

CIRCULAR DATED 29 APRIL 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR ATTENTION

IF YOU ARE IN ANY DOUBT AS TO ITS CONTENTS OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your ordinary shares (the “**Shares**”) in the capital of Rex International Holding Limited (the “**Company**”), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the enclosed Proxy Form immediately to the purchaser or the transferee, or to the bank, stockbroker or agent through whom you effected the sale or the transfer for onward transmission to the purchaser or the transferee.

This circular (the “**Circular**”) has been prepared by the Company and reviewed by the Company’s sponsor, Novus Corporate Finance Pte. Ltd. (the “**Sponsor**”), in compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). The Sponsor has not verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.



REX INTERNATIONAL HOLDING LIMITED

(Incorporated in the Republic of Singapore on 11 January 2013)
(Company Registration No. 201301242M)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

- (1) PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE; AND**
- (2) PROPOSED GRANT OF AWARDS TO A CONTROLLING SHAREHOLDER UNDER THE REX INTERNATIONAL PERFORMANCE SHARE PLAN**

IMPORTANT DATES AND TIMES:

- | | | |
|---|---|---|
| Last date and time for lodgment of Proxy Form | : | Tuesday, 19 May 2020 at 3.30 p.m. |
| Date and time of EGM | : | Thursday, 21 May 2020 at 3.30 p.m. (or immediately after the conclusion of the AGM (as defined herein) to be convened at 3.00 p.m. on the same day and at the same place) |
| Place of EGM | : | Solely via 'live' webcast from 1 George Street, #14-01, Singapore 049145 |

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DEFINITIONS

The following definitions apply throughout in this Circular unless otherwise stated:

“AGM”	:	The annual general meeting of the Company
“Awards”	:	A contingent award of Shares granted under the rules of the Rex PSP
“Board”	:	The board of Directors of the Company as at the date of this Circular
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	Section B of the listing manual of the SGX-ST, dealing with the rules of Catalist, as may be amended, varied or supplemented from time to time
“CDP”	:	The Central Depository (Pte) Limited
“CEO”	:	Chief executive officer of the Company
“Committee”	:	The committee administering the Rex PSP
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Company”	:	Rex International Holding Limited
“Concert Party Group”	:	Has the meaning ascribed to it in Paragraph 2.11.2 of this Circular and each a “ Concert Party ”
“Constitution”	:	The constitution of the Company, as may be amended or modified from time to time
“Director”	:	The director of the Company as at the date of this Circular or as appointed from time to time
“EGM”	:	The extraordinary general meeting of the Company to be held on Thursday, 21 May 2020 at 3.30 p.m. (or immediately after the conclusion of the AGM (as defined herein) to be convened at 3.00 p.m. on the same day and at the same place), notice of which is given in the notice of EGM
“EPS”	:	Earnings per Share
“FY”	:	Financial year ended 31 December
“Group”	:	The Company and its subsidiaries
“Group Employee”	:	A confirmed full-time employee of the Company (or any of its subsidiaries)
“Independent Shareholders”	:	Shareholders other than the Concert Party Group as well as parties not independent of them

<i>“Latest Practicable Date”</i>	:	17 April 2020, being the latest practicable date prior to the printing of this Circular
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Market Purchase”</i>	:	Has the meaning ascribed to it in Paragraph 2.4 of this Circular
<i>“NAV”</i>	:	Net asset value
<i>“Off-Market Purchase”</i>	:	Has the meaning ascribed to it in Paragraph 2.4 of this Circular
<i>“Ordinary Resolution”</i>	:	The ordinary resolution as set out in the notice of EGM
<i>“Proposals”</i>	:	Shall have the meaning as set out in page 6 of this Circular
<i>“Relevant Period”</i>	:	The period commencing from the date on which the EGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier
<i>“Registrar”</i>	:	The Registrar of Companies
<i>“Rex PSP”</i>	:	The performance share plan of the Company which was approved on 24 June 2013 pursuant to a resolution passed by Shareholders, as amended or modified from time to time
<i>“Securities Account”</i>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
<i>“Securities and Futures Act”</i>	:	The Securities and Futures Act, Chapter 289 of Singapore
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Buyback Mandate”</i>	:	A general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
<i>“Shareholders”</i>	:	Persons who are registered as holders of Shares in the Register of Shareholders of the Company except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors in the Depository Register maintained by CDP and into whose securities accounts those Shares are credited
<i>“Shares”</i>	:	Ordinary shares in the share capital of the Company
<i>“SIC”</i>	:	The Securities Industry Council of Singapore
<i>“Take-over Code”</i>	:	The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time
<i>“%” or “per cent.”</i>	:	Percentage or per centum
<i>“S\$”</i>	:	Singapore dollars
<i>“US\$”, “\$” and “cents” respectively</i>	:	United States dollars and cents

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them, respectively, in Section 81SF of the Securities and Futures Act or any statutory modification thereof, as the case may be.

The expressions “associate”, “associated company”, “subsidiary”, “Controlling Shareholder” and “Substantial Shareholder” shall have the meaning ascribed to them respectively in the Companies Act and the Catalist Rules.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act and the Catalist Rules or any modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the Securities and Futures Act and the Catalist Rules or modification as the case may be.

Any reference in this Circular to a time of day and date shall be a reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancy with the tables in this Circular between the listed amounts and the totals thereof is due to rounding.

Exchange Rates

Unless otherwise stated, the exchange rate between US\$ and S\$ was US\$1:S\$1.4241 as at the Latest Practicable Date. This exchange rate should not be construed as a representation that the US\$ amounts could have been, or could be, converted into S\$ at the rate stated, or at all, and *vice versa*.

