

REX INTERNATIONAL HOLDING LIMITED(the “**Company**”)

(Company Number: 201301242M)

(Incorporated in the Republic of Singapore)

**REX’S SUBSIDIARY LIME PETROLEUM TO ACQUIRE KUFPEC’S 10% INTEREST IN
THE REPSOL-OPERATED YME FIELD IN NORWAY**

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 91.65% subsidiary, Lime Petroleum AS (“**Lime Petroleum**”) had on 10 August 2022, entered into a conditional sale and purchase agreement (“**SPA**”) with KUFPEC Norway AS (“**KUFPEC**”), to acquire KUFPEC’s 10% interest in the Yme Field (as defined herein) on the Norwegian North Sea, for a post-tax consideration of US\$68.053 million (the “**Consideration**”) (the “**Acquisition**”). The Yme Field is operated by Repsol Norge AS. As part of the Acquisition, Lime Petroleum will assume tax balances (as at 1 January 2022) of NOK309 million (US\$35 million). The Acquisition is expected to be completed in December 2022, with an effective date of 1 January 2022.

1 Norwegian Krone = 0.11 US Dollar

2. THE ACQUISITION**2.1 The Assets**

Established in April 1981 by its parent company Kuwait Petroleum Corporation (KPC), Kuwait Foreign Petroleum Exploration Company (KUFPEC) is an international upstream company, engaged in exploration, development and production of crude oil and natural gas outside the State of Kuwait. KUFPEC’s other offshore projects in Norway include the Gina Krog gas/oil field, Sleipner (East and West) gas/condensate fields, as well as the Utgard gas/condensate field.

The Yme Field is located in PL 316 and PL 316B on the Norwegian Continental Shelf. According to the Norwegian Petroleum Directorate, Yme is a field in the south-eastern part of the Norwegian sector of the North Sea, 130 kilometres northeast of the Ula field (the “**Yme Field**”). The water depth is 100 metres. The field comprises two separate main structures, Gamma and Beta, which are 12 kilometres apart. The reservoirs are in sandstone of Middle Jurassic age in the Sandnes Formation, at a depth of 3,150 metres. They are heterogeneous and have variable reservoir properties.

Yme was discovered in 1987, and production started in 1996. In 2001, production ceased because operation of the field was no longer regarded as profitable. Yme was the first field on the Norwegian Continental Shelf to be considered for redevelopment after being shut down. Production started again in October 2021. The unaudited Net Tangible Asset value of the Yme Field as at 31 December 2021 was NOK 386 million (approximately US\$44 million).

Sources: Norwegian Petroleum Directorate website - [Field: YME - Factpages - NPĐ](#)
[Field: YME - Norwegianpetroleum.no \(norskpetroleum.no\)](#)

2.2 Relative Figures under Rule 1006 of the Listing Rules

The relative figures in relation to the Acquisition pursuant to Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Listing Rules**”), based on the latest announced audited consolidated account of the Group for the financial year ended 31 December 2021 (“**FY2021**”), are as follows:

Rule 1006	Bases of Calculation	Relative Figures
(a)	The net asset value of the assets to be disposed of as compared with the Group’s net asset value	Not applicable
(b)	The net profit attributable to the assets acquired, compared with the Group’s net profit	(14.0%) ⁽¹⁾
(c)	The aggregate value of the consideration given for the Acquisition, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	29.9% ⁽²⁾
(d)	The number of equity securities issued by the Company as consideration for the Acquisition, compared with the number of equity securities previously in issue	Not applicable
(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) Computed based on Yme Field’s unaudited pro forma net loss before tax for FY2021 of approximately US\$9,726,000 and the Group’s audited net profit before tax for FY2021 of approximately US\$69,422,000. Yme Field’s unaudited pro forma net profits attributable to KUFPEC’s 10% interest were calculated based on no sales from production since the Yme Field was restarted in October 2021, estimated operating expenses based on operating costs and general costs provided by KUFPEC.
- (2) Computed based on the Consideration of US\$68,052,500, and the Company’s market capitalisation of approximately US\$227,952,858, which was calculated by multiplying the number of shares in issue, being 1,302,320,991 shares (excluding treasury shares), by the volume weighted average price of S\$0.2417 for each share of the Company for trades done on the SGX-ST for the full market day on 8 August 2022 (being the last full market day immediately preceding the date of the SPA, for which the shares were traded).

Pursuant to Listing Rule 1014, where any of the relative figures as computed on the bases set out under Listing Rule 1006 exceeds 20%, the transaction would be classified as a “major transaction”, and the Company must seek shareholders’ approval for the transaction. Notwithstanding that the relative figure computed under Listing Rule 1006(c) as set out above exceeds 20% but is less than 100%, as the Acquisition is in connection with the Group’s ordinary course of business and

accordingly, is not subject to the requirements of Chapter 10 (except for Part VIII on very substantial acquisitions), shareholders' approval for the Acquisition is not required.

