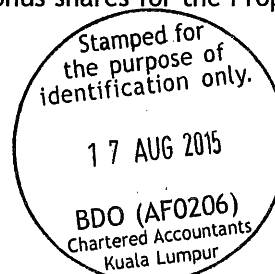
**PROFORMA MOVEMENTS OF RESERVES AS AT 31 DECEMBER 2014 AND 31 MARCH 2015**

Notes:-

- (1) Capital reserve comprises contributed surplus arising from the par value reduction of XDL Shares from USD0.10 to USD0.03 (“Par Value Reduction”), which was undertaken by the Company and completed on 18 February 2015.
- (2) The exercise of 198,224,000 ESOS options since 1 January 2015 up to the latest practicable date (“LPD”), 14 August 2015.
- (3) The expiry of all the 261,778,452 Warrants A on 24 April 2015.
- (4) The exercise of 100 Warrants A and 1,333 Warrants C since 1 January 2015 up to the LPD.
- (5) Estimated expenses incidental to the Proposed Bonus Issue of RM300,000.
- (6) Translated based on BNM’s exchange rate of RMB1:RM0.6369 as at 14 August 2015.
- (7) Negligible.

**NOTES TO THE PROFORMA MOVEMENTS OF RESERVES AS AT 31 DECEMBER 2014 AND 31 MARCH 2015**

1. The proforma movements of reserves of the Company as at 31 December 2014 and 31 March 2015 have been prepared based on the accounting policies which are consistent with those adopted in the preparation of the audited financial statements of XDL for the year ended 31 December 2014 and for illustrative purposes only, for which the Directors are solely responsible. The Directors are also responsible to ensure that the reserves on a consolidated basis and also on Company level required for capitalisation for the Proposed Bonus Issue based on the audited financial statements for the year ended 31 December 2014 as well as the unaudited management accounts for the period ended 31 March 2015, after adjustments for subsequent events, are sufficient and are not impaired by any losses up to the completion date of the Proposed Bonus Issue.
2. The retained profits of the Company as at 31 December 2014 amounting to RMB33,107,000 (approximately RM21,086,000) has been extracted from the audited financial statements of the Company for the year ended 31 December 2014, whilst the capital reserve and retained profits of the Company as at 31 March 2015 amounting to RMB489,446,000 (approximately RM311,728,000) and RMB32,741,000 (approximately RM20,853,000) respectively have been extracted from the unaudited management accounts for the period ended 31 March 2015.
3. The Directors estimate that expenses to be incurred for the Proposal to be approximately RMB471,000 (approximately RM300,000).
4. The Directors, upon obtaining advice from their independent solicitors advising on the laws of Bermuda, are of the opinion that the laws of Bermuda allow the Company to utilise its contributed surplus reserve, arising from the Par Value Reduction, to pay up unissued shares of the Company to be issued to its members as fully paid-up bonus shares for the Proposed Bonus Issue.



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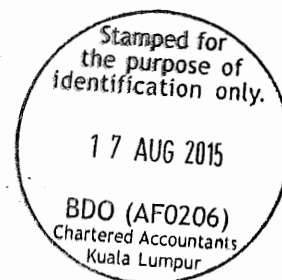
**APPROVAL BY THE BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors in accordance with a resolution dated **17 AUG 2015**

On behalf of the Board,

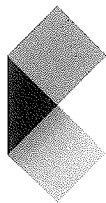
Ding PengPeng

Ding PengWan



Conyers Dill & Pearman Pte. Ltd.  
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Singapore 049910  
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BERMUDA  
BRITISH VIRGIN ISLANDS  
CAYMAN ISLANDS  
DUBAI  
HONG KONG  
LONDON  
MAURITIUS  
SINGAPORE



## Conyers Dill & Pearman

14 August 2015

Matter No.: #882379  
Doc Ref: KWP/AP-Legal #102026757

The Board of Directors of  
XiDeLang Holdings Ltd  
Clarendon House,  
2 Church Street,  
Hamilton HM 11,  
Bermuda.

Dear Sirs,

**XiDeLang Holdings Ltd (the “Company”)  
– Proposed issue of bonus shares by the Company**

We understand you wish us to advise on whether it is permissible under the laws of Bermuda for the Company to utilise its contributed surplus reserve to pay up unissued shares of the Company to be issued to its members as fully paid-up bonus shares (the “**Bonus Issue**”). The said contributed surplus reserve arose from credits resulting from a share capital reduction exercise carried out by the Company pursuant to Section 46 of the Companies Act 1981 of Bermuda.

