

**XL HOLDINGS BERHAD
(FORMERLY KNOWN AS XIAN LENG HOLDINGS BERHAD)
PROPOSED ISSUANCE OF REDEEMABLE CONVERTIBLE COMMERCIAL PAPERS AND/OR
REDEEMABLE CONVERTIBLE MEDIUM TERM NOTES UNDER A COMMERCIAL PAPER/
MEDIUM TERM NOTE PROGRAMME OF UP TO RM200.0 MILLION IN NOMINAL VALUE**

Other terms and conditions	
(a) Coupon Rate	<p><u>CP/MTN</u> Fixed rate at 1.0% per annum.</p> <p>The above coupon rate may be adjusted upward to 8.0% per annum or such other rate as agreed between the Issuer and Noteholder(s) in the event the Closing Price per Share falls and stays below a price equivalent to Minimum Conversion Price plus 10% for more than 5 consecutive business days or such other event(s) triggered under the Transaction Documents.</p>
(b) Interest/Coupon Payment Frequency	<p><u>CP/MTN</u></p> <p>The coupon payment is payable semi-annually in arrears on 30 June and 31 December during the period the CP remain outstanding, with the last coupon payment being made on the maturity date or conversion date of such CP (as the case may be).</p> <p>Upon redemption or conversion, all interest accrued on such CP thereon up to and including the date of redemption or conversion will be payable to the Noteholders on the date of redemption or conversion.</p>
(c) Interest/Coupon Payment Basis	<p>Actual/365 days or Actual/ 366 days in a leap year, or in any event in accordance with the BNM Procedures (as defined under <i>Other terms and conditions – Form and Denomination</i>).</p>
(d) Tenure of Notes	<p><u>CPs</u> Less than one (1) year, provided that the CP shall mature at or prior to the date falling three (3) years from the issue date of the first sub-tranche of Tranche 1 (“Maturity Date”).</p> <p><u>MTNs</u> Above one (1) year and up to the three (3) years, provided that the MTN shall mature at or prior to the Maturity Date.</p>

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(e) Redemption Option	<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 the forty-five (45) business days prior to the relevant issue date in respect of each first sub-tranche of the respective tranches of the Notes ("Conversion Downside Price"), the Issuer may redeem such Notes (and only such Notes) presented by the Noteholder to the Issuer for conversion in cash at an amount calculated in accordance with the formula set out below ("Conversion Redemption Amount"):</p> $R = N \times \{P + [8\% \times P \times (D/365)] + I\}$ <p>where:-</p> <p>"R" = the Conversion Redemption Amount.</p> <p>"D" = The number of days elapsed since the relevant issue date in respect of each sub-tranche of the Notes.</p> <p>"N" = the number of Notes presented for conversion.</p> <p>"P" = RM 50,000 being the face value of the Note presented for conversion.</p> <p>"I" = the remaining unpaid interest 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 at 100% of their principal amount on the Maturity Date.</p>
(f) Conversion Period	<p>The Notes are convertible at any time after the issue date of each Note and up to the day falling seven (7) days prior to the Maturity Date.</p>
(g) Conversion Right	<p>Save as provided in <i>Other terms and conditions – Redemption Option</i> above, the Noteholders shall have the right to convert each Note into fully paid ordinary shares at any time during the Conversion Period ("Conversion Right").</p> <p>The Notes issue is structured into four (4) tranches with 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 which has been drawn-down at the election of the Noteholder(s). Therefore, partial conversion of the Notes is allowed within any Tranche and sub-tranche of the Notes.</p>
(h) Conversion Price	<p>The price at which each Conversion Share shall be issued upon conversion of the Notes ("Conversion Price") shall be the price at which each Share shall be issued upon conversion (the "Conversion Price") shall be 80% of the average Closing Price per Share on any three (3) consecutive business days as selected by the Noteholder during the forty-five (45) business days immediately preceding the relevant conversion date on which Shares were traded on the Main Market of Bursa Securities:</p>