REX INTERNATIONAL HOLDING LIMITED
(Incorporated in the Republic of Singapore on 11 January 2013)
(Company Registration No. 201301242M)

Board of Directors:

Mr Dan Broström (*Chairman and Executive Director*)
Dr Karl Lidgren (*Executive Director*)
Mr Sin Boon Ann (*Lead Independent Non-Executive Director*)
Mr Muhammad Sameer Yousuf Khan (*Independent Non-Executive Director*)
Dr Christopher Atkinson (*Independent Non-Executive Director*)

Registered Office:

80 Robinson Road, #02-00
Singapore 068898

29 April 2020

To: The Shareholders of Rex International Holding Limited

Dear Sir/Madam

- (1) PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE; AND**
- (2) PROPOSED GRANT OF AN AWARD TO MR HANS LIDGREN, A CONTROLLING SHAREHOLDER, UNDER THE REX PSP**
- (COLLECTIVELY, THE “PROPOSALS”)**

1. INTRODUCTION

- 1.1 The Directors wish to refer Shareholders to the notice of EGM of the Company dated 29 April 2020 convening the EGM to be held on 21 May 2020 to seek approval of the Shareholders in relation to (a) the proposed renewal of the Share Buyback Mandate and (b) the proposed grant of Awards to a Controlling Shareholder under the Rex PSP.
- 1.2 The purpose of this Circular is to provide Shareholders with information relating to the aforementioned Proposals, details of which are set out in Paragraphs 2 and 3 of this Circular, and to seek Shareholders' approval in relation thereto at the EGM.
- 1.3 The Sponsor and the SGX-ST take no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this Circular.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 The Share Buyback Mandate

It is a requirement under the Catalist Rules that a company which wishes to purchase or acquire its own shares should obtain approval of its shareholders at a general meeting. The Share Buyback Mandate was adopted in an extraordinary general meeting of the Company on 16 October 2015, and subsequently renewed in the Company's extraordinary general meetings, and most recently at the extraordinary general meeting convened on 26 April 2019. The mandate will, unless renewed again, expire on the date of the forthcoming AGM.

In this regard, Shareholders' approval is being sought at the EGM for the renewal of the Share Buyback Mandate by ordinary resolution, pursuant to which authority will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of the Share Buyback Mandate.

If approved by the Shareholders at the EGM, the authority conferred by the Share Buyback Mandate will take effect from the date of the EGM and continue in force until the date of the next AGM of the Company or such date as the next AGM is required by law or by the Constitution to be held, whereupon it will lapse, unless renewed at such meeting, or unless prior thereto, the share buybacks are carried out to the full extent mandated or the Share Buyback Mandate is revoked or varied by the Company in a general meeting.

Sections 76B, 76C, 76D, 76DA, and 76E of the Companies Act allow a listed company to purchase its own shares. The Constitution provides that the Company may purchase its own Shares in accordance with the Companies Act. The information required in compliance with the Catalist Rules and the Companies Act is provided below.

2.2 Rationale for the Proposed Renewal of the Share Buyback Mandate

The Company strives to increase Shareholders' value in the Company by improving, *inter alia*, the return on equity of the Group. A share buyback at the appropriate price level is one of the ways in which the return on equity of the Group may be enhanced.

Share buybacks provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's share capital structure with a view to lead to enhancing the EPS and/or NAV per Share.

The Directors believe that a share buyback by the Company will also help mitigate short-term market volatility, offset the effects of short-term speculation and bolster shareholder confidence. Further, share buybacks will allow the Company to effectively manage and minimise the dilution impact, if any, that may be associated with any share-based incentive scheme of the Company. The Directors may also purchase existing Shares to be held in treasury, and such treasury shares may consequently be transferred for the purposes of employee share schemes implemented by the Company.

If and when circumstances permit, the Directors will decide whether to effect the share purchases via Market Purchases or Off-Market Purchases, after taking into account factors such as the amount of cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out purchases pursuant to the Share Buyback Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the float, liquidity, orderly trading of the Shares and/or financial position of the Group.

2.3 Authority and Limits of the Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buyback Mandate are summarised below.

2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the issued ordinary shares of the Company (excluding treasury shares) as at the date of the EGM at which the Share Buyback Mandate is approved, unless the Company has, at any time during the Relevant Period, effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time).

For illustrative purposes only, on the basis of 1,300,702,831 Shares in issue (excluding treasury shares) as at the Latest Practicable Date, and assuming no further Shares are issued on or prior to the EGM, not more than 130,070,283 Shares (representing 10% of the issued ordinary shares

of the Company (excluding treasury shares) as at the date of the EGM) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate during the period referred to in Paragraph 2.3.2 of this Circular.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the 10% limit, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out up to the full 10% limit as authorised, or at all. In particular, no purchase or acquisition of the Shares would be made in circumstances which would have or may have a material adverse effect on the float, liquidity, orderly trading of the Shares and/or financial position of the Group.

2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the EGM at which the proposed renewal of the Share Buyback Mandate is approved, up to the earliest of:

- (a) the date on which the next AGM is held or is required by law to be held; or
- (b) the date on which the purchases or acquisitions of Shares are carried out to the full extent of the Share Buyback Mandate; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting.

The authority conferred on the Directors by the Share Buyback Mandate to purchase Shares may be renewed by Shareholders in the next AGM or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next AGM. When seeking the approval of the Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

2.4 Manner of Purchase or Acquisition of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchases**") in accordance with an equal access scheme(s), which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Catalist Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must also satisfy all of the following conditions as set out under the Companies Act:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and

- (iii) the terms of all the offers shall be the same, except that there shall be disregarded (a) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, (b) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable) and (c) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

The Catalist Rules further provide that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed share buyback;
- (4) the consequences, if any, of share purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (5) whether the share buybacks, if made, could affect the listing of the Company's equity securities on the SGX-ST;
- (6) details of any share buybacks made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of the Shares purchased, the purchase price per Share or the highest or lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.5 Maximum Purchase Price

The purchase price to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the share buyback (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Market Price (as defined below); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Market Price (as defined below),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

For the purposes of determining the Maximum Price:

"Average Closing Market Price" means the average of the closing market prices of a Share over the last five Market Days on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of the Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period, and the day on which the purchases are made;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.6 Status of Purchased or Acquired Shares

Any Share which is purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that Share will expire on such cancellation), unless such Share is held by the Company as a treasury share. All Shares (excluding Shares held by Company as treasury shares) purchased by the Company will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased by the Company and which are not held as treasury shares. At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time.

2.7 Treasury Shares

Under the Companies Act, Shares purchased by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) *Maximum Holdings*

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed or cancelled in accordance with the applicable provisions of the Companies Act.

(b) *Voting and Other Rights*

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number, is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury shares before the subdivision or consolidation, as the case may be.

(c) *Disposal and Cancellation*

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

Under the Catalist Rule 704(31), an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “usage”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of shares before and after the usage, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage, and the value of the treasury shares if they are used for a sale or transfer or cancelled.

2.8 Reporting and Catalist Rules Requirements

Within 30 days of the passing of a Shareholders’ ordinary resolution to approve the purchases or acquisitions of Shares by the Company, the Company shall lodge a copy of such resolution with the Registrar.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form as required by the Registrar.

