

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

### PROPOSED BONUS ISSUE OF WARRANTS

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#### 1. INTRODUCTION

On behalf of the Board of Directors of XDL (~~%Board+~~), Mercury Securities Sdn Bhd (~~%Mercury Securities+~~) wishes to announce that the Company proposes to undertake and implement a bonus issue of up to 501,139,441 warrants (~~%Warrants+~~) on the basis of one (1) Warrant for every three (3) existing ordinary shares of USD0.03 each in XDL (~~%XDL Shares+~~ or ~~%Shares+~~) held by registered holders of the Shares (~~%Entitled Shareholders+~~), on an entitlement date to be determined and announced later by the Board (~~%Entitlement Date+~~) (~~+Proposed Bonus Issue of Warrants+~~).

Further details on the Proposed Bonus Issue of Warrants are set out in the ensuing sections of this announcement.

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

##### 2.1 Basis and number of Warrants to be issued

The Proposed Bonus Issue of Warrants is to be implemented on the basis of one (1) Warrant for every three (3) existing Shares held by the Entitled Shareholders on the Entitlement Date.

The actual number of Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants will depend on the total number of issued and paid-up Shares as at the Entitlement Date after taking into consideration:-

- (i) the number of outstanding warrants of the Company (~~%Warrants 2014 / 2017+~~) being exercised;
- (ii) the number of new Shares to be issued pursuant to the exercise of options granted / to be granted under the employees share option scheme (~~%ESOS+~~) of XDL; and
- (iii) the dealings with treasury shares held during the period up to the Entitlement Date, i.e. whether the treasury shares are cancelled, distributed as share dividend, resold on Bursa Malaysia Securities Berhad (~~%Bursa Securities+~~) or continued to be retained as treasury shares or further treasury shares are accumulated.

Based on the Company's enlarged issued and paid-up share capital of 1,503,418,324 Shares under the Maximum Scenario (*as defined under Section 4 of this announcement*), the Proposed Bonus Issue of Warrants would entail the issuance of up to 501,139,441 Warrants.

Fractional entitlements to the Warrants, if any, will be disregarded and/ or shall be dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion deems fit or expedient and in the best interests of the Company.

The Entitlement Date will be determined by the Board and announced at a later date upon receipt of all relevant approvals for the Proposed Bonus Issue of Warrants. The Proposed Bonus Issue of Warrants will not be implemented in stages.

## 2.2 Indicative salient terms of the Warrants

Kindly refer to Appendix I of this announcement for the indicative salient terms of the Warrants.

## 2.3 Basis and justification of the issue price and exercise price of the Warrants

The Warrants will be issued at no cost to the Entitled Shareholders.

The Board has fixed the exercise price of the Warrants at RM0.115 per Warrant (or the RM equivalent of the par value of the Shares, whichever is higher, or such price as adjusted under the provision of the deed poll to be executed by XDL constituting the Warrants (%**Deed Poll**+)), which represents a premium of approximately 5.0% to the five (5)-day volume weighted average price (%**WAP**+) of XDL Shares up to and including 6 May 2015, being the latest practicable date of this announcement (%**LPD**+) of RM0.1095.

The Board in determining the exercise price of the Warrant has taken into consideration, *inter-alia*, the following:-

- (i) the par value of the Shares of USD0.03 each;
- (ii) the prevailing market conditions and market price of the Shares; and
- (iii) the Warrants being exercisable at any time within a three (3)-year period from the date of issue of the Warrants.

## 2.4 Listing and quotation of the Warrants and new Shares pursuant to the exercise of the Warrants

An application will be made to Bursa Securities for the admission of the Warrants to the official list of Bursa Securities (%**Official List**+) as well as for the listing and quotation of the Warrants and new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.

## 2.5 Ranking of the Warrants and the new Shares to be issued arising from the exercise of the Warrants

The holders of the Warrants are not recognised as the shareholders of XDL (%**Shareholders**+) and are not entitled to any dividends, rights, allotments and/or other distributions until and unless such holders have exercised their Warrants and new Shares have been issued to them.

The new Shares to be issued arising from the exercise of the Warrants in accordance with the conditions of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued and paid-up ordinary shares of the Company, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the date of allotment of the new Shares.

