

**XINGHE HOLDINGS BERHAD**

**PROPOSED ISSUANCE OF REDEEMABLE CONVERTIBLE COMMERCIAL PAPERS AND/OR REDEEMABLE CONVERTIBLE MEDIUM TERM NOTES UNDER A COMMERCIAL PAPER AND MEDIUM TERM NOTES PROGRAMME OF UP TO RM120.0 MILLION IN NOMINAL VALUE**

<b>Other terms and conditions</b>	
<b>a) Coupon rate</b>	Fixed rate at 1.0% per annum.
<b>b) Interest/coupon payment frequency</b>	<p>The coupon payment is payable semi-annually in arrears on 30 June and 31 December during the period the Notes remain outstanding, with the last coupon payment being made on the maturity date or, as the case may be, the conversion date, of such Note.</p> <p>Upon redemption or conversion of the Notes, all coupons accrued on such Notes up to and including the date of redemption or conversion will be payable to the Noteholders on the date of redemption or conversion.</p>
<b>c) Coupon payment basis</b>	Coupon on the Notes shall be calculated on the basis of the actual number of days in such period divided by 365 (or, if any portion of that period falls in a leap year, the sum of (a) the actual number of days in that portion of the period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the period falling in a non-leap year divided by 365).
<b>d) Tenure of the Notes</b>	<p><b>CPs</b> Less than one (1) year provided that the CPs shall mature on the date falling three (3) years from the first issue date of the Notes (<del>%Maturity Date+</del>).</p> <p><b>MTNs</b> Above one (1) year and up to three (3) years, provided that the MTNs shall mature on the Maturity Date.</p>
<b>e) Redemption option</b>	<p>If, on presentation of any Notes for conversion, the Conversion Price is less than or equal to 65% of the average of the daily traded volume weighted average price per Share for a period of forty five (45) consecutive business days prior to the relevant issue date in respect of each first sub-tranche of the respective tranches of the Notes, the Issuer may redeem such Notes (and only such Notes) presented by the Noteholders to the Issuer for conversion in cash at an amount calculated in accordance with the formula set out below (the <del>%Conversion Redemption Amount+</del>) by giving notice of the same to the relevant Noteholder.</p> $R = N \times \{P + [8\% \times P \times (D/365)] + I\}$ <p>where:</p> <p><del>%R+</del> : the Conversion Redemption Amount.</p> <p><del>%D+</del> : the number of days elapsed since the relevant issue date in respect of each sub-tranche of the Notes.</p> <p><del>%N+</del> : the number of the Notes presented for conversion.</p> <p><del>%P+</del> : the face value of the Notes presented for</p>

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	<p>conversion.</p> <p><del>%</del> : the remaining unpaid coupon accrued on the Notes presented for conversion.</p> <p>The Notes which are not redeemed or purchased, converted or cancelled by the Issuer will be redeemed by the Issuer, subject to there being no Event of Default, at 100% of their nominal value on the Maturity Date.</p>
<b>f) Conversion period</b>	The Notes are convertible at any time from and including the issue date of such Notes up to the close of business on the day falling seven (7) days prior to the Maturity Date ( <b>Conversion Period</b> ).
<b>g) Conversion right</b>	<p>Save for as provided in <i>Other terms and conditions – Redemption Option</i> above, each Noteholder has the right to convert any Notes (<b>Conversion Right</b>) into duly authorised, validly issued, fully-paid and unencumbered Shares, at the option of the Noteholders.</p> <p>The issuance of the Notes is structured into two (2) tranches, with sixty (60) equal sub-tranches in each tranche. The denomination of the Notes is RM50,000.00. The Conversion Right may be exercised over any or all the Notes comprised in each sub-tranche at the election of the Noteholders in multiples of RM50,000.00. Therefore, partial conversion of the Notes is allowed within any tranche and sub-tranche of the Notes.</p>
<b>h) Conversion price</b>	<p>The price at which each Conversion Share shall be issued upon conversion of the Notes ("<b>Conversion Price</b>") shall be:</p> <p>(a) in respect of the Tranche 1 Notes, 80% of the average Closing Price per Share on any three (3) consecutive business days as selected by the Noteholders during the forty-five (45) business days immediately preceding the relevant conversion date on which the Shares were traded on the ACE Market of Bursa Securities;</p> <p>(b) in respect of the Tranche 2 Notes, 80% of the average Closing Price per Share on any three (3) consecutive business days as selected by the Noteholders during the forty-five (45) business days immediately preceding the relevant conversion date on which the Shares were traded on the ACE Market of Bursa Securities,</p> <p>provided always that the Conversion Price for each Share shall not be less than the Minimum Conversion Price. If the Conversion Price for each Share calculated in accordance with paragraphs (a) and (b) above is less than the Minimum Conversion Price, the Conversion Price for each Share shall be equal to the Minimum Conversion Price.</p> <p>Notwithstanding any other provisions to the contrary, in the event that the three (3) business days as selected by the Noteholders were not consecutive business days, the three (3) business days selected</p>

