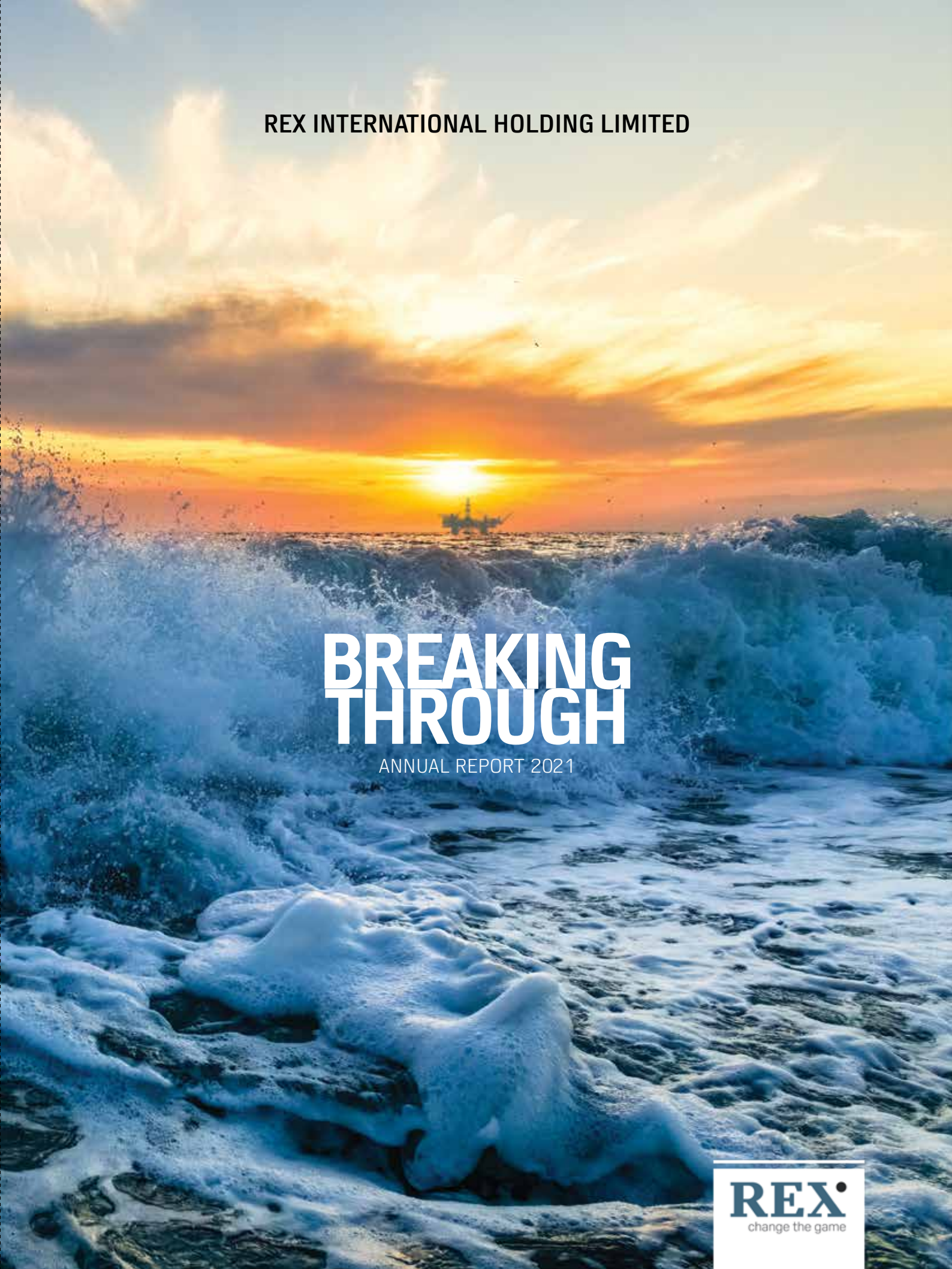




REX INTERNATIONAL HOLDING LIMITED

BREAKING THROUGH

ANNUAL REPORT 2021

REX
change the game

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CORPORATE PROFILE

A multinational oil exploration and production company listed on Singapore's Mainboard

Rex International Holding Limited ("**Rex International Holding**", "**Rex**" or the "**Company**", and together with its subsidiaries, the "**Group**") is a multinational oil exploration and production ("**E&P**") company listed on Singapore Exchange Securities Trading Limited's Mainboard. The Group has interests in exploration production licences in Oman, Norway and Malaysia, and holds operatorship for the assets in Oman and Malaysia.

The Group de-risks its portfolio of exploration and development assets using its proprietary liquid hydrocarbon indicator Rex Virtual Drilling technology, which can identify liquids in the sub-surface using seismic data. Since the Company's listing in July 2013, the Group has achieved four offshore discoveries, one in Oman and three in Norway.

VISION

Rex International Holding's vision is to be a leading independent energy company with an international portfolio of concessions and energy-related businesses driven by technology and scientific innovation.

VALUES

INNOVATION

Game-changing, environmentally-friendly technologies that will transform the energy industry.

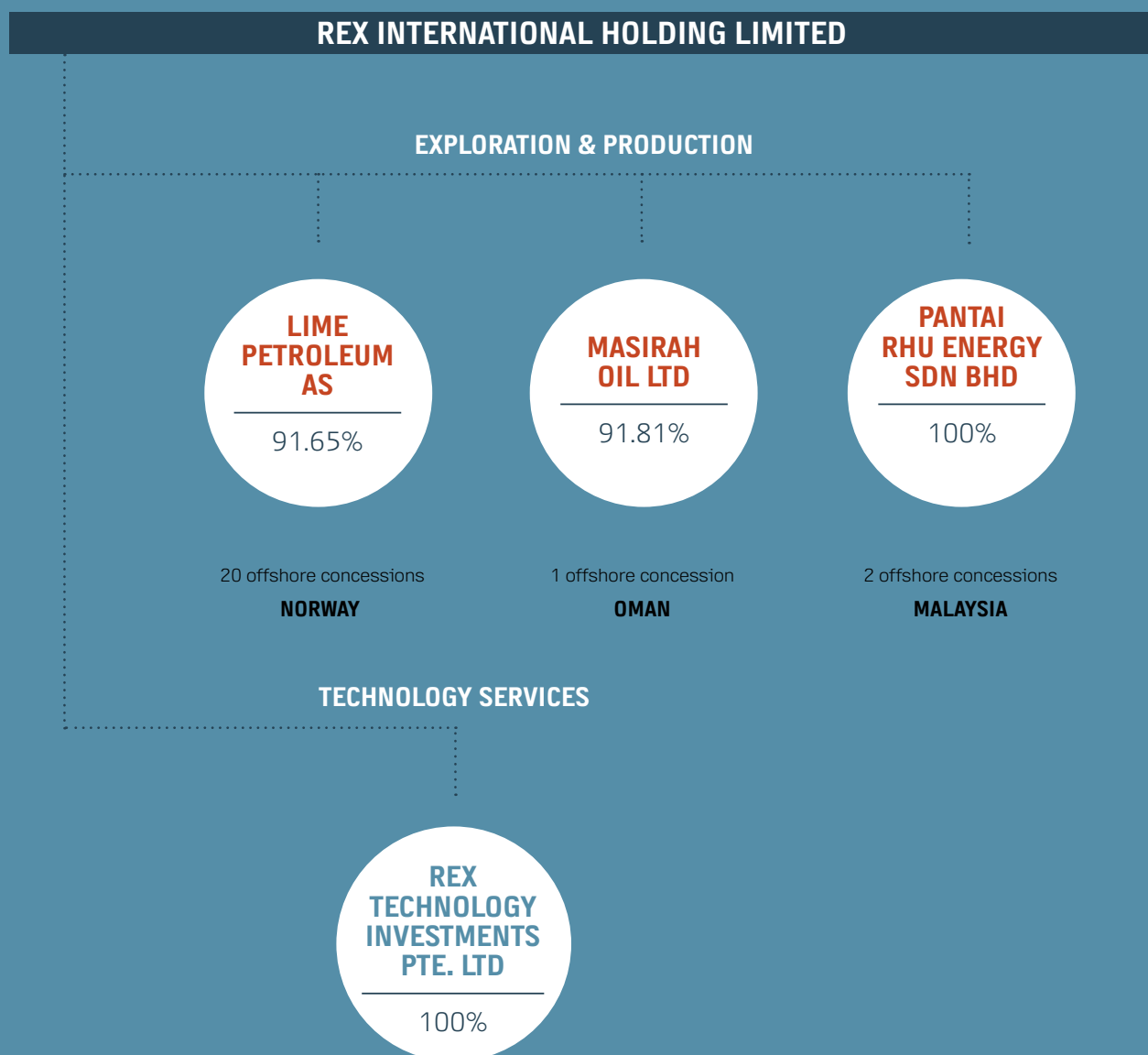
INTEGRITY

Trustworthy in both words and actions, in all business dealings.

ENTREPRENEURSHIP

Our forward-looking, agile and entrepreneurial team aims to create long-term value for all stakeholders.

GROUP STRUCTURE



All percentages represent effective equity interest in significant and core entities held by the Group as at 18 March 2022.