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	<p>provided always that:-</p> <ul style="list-style-type: none"> (a) the Closing Price per Share shall refer to the adjusted Closing Price, if applicable; (b) the Conversion Price for each Share shall not be less than the Minimum Conversion Price. If the Conversion Price for each Share is less than the Minimum Conversion Price, the Conversion Price for each Share shall be equal to the Minimum Conversion Price; and (c) the Conversion Price for each Share in respect of any outstanding Note on the Maturity Date shall be 80% of the average Closing Price per Share on any three (3) consecutive business days as selected by the Noteholder during the forty-five (45) business days immediately preceding the Maturity Date on which Shares were traded on the Main Market <p>Notwithstanding any other provisions to the contrary, in the event that the three (3) business days as selected by the relevant Noteholder were not consecutive Business Days, these three (3) business days selected shall be deemed consecutive in nature for the purposes of the calculation of Conversion Price, PROVIDED THAT:</p> <ul style="list-style-type: none"> (i) 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 Main Market; and (ii) the first (1st) business day immediately thereafter where there were trading in the Shares were selected as a business day.
<p>(i) Details on Utilisation of Proceeds</p>	<p>The proceeds from the CP/MTN Programme will be applied by the Issuer:</p> <ul style="list-style-type: none"> (i) to finance the business activities of the Group; (ii) for general working capital and capital expenditure requirement, investments and the general corporate purposes of the Group; and (iii) to defray the fees and expenses in connection with the establishment of the CP/MTN Programme and the issuance of the Notes.
<p>(j) Transaction Documents</p>	<p>Documentation for the Notes includes, <i>inter-alia</i>, the following:</p> <ul style="list-style-type: none"> (a) Facility Agreement; (b) Subscription Agreement; (c) Trust Deed; (d) Securities Lodgement Form; and (e) all other documents of whatsoever nature executed or to be executed in connection with or pursuant to any of the above documents or otherwise in connection with the CP/MTN Programme, including any supplemental document(s) thereof, and agreed to be designated as a Transaction Document by the parties and references to a “Transaction Document” shall mean each or any one of them.

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<p>(k) Form and Denomination</p>	<p><u>Forms</u></p> <p>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 Facility Agent in accordance to the regulatory requirements from time to time in force) to be deposited with BNM, and is exchanged for definitive bearer form only in certain limited circumstances.</p> <p>The Notes will be prescribed in accordance with:</p> <ul style="list-style-type: none"> (a) Central Securities Depository and Paying Agency Rules; (b) Operational Procedures for Securities Services; (c) Participation Rules for Payments and Securities Services; (d) Operational Procedures for Malaysian Ringgit Settlement in RENTAS; (e) the Operational Procedures for Foreign Currency Settlement in RENTAS; and (f) any other relevant rules, procedures, guidelines, circulars, standards, codes, notices, day count basis practices and directives issued by BNM and/or other authorities from time to time, <p>(collectively known as “BNM Procedures”)</p> <p><u>Denomination</u></p> <p>The Notes are to be issued in multiples of RM50,000.00 at the time of issuances or such other denominations as agreed between the Issuer and the Lead Arranger at the time of issuance.</p>
<p>(l) Taxation</p>	<p>All payments of principal and interest by the Issuer in respect of the Notes 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 principal 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 Notes:-</p> <ul style="list-style-type: none"> (a) to any Noteholders (or to a third party on behalf of the Noteholders) (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 his being connected with Malaysia otherwise than by reason only of the holding of any Notes or the receipt of principal or interest in respect of any Notes; or (b) if the global certificate of the Notes in respect of such Notes is surrendered more than thirty (30) days after the due date for payment except to the extent that the holder thereof would have

