

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

ENTRY INTO CALL OPTION AGREEMENT ON REXONIC HOLDING AG

1. INTRODUCTION

The board of directors (the "**Board**") of the Company ("**Rex**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company and its direct wholly-owned subsidiary, Rex International Investments Pte. Ltd. ("**RII**"), have entered into a call option agreement with its joint venture partner Ogsonic AG ("**Ogsonic**") on 4 August 2017 (the "**Agreement**"), pursuant to which the Company and RII have granted a call option to Ogsonic ("**Call Option**") for Ogsonic to acquire i) 425,375 shares in Rexonic Holding AG ("**Rexonic**") equal to 50% of the issued shares in Rexonic ("**Option Shares**") held by RII; and ii) loans of US\$2,725,000 provided to Rexonic by Rex ("**Option Debt**") (the "**Divestment**"). Upon completion of the Divestment, Rexonic will cease to be a jointly controlled entity of the Company.

The aggregate value of the consideration for the Divestment is US\$5,000,000 (the "**Consideration**") which comprises US\$2,275,000 for the Option Shares ("**Option Price for Shares**") and US\$2,725,000 for the Option Debt ("**Option Price for Debt**").

2. INFORMATION ON REXONIC

Rexonic is a limited company incorporated in Switzerland, offering oil well cleaning and stimulation services using ultrasound technology. The Group currently holds 50% of the issued shares of Rexonic and Ogsonic holds the remaining 50%.

The book value of the Group's carrying amount of interest in Rexonic, the Option Shares and the Option Debt, in the Group's latest unaudited financial statements as at 31 March 2017 was US\$2.30 million. The Group recorded its share of equity-accounted losses from Rexonic of US\$242,000 for the three-month period ending 31 March 2017. Rexonic's unaudited net tangible asset value/net asset value was US\$4.48 million as at 31 March 2017.

3. PRINCIPAL TERMS OF THE CALL OPTION

(i) Consideration

The Consideration, which will be fully satisfied in cash, was determined on a willing buyer willing seller basis after negotiations between Ogsonic and the Company, and after taking into consideration, *inter alia*, the latest unaudited net tangible assets of Rexonic of US\$4.48 million as at 31 March 2017, as well as the Group's share of equity-

accounted losses of Rexonic of US\$242,000 for the three-month period ending 31 March 2017.

(ii) Conditions Precedent

The Divestment is conditional upon, *inter alia*, the fulfillment of the conditions precedent that Ogsonic commits to adequately fund Rexonic's operating expenses and working capital requirement during the period from 1 September 2017 until the completion or termination of the Agreement. Ogsonic shall deliver to Rex and RII documents evidencing the provision of a loan in the form of previous loan agreements provided by Ogsonic to Rexonic.

(iii) Exercise of Call Option

Ogsonic may exercise the Call Option during the period commencing from the date of the Agreement and ending on 31 December 2017 ("**Call Option Period**").

Should Ogsonic exercise the Call Option before 31 December 2017, Ogsonic shall specify a date on which the transfer of the Option Shares shall be completed ("**Option Share Completion Date**"), which date shall be not more than 15 business days nor less than five (5) Business Days after the date of the call option notice. The Option Price for Shares shall be paid on the Option Share Completion Date. The completion of the sale of Option Debt shall be completed after the Option Share Completion Date but not later than 1 April 2018.

The Call Option may only be exercised in respect of all (and not part only) of the Option Shares and Option Debt.

(iv) Termination

Ogsonic has the right to terminate the Agreement with earliest effective date of 31 October 2017 upon 4 weeks' prior notice in writing by Ogsonic to the Company and RII at any time during the Call Option Period.

4. RATIONALE FOR THE DIVESTMENT AND USE OF SALE PROCEEDS

The Company considers the Divestment strategic, given that Rexonic is a non-core, loss-making joint venture currently operating in a challenging business environment for the oil services industry. The Divestment is also congruent with the Company's efforts to preserve cash and to focus on its discovery assets in Oman and Norway as oil prices remain volatile.

Should the Divestment be completed, the aggregate value of the Option Price for Shares and Option Price for Debt would equal an indicative excess or gain on disposal of US\$2.70 million or a premium of 117%, based on the carrying amount of Rexonic as at 31 March 2017 of US\$2.30 million. The indicative excess or gain on disposal is subject to change based on the timing of the completion of the Divestment.