## 2.6 Utilisation of proceeds

The Proposed Bonus Issue of Warrants will not raise any immediate funds as the Warrants will be issued at no cost to the Entitled Shareholders. However, the exact quantum of proceeds that may be received by the Company upon the exercise of the Warrants would depend on the actual number of Warrants exercised during the tenure of the Warrants.

Strictly for illustrative purposes, assuming full exercise of up to 501,139,441 Warrants at the exercise price of RM0.115 per Warrant, the proceeds to be raised by the Company is approximately RM57.6 million. Such proceeds are intended to be used as working capital to finance the Company's day-to-day operations, including the purchase of raw materials, defrayment of operational and administrative expenses as well as payment of salaries. The proceeds to be utilised for each component of working capital are subject to the operating requirements at the time of utilisation and therefore cannot be determined at this juncture.

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

The rationale of the Proposed Bonus Issue of Warrants are as follows:-

- (i) to reward the Shareholders for their continuous support by enabling them to participate in convertible securities of the Company which are tradable on the Main Market of Bursa Securities, without incurring any cost;
- (ii) to provide the Shareholders with an opportunity to increase their equity participation in the Company at a predetermined exercise price during the tenure of the Warrants, and to allow the Shareholders to further participate in the future growth of the Company when the Warrants are exercised and/or any potential capital appreciation in the Warrants and XDL Shares, as and when the Warrants are exercised;
- (iii) to provide the Company with additional working capital when the Warrants are exercised in the future. The exercise of the Warrants will allow the Company to obtain proceeds without incurring interest expenses as compared to bank borrowings; and
- (iv) to strengthen the capital base of the Company pursuant to the exercise of the Warrants and provide the Company greater flexibility in terms of the options available to meet its future funding requirements.

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

The pro-forma effects of the Proposed Bonus Issue of Warrants on the issued and paid-up share capital, net assets (%~~NA~~) and gearing, earnings and earnings per share (%~~EPS~~) as well as substantial Shareholders shareholdings are based on the following assumptions:-

Minimum Scenario : Assuming none of the existing 1,000 treasury shares as at the LPD are resold, none of the 181,499,212 outstanding Warrants 2014 / 2017 as well as none of the 172,424,000 ESOS options granted/ to be granted as at the LPD are exercised into new XDL Shares prior to the Entitlement Date

Maximum Scenario : Assuming none of the existing 1,000 treasury shares as at the LPD are resold, all the 181,499,212 outstanding Warrants 2014/ 2017 as well as all the 172,424,000 ESOS options granted/ to be granted as at the LPD are exercised into new XDL Shares prior to the Entitlement Date

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

The pro-forma effects of the Proposed Bonus Issue of Warrants on the issued and paid-up share capital of the XDL and its subsidiaries (%~~DL Group~~ or the %~~Group~~) are as follows:-

	Minimum Scenario			Maximum Scenario		
	No. of Shares '000	USD'000	RM'000	No. of Shares '000	USD'000	RM'000
Issued and paid-up share capital as at the LPD (excluding 1,000 treasury shares)	1,149,495	34,485	(2)120,760	1,149,495	34,485	(2)120,760
Arising from the exercise of outstanding Warrants 2014 / 2017	-	-	-	181,499	5,445	19,436
Arising from the exercise of options under the ESOS (3)	-	-	-	172,424	5,173	18,464
	1,149,495	34,485	120,760	1,503,418	45,103	158,660
To be issued assuming full exercise of the Warrants	383,165	11,495	(1) 41,031	501,139	15,034	(1) 53,665
<b>Enlarged share capital</b>	<b>1,532,660</b>	<b>45,980</b>	<b>161,791</b>	<b>2,004,557</b>	<b>60,137</b>	<b>212,325</b>

Notes:-

- (1) For illustrative purposes, all RM figures were translated based on Bank Negara Malaysia's exchange rate of USD1:RM3.5695 as at the LPD.  
 (2) Translated based on the share capital balance recorded in XDL's functional currency, RMB, to RM and based on BNM's exchange rate of RMB1:RM0.5757 as at the LPD.  
 (3) Based on 15% of XDL's issued and paid-up share capital (excluding treasury shares) as at the LPD.