The Company shall notify the Registrar within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company’s issued share capital before the purchase of Shares and after the purchase of Shares, the amount of consideration paid by the Company for the purchases, whether the Shares were purchased out of profits or the capital of the Company and such other particulars as may be required in the prescribed form.

Catalist Rule 871 specifies that a listed company shall announce all purchases or acquisitions of its shares via SGXNet not later than 9.00 a.m.,

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

The notification of such purchases or acquisition of Shares via SGXNet shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications via SGXNet.

While the Catalist Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares pursuant to the Share Buyback Mandate during the period commencing one month before the announcement of the Company’s half year and full year financial statements.

The Catalist Rules requires a listed company to ensure that at least 10% of the total number of any class of its listed securities must be held by public shareholders. The “public”, as defined under the Catalist Rules, are persons other than the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, as well as the associates of such persons.

As at the Latest Practicable Date, 726,375,537 Shares representing 55.84% of the issued Shares (excluding treasury shares) are held by public Shareholders. In the event that the Company purchases the maximum of 10% of its issued ordinary share capital from such public Shareholders, the resultant percentage of the issued Shares held by the public Shareholders would be reduced to approximately 50.94% of the issued Shares (excluding treasury shares). Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.9 Source of Funds

The Companies Act permits the Company to purchase its Shares out of capital, as well as from its distributable profits so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act).

The Company intends to use internal sources of funds, or a combination of internal resources and external borrowings, to finance purchases of Shares pursuant to the Share Buyback Mandate.

2.10 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the amount borrowed by the Group (if any) to fund the purchases or acquisitions, whether the Shares are purchased or acquired out of capital or profits, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Group and the Company, based on the audited financial statements of the Group and the Company for FY2019, are based on the assumptions set out below.

(a) Purchase or acquisition out of capital or profits

The Companies Act permits the Company to purchase its Shares out of capital, as well as from its distributable profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

(b) Number of Shares purchased or acquired

As at the Latest Practicable Date, the issued capital of the Company comprised 1,300,702,831 Shares (excluding treasury shares). Based on the issued and paid-up ordinary share capital of the Company as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the EGM, the purchase by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 130,070,283 Shares.

(c) Maximum price paid for Shares purchased or acquired

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 130,070,283 Shares at the Maximum Price of S\$0.12558 for one Share (being the price equivalent to five per cent. above the Average Closing Market Price of the Shares for the last five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 130,070,283 Shares is approximately S\$16,334,226 (equivalent to approximately US\$11,469,859).

In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 130,070,283 Shares at the Maximum Price of S\$0.14352 for one Share (being the price equivalent to 20% above the Average Closing Market Price of the Shares as recorded for the last five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 130,070,283 Shares is approximately S\$18,667,687 (equivalent to approximately US\$13,108,410).

For illustrative purposes only, and based on the assumptions set out in the sub-paragraphs (a) to (c) above, and assuming that (i) the purchase of Shares is financed by internal sources of funds; (ii) the Share Buyback Mandate had been effective on 1 January 2019; (iii) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buyback Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects; and (iv) the Company had purchased the 130,070,283 Shares (representing 10% of the total number of issued Shares of the Company as at the Latest Practicable Date) on 1 January 2019, the financial effects of the purchase of 130,070,283 Shares by the Company pursuant to the Share Buyback Mandate:

- (1) by way of purchases made entirely out of capital and held as treasury shares; and
- (2) by way of purchases made entirely out of capital and cancelled,

on the audited financial statements of the Company and the Group for FY2019 are set out on pages 14 and 15 of this Circular.

The Company and the Group has only just recently turned profitable. As such, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of Market Purchases and Off-Market Purchases made entirely out of profits is not disclosed in this Circular, as any such purchase or acquisition will be made out of the Company's capital.

(1) Purchases made entirely out of capital and held as treasury shares

	Group			Company		
	After Share Buyback			After Share Buyback		
	Before Share Buyback	Market Purchase	Off-Market Purchase	Before Share Buyback	Market Purchase	Off-Market Purchase
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 31 December 2019						
Share capital	257,590	257,590	257,590	257,590	257,590	257,590
Reserves	6,718	6,718	6,718	1,237	1,237	1,237
Accumulated losses	(122,874)	(122,874)	(122,874)	(147,868)	(147,868)	(147,868)
Treasury shares	(716)	(12,186)	(13,824)	(716)	(12,186)	(13,824)
Non-controlling interests	13,678	13,678	13,678	-	-	-
Total Equity	154,396	142,926	141,288	110,243	98,773	97,135
Intangible assets	4,215	4,215	4,215	-	-	-
Net tangible assets ⁽¹⁾	150,181	138,711	137,073	110,243	98,773	97,135
Current assets	85,233	73,763	72,125	52,001	40,531	38,893
Current liabilities	23,397	23,397	23,397	44,168	44,168	44,168
Total borrowings	15,790	15,790	15,790	-	-	-
Total issued number of shares ('000)	1,300,703	1,170,633	1,170,633	1,300,703	1,170,633	1,170,633
Weighted average number of shares ('000)	1,289,396	1,159,326	1,159,326	1,289,396	1,159,326	1,159,326
Number of treasury shares ('000)	13,187	143,257	143,257	13,187	143,257	143,257
Profit/ (loss) for the year, net of tax	22,229	22,229	22,229	(7,724)	(7,724)	(7,724)
Profit/ (loss) attributable to Shareholders	19,401	19,401	19,401	(7,724)	(7,724)	(7,724)
Financial Ratios						
Net tangible assets per share (US cents) ⁽²⁾	11.55	11.85	11.71	8.48	8.44	8.30
Gearing (%) ⁽³⁾	10	11	11	-	-	-
Current ratio (times) ⁽⁴⁾	3.64	3.15	3.08	1.18	0.92	0.88
Basic earnings/ (loss) per share (US cents) ⁽⁵⁾	1.50	1.67	1.67	(0.60)	(0.67)	(0.67)

Notes:

- (1) Net tangible assets as disclosed above includes non-controlling interests.
- (2) Net tangible assets per share is calculated based on net tangible assets divided by the total number of shares (excluding treasury shares) as at 31 December 2019.
- (3) Gearing is calculated based on total borrowings divided by total equity.
- (4) Current ratio is calculated based on current assets divided by current liabilities.
- (5) Basic earnings/(loss) per share is calculated based on profit/ (loss) for the year (net of tax) attributable to the Shareholders, divided by the weighted average number of shares as at 31 December 2019.