FINANCIAL HIGHLIGHTS

GROUP

US\$'000	FY2021	FY2020
Revenue from sale of crude oil	158,444	46,664
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	110,177	3,032
Profit/(loss) for the year, net of tax	78,939	(15,212)
Total comprehensive income/(loss) for the year, net of tax	79,972	(14,882)
Earnings/(loss) per share (US cents)	5.16	(1.09)

US\$'000	31 Dec 2021	31 Dec 2020
Non-current assets	349,985	112,167
Current assets	193,175	83,500
Total assets	543,160	195,667
Non-current liabilities	285,234	14,956
Current liabilities	58,671	40,485
Total liabilities	343,905	55,441
Net asset value ("NAV") *	199,255	140,226
Total equity	199,255	140,226
NAV per share (US cents)	15.30	10.77

*Net asset value as disclosed above includes non-controlling interests.

BREAKING THROUGH

DEAR SHAREHOLDERS,

2021 MARKS A YEAR OF BREAKTHROUGHS FOR REX, ON THE BACK OF RECOVERING OIL PRICES

Brent crude oil price had another volatile year in 2021, starting at US\$51 a barrel in January, peaking at US\$86 a barrel in October, and then ending the year at US\$78¹ a barrel, amid constantly changing economic, climate and geopolitical dynamics as the world battled a second year of the Covid-19 pandemic which brought on waves of infection of new variants.

By early March 2022, Brent crude oil prices soared past US\$130 a barrel for the first time since July 2008, on the outbreak of the Russia-Ukraine conflict.²

The demand-supply imbalance is expected to hold in the short term as the Organization of the Petroleum Exporting Countries (OPEC) and its partners remain likely to stick to existing policies of moderate output increases, to boost output by 400,000 barrels per day despite oil price rally³, even as the global economies recover from impact from the Covid-19 pandemic. While resumption of talks between the US and Iran could revive a nuclear agreement, paving the way for the removal of sanctions on Iranian oil exports and hence, increasing crude supply⁴, underinvestment in fossil fuel production in recent years in light of the global push toward clean energy, cyclical demand pressures, recent geopolitical events such as the Ukraine-Russia conflict and an acceleration of economic activities in China could lead to higher Brent crude oil prices^{5,6}.

The bulk of the world's transportation modes remain powered by fossil fuels and the transition to renewables will take some time. The Group is of the view that Brent oil prices will remain buoyant in the short term as demand will outstrip supply for the abovementioned reasons.



A TRANSFORMATIONAL YEAR

For the year ended 31 December 2021 ("FY2021"), the Group recorded revenue of US\$158.44 million, mainly from subsidiary Masirah Oil Ltd's share of produced oil after the Oman government's take. This was a 240 per cent increase from revenue of US\$46.66 million in the year ended 31 December 2020 ("FY2020"). Profit after tax of US\$78.94 million was recorded in FY2021, corresponding to a result improvement of more than US\$94 million, compared to a total loss after tax of US\$15.21 million for FY2020. Earnings before interest, taxes, depreciation and amortisation ("EBITDA") for FY2021 was a positive US\$110.18 million.

¹ Bloomberg data

² Business Times, War stokes rally in SGX's oil, commodity stocks, 8 March 2022

³ Reuters, OPEC+ seen sticking to policy despite oil price rally -sources, 2 February 2022

⁴ Reuters, Oil slips from 7-year high ahead of more U.S.-Iran talks, 8 February 2022

⁵ Today, Explainer: Why did oil prices go from less than zero to a multi-year high?, 7 February 2022

⁶ South China Morning Post, Oil prices will remain high as China's economy starts to fire on all cylinders again, 8 February 2022

As at 31 December 2021, the Group's cash and cash equivalents and quoted investments totalled US\$86.91 million (31 December 2020: US\$46.30 million); with cash and cash equivalents at US\$60.60 million (31 December 2020: US\$20.38 million); and quoted investments at US\$26.31 million (31 December 2020: US\$25.93 million).

OMAN: BREAKING PAST PRODUCTION VOLUME AMID HIGHER OIL PRICES

The Group's revenue in FY2021 was boosted by an increase in the number of oil liftings from seven in FY2020 to 12 in FY2021, and an improvement of the average realised oil price sold from US\$34 per barrel in FY2020 to US\$67 per barrel in FY2021, against consistent operating costs in Oman. An in-house summary qualified person's report on the Yumna Field dated 24 February 2022 states that as of 31 December 2021, the Yumna Field had produced 5.772 MMstb of oil. There are also estimated 15 per cent more in 2P reserves, meaning that the field will be in production longer than originally anticipated.

Two production wells were added to the existing Yumna 1 well, with the Yumna 2 well starting production on 23 January 2021, and the Yumna 3 well starting production on 18 February 2021. All three production wells in the Yumna Field are positioned to optimally drain the reservoir and maximise recovery. Production facilities on the Yumna Mobile Production Unit were also upgraded in 2021 to increase the liquid (oil and water) processing capacity to cater to the three producing wells.

Yumna 2 and Yumna 3 were part of a cost-effective five-well drilling campaign carried out in 2021, which included the drilling of three exploration prospects near the Yumna Field. The results of the three exploration wells confirmed the extents of the good quality Lower Aruma sandstone and will help to refine understanding of the trap mechanisms in the area, even though the wells were non-commercial.

NORWAY: BREAKING THROUGH TO BECOME A FULL-FLEDGED E&P COMPANY

The Group closed the year 2021 with its subsidiary Lime Petroleum AS's ("**LPA**") acquisition of a 33.8434 per cent interest in the producing Brage Field operated by Wintershall Dea Norge AS for US\$42.6 million, for which US\$18.24 million was booked as a bargain purchase on the profit and loss statement by way of accounting treatment. The acquisition of interests in the Brage Field was LPA's most significant transaction of 2021, as it fulfils LPA's ambition to transition from pure-play exploration to a full cycle exploration and production company on the Norwegian Continental Shelf, to establish recurring cash flow and a tax position to optimise taxes, as well as develop and drive further value in LPA's existing portfolio.

According to the Norwegian Petroleum Directorate, production in the Brage Field in 2021 amounted to gross 3.14* MMboe, meaning 1.06 MMboe net to LPA, based on LPA's interests in the Brage Field. From 2022, revenue from the Brage Field will be fully recognised in the Group's profit and loss statement and will make an important contribution.

As a condition precedent, LPA successfully raised a 2.5-year senior secured bond of NOK 500 million (approximately US\$60 million) (the "**Bonds**"). The Bonds were oversubscribed by more than 100 per cent and books were closed within three days after promotion to prospective investors was kicked off, a testament to the Brage Field's production profile, cash flow generation and quality in the security package of the bond provided. The Bonds have a maturity date of 9 January 2024. The interest rate is 3 months Norwegian Interbank Offered Rate (NIBOR) plus 8.25 per cent.

During 2021, LPA grew its portfolio through awards from the APA round, a licence swap and farm-ins. In line with its strategy to have a continuous pipeline of development and exploration drill projects near infrastructure, LPA now has three discovery assets with attributable contingent resources totalling 27.74 MMboe, six licences under the Brage Field and a portfolio of 11 exploration licences.

MMboe: millions of barrels of oil equivalent

MMstb: millions of stock tank barrels bpd: barrels per day

*Norwegian Petroleum Directorate website: Field: BRAGE - Factpages - NPD
Conversion: 1 Sm3 : 6.29 barrels according to the Norwegian Petroleum Directorate

For development assets, LPA swapped its 20 per cent interests in each of the licences PL263D, PL263E, and PL263F Sierra (previously known as Apollonia) in the Norwegian Sea for a 13.3 per cent interest in PL433 Tyrving (previously known as Fogelberg), a discovery asset that is closer to production and hence, has lower exploration risk. Contingent resources estimated by various qualified persons in three discovery assets – Shrek, Tyrving and Falk – and attributable to LPA, total 27.74 MMboe.

For exploration, LPA in 2021 participated in the exploration drilling of the high-risk/high-return Fat Canyon prospect in the Norwegian Sea licences PL937/B, in which it has 15 per cent interests. LPA was awarded four licences in the 2020 Awards in Predefined Areas (APA) round in Norway. LPA also completed its 20 per cent farm-in to two licences in the Norwegian North Sea on 31 December 2021.

MALAYSIA: BREAKING INTO A THIRD GEOGRAPHY FOR POTENTIAL PRODUCTION

In 2021, Rex was also awarded operatorship and 95 per cent participating interest in two Production Sharing Contracts (“PSCs”) for the development and production of the Rhu-Ara and the Diwangsa Clusters (the “Clusters”) located in offshore Peninsular Malaysia. The Rhu-Ara Cluster contains two discovered oil fields and the Diwangsa Cluster contains four discovered oil fields. The new PSC terms under the Small Fields Assets (“SFA”) include an up-to-two-year pre-development phase followed by a two-year development and a 10-year production period. The Group will focus on the pre-development phase of the Clusters over the next two years. The anticipated production will be a potential third leg to the Group’s production and reserves base.

BUSINESS DIVERSIFICATION

In July 2021, Rex entered into an agreement to invest up to US\$4 million for a 40 per cent interest in a commercial drone company, Xer Technologies Pte Ltd, as part of its business diversification. This investment will allow Rex to take a stake in the fast-growing global commercial drone market, which is anticipated to reach over US\$500 billion by 2028⁷.