## 4.2 NA and gearing

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

### Minimum Scenario

	Audited as at 31 December 2014		(I) Adjustments for subsequent events <sup>(1)</sup>		(II) After (I) and the Proposed Bonus Issue of Warrants		(III) After (II) and upon full exercise of the Warrants <sup>(6)</sup>	
	RMB'000	<sup>(2)</sup> RM'000	RMB'000	<sup>(2)</sup> RM'000	RMB'000	<sup>(2)</sup> RM'000	RMB'000	<sup>(2)</sup> RM'000
Share capital	699,209	402,535	209,763	120,760	209,763	120,760	281,035	161,791
Treasury shares	(1)	(1)	(3) -	(3) -	(3) -	(3) -	(3) -	(3) -
Reserves <sup>(4)</sup>	485,651	279,589	975,097	561,364	<sup>(5)</sup> 974,663	<sup>(5)</sup> 561,114	979,931	564,146
<b>Shareholders' equity / NA</b>	<b>1,184,859</b>	<b>682,123</b>	<b>1,184,860</b>	<b>682,124</b>	<b>1,184,426</b>	<b>681,874</b>	<b>1,260,966</b>	<b>725,937</b>
No. of Shares excluding 1,000 treasury shares (≠00)	1,149,495	1,149,495	1,149,495	1,149,495	1,149,495	1,149,495	1,532,660	1,532,660
NA per Share (RMB / RM)	1.03	0.59	1.03	0.59	1.03	0.59	0.82	0.47
Borrowings (RMB≠00 / RM≠00)	10,000	5,757	10,000	5,757	10,000	5,757	10,000	5,757
Gearing (times)	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

Notes:-

- (1) After taking into consideration:-  
 - The par value reduction of Shares to USD0.03 which was completed on 18 February 2015;  
 - The conversion of the then existing 100 warrants of the Company ("**Warrants 2012 / 2015**") into 100 Shares on 20 April 2015; and  
 - The expiry of Warrants 2012 / 2015 on 24 April 2015.  
 (2) For illustrative purposes, all RM figures were translated based on Bank Negara Malaysia's exchange rate of RMB1:RM0.5757 as at the LPD.  
 (3) Negligible.  
 (4) Reserves include share premium, statutory surplus reserves, warrants reserve, merger deficit, exchange translation reserve, contributed surplus and retained earnings.

- (5) After deducting the estimated expenses of RM250,000 for the Proposed Bonus Issue of Warrants and accounting for warrants reserve of RM19.16 million in relation to issuance of 383,165,037 Warrants pursuant to the Proposed Bonus Issue of Warrant.
- (6) After accounting for the issuance of 383,165,037 new Shares and reversal of warrants reserve arising from the full exercise of the Warrants at an exercise price of RM0.115 per Warrant.

### Maximum Scenario

	Audited as at 31 December 2014		(I) Adjustments for subsequent events <sup>(1)</sup>		(II) After (I) and assuming full exercise of ESOS options and Warrants 2014 / 2017 <sup>(5)</sup>		(III) After (II) and the Proposed Bonus Issue of Warrants		(IV) After (III) and upon full exercise of the Warrants <sup>(7)</sup>	
	RMB'000	<sup>(2)</sup> RM'000	RMB'000	<sup>(2)</sup> RM'000	RMB'000	<sup>(2)</sup> RM'000	RMB'000	<sup>(2)</sup> RM'000	RMB'000	<sup>(2)</sup> RM'000
Share capital	699,209	402,535	209,763	120,760	275,595	158,660	275,595	158,660	368,812	212,325
Treasury shares	(1)	(1)	<sup>(3)</sup> -	<sup>(3)</sup> -	<sup>(3)</sup> -	<sup>(3)</sup> -	<sup>(3)</sup> -	<sup>(3)</sup> -	<sup>(3)</sup> -	<sup>(3)</sup> -
Reserves <sup>(4)</sup>	485,651	279,589	975,097	561,364	1,051,681	605,453	<sup>(6)</sup> 1,051,431	<sup>(6)</sup> 605,309	1,058,320	609,275
<b>Shareholders' equity / NA</b>	<b>1,184,859</b>	<b>682,123</b>	<b>1,184,860</b>	<b>682,124</b>	<b>1,327,276</b>	<b>764,113</b>	<b>1,327,026</b>	<b>763,969</b>	<b>1,427,132</b>	<b>821,600</b>
No. of Shares (excluding 1,000 treasury shares)	1,149,495	1,149,495	1,149,495	1,149,495	1,503,418	1,503,418	1,503,418	1,503,418	2,004,558	2,004,558
NA per Share (RMB / RM)	1.03	0.59	1.03	0.59	0.88	0.51	0.88	0.51	0.71	0.41
Borrowings (RMBφ00 / RMφ00)	10,000	5,757	10,000	5,757	10,000	5,757	10,000	5,757	10,000	5,757
Gearing (times)	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