(2) Purchases made entirely out of capital and cancelled

	Group			Company		
	After Share Buyback			After Share Buyback		
	Before Share Buyback	Market Purchase	Off-Market Purchase	Before Share Buyback	Market Purchase	Off-Market Purchase
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 31 December 2019						
Share capital	257,590	246,120	244,482	257,590	246,120	244,482
Reserves	6,718	6,718	6,718	1,237	1,237	1,237
Accumulated losses	(122,874)	(122,874)	(122,874)	(147,868)	(147,868)	(147,868)
Treasury shares	(716)	(716)	(716)	(716)	(716)	(716)
Non-controlling interests	13,678	13,678	13,678	-	-	-
Total equity	154,396	142,926	141,288	110,243	98,773	97,135
Intangible assets	4,215	4,215	4,215	-	-	-
Net tangible assets ⁽¹⁾	150,181	138,771	137,073	110,243	98,773	96,135
Current assets	85,233	73,763	72,125	52,001	40,531	38,893
Current liabilities	23,397	23,397	23,397	44,168	44,168	44,168
Total borrowings	15,790	15,790	15,790	-	-	-
Total issued number of shares ('000)	1,300,703	1,170,633	1,170,633	1,300,703	1,170,633	1,170,633
Weighted average number of shares ('000)	1,289,396	1,159,326	1,159,326	1,289,396	1,159,326	1,159,326
Number of treasury shares ('000)	13,187	13,187	13,187	13,187	13,187	13,187
Profit/ (loss) for the year, net of tax	22,229	22,229	22,229	(7,724)	(7,724)	(7,724)
Profit/ (loss) attributable to Shareholders	19,401	19,401	19,401	(7,724)	(7,724)	(7,724)
Financial Ratios						
Net tangible assets per share (US cents) ⁽²⁾	11.55	11.85	11.71	8.48	8.44	8.30
Gearing (%) ⁽³⁾	10	11	11	-	-	-
Current ratio (times) ⁽⁴⁾	3.64	3.15	3.08	1.18	0.92	0.88
Basic earnings/ (loss) per share (US cents) ⁽⁵⁾	1.50	1.67	1.67	(0.60)	(0.67)	(0.67)

Notes:

- (1) Net tangible assets as disclosed above includes non-controlling interests.
- (2) Net tangible assets per share is calculated based on net tangible assets divided by the total number of shares (excluding treasury shares) as at 31 December 2019.
- (3) Gearing is calculated based on total borrowings divided by total equity.
- (4) Current ratio is calculated based on current assets divided by current liabilities.
- (5) Basic profit/(loss) per share is calculated based on profit/ (loss) for the year (net of tax) attributable to the Shareholders, divided by the weighted average number of shares as at 31 December 2019.

Shareholders should note that the financial effects set out above are purely for illustrative purposes only. Although the proposed renewal of the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of issued Shares. In addition, the Company may cancel all or part of the Shares purchased, or hold all or part of the Shares repurchased in treasury.

2.11 Take-over Code Implications

Pursuant to Rule 14 of the Take-over Code, a person will be required to make a general offer for a public company if:

- (a) he acquires 30% or more of the voting rights of the company; or
- (b) he, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights of the company and any of them increases their voting rights in the company by more than one per cent. in any six-month period.

If the proportionate shareholding in the voting capital of the company of a shareholder and persons acting in concert with him increases as a result of the company buying back its shares, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in the shareholder and persons acting in concert with him obtaining or consolidating effective control of the company, they may be obliged to make a take-over offer under Rule 14 of the Take-over Code.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

The following individuals will, *inter alia*, be presumed to be acting in concert unless the contrary is established:

- (a) a company, its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders of the Company, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.11.1 Effect of Rule 14 and Appendix 2 “Share Buy-Back Guidance Note” of the Take-over Code

Generally, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one per cent. in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its own Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

Shareholders are advised to consult their professional advisers and/or the SIC at the earliest opportunity as to whether an obligation on them to make a mandatory take-over offer would arise by reason of any purchases or acquisitions of Shares by the Company.

2.11.2 Information on the Concert Party Group

As at the Latest Practicable Date, Limea Ltd. holds 452,020,422 Shares, representing approximately 34.75% of the issued Shares (excluding treasury shares). Dr Karl Lidgren, through a nominee company, owns 50% of Limea Ltd., and Mr Hans Lidgren owns the remaining 50% of Limea Ltd. Accordingly, Dr Karl Lidgren and Mr Hans Lidgren are deemed interested in the 452,020,422 Shares held by Limea Ltd. Dr Karl Lidgren is presently an Executive Director and Controlling Shareholder of the Company. Mr Måns Lidgren, the CEO, who is the son of Dr Karl Lidgren, holds 14,241,464 Shares, representing approximately 1.09% of the issued Shares (excluding treasury shares) of the Company as at the Latest Practicable Date, and was granted a contingent award of up to 15,471,800 ordinary shares (“**Award Shares**”) pursuant to the Rex PSP, of which none of the Award Shares have vested. Additionally, Dr Karl Lidgren has been granted contingent awards under the Rex PSP of up to 8,179,200 Award Shares, of which none of the Award Shares have vested. As such, the abovementioned persons would be presumed to be concert parties for the purposes of the Take-over Code (the “**Concert Party Group**”, each a “**Concert Party**”).

Save as disclosed above, no other concert party of Dr Karl Lidgren holds shares or contingent awards which have yet to vest.

Pursuant to Appendix 2 read together with Rule 14 of the Take-over Code, if, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting rights held by the Concert Parties or the Concert Party Group increases, such increase will be treated as an acquisition for the purpose of Rule 14 of the Take-over Code. Consequently, the Concert Parties could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

For illustrative purposes only, the purchase or acquisition of 130,070,283 Shares by the Company (representing 10% of the issued Shares (excluding any treasury shares) as at the Latest Practicable Date) from the Independent Shareholders pursuant to the maximum limit permitted under the Share Buyback Mandate, would result in the interest in Shares of the Concert Party Group increasing from approximately 35.85% to approximately 39.83% of the issued Shares (excluding treasury shares).