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	<p>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) if payment is prohibited under Malaysian law at the material time.</p>
(m) Trustees' Reimbursement Account	<p>The Issuer shall open and maintain an interest-bearing bank account designated as "Trustees' Reimbursement Account for Debenture holders' Actions" (as required under the Trust Deeds Guidelines), in which a sum of RM100,000.00 is to be deposited ("Trustees' Reimbursement Account"). The Trustees' Reimbursement Account shall be operated by the Trustee and the monies shall only be used strictly by the Trustee in carrying out its duties in relation to the occurrence of Events of Default. The sum of RM100,000.00.00 in the Trustees' Reimbursement Account shall be maintained at all times throughout the tenure of the CP/MTN Programme.</p>
(n) Status of the Notes	<p>The Notes shall constitute:-</p> <p>(a) direct, unconditional, unsubordinated and (subject to the provision in relation to negative pledge in the Transaction Documents) unsecured obligations of the Issuer, ranking <i>pari passu</i> and rateably without any preference among themselves, 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 the Noteholders, the sums represented thereby.</p> <p>The Noteholders shall not be entitled to any 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>
(o) Status of the Conversion Shares	<p>The Conversion Shares to be issued arising from the conversion of the Notes will, upon allotment and issuance, rank <i>pari passu</i> in all aspects with the existing ordinary Issuer's shares save and 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>
(p) Noteholder's rights to participate in any distribution and/or offer of further securities in the Issuer	<p>The Issuer or any subsidiary may offer and sell:-</p> <p>(a) any new shares; or</p> <p>(b) securities substantially similar to the Notes (the "Equity-linked Securities"), (Collectively, the "Securities")</p> <p>provided that, in respect of any proposed private placement of such Securities, the Issuer shall, and the Issuer shall procure that the relevant subsidiary shall, offer and, if subscribed, sell such Securities to the Majority Holders (as defined below) prior to offering such Securities to any other person (except for rights issues or any issues in respect of which the Issuer is restricted from so doing by law or any other applicable regulations). For the avoidance of doubt, the Securities shall exclude any</p>

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	<p>shares, warrants relating to the shares, or convertible preference shares issued to shareholders of the Issuer without preference among the shareholders.</p> <p>For the purpose of this section, “Majority Holders” means the holders of the Notes in aggregate representing more than 50% of the total outstanding principal amount of Notes at any time.</p>
<p>(q) Maximum Conversion Shares</p>	<p>The maximum number of Shares which may be issued pursuant to the conversion of all (and not part of) the Notes shall be 191,000,000 Shares (subject to adjustments in the event of Stock Splits, consolidation and/or re-classification of the Shares) unless otherwise increased subject to (i) mutual agreement in writing between the Parties; (ii) receipt of regulatory approval; and (iii) receipt of Shareholders' approval (“Maximum Conversion Shares”).</p> <p>In the event the Noteholders exercise their Conversion Right which will result in a breach of the Maximum Conversion Shares, unless otherwise mutually agreed in writing between the Issuer and the Majority Noteholders, the Issuer shall:</p> <p>(i) issue and allot to the Noteholders such number of Conversion Shares equivalent to the minimum of (A) the number of available Conversion Shares for issuance and allotment being the Maximum Conversion Shares less the aggregate Conversion Shares issued and allotted prior to this exercise of their Conversion Right or (B) the product of the number of Notes and RM50,000.00 being the face value of each Note presented for conversion divided by the applicable Conversion Price, whichever is the lower. The following formula shall apply:</p> $A = \text{MIN} [(MCS - SC)], [(N \times FV / CP)]$ <p>where:</p> <p>“A” = the number of Conversion Shares to be issued and allotted. “MCS” = the Maximum Conversion Shares. “SC” = the total number of shares converted pursuant to historical conversions. “N” = the number of Notes presented for conversion. “FV” = RM50,000.00 being the face value of each Note presented for conversion. “CP” = the conversion price of the Notes.</p> <p>If $[(N \times FV / CP)] > A$ then the Issuer is under an obligation to pay the Noteholders in cash based on the following formula set out below; and</p> <p>(ii) pay the Noteholders in cash an amount equivalent to (A) the number of Conversion Shares, which but for the number of Maximum Conversion Shares, would have been issued to the Issuer under the terms of the Transaction Documents and Conditions; multiplied by (B) the applicable Conversion Price of such Notes which are subject to conversion. The following formula shall apply:</p>

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	$C = [(N \times FV/CP - A) \times CP]$ <p>where:</p> <p>“C” = cash amount equivalent to the unconverted Notes. “N” = the number of Notes presented for conversion. “FV” = RM50,000.00 being the face value of each Note presented for conversion. “CP” = the conversion price of the Notes. “A” = the number of conversion shares to be issued and allotted.</p>
(r) Jurisdiction	The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.

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