#### Notes:-

(1) After taking into consideration:-

- The par value reduction of Shares to USD0.03 which was completed on 18 February 2015; and
- The conversion of the then existing 100 Warrants 2012 / 2015 into 100 Shares on 20 April 2015; and
- The expiry of Warrants 2012 / 2015 on 24 April 2015.

(2) For illustrative purposes, all RM figures were translated based on Bank Negara Malaysia's exchange rate of RMB1:RM0.5757 as at the LPD.

(3) Negligible.

(4) Reserves include share premium, statutory surplus reserves, warrants reserve, merger deficit, exchange translation reserve, contributed surplus and retained earnings.

- (5) After assuming the following adjustments under the Maximum Scenario:-
- a. Issuance of new Shares and accounting for the proceeds arising from the full exercise of the outstanding Warrants 2014 / 2017 and ESOS options granted / to be granted as follows:-

<b>Convertible Securities</b>	<b>No. of new Shares issued</b>	<b>Exercise price</b>
Warrants 2014/2017	181,499,212	RM0.35
ESOS options	172,424,000	RM0.107 (assuming at par value of USD0.03 and Bank Negara Malaysia's exchange rate of USD1:RM3.5695 as at the LPD)

- b. Reversal of warrants reserve upon the full exercise of the outstanding Warrants 2014 / 2017; and
- c. Assume that the ESOS Options are granted / to be granted and exercised during the same period.
- (6) After deducting the estimated expenses of RM250,000 for the Proposed Bonus Issue of Warrants and accounting for warrants reserve of RM25.06 million in relation to issuance of 501,139,441 Warrants pursuant to the Proposed Bonus Issue of Warrant.
- (7) After accounting for the issuance of 501,139,441 new Shares and reversal of warrants reserve arising from the full exercise of the Warrants at an exercise price of RM0.115 per Warrant.

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

The Proposed Bonus Issue of Warrants is not expected to have any immediate material effect on the consolidated earnings of the Group for the financial year ending 31 December 2015, save for the dilution in the EPS as a result of the increase in the number of Shares pursuant to the exercise of Warrants.

The potential effect of the exercise of the Warrants on the future consolidated earnings and EPS of the Group will depend upon, amongst others, the number of Warrants exercised at any point in time.

Although the EPS shall be correspondingly diluted as a result of the increase in number of Shares in issue pursuant to the exercise of Warrants, the Proposed Bonus Issue of Warrants is expected to contribute positively to the Group's consolidated earnings thereafter through the utilisation of proceeds from the exercise of the Warrants for future working capital purposes.

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

The Proposed Bonus Issue of Warrants will not have any effect on the shareholdings of the substantial Shareholders. Assuming the Warrants are fully exercised, such exercise will not have any effect on the percentage of shareholdings of the substantial Shareholders. However, the number of Shares held by the substantial Shareholders will increase proportionately.

#### **4.5 Convertible securities**

The implementation of the Proposed Bonus Issue of Warrants may give rise to adjustments to the exercise price and/or the number of outstanding Warrants 2014 / 2017 (if applicable) in accordance with the provisions of the deed poll dated 9 December 2013 governing the Warrants 2014 / 2017.