LOOKING AHEAD

On the operations front, the previous floating storage tanker was replaced by a new floating storage tanker during February and March 2022. The replacement will allow for the tanker to be in the field for several years without the need for dry-docking. Production has since resumed. A change-out of the Mobile Offshore Production Unit (MOPU) is also underway with upgraded facilities on-board. The upgraded facilities will allow for greater liquid handling capacity and longer time in the field. Meanwhile, preparations have started for a targeted drilling campaign, comprising one firm well and one optional exploration well after the monsoon season. A 3D seismic survey covering 15 sq km covering the sub-Melange prospects using ocean-bottom-nodes is being planned, with seismic acquisition expected to start in late March 2022. In Norway, LPA will actively engage with the Brage Field operator on the in-fill drilling programme for production and exploration drilling of high value near-field prospects that are expected to add further production, on top of progressing development plans for its three discovery assets and exploration plans in other licences. In Malaysia, a ground team has been set up with the aim to have a field development plan later in 2022.

MOVING TO MAINBOARD AND MAIDEN DIVIDEND

Shareholders gave resounding approval at an Extraordinary General Meeting held on 3 March 2022, to transfer the Company’s listing from the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) to the Mainboard of the SGX-ST. The Company officially moved to the Mainboard on 8 March 2022. We look forward to be able to reach out to a larger investor base (which may include institutional investors and/or overseas-based investors), potentially facilitate greater access to equity and debt markets, if applicable, to maximise the Group’s growth potential going forward.

The Board will endeavour to maintain strategic and sensible capital management and to create shareholders returns. The current level of oil price and market demand for oil make investments in production and reserves highly attractive if

*27.80 MMstb of oil and 4.67 Bscf of gas (0.83 MMboe; 1 Bscf = 0.178 MMboe)

⁷ Source: Research and Markets, “Commercial Drone Market Size, Share & Trends Analysis Report by Product, by Application, by End-use, by Region, and Segment Forecasts, 2021-2028”, May 2021



2021 marks a year of breakthroughs for Rex, including reversing to profitability in FY2021, increased production in Oman, acquisition of interests in the producing Brage Field in Norway, and the Company transferring its listing from the Catalist to the SGX-ST Mainboard.



additional return can be realised in the near term. Such investments, if successful, will further substantially increase shareholder value. The Company therefore has decided to use part of the Company's free cash flow on such near-term investments like our Yumna Field in Oman and Brage Field in Norway. For this reason, the Board is recommending a final dividend of S\$0.005 per ordinary share for the financial year ended 31 December 2021, payable in the fourth quarter of 2022.

The Group believes a sustainable and fixed level of profits can be maintained over time. The objective of the Company's dividend policy is therefore to pay a regular cash dividend, aiming at the target level of \$0.02 per ordinary share per annum, on a quarterly basis, starting from the first quarter of 2023, subject to the profitability of the Company and at the sole discretion of the Board.

ACKNOWLEDGEMENTS

We would like to thank our Directors for their guidance, counsel and journeying with us as we achieve breakthrough after breakthrough to become a full-cycle exploration and production Group, and to our colleagues for their perseverance and dedication amid challenges caused by the prolonged Covid-19 pandemic. We would like to express our sincere appreciation to our shareholders for their patience, understanding and continual support.

Dan Broström

Executive Chairman

Måns Lidgren

Chief Executive Officer

18 March 2022

CORPORATE DATA

DIRECTORS

Dan Broström, Executive Chairman
Dr Karl Lidgren, Executive Director
Sin Boon Ann, Lead Independent Director
Muhammad Sameer Yousuf Khan, Independent Director
Dr Christopher Atkinson, Independent Director

BOARD COMMITTEES

Nominating Committee

Sin Boon Ann, Chairman
Dr Karl Lidgren
Muhammad Sameer Yousuf Khan

Remuneration Committee

Sin Boon Ann, Chairman
Muhammad Sameer Yousuf Khan
Dan Broström

Audit Committee

Muhammad Sameer Yousuf Khan, Chairman
Sin Boon Ann
Dan Broström

COMPANY SECRETARIES

Kong Wei Fung
Cheok Hui Yee

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Reg. No.: 201301242M

AUDITORS

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Audit Partner: Ronald Tay Ser Teck
(Appointed in 2018)

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898
Telephone: (65) 6236 3333

PRINCIPAL BANKERS

Barclays Bank PLC
National Bank of Oman
Skandinaviska Enskilda Banken AB
UBS AG
Union Bancaire Privée (Europe) S.A.
United Overseas Bank Limited

BOARD OF DIRECTORS



DAN BROSTRÖM

Chairman and Executive Director
Member, Remuneration and
Audit Committees

Mr Dan Broström, 78, has been with the Group since 2011. He was appointed as an Executive Director on 11 January 2013 and re-elected to the Board on 23 April 2021.

Prior to joining the Company, Mr Broström was a senior partner at MVI Holdings Ltd between 1993 and 2005, where as a consultant, he assisted Swedish companies in setting up businesses in Singapore through fundraising activities and sourcing for suitable business partners. From 1990 to 1993, Mr Broström was the chief executive officer at Hufvudstaden UK Ltd, a real estate company. Before Hufvudstaden UK Ltd, Mr Broström worked in the shipping industry, where he was based in London and held the position of chief executive officer of Brostrom UK Ltd for the period from 1980 to 1987.

Mr Broström has a degree in Economics from Stanford University in the USA, and a Bachelor of Arts in Economics from Gothenburg University in Sweden.



DR KARL LIDGREN

Executive Director
Member, Nominating Committee

Dr Karl Lidgren, 74, was appointed as a Non-Independent Non-Executive Director on 1 May 2013 and was re-designated as an Executive Director on 15 January 2015. He was last re-elected to the Board on 26 April 2019.

Dr Lidgren and his brother, Mr Hans Lidgren, have since the 1980s, utilised satellite altimeter data in oil exploration activities which enabled major oil and gas findings. A founder of Rex International Holding, Dr Lidgren represents the interests of Limea Ltd on the Company's Board of Directors.

Dr Lidgren graduated from Lund University in Sweden in 1970 with a degree in Economics. Upon graduation, he taught in Lund University until 1972 before taking on the role of an investigator for the Swedish Government from 1972 to 1980. He concurrently obtained a Doctor of Philosophy in Economics from Lund University in 1976. Dr Lidgren taught in Lund University as a Professor from 1980 until his retirement in 2000.


SIN BOON ANN BBM, PBM

Lead Independent Non-Executive Director
Chairman, Nominating and Remuneration
Committees
Member, Audit Committee

Mr Sin Boon Ann, 64, was appointed as an Independent Non-Executive Director on 26 June 2013 and was appointed as the Lead Independent Director on 24 February 2014. He was re-elected to the Board on 23 April 2021.

He received his Bachelor of Arts and Bachelor of Laws from the National University of Singapore in 1982 and 1986 respectively, and a Master of Laws from the University of London in 1988. Mr Sin was admitted to the Singapore Bar in 1987 and was a member of the teaching staff of the law faculty, National University of Singapore from 1987 to 1992.

Mr Sin joined Drew & Napier LLC in 1992. He was the Deputy Managing Director of Drew & Napier's Corporate and Finance Department and the Co-head of the Capital Markets Practice before he retired to be a consultant with the firm in March 2018.

Mr Sin was a Member of Parliament for Tampines GRC from 1996 to 2011. In appreciation of his valuable public services rendered to the Ministry of Home Affairs, Mr Sin was conferred the Singapore National Day Award - "The Public Service Star (Bintang Bakti Masyarakat)" in 2018 and "The Public Service Medal (Pingat Bakti Masyarakat)" in 2013 by the President of Singapore. Additionally, in recognition of his constant support and contributions to the Labour Movement, Mr Sin received the NTUC May Day Award - "Distinguished Service Award" in 2018, "Meritorious Service Award" in 2013 and "Friends of Labour Award" in 2003.


MUHAMMAD SAMEER YOUSUF KHAN

Independent Non-Executive Director
Chairman, Audit Committee
Member, Nominating and Remuneration
Committees

Mr Muhammad Sameer Yousuf Khan, 68, was appointed as an Independent Non-Executive Director on 26 June 2013 and re-elected to the Board on 21 May 2020.

Mr Khan has more than 40 years of experience in the fields of accounting, business and financial advisory. He began his career in 1972 at Ernst & Young's London office. Subsequently in 1983, he joined Drydocks World Group, a large maritime group based in the Middle East. Mr Khan held various positions in Drydocks World Group and was Group Chief Financial Officer and Executive Director from 2007 to 2011. He was responsible for Drydocks World's acquisition of two SGX listed companies, namely, Pan United Marine and Labroy Marine. After leaving Drydocks World Group, Mr Khan has been providing consultancy and advisory services in Singapore.

Mr Khan is a Fellow of the Institute of Chartered Accountants (England and Wales) and a member of the Institute of Management Consultants (UK) and the Singapore Institute of Directors.

Mr Khan will not be seeking re-election at the forthcoming annual general meeting ("AGM") of the Company, to be held on 29 April 2022, and will retire as Independent Non-Executive Director of the Company after the conclusion of the AGM. Following the conclusion of the forthcoming AGM, Mr Khan will also cease to be the Chairman of the Audit Committee, and a member of the Risk Management, Nominating and Remuneration Committees.



DR CHRISTOPHER ATKINSON
Independent Non-Executive Director

Dr Christopher Atkinson, 64, was appointed as an Independent Non-Executive Director on 6 January 2015 and was re-elected to the Board on 21 May 2020.

