

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

REX SWAPS ITS MOROXITE HOLDING SHARES FOR FULL OWNERSHIP OF XER TECHNOLOGIES

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 wholly-owned subsidiary, Rex International Investments Pte. Ltd. (**"RII"**) and its indirect wholly-owned subsidiary, Rex Technology Investments Pte Ltd (**"RTI"**) have signed a share swap agreement (**"Agreement"**) under which RTI will acquire a total of 46.67% of the shares of Xer Technologies Pte. Ltd. (**"Xer"**) from Limea Ltd. (**"Limea"**), Cresta Group Ltd (**"Cresta"**) and Kjellesvik Svein Helge (**"KSH"**) (Limea, Cresta and KSH, collectively, the **"Xer Vendors"**) in consideration of RII transferring 100.00% of the shares of Moroxite Holding Pte. Ltd. (**"MHPL"**) to the Xer Vendors (the **"Transaction"**).

Xer owns 100% of Xer Technologies AG (collectively, the **"Xer Group"**). MHPL is wholly-owned by RII and MHPL owns 70% of shares of Moroxite T AB (**"Moroxite T"**) (MHPL and Moroxite T, collectively the **"Moroxite Group"**). Pursuant to the terms of the Agreement, upon the completion of the Transaction, the Group would no longer be a shareholder of the Moroxite Group, while the Xer Group will become wholly owned by the Group.

The Transaction is subject to the fulfilment of various customary conditions precedent such as approvals from the respective directors and shareholders being obtained by RTI, RII and (if required) the Company (as the case may be) and there being no breach of the warranties provided by RTI, RII and the Xer Vendors respectively. The Agreement will be terminated if the conditions precedent are not fulfilled prior to the completion.

2. CHAPTER 9 OF THE MAINBOARD RULES

Dr Karl Lidgren and Mr Hans Lidgren are controlling shareholders (**"Controlling Shareholders"**) of the Company with a 34.71% deemed interest in the Company held through Limea, in which each of Mr Hans Lidgren and Cresta have a 50% shareholding interest respectively. Cresta is in turn wholly-owned by Dr Karl Lidgren, and also holds direct interests of 1.09% in the Company. Accordingly, Dr Karl Lidgren is deemed interested in 35.80% of the Company's shares. As such, each of Cresta and Limea is an "interested person" pursuant to Chapter 9 of Mainboard Rules (the **"Mainboard Rules"**) of the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**). Accordingly, entry into the Agreement, is an "interested person transaction" pursuant to Chapter 9 of the Mainboard Rules (**"IPT"**).

Based on the Company's financial statements for the financial year ending 31 December 2023, the latest audited net tangible assets (**"NTA"**) of the Group as at 31 December 2023 is US\$95.02 million. The aggregate value of all transactions entered into with the Controlling Shareholders

and their associates for the current financial year ending 31 December 2024 (“**FY2024**”) (excluding the acquisition of Xer shares from the Controlling Shareholders (“**Acquisition from Controlling Shareholders**”)) is approximately US\$166.56 million, representing approximately 175.29% of the Group’s NTA as at 31 December 2023.

For the purposes of Chapter 9 of the Mainboard Rules, the aggregate value of all transactions entered into with the Controlling Shareholders and their associates in FY2024 (including the Acquisition from Controlling Shareholders but excluding transactions which are exempted from complying with Rule 906 of the Mainboard Rules pursuant to Rule 916 of the Mainboard Rules) is US\$3.52 million, representing approximately 3.70% of the Group’s NTA as at 31 December 2023.

As such, the Acquisition from Controlling Shareholders is an IPT which requires announcement in accordance with Rule 905 of the Mainboard Rules but is not subject to shareholders’ approval pursuant to Rule 906 of the Mainboard Rules. Save for the Acquisition from the Controlling Shareholders and as disclosed in the Company’s announcements dated 19 June 2024, 16 July 2024 and 23 July 2024, there have been no other interested person transactions entered into between the Group and any interested person with a value or S\$100,000 or more for FY2024.

3. RATIONALE FOR THE SHARE SWAP

The Company has conducted a strategic review of its investments in its diversified businesses – the Moroxite Group and the Xer Group - taking into consideration each individual startup’s market potential and timeframe to achieving revenue, to prioritise the Group’s management efforts and resources.

After serious consideration, the Company has decided to focus its attention on the Xer Group, whose progress towards generating revenue is expected to be shorter, given that the Xer Group has already clinched initial sales of a ready product and service offering, in a market which is growing at an exponential rate. On the other hand, the forecast for revenue generation from the med-tech business has been delayed by a year to 2026, creating a further investment gap and cash injection requirement.

4. CHAPTER 10 OF THE LISTING MANUAL

The Transaction will see a disposal of 100% of the Group’s interests in the Moroxite Group (the “**Disposal**”) and an acquisition of 46.67% of the Xer Group (the “**Acquisition**”).

The Xer Group is in the business of developing and providing services in relation to commercial heavy-duty Unmanned Aerial System (UAS) solutions and the Moroxite Group is in the business of medical technology.

Based on the Group’s latest unaudited consolidated financial statements for the financial results for the six months ended 30 June 2024 (“**1H FY2024**”), and subject to the Notes below, the relative figures of the Disposal and the Acquisition computed on the bases of Rule 1006 of the Mainboard Rules are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The NAV of the assets to be disposed of in the Disposal, compared with the Group's NAV. This basis is not applicable to an acquisition of assets.	Disposal: 1.73% ⁽¹⁾
(b)	The net profits attributable to the Disposal and Acquisition, compared with the Group's net profits.	Disposal: - 1.07% ⁽²⁾ Acquisition: -1.75% ⁽³⁾
(c)	The aggregate value of the consideration received for the Disposal, or given for the Acquisition, compared with the Company's market capitalisation based on the total number of issued shares (excluding treasury shares).	Disposal: 8.16% ⁽⁴⁾⁽⁵⁾ Acquisition: 2.86% ⁽⁴⁾⁽⁵⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as there will be no issuance of shares as consideration for the Acquisition.
(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

Notes:

- (1) As at 30 June 2024, the net asset value of the Xer Group was US\$1.89 million and the net liabilities value of the MHPL Group was US\$671,311, compared to the Group's NAV of US\$105.2 million.