Any necessary adjustments pertaining to the Warrants 2014 / 2017 arising from the Proposed Bonus Issue of Warrants (if applicable) will only be finalised by the Board on the Entitlement Date. The rights and obligations of the holders of the outstanding Warrants 2014 / 2017 will remain unchanged, save for the adjustment to the exercise price and/or the number of existing Warrants 2014 / 2017 (if applicable). The holders of the outstanding Warrants 2014 / 2017 will be notified of such adjustment (if any) in due course.

The implementation of the Proposed Bonus Issue of Warrants may give rise to adjustments to the exercise price and/or the number of Shares granted to each grantee under the ESOS (if applicable) in accordance with the provisions of the by-laws governing the ESOS.

Any necessary adjustments pertaining to the ESOS options arising from the Proposed Bonus Issue of Warrants (if applicable) will only be finalised by the Board on the Entitlement Date. The rights and obligations of the holders of the ESOS options will remain unchanged, save for the adjustment to the exercise price and/or the number of Shares granted to each grantee under the ESOS (if applicable). The holders of the unexercised ESOS options (if applicable) will be notified of such adjustment (if any) in due course.

Save for the outstanding Warrants 2014 / 2017 and the unexercised ESOS options as at the LPD, the Company does not have any other outstanding convertible securities.

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## 5. APPROVALS REQUIRED AND CONDITIONALITY

### 5.1 Approvals required

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

- (i) the approval of Bursa Securities for the following:-
  - (a) the admission of the Warrants to the Official List of Bursa Securities; and
  - (b) the listing and quotation of the Warrants and the new Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities;
- (ii) the approval of the Shareholders at a special general meeting (~~%SGM+~~) to be convened for the Proposed Bonus Issue of Warrants; and
- (iii) the approvals / consents of any other relevant authorities / parties, if required.

### 5.2 Conditionality of the Proposed Bonus Issue of Warrants

The Proposed Bonus Issue of Warrants is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

## 6. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Bonus Issue of Warrants is expected to be completed by third (3<sup>rd</sup>) quarter of calendar year 2015.

Date	Events
June 2015	<ul style="list-style-type: none"><li>- SGM for the Proposed Bonus Issue of Warrants</li><li>- Announcement of the Entitlement Date</li></ul>
July 2015	<ul style="list-style-type: none"><li>- Allotment and issue of Warrants</li><li>- Listing and quotation of the Warrants</li></ul>

## 7. INTERESTS OF DIRECTORS AND/OR MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors of XDL and/or major Shareholders and/or persons connected with them have any interest, direct or indirect in the Proposed Bonus Issue of Warrants other than their respective entitlements under the Proposed Bonus Issue of Warrants as the Shareholders, to which all other Shareholders are similarly entitled to.

## 8. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Bonus Issue of Warrants, including but not limited to the rationale and effects of the Proposed Bonus Issue of Warrants, is of the opinion that the Proposed Bonus Issue of Warrants is in the best interests of the Company and the Shareholders.

**9. SUBMISSION TO THE AUTHORITIES**

The application to the relevant authorities in relation to the Proposed Bonus Issue of Warrants is expected to be made within a period of one (1) month from the date of this announcement.

**10. ADVISER**

Mercury Securities has been appointed by the Company to act as the Principal Adviser for the Proposed Bonus Issue of Warrants.

This announcement is dated 15 May 2015.