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	<p>shall be deemed consecutive in nature for the purposes of calculating the Conversion Price, provided that:</p> <p>(c) those consecutive business days that ought to have been selected (to constitute consecutive) were not selected as that they were business days where no trades were done on the Shares on the ACE Market of Bursa Securities; and</p> <p>(d) the first (1<sup>st</sup>) business day immediately thereafter where there were trading in the Shares were selected as a business day in their stead.</p> <p>If, during any period in which the Conversion Price is being determined, the Issuer shall, <i>inter alia</i>, (i) make a stock split, (ii) consolidate the outstanding Shares into a smaller number of shares, or (iii) re-classify any of the Shares into other securities of the Issuer, such that the Closing Price per Share before and after such event does not represent the same economic and financial participation that a holder of a Share would have had without the occurrence of such an event, then the Closing Price of the Shares for the business days preceding such event shall, for the purposes of such determination be adjusted to reflect the impact of such an event in such a manner as an independent reputable bank (such as but not limited to Bloomberg L.P.) or a reputable firm of investment advisers licensed by the SC would. Such bank or firm may be agreed between the Issuer and the Noteholders or, if not so agreed, the Issuer and the Noteholders shall agree to a bank or firm as nominated by the Malaysia Institute of Accountants which it deems is fair and reasonable to make such changes to the Closing Price.</p>
<p><b>i) Details on utilisation of proceeds</b></p>	<p>The proceeds from the Programme will be applied by the Issuer:</p> <p>(a) to repay all or a portion of any existing and/or future banking and credit facilities made available to any member of the Group from any financial institutions;</p> <p>(b) to finance or part finance the proposed acquisition of a prawn farm with related facilities and assets from Pegagau Aquaculture Sdn. Bhd. or such other property to be acquired by the Group;</p> <p>(c) for general working capital and capital expenditure requirements of the Group; and</p> <p>(d) to defray the fees and expenses in connection with the establishment of the Programme and the issuance of the Notes.</p>
<p><b>j) Transaction documents</b></p>	<p>All documentation in connection with the Programme which include but not limited to the following:</p> <p>(a) the Trust Deed;</p> <p>(b) the Facility Agreement;</p> <p>(c) the Subscription Agreement;</p>

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	<p>(d) the Securities Lodgement Form; and</p> <p>(e) all other documents of whatsoever nature executed or to be executed in connection with or pursuant to the Programme,</p> <p>(collectively, <del>the</del> <b>Transaction Documents</b>).</p>
<p><b>k) Form and denomination</b></p>	<p><b><u>Form</u></b></p> <p>The Notes shall be issued in accordance with the Operational Procedures for Securities Services effective as of 1 June 2018 and the Participation Rules for Payment and Securities Services effective as of 1 June 2018 both issued by Payments Network Malaysia Sdn. Bhd. (collectively, <del>the</del> <b>PayNet Rules and Procedures</b>) and each issuance of the Notes shall be represented by a global certificate and/or definitive certificate (or such other form as may from time to time have been agreed between the Issuer and the Facility Agent) to be deposited with the Central Securities Depository, and such global certificate shall be exchanged for definitive certificates only in the circumstances permitted under the Trust Deed.</p> <p><b><u>Denomination</u></b></p> <p>The denomination of the Notes shall be RM50,000.00 or in multiples of RM50,000.00 at the time of issuance or such other denominations as may be mutually agreed between the Issuer and the Lead Arranger subject to the requirements of the PayNet Rules and Procedures.</p>
<p><b>l) Taxation</b></p>	<p>All payments of nominal value and coupon by the Issuer in respect of the Notes (including any payment upon redemption) will be made without withholding of, or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Malaysia, or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. If such withholding or deduction is so required, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the amounts of nominal value and interest which would have been receivable in respect of the Notes in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note:</p> <p>(a) to any Noteholder (or to a third party on behalf of a Noteholder) (i) who is for Malaysia tax purposes treated as a resident of Malaysia or a Malaysian corporation or (ii) who is otherwise subject to such taxes, duties, assessments or governmental charges by reason of him being connected with Malaysia otherwise than by reason only of the holding of any Note or the receipt of nominal value or interest in respect of any Note; or</p> <p>(b) if the global certificate, or as the case may be, definitive</p>