The intended use of sale proceeds of the potential Divestment would be to fund working capital requirements of the Group and its exploration activities in Oman and Norway.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

The Divestment is also subject to the requirements of Chapter 10 of the Catalist Rules under Rule 1006 of the Singapore Exchange Securities Trading Limited's Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). Based on the Group's latest unaudited accounts for the three-month period ended 31 March 2017, the relative figures for the Divestment computed on the bases set out in Rule 1006 of the Catalist Rules are set out below:

	Relative Figures for the Divestment
Rule 1006(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value	-1.70% ⁽¹⁾
Rule 1006(b) The net losses attributable to the assets disposed of, compared with the Group's net losses	12.16% ⁽²⁾
Rule 1006(c) The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	10.02% ⁽³⁾
Rule 1006(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
Rule 1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) The relative figure under Catalist Rule 1006(a) is negative due to the Group's share of the net liabilities of Rexonic to be disposed of US\$2.24 million as at 31 March 2017 compared with the Group's net assets of US\$132.02 million as at 31 March 2017.
- (2) Computed based on the net losses attributable to Rexonic of US\$0.24 million for the three month period ended 31 March 2017 compared with the Group's net losses for the three month period ended 31 March 2017 of US\$1.95 million.
- (3) Computed based on the Consideration and the market capitalisation of the Company of S\$67.89 million (based on 1,283,310,851 ordinary shares of the Company in issue

("Shares") and the volume weighted average price of S\$0.0529 per Share based on trades done on Catalist of the SGX-ST on 3 August 2017, being the market day preceding the date of the Agreement). The exchange rate used is US\$1.00 : S\$1.361.

- (4) This is not an acquisition.
- (5) This is not a disposal of mineral, oil or gas assets by a mineral, oil or gas company.

As the relative figures computed based on Rules 1006(b) and (c) of the Catalist Rules exceeds 5% but is less than 50%, the Divestment constitutes a "discloseable transaction" pursuant to Rule 1004(b) of the Catalist Rules. Further, notwithstanding that the relative figure computed based on Rule 1006(a) of the Catalist Rules is a negative figure, the Divestment is not considered as a "major transaction" pursuant to Rule 1004(c) of the Catalist Rules as the Divestment is not expected to have a significant adverse impact on the financial position and results of the Group and will not result in an adverse change in the risk profile of the Group for the reasons as set out in Section 4 above.

6. FINANCIAL EFFECTS

Assumptions

The pro forma financial effects of the Divestment on the Group presented below are strictly for illustrative purposes only and do not reflect the actual financial effects or future financial performance and condition of the Company and/or the Group following the Divestment.

The pro forma financial effects are calculated based on the latest audited financial statements of the Group for the financial year ended 31 December 2016 ("FY2016") and the following assumptions:

- (a) that the Divestment had taken place on 31 December 2016 for purposes of the financial effect on the net tangible assets ("NTA") per share; and
- (b) that the Divestment had taken place on 1 January 2016 for purposes of the financial effect on the loss per share ("LPS").

NTA per Share

	<u>Before the Divestment</u>	<u>After the Divestment</u>
NTA (US\$'000)	126,671	124,327
Number of issued Shares	1,267,421,563	1,267,421,563
NTA per Share (US cents)	9.99	9.81

LPS

	<u>Before the Divestment</u>	<u>After the Divestment</u>
Loss after tax attributable to the shareholders of the Company (US\$'000)	29,498	27,778
Weighted average number of Shares (excluding treasury Shares)	1,266,692,229	1,266,692,229
LPS (US cents)	(2.33)	(2.19)

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and controlling shareholders of the Company have any interest, direct or indirect (other than through their shareholdings in the Company), in the Divestment.

8. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they have jointly and severally accepted responsibility accordingly.

9. DOCUMENTS FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours (prior appointment will be appreciated) at the registered office of the Company located at 80 Robinson Road, #02-00, Singapore 068898 for a period of three months commencing from the date of this announcement.

BY ORDER OF THE BOARD OF

Rex International Holding Limited

Dan Broström
Executive Director and Chairman

4 August 2017

This announcement has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).