## Appendix I – Indicative salient terms of the Warrants

Issuer	:	XDL
Issue size	:	Up to 501,139,441 Warrants
Form and denomination	:	The Warrants will be issued in registered form and constituted by a deed poll to be executed by the Company.
Board lot	:	For purpose of trading on Bursa Securities, a board lot of Warrants shall be 100 units of Warrants, unless otherwise revised by the relevant authorities.
Tenure of Warrants	:	Three (3) years commencing on and including the date of issuance of the Warrants.
Exercise Period	:	<p>The Warrants may be exercised at any time within a period of three (3) years commencing from and including the date of issue of the Warrants to the close of business at 5.00 p.m. (Malaysian time) on the market day (means any day between Monday to Friday (both days included) on which Bursa Securities is open for the trading of securities) immediately preceding the third (3rd) anniversary of the date of issue of the Warrants.</p> <p>Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.</p>
Exercise Price	:	RM0.115 per Warrant or the RM equivalent of the par value of the Shares, whichever is higher, or such price as adjusted under the provision of the Deed Poll.
Subscription Rights	:	Each Warrant shall entitle the holder of the Warrants to subscribe for one (1) new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments in accordance with provisions of the Deed Poll.
Mode of exercise	:	The holders of the Warrants shall pay by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia for the aggregate of the Exercise Price payable when exercising their Warrants to subscribe for new Shares in the Company. The payment of such fee must be made in Ringgit Malaysia.
Adjustments to the Exercise Price and/or the number of the Warrants	:	<p>The Exercise Price and/or the number of outstanding Warrants in issue shall be adjusted by the Board in consultation with an approved adviser appointed by the Company and certified by the auditors of the Company in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants in accordance with the provisions of the Deed Poll.</p> <p>Any adjustment to the Exercise Price will be rounded up to the nearest one (1) Sen and in no event shall any adjustment (otherwise than upon the consolidation of ordinary shares of the Company into shares of a larger par value) involve an increase in the Exercise Price or result in the Exercise Price falling below the par value of the ordinary shares of the Company for the time being.</p>
Rights of the Warrant holders	:	The Warrants do not confer on their holders any voting rights or participate in any forms of distribution and/or offer of further securities in the Company until and unless the holders of such Warrants have exercised their Warrants to subscribe for new Shares in accordance with the conditions of the Warrants (as contained in the Deed Poll) and such new Shares have been allotted and issued to such holders.

- Ranking of the new Shares to be issued pursuant to the exercise of the Warrants : The new Shares to be issued pursuant to the exercise of the Warrants in accordance with the conditions of the Warrants (as contained in the Deed Poll) shall, upon allotment, issue and payment of the Exercise Price, rank *pari passu* in all respects with the then existing issued and fully paid-up Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the Entitlement Date of which is prior to the date of allotment of the new Shares.
- Listing : Approval will be sought from Bursa Securities for the admission of the Warrants to the Official List as well as the listing and quotation of the Warrants and new Shares arising from the exercise of the Warrants on the Main Market of Bursa Securities.
- Modification of rights of Warrant holder : The Company may, from time to time, without the consent or sanction of the holders of the Warrants but subject to the prior approval of any relevant authorities and in accordance with the Deed Poll, modify the Deed Poll, if such amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws of Malaysia, rules of the Bursa Malaysia Depository Sdn Bhd, Securities Industry (Central Depositories) Act, 1991 and/or Bursa Securities Listing Requirements.
- Subject to the approval of any relevant authorities, any modification, alteration or abrogation of the covenants or provisions contained in the Deed Poll proposed or agreed to by the Company must be sanctioned by special resolution of the holders of the Warrants, effected by a deed poll, executed by the Company and expressed to be supplemental to and comply with the requirements of the Deed Poll.
- Rights of the Warrant holders in the event of winding-up, compromise and/or arrangement : (a) Where a resolution has been passed for a members voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one (1) or more companies, then for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants, or some person designated by them for such purpose by special resolution of the holders of Warrants, shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the holders of the Warrants;
- (b) In the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, and in any other case and subject always to conditions of the Deed Poll, every holder of the Warrants shall thereupon be entitled to exercise his Warrants at any time not more than 21 days prior to the proposed general meeting of the Company, whereupon the Company shall as soon as possible but in any event prior to the date of the general meeting, allot the relevant new Shares to the holder of Warrants credited as fully paid subject to the prevailing laws, and such holder of the Warrants shall be entitled to receive out of the assets of the Company which would be available in liquidation and the liquidator of the Company shall give effect to such election accordingly.

Subject to the above, if the Company is wound up, or an order has been granted for such compromise or arrangement, all Subscription Rights which have not been exercised prior to the passing of the resolution for winding-up or the presentation of the petition for winding-up, or the granting of the court order sanctioning the compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) shall lapse and the Warrants will cease to be valid for any purpose.

- Transferability : The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 of Malaysia and the rules of Bursa Malaysia Depository Sdn Bhd.
- Governing Law : The Warrants and the Deed Poll shall be governed by the laws of Malaysia.

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