

REX INTERNATIONAL HOLDING LIMITED

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

REX IN JOINT VENTURE FOR OWNERSHIP OF MARINE ASSETS

1. INTRODUCTION

The board of directors (the "**Board**") of Rex International Holding Limited (the "**Company**" or "**Rex**" and together with its subsidiaries, the "**Group**") wishes to announce that its indirect wholly owned subsidiary, Rex International Holding Ltd (British Virgin Islands) has entered into a joint venture ("**Joint Venture**") agreement on 12 November 2021 with Monarch Marine Holding Ltd ("**MMH**") to incorporate a joint venture company ("**JV Company**") to own marine assets such as vessels, Mobile Offshore Production Units and other associated equipment. The JV Company will be 80.1% held by MMH and 19.9% held by Rex.

In consideration of its 19.9% equity interest in the JV Company, Rex will provide security of US\$10.64 million ("**Security**") to allow the JV Company to secure debt financing from a third party financial institution. In respect of the Security, the JV Company will in turn, pledge to Rex in full, all its acquired assets from time to time.

2. CHAPTER 9 OF THE CATALIST RULES

Dr Karl Lidgren and Mr Hans Lidgren are controlling shareholders of the Company with a 34.71% deemed interest in the Company held through Limea Ltd. ("**Limea**"), in which each of Mr Hans Lidgren and Cresta Group Ltd ("**Cresta**") have a 50% shareholding interest respectively. Cresta is in turn wholly-owned by Dr Karl Lidgren.

MMH is 80% held by Limea Ltd and 20% held by Makli AS, which is 100% held by Mr Svein Kjellesvik. Dr Karl Lidgren is also a Non-Independent and Executive Director of the Company. As such, MMH is an associate of Dr Karl Lidgren and Mr Hans Lidgren and is an "interested person" pursuant to Chapter 9 of Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Accordingly, entry into the agreements in connection with the Joint Venture between Rex and MMH is an "interested person transaction" pursuant to Chapter 9 of the Catalist Rules.

On 5 July 2021, the Company's wholly-owned subsidiary Rex Technology Investments Pte Ltd ("**RTI**") entered into a conditional subscription agreement with Xer Technologies Pte. Ltd. ("**Xer**") to subscribe for 33,333 shares in Xer, an approximate 40% shareholding interest in the Singapore-registered commercial drone company at a consideration of US\$1 million (the "**Acquisition**"). Cresta and Limea each held 70% and 25% of the shareholding interest in Xer respectively, prior to completion of the Acquisition. Upon completion, Cresta and Limea hold 42% and 15% shareholding interest in Xer respectively.

There have been no other interested person transactions entered into between the Group and any interested person, excluding any transaction below S\$100,000, in the current financial year ending 31 December 2021.

In accordance to Rule 909(2), the value of the transaction, including the equity participation, shareholders' loans and guarantees given by the entity at risk, is US\$10.64 million, which represents approximately 7.77% of the Group's latest audited net tangible assets as at 31 December 2020, being US\$136.86 million ("NTA"), which is more than 3% of the NTA, and as such a disclosable event.

Pursuant to Catalist Rule 916(2), shareholders' approval pursuant to Catalist Rule 906 will not be required for investment in a joint venture with an interested person if:

- (a) the risks and rewards are in proportion to the equity of each joint venture partner;
- (b) the issuer confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and
- (c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.

3. RATIONALE FOR THE JOINT VENTURE

The Joint Venture allows the Company to own marine assets which could be deployed for the Group's oil exploration and production activities. Direct ownership of these marine assets would accord the Group greater control over maintenance and upkeep and in turn, be more economically beneficial to the Group taking into consideration operational risks and uptime.

4. STATEMENT FROM THE AUDIT COMMITTEE

In accordance with Catalist Rules 916(2)(b) and 917(4)(a)(i), the Company's Audit Committee has considered the terms and conditions of, as well as the rationale for the Joint Venture. In particular, the Audit Committee notes that in the event Rex will have to enforce its security over the JV Company's acquired assets, which include the marine assets, the minimal amount which Rex would recover, taking into consideration in the first instance the market value of the assets and in the second instance the scrap value of the assets, it is anticipated, as of the date of this announcement, to cover the Security. Accordingly, the Audit Committee of the Company is of the view that the Joint Venture is made on normal commercial terms and that the risks and rewards of the security provided under the Joint Venture are in proportion to their respective equity interest in the Joint Venture or JV Company, and the terms of the Joint Venture are not prejudicial to the interests of the Company and its minority shareholders.

As such, the transaction is exempted from compliance with Rule 906 in relation to the requirement to obtain shareholders' approval for the interested person transaction.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, none of the Directors and to the best of the Directors' knowledge, none of the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Joint Venture, other than that arising from their respective capacity as Directors or shareholders of the Company.

BY ORDER OF THE BOARD OF
Rex International Holding Limited

Dan Broström
Executive Director and Chairman

12 November 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 Catalist.

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. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

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