

**XIDELANG HOLDINGS LIMITED ("XDL" OR THE "COMPANY")**

**HEADS OF AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE EXISTING BUSINESS AND UNDERTAKINGS OF JINJIANG YANGSEN GARMENTS CO., LTD ("YANGSEN") INCLUDING ALL OF ITS ASSETS AND CERTAIN AGREED LIABILITIES**

We refer to the announcement by the Company dated 29 July 2015 ("**Announcement**") and the query by Bursa Malaysia Securities Berhad ("**Bursa Securities**") dated 30 July 2015 in relation to the Proposed Acquisition.

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. **It is noted that the Proposed Acquisition is subject to Due Diligence Exercise and the relevant parties will only enter into a Definitive Agreement within three (3) months from the date of HOA, upon satisfactory conclusion on negotiations of all terms and conditions relating to the Proposed Acquisition. Given that there is no certainty that the Definitive Agreement will materialise in due course, please provide the rationale and justification as to why XDL decides to fix the issue price at RM0.22 per share at this juncture.**

**Reply**

The fixing of the issue price of RM0.22 per Share is a commercial decision whereby it will provide certainty to the Parties in their discussions for the ultimate mix of cash and/or issuance and allotment of new Shares for the final mode of payment for the Proposed Acquisition.

2. **The following information on YangSen based on the latest audited accounts or latest practicable date:-**
  - (i) **Total assets and total liabilities;**
  - (ii) **Total profit;**
  - (iii) **Name of directors and substantial shareholders together with their shareholdings;**
  - (iv) **Total contracts value secured;**
  - (v) **Distribution networks;**
  - (vi) **Manufacturing capabilities; and**
  - (vii) **Whether YangSen is a listed company. If yes, to state the Stock Exchange where it is listed and when was it listed.**

**Reply**

Information pertaining to items (i), (ii), (iv), (v) and (vi) is currently unavailable and shall be made available in due course.

- (iii) The Legal Representative of YangSen is Tang Man Leuk Leslie (邓文略). YangSen is a wholly-owned subsidiary of H. K Wing Wah International Co (香港荣华国际实业有限公司) ("**Wing Wah**"), a business registered under the Hong Kong Business Registration Ordinance (Chapter 310). Further information of Wing Wah shall be made available in due course.
- (vii) YangSen is a privately held company.

3. **Rationale for XDL to undertake the Proposed Acquisition of YangSen via the assets and liabilities method instead of via the direct acquisition of YangSen as a company.**

**Reply**

The decision of XDL in acquiring the entire existing business and undertakings of YangSen is a commercial decision as any unknown potential contingent liabilities of YangSen will not be acquired by the Company. Further, this mode of acquisition will facilitate the easy absorption of the newly acquired business and undertakings of YangSen into the operation of XDL Group.

This announcement is dated 31 July 2015.