

**REX INTERNATIONAL HOLDING LIMITED**

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

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**REX INVESTS IN COMMERCIAL DRONE COMPANY AS PART OF BUSINESS DIVERSIFICATION  
- RESPONSE TO SGX QUERIES**

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*Unless otherwise defined herein, all capitalised terms used in this announcement shall bear the same meanings ascribed to them in the announcement released by the Company on 6 July 2021 (the “Announcement”).*

Rex International Holding Limited (the “**Company**” or “**Rex**” and together with its subsidiaries, the “**Group**”) has received the following queries from the Singapore Exchange Securities Trading Limited (the “**SGX Queries**”) in relation to RTI’s investment in Xer. The board of directors (the “**Board**”) of the Company has provided the following responses to the SGX Queries.

**SGX Query 1**

**Pursuant to Catalist Rule 1008(2), please provide details on how the total consideration of US\$4 million was arrived at.**

**Response**

The total Consideration – comprising the initial consideration of US\$1 million and subsequent capital commitment of up to US\$3 million subject to the achievement of certain technical and sales milestones by Xer within the next 18 months – to be fully satisfied in cash, was determined based on a willing buyer willing seller basis after negotiations between Xer and RTI and taking into consideration the rationale for the Acquisition, UAVDS’s unaudited proforma net asset value of approximately US\$434,000 as at 31 December 2020 and the Bridging Loan (as defined herein). The potential of Xer was also taken into consideration, as upon completion of Xer’s acquisition in UAVDS, Xer intends to develop and launch its own heavy-duty drones to expand its services beyond UAVDS’s current offering.

**SGX Query 2**

**Please disclose the value of the assets in Xer to be acquired, as required under Catalist Rule 1010(5).**

**Response**

As a condition precedent of the Acquisition and of entry into the Subscription Agreement, Xer on 3 July 2021 signed an agreement to acquire 100% of the shareholding interest in UAVDS, giving Xer an unaudited proforma net asset value of approximately US\$434,000 as at 31 December 2020.

**SGX Query 3**

Xer was incorporated on 8 June 2021 and has yet to commence operations. Xer has signed an agreement on 3 July 2021 to acquire 100% of the shareholding interest in UAV Development Sweden AB ("UAVDS"), that has been offering commercial drone flying search and rescue and surveillance services to customers since 2011.

- (i) What's the current status of Xer's acquisition of UAVDS?
- (ii) Does the Company have financial information on UAVDS?
- (iii) How many customers does UAVDS have now?
- (iv) Who are the target customers of UAVDS?
- (v) Upon completion of Xer's acquisition in UAVDS, will there be a change in business model?
- (vi) What are Rex's plans for Xer's business in UAVDS? Does Rex intend to use the commercial drones for its oil and gas business?

**Response**

- (i) Xer's acquisition of UAVDS is expected to be completed in two weeks. It should be noted that Completion of the Acquisition is subject to, among others, evidence of Xer's 100% shareholding ownership in UAVDS.
- (ii) The Company has UAVDS's unaudited accounts for the year ended 31 December 2020.
- (iii) UAVDS has serviced up to 20 companies. Due to the nature of the business of UAVDS, it markets its services on a continuing basis and will be engaged by clients from time to time on a contract basis.
- (iv) There is no particular restriction on potential clients or the use for the drones, but the targeted clients are in industries such as infrastructure inspection, search and rescue operations, public safety and animal herding.
- (v) Upon completion of Xer's acquisition in UAVDS, Xer will be developing and launching its own unique heavy-duty drones that would improve on mission flight time, permit higher payload weight and are capable of flying in rough weather conditions. With these new drones, Xer will be able to expand beyond its present flight services offering to also sell drone hardware and associated services globally.
- (vi) Rex's investment into Xer is part of the Group's business diversification efforts to include sustainable solutions for energy production and materials used in various industries. The commercial drones will most likely not be used for the Group's oil and gas business.

**SGX Query 4**

UAVDS has obtained a bridging loan from Limea of Swedish Kroner 2 million (approximately S\$315,000) for operations and acquisition of inventory, with an interest rate of 10% per annum ("Bridging Loan"). The US\$4m Consideration will be partially utilised to repay and discharge the Bridging Loan.

- (i) **What is the impact of the Bridging Loan on Rex?**
- (ii) **What is Rex's obligation for the remaining Bridging Loan?**

**Response**

UAVDS has obtained a Bridging Loan from Limea of Swedish Kroner 2 million (approximately S\$315,000) for operations and acquisition of inventory, with an interest rate of 10% per annum. As of the date of this announcement, the accrued interest is less than S\$2,600. Part of the Consideration will be utilised by Xer to repay and discharge the Bridging Loan in full and Rex does not have any obligation in respect of the Bridging Loan. The Bridging Loan will not have any significant financial effect on the Group.

**BY ORDER OF THE BOARD OF**  
Rex International Holding Limited

Dan Broström  
Executive Director and Chairman

7 July 2021

*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

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

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