2.11.3 Conditional Exemption from Having to Make a Take-over Offer

Under Appendix 2 of the Take-over Code, the Concert Party Group will be exempted from the requirement to make a general offer under Rule 14 of the Take-over Code, subject to the following conditions:

- (a) the circular to Shareholders on the resolution to authorise the Share Buyback Mandate to contain advice to the effect that by voting for such resolution, Shareholders are waiving their right to a general offer at the required price from the Concert Party Group which, as a result of the Company buying back its Shares, would, in aggregate, increase the Concert Party Group's voting rights by more than one per cent. in any period of six months; and the names of the members of the Concert Party Group, their voting rights at the time of the resolution and after the proposed share buyback;
- (b) the resolution to authorise a share buy-back to be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the buy-back of Shares by the Company;
- (c) the Concert Party Group to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the Share Buyback Mandate;
- (d) within seven days after passing the resolution to authorise the Share Buyback Mandate, Dr Karl Lidgren to submit to the SIC a duly signed form as prescribed by the SIC;
- (e) the Concert Party Group not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the renewal of the Share Buyback Mandate proposal is imminent and the earlier of (a) the date on which the authority of the Share Buyback Mandate expires, and (b) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Buyback Mandate or it has decided to cease buying back its Shares, as the case may be, if such acquisitions, taken together with the buyback of Shares by the Company, would cause the voting rights in the Company of any Concert Party to increase to 30% or more; and
- (f) the Concert Party Group not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the renewal of the Share Buyback Mandate proposal is imminent and the earlier of (a) the date on which the authority of the Share Buyback Mandate expires, and (b) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Buyback Mandate or it has decided to cease buying back its Shares, as the case may be, if such acquisitions, taken together with the buyback of Shares by the Company, would cause their aggregate voting rights in the Company to increase by more than one per cent. in the preceding six months.

Form 2 (Submission by directors pursuant to Appendix 2 "Share Buy-Back Guidance Note" of the Take-over Code) is the prescribed form to be submitted to the SIC by a director acting in concert with a shareholder of a listed company who could become obliged to make a take-over offer under Rule 14 of the Take-over Code as a result of the buyback of Shares by the Company pursuant to the conditions for exemption (as set out above).

As at the Latest Practicable Date, Dr Karl Lidgren has informed the Company that he will submit a Form 2 to the SIC within seven days after the passing of the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate.

CAUTIONARY NOTE TO INDEPENDENT SHAREHOLDERS

SHAREHOLDERS ARE ADVISED THAT BY VOTING IN FAVOUR OF THE ORDINARY RESOLUTION RELATING TO THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE, THEY WILL BE WAIVING THEIR RIGHT TO A GENERAL OFFER AT THE REQUIRED PRICE FROM ANY CONCERT PARTY AND/OR THE CONCERT PARTY GROUP WHO, AS A RESULT OF THE COMPANY BUYING BACK ITS SHARES, WOULD INCREASE THEIR VOTING RIGHTS BY MORE THAN ONE PER CENT. IN ANY PERIOD OF SIX MONTHS OR WHO, AS A RESULT OF THE COMPANY BUYING BACK ITS SHARES, WOULD INCREASE ITS VOTING RIGHTS TO 30% OR MORE IF APPLICABLE.

2.12 Share Buybacks in the Previous 12 Months

In the 12 months preceding the Latest Practicable Date, the Company had purchased or acquired an aggregate of 13,187,000 Shares by way of Market Purchases pursuant to the Share Buyback Mandate approved by Shareholders at the extraordinary general meeting held on 26 April 2019. The average price paid per Share was S\$0.075, the highest price paid per Share was S\$0.079 and the lowest price paid per Share was S\$0.064. The total consideration paid for the purchases was S\$993,996, excluding commission, brokerage and goods and services tax.

2.13 Tax Implications

Shareholders who are in doubt as to their tax positions or any tax implications arising from the Share Buyback Mandate in their respective jurisdictions should consult their own professional advisers.

3. THE PROPOSED GRANT OF AWARDS TO A CONTROLLING SHAREHOLDER UNDER THE REX PSP

3.1 Introduction

Approval of Shareholders is being sought in relation to the proposed grant of Awards to Mr Hans Lidgren, a Controlling Shareholder of the Company.

3.2 Participation by Controlling Shareholders and their Associates

The Rex PSP was implemented to promote higher performance goals and to recognise the achievements of Group Employees by providing them with an opportunity to participate in the equity of the Company and seeks to motivate Group Employees towards better performance in the long-term coupled with loyalty to the Group.

The purpose for the participation by Group Employees who are Controlling Shareholders or associates of Controlling Shareholders in the Rex PSP is to provide an opportunity for eligible Group Employees who are Controlling Shareholders or associates of Controlling Shareholders who have contributed or continue to contribute significantly to the growth and performance of the Group to participate in the equity of the Company.

The rules of the Rex PSP do not differentiate between the Controlling Shareholders or associates of Controlling Shareholders from other Group Employees in determining the eligibility of such persons to be granted Awards. Controlling Shareholders or associates of Controlling Shareholders should not be excluded from participating in the Rex PSP solely for the reason that they are Controlling Shareholders or associates of Controlling Shareholders. To deny participation by the Controlling Shareholders or associates of Controlling Shareholders may undermine the objectives of the Rex PSP.

The Company acknowledges that the services and contributions of the Group Employees who are Controlling Shareholders or associates of Controlling Shareholders have been instrumental and will continue to be crucial to the development and success of the Group. The extension of the Rex PSP to the Controlling Shareholders or associates of Controlling Shareholders allows the Company to have a fair and equitable system for rewarding these Group Employees who have made and continue to make important contributions to the long-term growth of the Group notwithstanding that they are Controlling Shareholders or associates of Controlling Shareholders, and seeks to align the long-term interest of the Group Employee with that of the Group's. Allowing Group Employees who are Controlling Shareholders or associates of Controlling Shareholders to be remunerated under the Rex PSP would also conserve the Company's cash and allow the Company increased flexibility to use their existing cash for the Group's operations.

As a safeguard against abuse, all members of the Board who are neither Controlling Shareholders nor their associates will be involved in deliberations in respect of the Awards to be granted to or held by Controlling Shareholders or associates of Controlling Shareholders and the terms and conditions, including the Vesting Periods, if any, attached to such Awards.

Specific approval of the independent Shareholders is required for the participation and grant of Awards to Controlling Shareholders or associates of Controlling Shareholders, as well as the specific terms of such Awards and the number of New Shares which are the subject of the Awards. In seeking such independent Shareholders' approval, clear justification as to their participation, the number of New Shares and the terms of Awards to be granted to the Controlling Shareholders or associates of Controlling Shareholders will need to be provided.

The Company is of the view that there are sufficient safeguards against abuse resulting from the participation by the Controlling Shareholders or associates of Controlling Shareholders in the Rex PSP.