2.3 Details of the Acquisition

The Acquisition is subject to certain customary government and regulatory, joint venture partner and third-party approvals.

Completion of the Acquisition is also conditional upon, *inter alia*, the fulfilment of the following conditions:

- (a) receipt of written consent by the Ministry of Petroleum and Energy pursuant to Section 10-12 of the Petroleum Act of 29 November 1996 on terms reasonably acceptable to KUFPEC and Lime Petroleum; and
- (b) no pre-emption rights being executed.

2.4 Rationale for the Acquisition

The Acquisition further strengthens Lime Petroleum's position as a full-fledged exploration and production player in the Norwegian Continental Shelf, following its acquisition of an 33.8434% interest in the producing Brage Field in 2021.

Production from the Yme Field will contribute to the Group's target of reaching production of 20,000 bpd across various geographies.

According to the Norwegian Petroleum Directorate, remaining reserves in the Yme Field stand at 9.70 million Sm³ of oil equivalent* i.e. there are remaining 2P Reserves of about 6.0 mmboe in the Yme Field net to Lime Petroleum. Production was re-started in late 2021 and is currently ramping up towards a plateau of about 5,000 bopd net to Lime Petroleum in Q4 2022. Lime Petroleum intends to commission a summary qualified person's report on the Yme Field after completion of the Acquisition.

As part of the Acquisition, Lime Petroleum will assume tax balances (as at 1 January 2022) of NOK309 million (US\$33 million). Including the existing tax balance of the Lime Petroleum, the total tax balance will be NOK587 million (US\$63 million). These deferred tax assets are recoverable for Lime Petroleum. This is especially important as the Norwegian tax system has been restructured to a cash-flow tax, among which is the removal of the specific tax incentive for exploration activities from 2022.

*Source: [Field: YME - Factpages - NPĐ](#)

3. THE CONSIDERATION AND SOURCES OF FUNDING

The Consideration, to be fully satisfied in cash, was determined based on a willing buyer willing seller basis, after negotiations between Lime Petroleum and KUFPEC and taking into consideration the rationale for the Acquisition and the value of deferred tax assets that can be used to offset

against near term profits to reduce tax. The unaudited Net Tangible Asset value of the Yme Field as at 31 December 2021 was NOK 386 million (approximately US\$44 million).

The Acquisition will be financed through internal resources, equity financing and debt financing, including the three-year senior secured bond issue in the Nordic bond market for Lime Petroleum. Funds raised from the bond issue would also be used to refinance Lime Petroleum's existing NOK 500 million (approximately US\$51 million) senior secured bonds with maturity in January 2024 (ISIN NO0011037343), as well as general working capital purposes. Nordic independent investment bank ABG Sundal Collier ASA is the manager of the bond issue.

4. IMPACT ON THE COMPANY'S FINANCIAL PERFORMANCE

The financial effects of the Acquisition on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Acquisition. The financial effects of the Acquisition set out below have been prepared based on the audited consolidated financial statements of the Group for FY2021.

Share capital

The Acquisition will have no impact on the Company's issued share capital.

Net Tangible Asset ("NTA")

The effects of the Acquisition on the unaudited NTA per share of the Group as at 31 December 2021, assuming that the Acquisition had been effected on 31 December 2021 are summarised below:

	Before Acquisition	After Acquisition
Net tangible asset [#] (US\$'000)	US\$196,740	US\$240,218
Total number of issued shares excluding treasury shares ('000)	1,302,321	1,302,321
Net tangible asset per ordinary share based on number of shares in issue as at end of 31 December 2021 (US cents)	15.11	18.45

[#]Net tangible asset as disclosed above excludes debt financing of the transaction and includes estimated net of transaction costs and non-controlling interests.

Earnings per share ("EPS")

The effects of the Acquisition on the unaudited consolidated EPS of the Group as at 31 December 2021, assuming that the Acquisition had been effected on 1 January 2021 are summarised below:

	Before Acquisition	After Acquisition
Net earnings attributable to owners of the Company (US\$'000)	67,157	57,131*
Weighted average number of ordinary shares	1,302,321	1,302,321
Consolidated EPS (US cents)	5.16	4.39

*Net loss of the Target Assets is based on unaudited pro forma net loss before tax for FY2021 (see note (1) under paragraph 2.2) and estimated net transaction costs.

5. 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 Acquisition.

6. SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Acquisition.

BY ORDER OF THE BOARD OF
Rex International Holding Limited

Dan Broström
Executive Director and Chairman

10 August 2022