

REX INTERNATIONAL HOLDING LIMITED

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

REX JOINT VENTURE TO BUY SECOND MARINE ASSET

Unless otherwise defined, capitalised terms in this announcement shall have the same meaning given to them in the Company's announcements dated 12 November 2021 and 14 December 2021 (the "Announcements"), in relation to the joint venture company ("JV Company") Crescent Marine Holding Ltd ("CMH"), which is 80.1% owned by Monarch Marine Holding Ltd ("MMH") and 19.9% owned by Rex's indirect wholly owned subsidiary, Rex International Holding Ltd (British Virgin Islands) ("RIHBVI").

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 CMH intends to purchase its second asset - a tanker including refurbishment and renovation costs, as well as other costs associated with the purchase of bunker fuel, etc (the "**Second Asset**") - for up to US\$22 million (the "**Full Investment**"). MMH and Rex have agreed to further invest into CMH in relation to the Full Investment. MMH shall pay up to US\$4.4 million (equivalent to 20% of the Full Investment) as a capital contribution into CMH, and Rex shall, as its investment, provide security to allow for debt financing from a third party (equivalent to up to US\$17.6 million or 80% of the Full Investment) to CMH ("**Provision of Security**").

The above arrangement is in accordance with the 12 November 2021 joint venture agreement ("**JV Agreement**") for the incorporation of CMH, during which Rex, in consideration of its 19.9% equity interest in CMH, provided security of US\$10.64 million ("**Security**") to allow the CMH to secure debt financing from a third party financial institution. In respect of the Security, CMH will in turn, pledge to Rex in full, all its acquired assets from time to time.

As soon as the Second Asset has been purchased, Rex shall receive a satisfactory pledge from CMH over the Second Asset. Concurrent thereto, an amended and new pledge agreement shall come into effect between Rex, MMH and CMH; and an addendum to the JV Agreement and a new Shareholder's Deed of Agreement shall come into effect between MMH and RIHBVI (the "**Agreements**").

2. CHAPTER 9 OF THE MAINBOARD 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.

Limea Ltd has a 80% shareholding interest in MMH and Mr Svein Kjellesvik has a 20% shareholding interest in MMH. 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 the Mainboard Rules (the "**Mainboard Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Accordingly, entry into the agreements in connection with CMH between Rex and MMH is an "interested person transaction" pursuant to Chapter 9 of the Mainboard Rules.

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 2023.

The value of Rex's Provision of Security to allow for debt financing from a third party to CMH for the purchase of the latter's Second Asset, is US\$17.6 million and represents approximately 11.36% of the Group's latest audited net tangible assets ("**NTA**") as at 31 December 2022.

The Proposed Acquisition is done in CMH's ordinary course of business. As such, Chapter 10 of the Mainboard Rules do not apply.

3. RATIONALE FOR THE PROVISION OF SECURITY FOR THE PURCHASE OF THE SECOND ASSET

The Provision of Security for third party financing is to facilitate CMH to proceed with the purchase of its second asset on prevailing market terms within the period agreed upon with the vessel seller. The Group views the prevailing market terms as favourable to CMH, which in turn, would be favourable to the Group.

CMH's marine assets could be deployed for the Group's oil exploration and production activities. Direct ownership of the Second Asset would accord the Group greater control over the deployment, maintenance and upkeep, and in turn, be more economically beneficial to the Group taking into consideration economic and operational risks and uptime.

4. STATEMENT FROM THE AUDIT COMMITTEE

In accordance with Mainboard Rule 916(2), the Company's Audit Committee has considered the terms and conditions of, as well as the rationale for the Provision of Security. In particular, the Audit Committee notes that in the event Rex will have to enforce its security over CMH's acquired 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 Provision of Security. Accordingly, the Audit Committee of the Company is of the view that the further investment into CMH by the Company and MMH is made on normal commercial terms and that the risks and rewards of the investment under the Agreements are in proportion to their respective equity interest in CMH, and the terms of the Agreements (including in respect 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 Mainboard 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

21 April 2023