He is also an independent Board member of Masirah Oil Ltd and of Lime Petroleum AS, subsidiaries of the Group. Dr Atkinson is a professional geologist with over 30 years of experience in the upstream oil and gas sector. He is currently the founder and director of Worldwide Petroleum Services Pte Ltd and a director of Helios Aragon Pte Limited. Prior to this, Dr Atkinson was a founding investor in several exploration and production start-up ventures in Southeast Asia, the UK and Canada. He has also worked for Shell International Petroleum Company and was a 15-year career veteran with the Atlantic Richfield Company (ARCO), where his last held position was Vice President of Exploration, Europe/North Africa.

Dr Atkinson holds a Doctor of Philosophy in Geology and a Bachelor of Science (1st Class Honours) Geology from the University of Wales, Swansea. He has been a Fellow of the Geological Society of London since 1996 and is a Life Member of the Petroleum Exploration Society of Southeast Asia, where he served as President from 2002 to 2003.

SENIOR MANAGEMENT - CORPORATE



MÅNS LIDGREN
Chief Executive Officer ("CEO")

Mr Måns Lidgren is the Chief Executive Officer and is responsible for overseeing the strategic positioning and business expansion of the Group, including making major business and finance decisions.

Prior to joining the Company in January 2013, Mr Lidgren was interim chief executive officer and director of Lime Petroleum Plc from August 2011 to December 2012 and chief financial officer of his family's business from August 2009 to August 2011. He has seven years of experience in financial structuring, mergers & acquisitions, investments and business development. From January 2008 to August 2009, Mr Lidgren was vice president of business development under the private banking division of Credit Suisse, where he managed his own client portfolio and acted as a broker for sourcing of new business and pre-screened business proposals. From 2002 to 2007, he joined his family business in private investments, first as a business analyst in 2002, and subsequently a merger & acquisitions manager in 2003 and 2004. From 2005 to 2007, he assumed the position of senior investment manager in his family's business, and carried out portfolio management, liaison with partner banks and private equity transactions. Upon his graduation, Mr Lidgren also provided consultancy services to Global Responsibility, an organisation that seeks to promote responsible citizenship worldwide, where he helped companies communicate their efforts in environmental, health and safety issues.

Mr Lidgren holds a Bachelor of Science and a Master of Science, both in Business Administration and Economics, from Lund University, Sweden.



SVEIN KJELLESVIK
Chief Operating Officer

Mr Svein Kjellesvik is the Chief Operating Officer and Executive Chairman of the Group's subsidiary, Lime Petroleum AS. He is responsible for the Group's overall operations, including the integration of new business development plans into the Group's operations.

Prior to joining the Company, Mr Kjellesvik has been an independent entrepreneur and he has been involved in the start-up of Rex Middle East Ltd (formerly known as Rex Oil & Gas Ltd) and Lime Petroleum Plc. Before retiring from Schlumberger in 2002, Mr Kjellesvik has held leading positions in Schlumberger's seismic division and corporate headquarters. He has also been the President of their Global Marine Seismic Division. Mr Kjellesvik has played leading roles in key innovations in the seismic industry which includes multi-cable 3D seismic, 4 component seismic, and seismic 4D.

Mr Kjellesvik holds a Master degree in Applied Geophysics from the Norwegian Institute of Technology (NTH) in Trondheim and is a member of the Society of Exploration Geophysicists, the European Association of Petroleum Geoscientists and the American Association of Petroleum Geoscientists.



PER LIND
Chief Financial Officer

Mr Per Lind is the Chief Financial Officer overseeing the Group's finance, legal, administration and group structural matters. He also works with the CEO in business development. He is also a board member of Masirah Oil Ltd and of Rex Technology Investments Pte. Ltd, subsidiaries of the Group, and a member of the Joint Management Committee of Block 50 Oman.

Prior to joining the Company, from 2009 to 2013, he was Vice President, Investments at Tangerine Time, a Singapore-based investment company investing in real estate and financial services in Singapore, India and the UK. Mr Lind was an active group management member and Director of Investments at Raffles Residency. Before being Senior Vice President of Finance in AEP Investment Management, a Singapore-based investment management company in 2008, Mr Lind spent five years as Director of Finance & Corporate Development with 1st Software Corporation Ltd, a software company listed on the mainboard of the Singapore Exchange from 2003 to 2008. He has also worked for six years in the London and Singapore offices of Merchant Venture Investments, an international federation of private equity investors.

Mr Lind holds a Master of Science in Business and Economics from the School of Economics and Commercial Law at the Gothenburg University in Sweden.



KRISTOFER SKANTZE
Chief Commercial Officer

Mr Kristofer Skantze is the Chief Commercial Officer and manages business development for the Group, including for Rex Technology Investments Pte. Ltd. He is also Chief Executive Officer of the Group's commercial drone associated company, Xer Technologies Pte. Ltd..

Prior to joining the Company, he was the Head of Sales and Marketing at textile chemical company HeiQ Materials AG from 2007 to 2012, where he forged partner alliances with well-known textile brands. From 2000 to 2007, Mr Skantze worked for Anoto Group AB, a Swedish high-tech company. He held various positions within the company's headquarters in Lund, Sweden from 2000 to 2005, and was Business Development Manager of Anoto Inc. in Boston from 2005 to August 2007, where he managed the partner network and was responsible for all new North American customers. During his stint in Anoto Group AB in Sweden, Mr Skantze also invented and filed for several patents, of which at least nine were granted.

Mr Skantze holds a Master's degree in Engineering Physics from the Faculty of Engineering of University of Lund in Sweden.



LINA BERTSEN
Chief Technology Officer

Mrs Lina Berntsen is the Chief Technology Officer and co-ordinates the use of Rex Technologies for the Group. Mrs Berntsen re-joined the Group in 2012 as the Rex Virtual Drilling Specialist to Lime Petroleum Norway AS (now known as Lime Petroleum AS). Prior to this from 2011 to 2012, she provided consultancy services to the Group as a Technology Specialist at Equus Consulting AB, a business providing advanced mathematical analysis. From 2010 to 2011, Mrs Berntsen was the Rex Virtual Drilling Specialist for Rex Oil & Gas Ltd. and oversaw the operations and coordinated analyses in relation to the use of Rex Virtual Drilling.

Prior to this, Mrs Berntsen was Development Engineer in Gambro Lundia AB, a global medical technology company, where she was responsible for product development and design control relating to dialysis technology. She was previously the Marketing Coordinator in biotechnology company Chemel AB, where she also worked on product development.

Mrs Berntsen holds a Master of Science in Chemical Engineering from the University of Lund, Sweden.



MOK LAI SIONG
Chief Communications Officer

Ms Mok Lai Siong is the Chief Communications Officer, and is responsible for the Group's strategic communications with shareholders, potential investors, analysts and the media, as well as for sustainability reporting, branding and marketing.

Ms Mok has over 25 years of experience in communications and investor relations in multinational listed firms. Prior to joining the Company, she was Group General Manager, Corporate Communications & Investor Relations for the then Singapore mainboard-listed conglomerate WBL Corporation from 2010 to 2013. From 2007 to 2010, Ms Mok worked in YTL Starhill REIT Management, the manager of Starhill Global REIT, where her last held position was Senior Vice President, Investor Relations & Corporate Communications. She has also held positions in CapitaLand, Oversea-Chinese Banking Corporation, Overseas Union Bank, Pidemco Land and the National University of Singapore.

Ms Mok holds a Master in Business (International Marketing) degree from the Curtin University of Technology, Australia, and a Bachelor of Arts degree in English and Philosophy from the National University of Singapore.

SENIOR MANAGEMENT - OPERATIONS



HANS LIDGREN

Masirah Oil Ltd
– Chairman

Mr Hans Lidgren is one of the founders of the Rex Group. Limea Ltd, in which Mr Lidgren has a 50 per cent interest, is a majority shareholder of Rex International Holding Limited.

Mr Lidgren has extensive experience in the oil and gas industry. Since the early 1980s, Mr Lidgren has utilised satellite altimeter data in oil exploration activities which enabled major oil and gas findings. He made way for major findings such as the Haltenbanken area in Norway and the Bukha field in Oman. The Haltenbanken area was only discovered in the 1980s after Mr Lidgren's surveys showed positive satellite altimetry results as to the presence of oil and gas.

Mr Lidgren also developed the Rex Technologies, comprising Rex Gravity, Rex Seepage, Rex Gas Indicator and Rex Virtual Drilling, the Rex Group's proprietary liquid hydrocarbon indicator.



DAVID PILGRIM

Masirah Oil Ltd
– General Manager

Mr David Pilgrim has more than 40 years of oil exploration and production (E&P) experience relating to optimal well planning and drilling, procurement and cost management in the USA, Indonesia, Thailand, Cambodia, Laos, Bangladesh, Nigeria and the Middle East.

Mr Pilgrim joined Masirah Oil Ltd as Drilling & Operations Manager in 2019 and was appointed General Manager in 2021. Prior to joining Masirah Oil Ltd, he was Senior Drilling Superintendent/Drilling Advisor with KrisEnergy. Hailing from Texas, Mr Pilgrim started his career in the E&P industry in 1997, in Union Pacific Resources in Texas as Senior Wellsite Supervisor. He has also held various positions in Santa Fe Snyder Corporation in Texas; Mitra Energy, Salamander Energy, APICO and Chevron in Thailand, PetroChina International and Santa Fe International in Indonesia; Shakal Production in Iraq; Afren Energy and Tetra Oil and Gas in Nigeria, Weatherford IDS in China; and Cairn Energy in Bangladesh.