3.3 Rationale for the Proposed Grant of an Award under the Rex PSP to Mr Hans Lidgren

3.3.1 Mr Hans Lidgren is a Controlling Shareholder of the Company and a member of the Company's technology arm, Rex Technology Management Ltd., a wholly-owned subsidiary of the Company. He is also the chairman of Masirah Oil Ltd., an indirect subsidiary of the Company and the brother of the Company's Director and Controlling Shareholder, Dr Karl Lidgren. The participation of Mr Hans Lidgren in the Rex PSP was previously approved by Shareholders at an extraordinary general meeting of the Company convened on 28 April 2017. Mr Hans Lidgren primarily oversees the development of the Company's key proprietary Rex Virtual Drilling technology.

3.3.2 The Directors propose to grant an Award to Mr Hans Lidgren in accordance with the rules of the Rex PSP and on, *inter alia*, the following terms:

Proposed date of grant of Award : 22 May 2020

Number of Shares comprised in the Award : Up to 5,082,400 Shares (representing approximately up to 0.39% of the total issued Shares (excluding treasury shares) as at the Latest Practicable Date and approximately up to 2.60% of the maximum number of Shares available under the Rex PSP and any other share schemes of the Company)

Vesting period of the proposed Award : The number of Shares to be issued pursuant to the proposed award will range from 0% to 100%, subject to certain pre-determined performance benchmarks and the satisfactory completion of time-based service condition(s) decided by the Committee. The proposed Award shall only be released in one or more tranches after the end of a one-year vesting period which may extend up to a maximum of two years from the date of grant of the proposed Award, as determined by the Committee.

The performance targets set for Mr Hans Lidgren are based on the Average Performance Market Price, and if such price is S\$0.30 and above, up to 100% of the number of Shares in the Award shall be released after the vesting period. If the Average Performance Market Price is less than S\$0.30, none of the Shares in the Award shall be released unless otherwise determined by the Committee.

If the Average Performance Market Price has been met prior to the end of the vesting period, the Committee may waive any remaining vesting period and release the Award in tranches at its own discretion, in accordance with the rules of the Rex PSP. The Committee may also modify the release of Awards in tranches at its own discretion so as not to trigger a mandatory take-over offer.

3.3.3 Mr Hans Lidgren's remuneration for FY2019 was S\$240,299. Mr Hans Lidgren has been essential in the continued contributions to the Group, and the Directors are of the view that he will continue to play an important part in the growth and development of the Group. The proposed grant of the Award would align his interests with those of the Company and enhance his long-term commitment to the Group with a view of achieving long-term growth for the Group. Through the alignment of his interest with the Company's by the proposed grant of the Award to him, Mr Hans Lidgren's contributions can be acknowledged and the Group will have more flexibility in the use of the Company's cash and the structuring of his remuneration package.

3.4 Existing Shareholdings

The shareholdings of Mr Hans Lidgren are set out in the table below in Paragraph 4 of this Circular.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

As at the Latest Practicable Date, the interests of Directors and Substantial Shareholders of the Company as recorded in the register of Directors' shareholdings and the register of Substantial Shareholders of the Company respectively, are as follows:

	Direct interest		Deemed interest	
	Number of Shares	% of total issued Shares ⁽¹⁾	Number of Shares	% of total issued Shares ⁽¹⁾
Directors				
Mr Dan Broström	8,306,075	0.64	3,000,000 ⁽²⁾	0.23
Dr Karl Lidgren	-	-	452,020,422 ⁽⁵⁾	34.75
Mr Sin Boon Ann	900,000	0.07	-	-
Mr Muhammad Sameer Yousuf Khan	780,000	0.06	-	-
Dr Christopher Atkinson	420,000	0.03	-	-
Substantial Shareholders				
Limea Ltd.	452,020,422 ⁽⁴⁾	34.75	-	-
Cresta Group Ltd.	-	-	452,020,422 ⁽⁵⁾	34.75
Dr Karl Lidgren	-	-	452,020,422 ⁽⁵⁾	34.75
Mr Hans Lidgren	-	-	452,020,422 ⁽⁶⁾	34.75
Bevoy Investment Ltd	78,095,538 ⁽⁷⁾	6.00	-	-
Mr Svein Kjellesvik	-	-	78,095,538 ⁽⁸⁾	6.00

Notes:

- (1) Based on the Company's issued and paid-up share capital (excluding treasury shares) of 1,300,702,831 shares as of the Latest Practicable Date.
- (2) Mr Dan Broström is deemed interested in 3,000,000 Shares held by Cathay Ltd by virtue of his shareholding interest in Cathay Ltd.

- (3) Dr Karl Lidgren, through Cresta Group Ltd, owns 50% of Limea Ltd. and is deemed interested in 452,020,422 Shares held by Limea Ltd.
- (4) The 452,020,422 Shares are held through UOB Kay Hian Pte. Ltd.
- (5) Cresta Group Ltd owns 50% of Limea Ltd. and is deemed interested in 452,020,422 Shares held by Limea Ltd.
- (6) Mr Hans Lidgren owns 50% of Limea Ltd. and is deemed interested in 452,020,422 Shares held by Limea Ltd.
- (7) The 78,095,538 Shares are held through UOB Kay Hian Pte. Ltd.
- (8) Mr Svein Kjellesvik owns 100% of Bevoy Investments Ltd and is deemed interested in 78,095,538 Shares held by Bevoy Investments Ltd.

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page N-1 of this Circular, will be held on Thursday, 21 May 2020 at 1 George Street, #14-01, Singapore 049145 and Shareholders will have access to the proceedings during the EGM via 'live' webcast, at 3.30 p.m. (or immediately after the conclusion of the AGM of the Company to be held at 3.00 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the notice of EGM.

6. DIRECTORS' RECOMMENDATIONS

In accordance with the exemption referred to in Paragraph 2.11.3 above, Dr Karl Lidgren has abstained from making any recommendation to Shareholders on Ordinary Resolution 1 relating to the proposed renewal of the Share Buyback Mandate.

The Directors are all eligible to participate in and are therefore interested in the Rex PSP. Dr Karl Lidgren, who is an Executive Director and a Controlling Shareholder of the Company, which Mr Hans Lidgren is an associate of, has abstained from making any recommendations to the Shareholders in respect of Ordinary Resolution 2 as set out in the notice of EGM.

