

REX INTERNATIONAL HOLDING LIMITED
(Company Number: 201301242M)
(Incorporated in the Republic of Singapore)

THE PROPOSED CAPITAL REDUCTION TO REDUCE THE SHARE CAPITAL OF THE COMPANY

THE PROPOSED CAPITAL REDUCTION

1. INTRODUCTION

The Board of Directors of Rex International Holding Limited (the "**Company**") wishes to announce that the Company is proposing to undertake a capital reduction exercise (the "**Proposed Capital Reduction**") pursuant to Section 78A read with Section 78C of the Companies Act 1967 of Singapore ("**Companies Act**"), to reduce the share capital of the Company by the cancellation of the share capital of the Company that has been lost or is unrepresented by available assets to the extent of the amount of the accumulated losses of the Company up to 31 December 2021 of US\$168,096,000 (the "**Accumulated Losses**").

2. DETAILS AND RATIONALE OF THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction will be effected in the following manner:

- (a) by reducing the share capital of the Company by the cancellation of the share capital of the Company that has been lost or is unrepresented by available assets to the extent of the amount of the Accumulated Losses, being US\$168,096,000 based on the Exchange Rate; and
- (b) thereafter, by applying an amount equivalent to US\$168,096,000, being the credit arising from the cancellation of the share capital of the Company, towards writing off the Accumulated Losses.

The Proposed Capital Reduction will reduce the Company's accumulated losses as at 31 December 2021 by the cancellation of the share capital of the Company to the extent of US\$168,096,000.

There will be no change to the total number of issued ordinary shares in the share capital of the Company ("**Shares**") held by the shareholders of the Company (the "**Shareholders**") immediately after the Proposed Capital Reduction, nor will the Proposed Capital Reduction involve the payment to any Shareholder of any paid-up share capital of the Company.

The purpose of the Proposed Capital Reduction is to write off the Accumulated Losses in order to better present the financial position of the Company. This serves to rationalise the balance sheet of the Company to reflect more accurately the value of its underlying assets, and thus the financial position of the Company. In addition, the Company would be in a better position to retain profits and enhance its ability to declare dividends, where appropriate, if the Accumulated Losses are written off. The Directors will take into consideration the present and future funding needs of the Company and its subsidiaries (the "**Group**") before declaring any dividends.

3. FINANCIAL EFFECTS OF THE PROPOSED CAPITAL REDUCTION

For illustrative purposes only and based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2021, a summary of the financial effects of the Proposed Capital Reduction is set out below. The financial effects of the Proposed Capital Reduction as illustrated are based on, *inter alia*, the assumption that the Proposed Capital Reduction was completed on 31 December 2021.

(a) Share Capital

	As at 31 December 2021	
	No. of Shares ⁽¹⁾	Share Capital (US\$'000) ⁽²⁾
Before the Proposed Capital Reduction	1,315,507,991	257,677
After the Proposed Capital Reduction	1,315,507,991	89,581

Notes:

(1) Including 13,187,000 treasury shares.

(2) Including treasury shares.

The Proposed Capital Reduction will reduce the paid-up share capital of the Company by US\$168,096,000 to write off the Accumulated Losses. **The number of issued Shares and the percentage of Shares held by Shareholders immediately after the Proposed Capital Reduction will remain unchanged. No capital will be returned to the Shareholders.**

(b) Equity attributable to Shareholders

	As at 31 December 2021			
	Group		Company	
	Before the Proposed Capital Reduction (US\$'000)	After the Proposed Capital Reduction (US\$'000)	Before the Proposed Capital Reduction (US\$'000)	After the Proposed Capital Reduction (US\$'000)
Share capital ⁽¹⁾	257,677	89,581	257,677	89,581
Treasury shares	(716)	(716)	(716)	(716)
Merger reserve	4,129	4,129	–	–
Capital reserve	2,180	2,180	505	505
Share-based payment reserve	1,179	1,179	936	936
Translation reserve	1,981	1,981	–	–
Accumulated (losses) / earnings	(80,067)	88,029	(168,096)	–
Equity attributable to Shareholders	186,363	186,363	90,306	90,306

Note:

(1) Including treasury shares.

(c) **NTA, EPS and Gearing**

The Proposed Capital Reduction will not have any impact on the net tangible assets, earnings per Share or the gearing of the Company and the Group.

4. CONDITIONS OF THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction is subject to, *inter alia*, the following:

- (a) the clearance of the circular to shareholders on the Proposed Capital Reduction by the Singapore Exchange Securities Trading Limited;
- (b) the approval of the Proposed Capital Reduction by Shareholders by way of a special resolution ("**Capital Reduction Resolution**") passed at an extraordinary general meeting of the Company ("**EGM**");
- (c) compliance with the relevant publicity requirements as prescribed in the Companies Act;
- (d) no application having been made for the cancellation of the Capital Reduction Resolution by any creditor of the Company within the timeframe prescribed in the Companies Act; and
- (e) lodgement of the relevant documents required under the Companies Act with the Registrar of Companies ("**Registrar**") after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the date of the Capital Reduction Resolution.

In the event that during the six (6) weeks beginning with the Capital Reduction Resolution date, one (1) or more applications for the cancellation of the Capital Reduction Resolution has been made under Section 78D(2) of the Companies Act, for the Proposed Capital Reduction to take effect, the following conditions must be satisfied:

- (i) the Company must give to the Registrar notice of the application(s) for the cancellation of the Capital Reduction Resolution as soon as possible after such application(s) have been served on the Company by the creditor(s);
- (ii) the proceedings in relation to each application for the cancellation of the Capital Reduction Resolution must be brought to an end by either the dismissal of the application under Section 78F of the Companies Act or without determination (for example, because the application has been withdrawn); and
- (iii) the Company must, within 15 days beginning with the date on which the last such proceedings were brought to an end in accordance with paragraph (b) above, lodge with the Registrar:
 - (A) a statement made by the Directors confirming that the requirements under Section 78C(1)(c) and Section 78D(4) of the Companies Act have been complied with, and that the proceedings in relation to each such application have been brought to an end by the dismissal of the application or without determination;
 - (B) in relation to each such application which has been dismissed by the Court, a copy of the order of the Court dismissing the application; and

- (C) a notice containing the information in relation to the Proposed Capital Reduction as specified under the Companies Act.

5. CIRCULAR TO SHAREHOLDERS

A Circular containing, *inter alia*, the Notice of EGM and the details of the Proposed Capital Reduction will be despatched to the Shareholders in due course.

BY ORDER OF THE BOARD OF
Rex International Holding Limited

Dan Broström
Executive Director and Chairman

23 November 2022