Mr Pilgrim holds a Bachelor of Science in Mechanical Engineering and in Pre-Veterinarian Medicine from Texas A&M University, USA. He also holds certification from the International Association of Drilling Contractors (IADC) for various drilling-related expertise, such as in Advanced Well Control, Surface/Subsea Supervision, Helicopter Underwater Escape Training and Hydrogen Sulfide Management.



SVEIN KJELLESVIK

Lime Petroleum AS
– Chairman

Mr Svein Kjellesvik was appointed Chairman of Lime Petroleum AS ("**LPA**") on 19 April 2016. He was appointed Executive Chairman of LPA on 1 June 2017.

Please refer to page 14 for more details.



LARS HÜBERT

Lime Petroleum AS
– Chief Executive Officer

Mr Hüberr has some 25 years' extensive experience in the oil industry, with a focus on the Norwegian Continental Shelf, ranging from rank exploration to production and operations.

He joined Lime Petroleum in 2014 as Chief Geologist, and was appointed Exploration Manager in 2018. Prior to Lime Petroleum, Mr Hüberr was Exploration Manager for San Leon Energy in Warsaw, Poland. He started his career with Exxon in New Orleans, and was responsible for Exxon's first horizontal well in the Gulf of Mexico. Mr Hüberr has also held various positions in Halliburton, Rock Solid Images and Legends Exploration.

Mr Hüberr holds a Bachelor of Science from the University of Oslo, Norway, a Master of Science from the University of Wyoming, US and a Master of Business Administration from Heriot-Watt University, UK.



JOHN PRINGLE

Pantai Rhu Energy Sdn Bhd
– General Manager

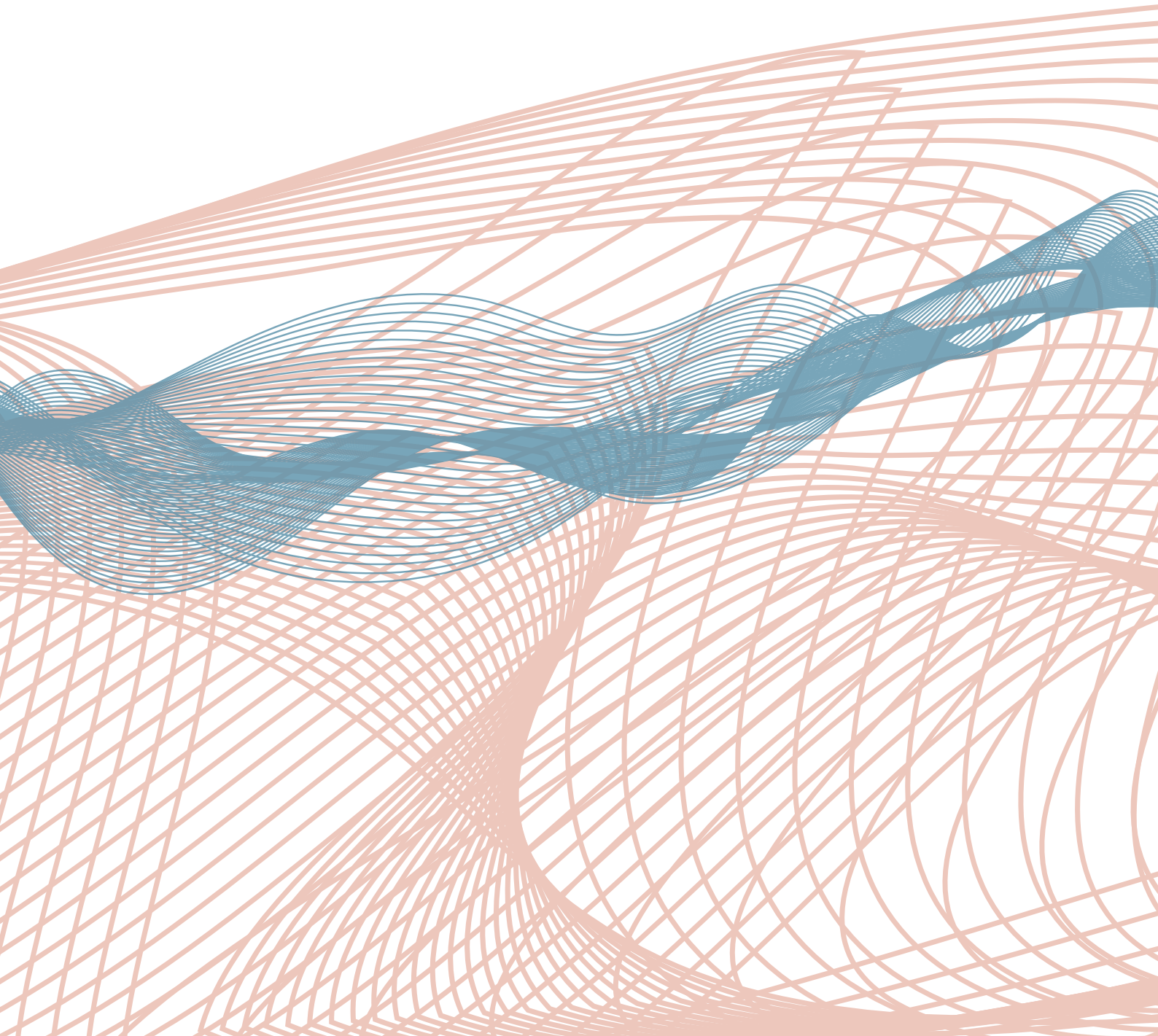
Mr John Pringle has 35 years of experience in oil exploration & production (E&P) engineering and projects in the UK, the Middle East, Norway and Southeast Asia.

He started his career in the E&P industry in 1985 as Petroleum Engineer with BP in the Hague and then in Aberdeen. From 1990 to 1994, Mr Pringle held various petroleum engineering and production technology positions in oil majors Total, Conoco and Shell in Abu Dhabi and Norway. From 1994 to 2005, he was with independent oil companies Petroleum Experts, Dome and Landmark, as well as national oil company Petro-Canada. In these companies, he was responsible for marketing, operations, training, development of accounting systems and field development plans for projects in the Middle East, including in Dubai, Iraq, Saudi Arabia and Libya; as well as in Algeria. From 2005 to 2012, Mr Pringle held various engineering positions in Petronas Carigali, Malaysia and in Coastal Energy, Thailand. In 2012, he set up Coastal Energy KBM in Malaysia and delivered the only profitable and successful Risk Service Project there. Before joining Masirah Oil Ltd in 2019, Mr Pringle was Managing Director of Bluefin Petroleum in Malaysia, a company focused on exploration, development and production operations in 'fast track' projects. As General Manager of Masirah Oil Ltd, Mr Pringle was instrumental in leading the development of the Yumna field by installing a Mobile Offshore Production Unit and Storage and Offloading Tanker and drilling of Oman Block 50's first three production wells in the Yumna Field. He moved to Malaysia to set up Pantai Rhu Energy Sdn Bhd in 2021.

Mr Pringle holds a Master of Science in Petroleum Engineering from Heriot-Watt University, UK and a Bachelor of Science in Civil and Structural Engineering from the University of Edinburgh, UK.

REX VIRTUAL DRILLING

Rex Virtual Drilling, the Group's proprietary liquid hydrocarbon indicator, is developed by Rex Technology Investments, a company set up by two of our founders, Dr Karl Lidgren and Mr Hans Lidgren. Rex Technology Investments is an indirect wholly-owned subsidiary of Rex International Holding. Rex Virtual Drilling is offered as a de-risking tool for offshore oil exploration companies around the world.



REX VIRTUAL DRILLING



Rex Virtual Drilling ("RVD") is a proprietary technology which uses conventional seismic data to extract information about the presence of reservoir rock and liquid hydrocarbons. Seismic data is the conventional technology used by the oil industry to image the subsurface and guide in the exploration and production decision-making process. Seismic data is collected by shooting acoustic energy – sound pulses – into the ground and listening to the responding acoustic signals as the sound pulses interact with liquid and rock layers. Although seismic data has been used by the exploration industry for almost a century, identifying reservoir rock and liquid types remains very difficult, which is why global average oil exploration success rate remains at only about 10 to 15 per cent.

With the liquid hydrocarbon indicator RVD, the exploration success rate can be increased. RVD processes and extracts information from seismic data using unique algorithms that create 3D maps that show correlation with the presence of oil in the ground. The data is then used together with conventional sub-surface analysis to assess how it fits in a geological setting, providing guidance for better decision-making.

The efficiency of RVD has been extensively tested in blind tests, live tests and actual drilling campaigns since 2009. Since its inception, the technology has undergone several revisions and improvements to refine its predictive capabilities.

With the support of RVD, the Group has achieved four commercial oil discoveries in Oman and Norway over the years - **Oman:** the Yumna discovery in Block 50 Oman in 2014; and in **Norway:** the PL 338C Rolvsnes discovery in the North Sea in 2015, in the PL838 Shrek discovery in the Norwegian Sea in 2019, and in the PL263D/E Apollonia (now known as Sierra) gas discovery in the Norwegian Sea in 2020.

