

26 March 2023

The Editor - Business Times

Reply to “Open letter to directors and management of Rex International Holding Ltd”

We regret that a letter containing factual errors and written in a condescending and unprofessional manner was published in the reputed Business Times.

Rex International Holding Ltd has been and will be in the oil and gas space for many years to come and will continue to develop its portfolio of assets. Its latest addition was at the end of 2022 with the acquisition of a 10% working interest in the producing Yme Field in Norway. The Group is now producing more the 9,000 barrels per day. This does not speak to inactiveness. Our targets for 2023 to 2024 are to increase our production and reserves. New drillings and additional acquisitions of oil and gas assets are being evaluated and we will keep the market updated as soon as plans are firmed up.

But the Company cannot remain oblivious. Oil and gas are finite resources coupled with an environmental impact. With climate change, the world is not going to continue to look favourably at hydrocarbons and the Company notes that it is increasingly difficult to get financing as more investors are placing further importance on environmental, social and governance (ESG) factors that are in line with enhanced disclosure requirements of listed companies. While the Company will continue to press on with exploring and producing oil, it will need to diversify its main business of hydrocarbons to sustain in the long run, to allow the Company to continue to prosper for all stakeholders. It has long been the Company’s goal to find other high impact investments that can secure the Company’s longevity after the use of oil and gas. As stated in our 30 December 2022 announcements, the two business diversification investments made during 2022 constitute about 4.14% of the Company’s audited Net Tangible Assets (NTA) as at 31 December 2021. That means that almost all of the Company’s assets are still within oil and gas.

The Company has a professional team in place to handle exploration and production. We are blessed with a richness in experience and various backgrounds and perspectives.

The production stoppages in Oman have been explained in the Company’s 12 press releases over the period of 10 January 2022 to 7 September 2022 and in the Company’s full year financial results announcement released on 1 March 2022.

The Company’s latest proposed investment in Moroxite T AB was identified as an “interested person transaction” (IPT) pursuant to Chapter 9 of the Listing Rules, for which there are safeguards for minority shareholders. The proposed investment will be tabled for the approval of shareholders at an Extraordinary Meeting to be convened, at which the interested persons and their associates will abstain from voting. The investment in Moroxite T AB will be at the discretion of the minority shareholders. The proposed investment in Moroxite T AB was to seize business opportunities to invest in projects that have unicorn business potential with limited risks, without any material change to the

Company's business profile and risks, as a sustainable business diversification strategy, given the volatility in oil prices over the past decade and growing sentiments regarding action against climate change and hydrocarbon exploration and production.

Further, the Company notes that it was not required to make an announcement under Chapters 9 and 10 of the Listing Rules for its further investment into Xer Technologies Pte. Ltd. (Xer) as the total consideration of up to US\$4 million represents approximately 2.04% of the Group's audited NTA as at 31 December 2021, being US\$196.74 million, which is less than 3% of the audited NTA as at 31 December 2021, and further, the transaction constitutes a non-discloseable transaction. However, the Company had elected for transparency, to make an announcement to inform shareholders of the Group's business diversification efforts. It is to be noted that the commitment to inject the further investment into Xer is subject to the achievement of certain technical and sales milestones by Xer.

IPTs are not disallowed under the Listing Rules. Every business proposal and its risks and advantages are debated by the Board. The Board has endeavoured to ensure that the interests of the Company and its minority shareholders are protected, such as setting very clear milestones internally as risk mitigation measures.

Lastly, one point we can concur with Mr Morgan is that we are all interested in a higher share price and we believe the Company to be undervalued.

Best regards,

Dan Broström
Executive Chairman