The Directors (other than Dr Karl Lidgren in respect of Ordinary Resolutions 1 and 2) are of the opinion that the proposed Ordinary Resolutions 1 and 2 are in the best interests of the Company. Accordingly, the Directors (other than Dr Karl Lidgren in respect of Ordinary Resolutions 1 and 2) recommend that Shareholders vote in favour of the said Ordinary Resolutions to be proposed at the EGM as set out in the notice of EGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

In light of the Covid-19 situation and the prescribed guidelines issued by the Ministry of Health and legislative amendments under the Infectious Diseases (Measures to Prevent Spread of Covid-19) Regulations 2020, the Company will be restricting attendance in-person at the venue of the EGM. No Shareholders or their corporate representatives will be admitted. The Company will also broadcast the EGM via 'live' webcast. Shareholders will not be able to vote through the 'live' webcast. The only way for Shareholders to exercise their voting rights at the EGM is via proxy voting. As such, the Company would like to encourage Shareholders to appoint the chairman of the EGM as proxy and direct the vote at the EGM. Please refer to the URL <https://rexih.com> and register by 3.30 p.m. on 18 May 2020 by completing the pre-registration form for the Company to authenticate your shareholder status. Further details on registration of participation in the EGM via 'live' webcast or phone can be found at the Company's website at <https://rexih.com> or contact us at info@rexih.com. Enclosed with this Circular is a proxy form ("**Proxy Form**") which Shareholders are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the Company's share registrar at 80 Robinson Road, #11-02, Singapore 068898 or by email to sg.is.proxy@sg.tricorglobal.com not less than 48 hours before the time appointed for the holding of the EGM.

Shareholders are invited to submit any questions in connection with Ordinary Resolutions 1 and 2 to be passed at the EGM, in advance of the EGM. Shareholders may choose to annex their questions together with their proxy form and mail it to 1 George Street, #14-01, Singapore 049145, attention to REX EGM, or by completing the registration form at URL <https://rexih.com> or by emailing the questions to info@rexih.com, no later than 18 May 2020. The chairman of the EGM will raise these questions where appropriate during the EGM and the Company will publish the minutes of the EGM on SGXNet and on the Company's corporate website within one month after the EGM, including responses from the Directors and management to substantial queries and relevant comments from Shareholders as recommended in the Code of Corporate Governance 2018.

Please take note of the section "Measures to minimise the risk of the spread of COVID-19" in the Notice of EGM.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the time fixed for the EGM.

8. ABSTENTIONS FROM VOTING

The Concert Party Group, including Dr Karl Lidgren, will not be accepting any appointment as proxy, corporate representative, attorney or otherwise for purposes of voting on the Ordinary Resolution 1 relating to the proposed renewal of the Share Buyback Mandate.

In accordance with the exemption referred to in Paragraph 2.11.3 above, the Concert Party Group shall abstain from voting at the EGM in respect of the Ordinary Resolution 1 relating to the proposed renewal of the Share Buyback Mandate.

Limea Ltd. and their associates, and Shareholders who are eligible to participate in the Rex PSP shall abstain from voting in respect of Ordinary Resolution 2 to be proposed at the EGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposals, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours up to and including the date of the EGM:

- (a) the Constitution of the Company; and
- (b) the annual report of the Company for FY2019.

Yours faithfully,

REX INTERNATIONAL HOLDING LIMITED

For and on behalf of the Board of Directors
Dan Broström
Chairman and Executive Director

REX INTERNATIONAL HOLDING LIMITED

(Company Number: 201301242M)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the Circular dated 29 April 2020 issued by the Company (“Circular”).

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “EGM”) of Rex International Holding Limited will be held at 1 George Street, #14-01, Singapore 049145 on Thursday, 21 May 2020 at 3.30 p.m. (for which there will be a ‘live’ webcast) (or immediately after the conclusion of the Annual General Meeting of the Company to be held at 3.00 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing (with or without any modification), the following resolutions:

ORDINARY RESOLUTIONS

ORDINARY RESOLUTION 1: PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

THAT,

- (a) for the purposes of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) and Section B of the listing manual of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the share capital of the Company (“**Shares**”) not exceeding in aggregate the Maximum Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:

- (i) on-market purchases (“**Market Purchases**”), transacted on the SGX-ST through the SGX-ST’s trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (ii) off-market purchases (“**Off-Market Purchases**”) in accordance with an equal access scheme(s), which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);

- (b) unless varied or revoked by the shareholders of the Company (“**Shareholders**”) in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next annual general meeting is held or is required by law to be held; or
- (ii) the date on which the purchases or acquisitions of Shares are carried out to the full extent of the Share Buyback Mandate; or
- (iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by Shareholders in a general meeting.

(c) in this Resolution:

“Maximum Limit” means the number of Shares representing not more than 10% of the issued ordinary shares of the Company (excluding treasury shares) as at the date of this Resolution at which the Share Buyback Mandate is approved unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding treasury shares that may be held by the Company from time to time);

“Maximum Price” to be paid for the Shares to be purchased or acquired by the Company must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Market Price; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Market Price,

in either case, excluding related expenses (such as brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) of the purchase;

“Average Closing Market Price” means the average of the closing market prices of a Share over the last five Market Days on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of the Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made;

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“Market Day” means a day on which the SGX-ST is open for trading in securities.

- (d) THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they may consider desirable, expedient or necessary to give effect to this Resolution.

ORDINARY RESOLUTION 2: PROPOSED GRANT OF AN AWARD TO MR HANS LIDGREN UNDER THE REX PSP

THAT,

- (a) the proposed grant of an Award to Mr Hans Lidgren, a Controlling Shareholder of the Company, in accordance with the terms under the Rex PSP and on the following terms be and is hereby approved:

Proposed date of grant of Award : 22 May 2020

Number of Shares comprised in the Award : Up to 5,082,400 Shares (representing approximately up to 0.39% of the total issued Shares (excluding treasury shares) as at the Latest Practicable Date and approximately up to 2.60% of the maximum number of Shares available under the Rex PSP and any other share schemes of the Company)

Vesting period of the proposed Award : The number of Shares to be issued pursuant to the proposed award will range from 0% to 100%, subject to certain pre-determined performance benchmarks and the satisfactory completion of time-based service condition(s) decided by the Committee. The proposed Award shall only be released in one or more tranches after the end of a one-year vesting period which may extend up to a maximum of one year from the date of grant of the proposed Award, as determined by the Committee.

- (b) any Director be and is hereby authorised to complete and to do all such acts and things, and to approve, modify, ratify and execute such documents, acts and things as they may consider necessary, desirable or expedient to give effect to this Resolution.