The Group has been using the RVD technology extensively to de-risk farm-in opportunities and to select licences to apply for in Norway's Awards in Predefined Areas (APA) rounds. The technology has allowed the Lime Petroleum AS team of exploration geoscientists to focus on licences with RVD support and discard areas without, building up a portfolio of both discoveries and high potential prospects.

The technology has also proven to be highly accurate in predicting dry wells. By incorporating RVD into existing de-risking processes, oil exploration companies can increase the chances of finding oil whilst saving millions of dollars in futile capital expenditure drilling dry wells.

RVD has undergone continuous research and development ("R&D") over the years to improve processing speed, results resolution and accuracy. In 2022, Rex Technology Investments aims to release its fifth major release of its RVD software. RVDv5 is anticipated to be more resilient to seismic data processing and will provide a higher degree of predictive capability and accuracy. The balanced integration of RVD with traditional geological models and geophysics attributes continues to be a core R&D effort for the Rex Group's exploration and production teams.

REX VIRTUAL DRILLING

Rex Virtual Drilling is a multi-attribute seismic analytical tool which studies dispersion events in the seismic data; utilising its proprietary, high-resolution spectral decomposition engine. This engine analyses frequencies in the seismic data with high accuracy, permitting detailed spectral analysis and subsequent dispersion calculations. Dispersion is an indicator for presence of reservoir rock. A positive dispersion signal may also provide information about the presence of the fluid type such as liquid hydrocarbons (oil). The lack of dispersion signatures in the RVD data for a target location correlates with a “tight rock” i.e. a rock without moveable liquid.

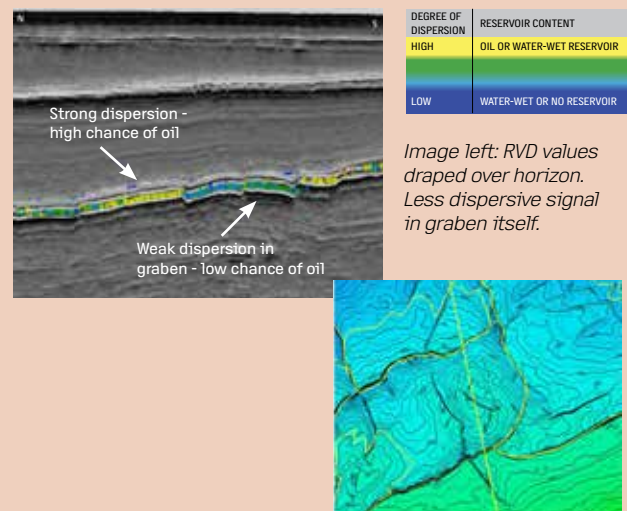
This allows geoscientists to further de-risk assets. RVD is therefore used for de-risking in all steps of the exploration and production value chain, from exploration de-risking and appraisal planning, and all the way to reservoir control.

In recent years, the Group has actively promoted RVD internationally, including with presentations made at various major oil & gas events such as the Society of Exploration Geophysicists (SEG) workshop in Oman and the Society of Petroleum Engineers’ Abu Dhabi International Petroleum Exhibition & Conference (SPE ADIPEC). A paper on RVD, written for the SPE ADIPEC, is available on www.onepetro.org.

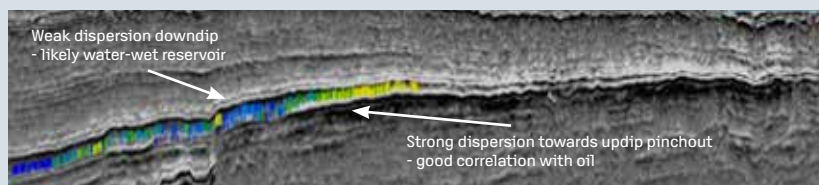
REFERENCE CASES

The RVD software provides valuable information to help in the search for oil. The example section below from the Norwegian Barents Sea illustrates its usefulness in oil exploration. The graben area in the centre of the picture in green/blue indicates less dispersion and therefore less chance of finding oil. The adjacent areas in yellow indicate strong dispersion and therefore strong correlation with a presence of oil.

In a next step, the indications are assessed for congruence with a geological structures and other seismic attributes and interpretations. In this example, the RVD results suggest oil could have migrated towards the boundaries of the graben area, leaving the graben area empty. Structurally, the graben reservoir would be less likely to contain oil either due to oil arriving after the development of the graben, or because the seal above the graben has allowed oil to escape.



In another example from the Norwegian North Sea, we see how RVD can help with assessing potential fluid content and how it may correlate with up-dip pinch-outs:



Here, the RVD results indicate higher likelihood of hydrocarbons higher up in the structure. The results corroborate the common situation of oil migrating upwards in a structure. The seismic data suggest a pinch-out at target location and therefore an potential explanation why oil could be trapped as suggested by the RVD indications. Further downdip, the RVD indications for oil are weaker (green/blue), which correlate with a lack of oil and instead

Image: RVD results demonstrating increased values of dispersion higher up in structure, towards pinch-out. High chance of oil at the structural high and water further downdip. Possible approximate oil-water contact identified.

a presence of water in the reservoir. A potential oil-water contact point can also be identified.

These examples show the value of applying RVD analysis for the purpose of further de-risking of assets prior to drilling, saving costs and permitting investments where there is a higher chance of financial return.

MILESTONES



2021

20 January

Lime Petroleum AS ("**LPA**") is awarded participating interests in four new offshore licences, including one with a discovery for development, in the 2020 Awards in Predefined Areas (APA) round in Norway. Three of the licences are in the Norwegian Sea, while one is in the North Sea.

23 January

Yumna 2 in the Yumna Field, Oman, commences production. Upgrade of the production facilities on the Yumna Mobile Production Unit to increase the liquid processing capacity commences.

18 February

Yumna 3 in the Yumna Field, Oman, commences production.

21 February

The Zakhera exploration well, located about 12km to the south of the Yumna Field in Oman, is spudded.

5 March

A summary Qualified Person's Report (QPR) for the Yumna Field in Block 50 Oman is issued.

17 March

Masirah Oil Limited ("**MOL**") announces the completion of the upgrade to the Yumna Field process facilities, which has more than doubled the liquid handling capacity on the Mobile Offshore Production Unit (MOPU).

Drill-or-drop deadlines for PL818 and PL818B Orkja in the North Sea, and PL838B Shaw in the Norwegian Sea,

in each of which LPA holds 30% interests, are extended to February 2022 and March 2022 respectively. By a drill-or-drop deadline, partners in the licence would need to commit to drilling a well or may decide to drop a licence.

5 April

MOL completes the drilling of three exploration prospects near the Yumna Field, following the successful drilling of two Yumna Field development wells. Major costs savings were achieved by drilling five wells in one campaign. The results of the three exploration wells confirmed the extents of good quality Lower Aruma sandstone and will help to refine understanding of the trap mechanisms in the area.

7 April

LPA signs an agreement with ONE-Dyas Norge AS ("**ONE-Dyas**") to swap its 20 per cent interests in each of the licences PL263D, PL263E, and PL263F Sierra (previously known as Apollonia) in the Norwegian Sea for ONE-Dyas' 13.3 per cent interest in PL433 Fogelberg (now known as Tyrving), a discovery asset that is closer to production and hence, has lower exploration risk. The PL433 partnership is moving the discovery towards production with the submission of a Plan for Development and Operations (PDO) likely in end-2022, and production start-up potentially in 2025.

22 April

An independent summary Qualified Person's Report (QPR) by RPS Energy Consultants Ltd ("**RPS**") places gross 2C Contingent Resources (Development Unclassified) in the PL1125 Falk discovery in Norway, in which LPA has a 50 per cent interest, at 28.63 MMboe*. Contingent resources estimated by various qualified persons in three discovery assets – Shrek, Tyrving (previously known as Fogelberg) and Falk – and attributable to LPA, total 27.74 MMboe.

**27.80 MMstb of oil and 4.67 Bscf of gas
(0.83 MMboe; 1 Bscf = 0.178 MMboe)*

3 May

LPA conducts a review of the operator, INEOS E&P Norge AS's ("**INEOS**") Health, Safety, Environment and Quality (HSEQ) management system, in preparation for the drilling of the Fat Canyon prospect in PL937/B in Norway, in which LPA holds 15 per cent interests. The review found that the INEOS management system has good HSEQ coverage, with no missing elements and no non-compliance to relevant HSEQ regulations.

15 June

LPA enters into a conditional sale and purchase agreement with Repsol Norge AS ("**Repsol**"), to acquire Repsol's 33.8434 per cent interest in the oil, gas and natural gas liquids (NGL) producing Brage Field, for a post-tax consideration of US\$42.6 million.

MILESTONES



21 June

Promotion of LPA's 2.5-year senior secured bond of up to NOK 500 million (approximately US\$60 million), a condition precedent for LPA's acquisition of the Brage Field in Norway, is kicked off to prospective investors.

24 June

LPA successfully raises a 2.5-year senior secured bond of NOK 500 million (approximately US\$60 million) (the "**Bonds**"). The Bonds have a maturity date of 9 January 2024. The interest rate is 3 months Norwegian Interbank Offered Rate (NIBOR) plus 8.25 per cent.

6 July

Rex, through a wholly-owned subsidiary, invests up to US\$4 million into commercial drone company Xer Technologies Pte. Ltd. ("**Xer**").

The investment comprises US\$1 million for a 40 per cent interest in Xer, and a commitment to inject up to US\$3 million in Xer, subject to the achievement of certain technical and sales milestones by Xer within the next 18 months.

