

**XIDELANG HOLDINGS LTD ("XDL" OR "THE COMPANY") EXCLUSIVE DISTRIBUTION AGREEMENT BETWEEN XDL AND SEACERA POLYMER SDN BHD**

We refer to the announcement by the Company dated 3 June 2020 ("Announcement") and the query by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 4 June 2020 in relation to the Agreement.

Unless otherwise stated, defined terms used in this reply shall have the same meanings as those used in the Announcement.

The Company wishes to provide the following additional information pursuant to the abovementioned query:

- 1. Notwithstanding that the business operation of XDL is principally involved in the design, manufacturing and marketing of sports shoes as well as design and marketing of sports apparel, accessories and equipment, it is noted that XDL intends to manufacture the protective clothing products by using its existing production facilities.**

**In this regard, please provide the following additional information:-**

- (i) location and size of the production facilities that will be used to produce protective clothing products; and**
- (ii) total cost/capital expenditure required, expected timelines (commencement and completion date) to modify the existing production facilities and to commercialise the production.**

Reply

The production facilities which will be used to produce the protective clothing products will be located at the XDL's existing Head Office & Production Centre at XiDeLang Industrial Park, Neikeng Town, Jinjiang City, Fujian Province, People's Republic of China and it will occupy an area of approximately 500 square meter.

XDL estimated to invest approximately RMB5 million to modify the existing production facilities and upgrading machinery components to cater the requirement for producing the protective clothing products and it is expected to be completed by July 2020. Upon completion, XDL would commence the production by August 2020.

- 2. Note that the protective clothing products is for non-medical purposes, please provide greater details on the types and usage of protective clothing and specify the target market segment.**

Reply

The main material to produce the protective clothing products would be Polypropylene Spunbond (PP + PE) Fabrics. The protective clothing products which comprise of whole protective suit will be mainly wore by personnel who are working at high population density areas such as airports, ports/docks, stations, subways, schools, office buildings and other kind of public areas.

- 3. Given that Seacera Group Berhad ("Seacera") is principally engaged in tiles, construction and property business segments and have no prior experience in dealing with the protective clothing products, please provide further justification for XDL to appoint Seacera as the exclusive distributor with the exclusive right to resell and distribute XDL's protective clothing products (non-medical purpose) in all states of Malaysia.**

Reply

The Company would provide the reply by 9 June 2020 due to the required information is subject to the input from Seacera Group Berhad.

- 4. Further clarification on whether the distribution of protective clothing products requires Malaysia's regulatory approval prior to it being sold to the public.**

Reply

The Company would provide the reply by 9 June 2020 due to the required information is subject to the input from Seacera Group Berhad.

- 5. Investment risks for venturing into production of protective clothing products upon taking into consideration the business prospects in Malaysia.**

Reply

The Company would provide the reply by 9 June 2020 due to the required information is subject to the input from Seacera Group Berhad.

This announcement is dated 5 June 2020.