By Order of the Board

Kong Wei Fung
Company Secretary

Singapore
29 April 2020

NOTES:

1. The Concert Party Group shall abstain from voting in respect of the ordinary resolution to approve the proposed renewal of the Share Buyback Mandate.
2. A member of the Company who is entitled to attend, speak and vote at the EGM is entitled to appoint the Chairman of the EGM as proxy to vote on his/her behalf. A proxy need not be a member of the Company.
3. The instrument appointing a proxy, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898 or by email to sg.is.proxy@sg.tricorglobal.com not less than 48 hours before the time appointed for holding the EGM.

Measures to minimise the risk of the spread of COVID-19

In view of the constantly evolving COVID-19 situation and to comply with the Infectious Diseases (Measures to Prevent Spread of COVID-19) Regulations 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 of the COVID-19 (Temporary Measures) Act 2020 (Act 14 of 2020) (the "**Regulations**"), the following steps will be taken for the EGM of the Company to help minimise the risk of community spread of the virus:

1. The Company will be restricting attendance in-person at the venue of the EGM. No shareholders or their corporate representatives will be admitted.
2. Shareholders or their corporate representatives (in the case of shareholders which are legal entities) will be able to watch the EGM proceedings through a 'live' webcast via their electronic devices. They may also opt to listen to the EGM proceedings by dialling in by phone. Please refer to the URL <https://rexih.com> and register by 3.30 p.m. on 18 May 2020 by completing the pre-registration form for the Company to authenticate your shareholder status. Further details on registration of participation in the EGM via 'live' webcast or phone can be found at the Company's website at <https://rexih.com> or Shareholders may contact the Company at info@rexih.com. Shareholders will be able to access the Circular and proxy form on SGXNet or at the Company's website, <https://investor.rexih.com/ar.html>. Shareholders who still wish to receive printed copies of the Circular can request via the Company's corporate website as stated above. The requested printed copies will be mailed out after the lifting of the elevated safe distancing period.
3. **Shareholders will not be able to vote through the 'live' webcast. The only way for Shareholders to exercise their voting rights at the EGM is via proxy voting. Shareholders will have to submit the proxy form in accordance with the instructions set out in such proxy form and appoint the Chairman of the EGM as their proxy. All votes in the EGM will be taken on poll.**
4. Shareholders are reminded not to congregate to watch the 'live' webcast or listen to the EGM proceedings and ensure that safe distancing measures are practised and the Regulations and all government advisories are adhered to.
5. Shareholders are invited to submit questions related to the agenda in the notice of EGM and the Circular, in advance of the EGM, by completing the registration form at the URL <https://rexih.com> or by emailing the questions to info@rexih.com or by mailing to 1 George Street, #14-01, Singapore 049145, attention to REX EGM, no later than 18 May 2020. The Board will endeavour to address these questions during the EGM proceedings.
6. As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take such precautionary measures as may be appropriate at the EGM, including any precautionary measures as may be required or recommended by government agencies or the Singapore Exchange Regulation from time to time, in order to minimise the risk of community spread of COVID-19.
7. The Company may also be required to change its EGM arrangements at short notice, in accordance with new measures which may be introduced by the relevant authorities from time to time. Shareholders are advised to regularly check the Company's corporate website at <https://rexih.com> for updates on the EGM.
8. The Company seeks the understanding and cooperation of all Shareholders to help minimise the risk of community spread of the virus.

PERSONAL DATA PRIVACY

By (a) submitting a proxy form appointing the Chairman of the EGM to vote at the EGM and/or any adjournment thereof or (b) submitting any question prior to the EGM in accordance with paragraph 5 of the section "Measures to minimise the risk of the spread of COVID-19" (the "**COVID-19 Notice**") or (c) submitting the pre-registration form in accordance with paragraph 2 of the COVID-19 Notice, a member of the Company (i) agrees that the member will indemnify the Company; and (ii) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purposes of:

- I. the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the EGM as proxy for the EGM (including any adjournment thereof);
- II. processing the pre-registration forms for purposes of granting access to members (or their corporate representatives in the case of members who are legal entities) to view the 'live' webcast of or listen by telephone to the EGM proceedings and providing viewers with any technical assistance, where necessary;
- III. addressing selected substantive questions from members received before the EGM and if necessary, following up with the relevant members in relation to such questions;
- IV. the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof); and
- V. enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

REX INTERNATIONAL HOLDING LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201301242M)

EXTRAORDINARY GENERAL MEETING PROXY FORM

Important:

1. For investors who have used their CPF/SRS monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.
2. By submitting this instrument appointing the Chairman of the extraordinary general meeting ("EGM") as a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 29 April 2020.

*I/We, _____
(Name)

_____ (NRIC No./Passport No./Company Registration No.)

of _____ (Address)

being a *member/members of REX INTERNATIONAL HOLDING LIMITED (the "**Company**"), hereby appoint the Chairman of the EGM as *my/our proxy to attend and to vote for or against, or abstain from voting on the Ordinary Resolutions to be proposed at the EGM as indicated hereunder, for *me/us on *my/our behalf, at the EGM to be held at 1 George Street, #14-01, Singapore 049145 on Thursday, 21 May 2020 at 3.30 p.m. (or immediately after the conclusion of the Company's annual general meeting to be convened at 3.00 p.m. on the same day and at the same place) (of which there will be a 'live' webcast) and at any adjournment thereof.

No.	ORDINARY RESOLUTION	For#	Against#	Abstain#
1.	To approve the Proposed Renewal of the Share Buyback Mandate			
2.	To approve the grant of an award under the Rex PSP comprising up to 5,082,400 Shares to Mr Hans Lidgren			

Notes:

* Delete accordingly

Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick "X" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you mark "X" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Dated this _____ day of _____ 2020

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

Signature of Member(s) / Common Seal

IMPORTANT: Please Read Notes for This Proxy Form.



NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument appointing a proxy shall be deemed to relate to all the shares held by you.
2. This instrument appointing a proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where this instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer of the corporation or attorney duly authorised.
3. Where this instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
4. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898 or by email to sg.is.proxy@sg.tricorglobal.com not less than 48 hours before the time appointed for holding the EGM.
5. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) who would like to vote, should inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, and to submit their votes to CPF and/or SRS Approved Nominees at least seven working days before the EGM.
6. Please take note of the section "Measures to minimise the risk of the spread of COVID-19" in the Notice of EGM.

GENERAL:

The Company shall be entitled to reject this instrument appointing a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

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