9 July

The issuance of LPA's 2.5-year senior secured Bonds is completed. The use of proceeds of the Bonds is to partly finance LPA's acquisition of a 33.8434 per cent interest in the Brage Field, refinance an existing exploration financing facility and for general corporate purposes.

9 August

LPA signs an agreement with AkerBP ASA to acquire 20 per cent interests in each of the licences, PL867 and PL867B respectively in the North Sea.

30 August

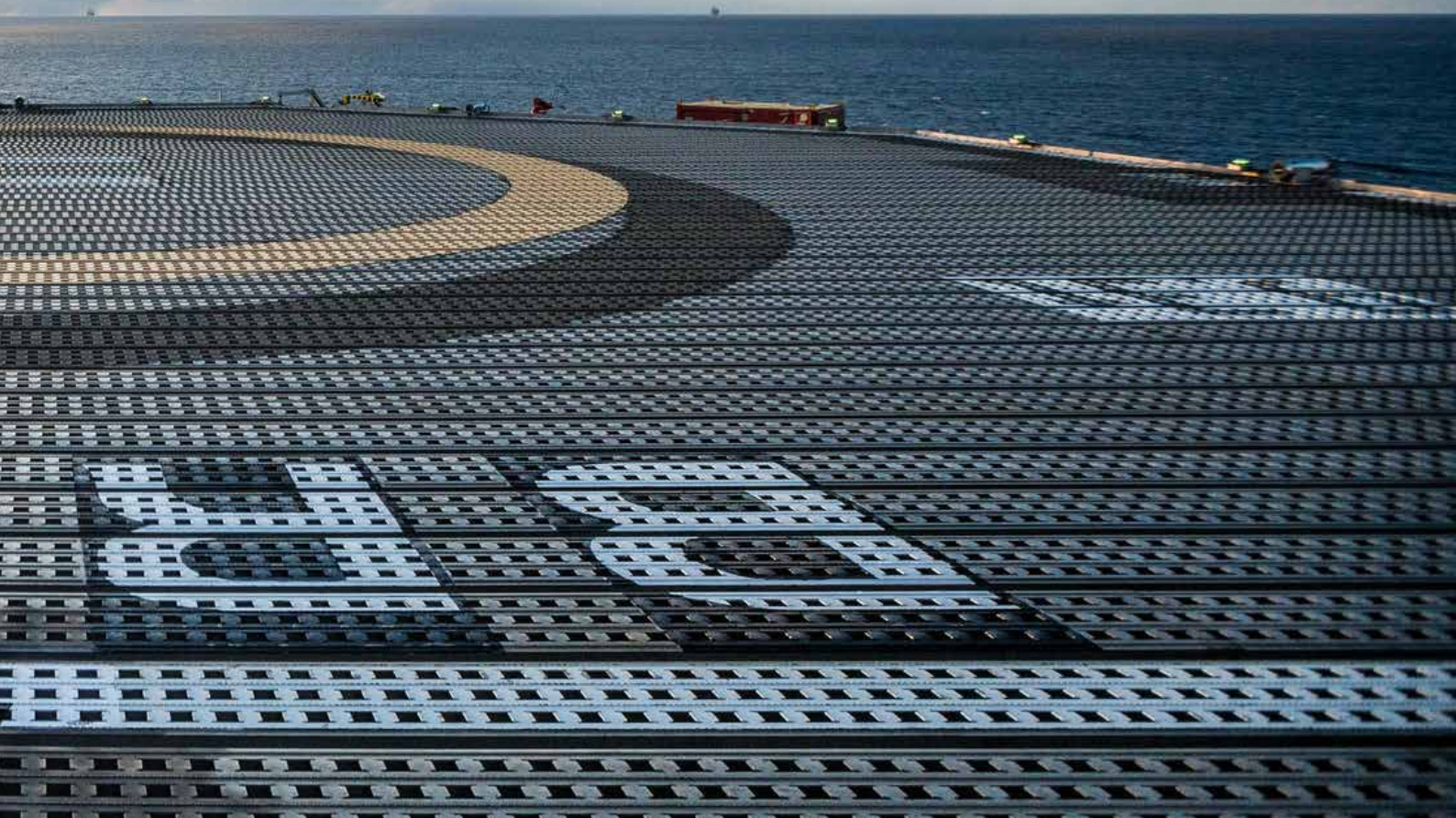
Rex, together with its Malaysian partner, Duta Marine Sdn. Bhd. (DMSB) signs two Production Sharing Contracts ("**PSCs**") for the development and production of the Rhu-Ara and the Diwangsa Clusters located in offshore Peninsular Malaysia, with Petroliaam Nasional Berhad (PETRONAS), Malaysia's national oil corporation. Rex holds operatorship and 95 per cent interests in the assets.

31 August

LPA's swap of 20 per cent interests in each of the licences PL263D, PL263E, and PL263F Sierra (previously known as Apollonia) in the Norwegian Sea for a 13.3 per cent interest in PL433 Tyrving (previously known as Fogelberg), a discovery asset, is completed.

29 September

LPA participates in the exploration drilling of the Fat Canyon prospect in the Norwegian Sea licences PL937/B, in which it has 15 per cent interests.



19 October

The Company announces its intention to consider a proposed transfer of the listing of the Company from the Catalist Board of the SGX-ST to the Mainboard of the SGX-ST (the “**Proposed Transfer**”), at the appropriate juncture, taking into consideration that the Company’s market capitalisation of more than S\$300 million.

11 November

LPA enters into an agreement with Nautilus Carbon Services AS to participate in the first phase of a larger project involving several other joint-industry project partners, which aims to secure a storage site in the Norwegian Continental Shelf where CO₂ can be injected and safely stored permanently.

12 November

Rex’s indirect wholly owned subsidiary, Rex International Holding Ltd (British Virgin Islands) enters into a joint venture agreement for a 19.9 per cent interest in a joint venture company to be incorporated to own marine assets such as vessels, Mobile Offshore Production Units and other associated equipment.

22 November

Rex’s indirect wholly owned subsidiary, Rex Oman Ltd (“**Rex Oman**”) enters into sale and purchase agreements to acquire a total of 10,978 preference shares from 10 parties in MOL. Upon conversion of the preference shares, Rex Oman will hold approximately 91.81 per cent of the total issued capital of MOL, an increase of approximately 5.43 per cent.

2 December

Rex submits an application to the SGX-ST in relation to the Proposed Transfer.

31 December

LPA’s acquisition of a 33.84 per cent interest in the Wintershall-operated Brage Field in Norway is completed.

LPA’s acquisition of 20 per cent interests in each of the licences, PL867 and PL867B respectively in the North Sea is completed.

2022

26 January

Rex obtains approval in-principle from the SGX-ST in relation to the Proposed Transfer.

3 March

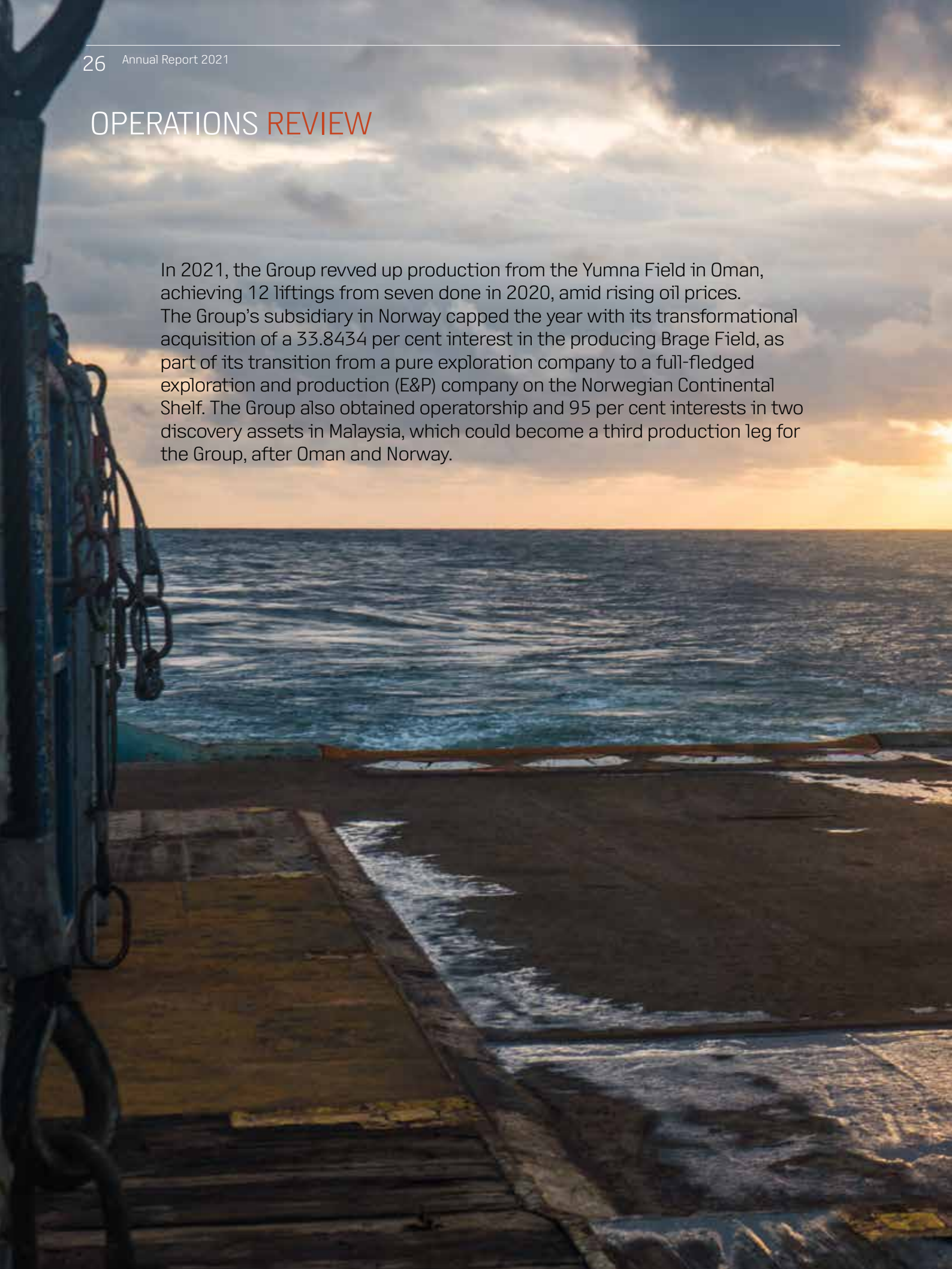
Rex shareholders approved the resolutions in respect of the Proposed Transfer.