Pursuant to paragraph 3.2(a) of Practice Note 10.1 of the Mainboard Rules, non-current intercompany loans from the Group to MHPL was converted into cash calls after 30 June 2024 and as a result, the adjusted net asset value of the MHPL Group for the purposes of computing the relative figures of Rule 1006(a) is US\$2.60 million.

- (2) In 1H2024, the net loss of the MHPL Group was US\$0.59 million, compared to the Group's net profit¹ of US\$38.86 million.
- (3) In 1H2024, the net loss of the Xer Group was US\$1.45 million and accordingly, the net loss attributable to 46.67% of the Xer Group is US\$0.68 million, compared to the Group's net profit of US\$38.86 million.
- (4) The consideration for the Acquisition will be satisfied by transferring 100% of the shares in MHPL owned by RII to the Xer Vendors. The consideration for the Disposal will be satisfied by receiving the 46.67% of the shares in Xer from the Xer Vendors. There are no cash proceeds from the Transaction.
- (5) For the purposes of computing the relative figures in connection with Rule 1006(c) of the Mainboard Rules, US\$2.80 million² was used as the aggregate value of the consideration for the Acquisition and

¹ Pursuant to Mainboard Rule 1002 (3)(b) "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

US\$8.00 million was used as the aggregate value of the consideration for the Disposal. The values were calculated based on the discounted cash flow method, and taking into account a discount as a "secondary" transaction since the shares were being exchanged between initial investors³ and are higher than the book values of the relevant shares.

- (6) The Company's market capitalisation of S\$127.37 million has been calculated based on a volume weighted average price of S\$0.0978 on 6 September 2024, being the market day preceding the date of the Agreement.

Pursuant to Mainboard Rule 1007(1), of any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 of the Mainboard Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1. Accordingly, having considered paragraphs 4.4(a), 4.4(c) and 4.4(e) of Practice Note 10.1 of the Mainboard Rules, (a) the absolute relative figure computed on the basis of each of Rule 1006(a), Rule 1006(b), Rule 1006(c), Rule 1006(d) and Rule 1006(e) does not exceed 20%; (b) the net loss attributable to Acquisition does not exceed 10% of the Group's consolidated net profit of US\$38.86 million (taking into account only the absolute values); and (c) the Disposal does not result in a loss on disposal that exceeds 10% of the Group's consolidated net profit of US\$38.86 million (taking into account only the absolute values).

Following that, the Transaction is a "disclosable transaction" under Chapter 10 of the Mainboard Rules.

Pursuant to Rule 1010 of the Mainboard Rules:

- (a) The consideration for the Acquisition will be satisfied by transferring 100% of the shares in MHPL owned by RII to the Xer Vendors. The consideration for the Disposal will be satisfied by receiving the 46.67% of the shares in Xer from the Xer Vendors.
- (b) The unaudited consolidated net asset value of 46.67% of the entire issued share capital of the Xer Group is US\$0.88 million, and the unaudited consolidated net asset value of the MHPL Group, adjusted as per Note 1 above, is US\$2.60 million.
- (c) The unaudited consolidated net tangible value of 46.67% of the entire issued share capital of the Xer Group is US\$0.54 million, and the unaudited consolidated net tangible value of the MHPL Group, adjusted as per Note 1 above, is US\$0.80 million.
- (d) The transfer of the MHPL shares by RII to the Xer Vendors is on the basis that MHPL does not have any net and/or contingent liabilities as at the completion date. Other than as mentioned in this announcement, there are no other material conditions attached to the Transaction.
- (e) There are no cash proceeds from the Transaction.
- (f) The Transaction will result in an estimated loss on disposal of US\$2.65 million.

² The value includes the additional financing to be provided by MHPL to Moroxite T in the event of achievement of milestones as mentioned in the announcement dated 30 December 2022 is paid or payable.

³ For internal reference purposes, the valuation of Xer and Moroxite T as at December 31, 2023 was carried out by Value Solutions AG.

- (g) Each of the Acquisition and Disposal are not expected to have any material effect on:
- (i) the net tangible assets per share of Rex for FY2023, assuming that the Transaction had been effected at the end of FY2023; and
 - (ii) the earnings per share of Rex for FY2023, assuming that the Transaction had been effected at the beginning of FY2023.

5. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Share Swap. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

6. DOCUMENTS FOR INSPECTION

A copy of the Agreement and the valuation reports on Xer and Moroxite T will be available for inspection during normal business hours at the Company's registered office for a period of three months commencing from the date of this announcement.

7. STATEMENT FROM THE AUDIT COMMITTEE

The Company's Audit Committee has considered the terms and conditions of the Agreement and is of the view that the Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, 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 Transaction, other than that arising from their respective capacities as directors of the Company and other Group companies or shareholders of the Company.

As good corporate governance practice, Dr Mathias Lidgren (son of Mr Hans Lidgren and nephew of Dr Karl Lidgren), who is a Non-Independent Non-Executive Director of the Company, and a management member of Moroxite T, has recused himself on the Board decisions relating to the Transaction.

BY ORDER OF THE BOARD OF
Rex International Holding Limited

John d'Abo
Executive Chairman

6 September 2024