We have assumed (a) that there is no provision of the law of any jurisdiction, other than Bermuda, which would have any implication in relation to the opinion expressed herein; (b) that the proposed Bonus Issue will not violate any rules or regulations of Bursa Malaysia Securities Berhad applicable to the Company; (c) that the Company is, and after the date on which the Bonus Issue is effected (the “**Bonus Issue Date**”) be, able to pay its liabilities as they become due; (d) that on the Bonus Issue Date the realisable value of the Company’s assets is not, and after the Bonus Issue Date will not be, less than its liabilities; (e) that the new shares to be issued as bonus shares shall be issued at an issue price that is not less than the par value of those shares; and (f) that pursuant to bye-law 146(1) of the Company’s Bye-laws, the approval of the Company in general meeting by way of an ordinary resolution (as defined in the Company’s Bye-laws) to capitalise the Company’s contributed surplus for the purposes of the proposed Bonus Issue has been obtained (or will be obtained prior to the Bonus Issue Date) at a duly convened, constituted and quorate special general meeting of the Company and that such ordinary resolution remain in full force and effect and have not been rescinded or amended as at the Bonus Issue Date.

We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than Bermuda. This opinion is to be governed by and construed in accordance with the laws of Bermuda and is limited to and is given on the basis of the current law and practice in Bermuda. This opinion is issued solely for your benefit and use in connection with the matter described herein and is not to be relied upon by any other person, firm or entity or in respect of any other matter.

On the basis of and subject to the foregoing, we are of the opinion that:

1. The laws of Bermuda allow the Company to utilise its contributed surplus reserve to pay up unissued shares of the Company to be issued to its members as fully paid-up bonus shares.

Yours faithfully,

  
**Conyers Dill & Pearman Pte. Ltd.**



## **XIDELANG HOLDINGS LTD**

(Bermuda Company Registration No. 43136)

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

(Malaysian Foreign Company Registration No. 995210-W)

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

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

**NOTICE IS HEREBY GIVEN THAT** a Special General Meeting of Xidelang Holdings Ltd (“**XDL**” or the “**Company**”) will be held at Safir II, Ballroom Level, Hotel Istana Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200, Kuala Lumpur, Malaysia on Monday, 21 September 2015 at 10.30 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 1 – PROPOSED BONUS ISSUE OF UP TO 1,969,858,013 NEW ORDINARY SHARES OF USD0.03 EACH IN THE CAPITAL OF THE COMPANY (“SHARES”) (“BONUS SHARES”) ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY ONE (1) EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“ENTITLEMENT DATE”) (“PROPOSED BONUS ISSUE”)**

“**THAT** subject to the approvals of all relevant regulatory authorities for the listing and quotation of the Bonus Shares on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) having been obtained, approval be and is hereby given for a sum of up to USD59,095,740.39 standing to the credit of the capital reserve account of the Company to be capitalised by way of issuance of up to 1,969,858,013 Bonus Shares, credited as fully paid-up at par, on the basis of one (1) Bonus Share for every one (1) existing Share held by the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business at 5.00 p.m. (Malaysia time) on the Entitlement Date (“**Entitled Shareholders**”);

**THAT** authority be and is hereby given to the Board of Directors of the Company (“**Board**”) to allot and issue up to 1,969,858,013 Bonus Shares, to be credited as fully paid-up at par, to the Entitled Shareholders on the basis of one (1) Bonus Share for every one (1) existing Share held by the Entitled Shareholders on the Entitlement Date (which Entitlement Date shall be as determined by the Board), and to deal with any fractional entitlements in such manner as the Board may in its absolute discretion deem fit or expedient and in the best interests of the Company;

**THAT** the Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued and paid-up Shares, save and except that the Bonus Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, where the entitlement date precedes the date of allotment of such Bonus Shares;

**AND THAT** the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to and to complete the Proposed Bonus Issue 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 by the Board 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 he may consider necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue.

**AND THAT** this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Bonus Shares to be issued pursuant to or in connection with the Proposed Bonus Issue have been duly allotted and issued in accordance with the terms of the Proposed Bonus Issue.”

**By Order of the Board**

**Secretarius Services Sdn Bhd  
Company Secretary**

**Kuala Lumpur, Malaysia  
4 September 2015**

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 office, 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. Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting i.e. on or before 19 September 2015 or any adjournment thereof.*
- vi. *Only members whose names appear in the Record of Depositors as at 14 September 2015 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)  
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### FORM OF PROXY

No. of Shares held	
CDS account no.	

Telephone no. (during office hours)

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

of.....  
(Full Address)

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

(Full Name in Capital Letters)

of.....  
(Full Address)

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

of.....  
(Full Address)

or the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Special General Meeting of the Company to be held at Safir II, Ballroom Level, Hotel Istana Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200, Kuala Lumpur, Malaysia on Monday, 21 September 2015 at 10.30 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.	<b>ORDINARY RESOLUTION 1 – PROPOSED BONUS ISSUE</b>		

Dated this .....day of ..... 2015

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

Signature of Shareholder(s) / Common Seal

#### 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.
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- The instrument appointing a proxy must be deposited at the Company's registered office in Malaysia i.e. Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting i.e. on or before 19 September 2015 or any adjournment thereof.
- Only members whose names appear in the Record of Depositors as at 14 September 2015 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**

Level 18  
The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia

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