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	<p>certificate, in respect of such Note is surrendered more than thirty (30) days after the due date for payment except to the extent that such Noteholder would have been entitled to such additional amounts on presenting the same for payment as at the expiry of such 30-day period; or</p> <p>(c) payment is prohibited under Malaysian law at the material time.</p>
<b>m) Trustees' Reimbursement Account</b>	<p>The Issuer shall open and maintain an interest-bearing bank account designated as %Trusteesq Reimbursement Account for Debenture holdersq Actions+ (%Account+) in which a sum of RM30,000.00 is to be deposited into the Account. In the event that the amount standing to the credit of the Account falls below RM30,000.00 at any time during the period in which any Note is outstanding, the Issuer shall immediately remit such amounts so as to maintain the balance in the Account at RM30,000.00 or more.</p> <p>The Account shall solely be operated by the Trustee, and all amounts contained in the Account are to be used strictly by the Trustee for the purposes of defraying all costs, fees, damages, liabilities (including but not limited to out-of-pocket expenses), charges and expenses (including taxes thereon and legal fees and disbursements on a solicitor and client basis) that may be incurred in carrying out its duties in relation to the occurrence of an Event of Default or in enforcing the Trust Deed or any Transaction Document</p>
<b>n) Status of the Notes</b>	<p>The Notes shall constitute:</p> <p>(a) direct, unconditional, unsubordinated and (subject to the provision in relation to negative pledge in the Subscription Agreement) unsecured obligations of the Issuer, ranking <i>pari passu</i> and rateably without any preference among themselves, and, subject as mentioned above and save as otherwise provided under any applicable laws or regulations, equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding; and</p> <p>(b) legal, valid and binding obligations of the Issuer to pay to the Noteholders, the sums represented thereby.</p> <p>The Noteholders shall not be entitled to the right to receive dividends, bonuses and other distributions made by the Issuer nor shall the Noteholders have the right to receive notices of or to attend, speak or vote at any general meetings held by the Issuer until the Notes held by the Noteholders have been converted into Shares.</p>
<b>o) Status of the Conversion Shares</b>	<p>The Conversion Shares to be issued arising from the conversion of the Notes shall upon issue and allotment, be listed on the ACE Market of the Bursa Securities and rank <i>pari passu</i> in all respects with the then existing Shares, except that the Conversion Shares shall not be entitled to any dividends, rights and/or other distributions that may be declared, made or paid prior to the date of allotment and issuance of the Conversion Shares.</p>

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<p><b>p) Noteholder's rights to participate in any distribution and/or offer of further securities in the Issuer</b></p>	<p>The Issuer or any subsidiary (if applicable) may offer and sell any securities convertible into securities of the same class as the issued shares of the Issuer or securities substantially similar to the Notes ("<b>Securities</b>") provided that, in respect of any proposed private placement of such Securities:</p> <p>(a) the Issuer shall, and the Issuer shall procure that the relevant subsidiary (if applicable) shall, offer and sell such Securities to the Noteholders prior to offering such Securities to any other person; and</p> <p>(b) the Securities shall not be convertible into issued shares at a price which is below the Minimum Conversion Price, unless prior written consent of the Noteholders have been obtained.</p> <p>For the avoidance of doubt, the term "<b>Securities</b>" shall exclude (i) any Shares, rights issues, warrants relating to the Shares, or convertible preference shares issued to shareholders of the Issuer without preference among the shareholders (but so that the exclusion of shareholders who are overseas or on other grounds approved by Bursa Securities shall be deemed not to be a preference of the other shareholders) or (ii) any new securities convertible into securities of the same class as the issued shares or securities substantially similar to the Notes in respect of which the Issuer or any subsidiary (if applicable) is restricted from doing all of the (a) and (b) provided above by law, the ACE Market Listing Requirements of Bursa Securities or any other applicable regulations.</p>
<p><b>q) Jurisdiction</b></p>	<p>The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.</p>