8 March

Rex commences trading on the Mainboard of the SGX-ST.

OPERATIONS REVIEW

In 2021, the Group revved up production from the Yumna Field in Oman, achieving 12 liftings from seven done in 2020, amid rising oil prices. The Group's subsidiary in Norway capped the year with its transformational acquisition of a 33.8434 per cent interest in the producing Brage Field, as part of its transition from a pure exploration company to a full-fledged exploration and production (E&P) company on the Norwegian Continental Shelf. The Group also obtained operatorship and 95 per cent interests in two discovery assets in Malaysia, which could become a third production leg for the Group, after Oman and Norway.





OMAN



In 2021, Masirah Oil Ltd completed a five-well campaign comprising two development wells and three exploration wells in and around the Yumna Field in Block 50 Oman. Oil liftings increased from seven in 2020 to 12 in 2021, amid a recovery in Brent oil prices. Average realised oil price sold also rose from US\$34 per barrel in FY2020 to US\$67 per barrel in FY2021.

OVERVIEW

Oman is the largest oil and natural gas producer in the Middle East outside the Organization of the Petroleum Exporting Countries (OPEC) producing about 1 million BOE per day, with the vast majority of production coming from onshore fields. Oil and gas activities are Oman's principal revenue source, accounting for about 51 per cent of government revenue in 2021¹.

Data published by Oman News Agency citing the National Centre for Statistics and Information (NCSI) stated that the country's oil production in the first half of 2021 was 172.8

million barrels, with an average daily production of 955,000 bpd. This was a 2.5 per cent decrease from Oman's oil production in the first half of 2020 of 177.3 million barrels, with an average daily production of 964,000 bpd.²

Omani crude production is expected to rise 10 per cent year-on-year to 1.1 million barrels a day (bpd) in 2022, from 0.9 million bpd through 2021.¹

It was reported in August 2021 that Oman was putting the finishing touches on an crude storage centre outside the Strait of Hormuz, that can eventually hold more than 200

¹ Oman Observer, Oman 2022 versus 2021, 29 January 2022

² WAF News Agency, Oman's average oil price per barrel increases by 9.9%, 16 August 2021



million barrels as the Gulf state seeks to attract international oil companies to park their cargoes in the country. The Ras Markaz Oil Storage Park is expected to have an initial capacity to hold 25 million barrels starting in the first quarter of 2022.³

The Ras Markaz Oil Storage Park will receive oil by sea through ships that will pump oil to the facility through pipelines extending to 7 km at sea and 3.5 km on land and in the future the facility may be connected to Oman's oil fields. The storage park also can be a source of oil from Duqm refinery, which is connected to the facility with an 80-km long pipeline and eight tanks built to store the refinery's oil.

The Ras Markaz Crude Oil Park could provide an alternative for energy traders and exporters eager to avoid the Strait of Hormuz, a choke-point at the mouth of the Gulf that's seen numerous flareups in recent years, including Iranian seizures of tankers.

The Duqm special economic zone and port is the site of several energy infrastructure projects under development and construction. Plans to build a pipeline network, bunker terminal facility and petrochemicals plant at Duqm are also underway.³

BLOCK 50 OMAN

Block 50 is an offshore concession, approximately 17,000 sq km, located in Gulf of Masirah, east of Oman.

Masirah Oil Ltd ("**MOL**") holds 100 per cent of the Block 50 Oman concession. Rex International Holding holds an effective interest of 91.81 per cent in MOL through its indirect wholly-owned subsidiary Rex Oman Ltd.

³ Tank Terminals / S&P Global, Oman Close to Finishing Ras Markaz Oil Storage Center Outside Strait of Hormuz: Report, 15 August 2021

2021 Operations Update

- Commenced production at Yumna 2. Yumna 2 encountered 10 metres of Lower Aruma sandstone with a porosity of 21 per cent, proving that the good quality reservoir sand is extensive to the north of Yumna 1; the permeability is about 2,000 md. The reservoir pressure depletion over the first year of production is around 100 psi, confirming that excellent pressure support is provided by a strong aquifer.
- Drilled and commenced production at Yumna 3, the third production well, targeting a crestal location in the field to the east and up-dip from the discovery well GAS-1.
- Upgraded the production facilities on the Yumna Mobile Offshore Production Unit (MOPU) to increase the liquid (i.e. oil and water) processing capacity to accommodate production from the three Yumna wells.
- Completed drilling of three exploration prospects near the Yumna Field. The results confirmed the extents of the good quality Lower Aruma sandstone and will help to refine understanding of the trap mechanisms in the area.
- Completed 12 liftings during the year.
- Started continuing maintenance of the Mobile Offshore Production Unit's production system.

2022 Operations Update

- Change-out of floating storage tanker completed.
- Upgrade of production facilities and change-out of Mobile Production Unit (MOPU) in progress.

Going Forward

- The three production wells in the Yumna Field have been positioned to optimally drain the reservoir and maximise recovery.
- To start drilling campaign of one firm well and one optional well after the monsoon season.
- To acquire seismic and do 3D seismic survey covering 15 sq km of the sub-Melange.

Block 50: Prospective resources and reserves with significant untapped potential

Report (release year)	Area investigated	Unrisked prospective resources (P50)	Oil reserves
Aker Geo (2012)	Entire block, ~ 17,000 sq km	~4 billion barrels	Not applicable (report made before discovery)
RPS (2020)	Seismic area ~1,500 sq km	152.3 MMstb	
In-house summary Qualified Person's Report (2022)	Yumna Field	-	6.6 MMstb of oil remains 5.77 MMstb already produced (as at 31 Dec 2021)

ABOUT THE YUMNA FIELD

Block 50 Oman is one of the first concessions secured by the founders of Rex International Holding before the Company's IPO. The Company's founders were involved in Lundin Petroleum's (then known as International Petroleum Corporation (IPC)) commercial oil discovery in the Bukha field, offshore Oman in 1986.

On 4 February 2014, an oil discovery was announced in Block 50 Oman. The second exploration well that was drilled in the concession had successfully reached the well target depth of more than 3,000 metres into the Cambrian formation. Hydrocarbons were discovered in several formations with good oil sample extracted.

The oil discovery is significant as it is the first offshore discovery east of Oman, after 30 years of exploration activity in the area and won the 'Offshore Discovery of the Year' award.

In 2017, the Karamah#1 well which was drilled identified a 5-metre oil bearing interval on the wireline logs and found hydrocarbon shows in several stratigraphic zones, confirming the presence of a working petroleum system in the block.

In July 2020, the Ministry of Oil and Gas (now known as Ministry of Energy and Minerals) in Oman approved the Field Development Plan for the Yumna Field and awarded Declaration of Commerciality. The Yumna 1 well had produced more than one million barrels of oil by then.

In November 2020, MOL awarded a drilling rig contract to Shelf Drilling, to utilise the Tenacious jackup rig, to drill two development wells, Yumna 2 and Yumna 3, and exploration wells in Block 50 Oman, starting from December 2020. In December, a second development well in the Yumna Field was spudded.

Yumna 2 encountered 10 metres of Lower Aruma sandstone with a porosity of 21 per cent, proving that the good quality reservoir sand is extensive to the north of Yumna 1; the permeability is about 2,000 md. The reservoir pressure depletion over the first year of production is around 100 psi, confirming that excellent pressure support is provided by a strong aquifer. Production at Yumna 2 started on 23 January 2021.

Yumna 3, the third production well, targeting a crestal location in the field to the east and up-dip from the discovery well GAS-1, was drilled back-to-back from Yumna 2 in January 2021, even as the production facilities on the Yumna Mobile Offshore Production Unit (MOPU) were being upgraded to increase the liquid (i.e. oil and water) processing capacity to accommodate production from the three Yumna wells.

Following the successful drilling of the two development wells Yumna 2 and Yumna 3, three exploration wells were drilled near the Yumna Field as a five-well campaign with major cost savings. The results of the three exploration wells confirmed the extents of the good quality Lower Aruma sandstone and will help to refine the understanding of the trap mechanisms in the area.

NORWAY

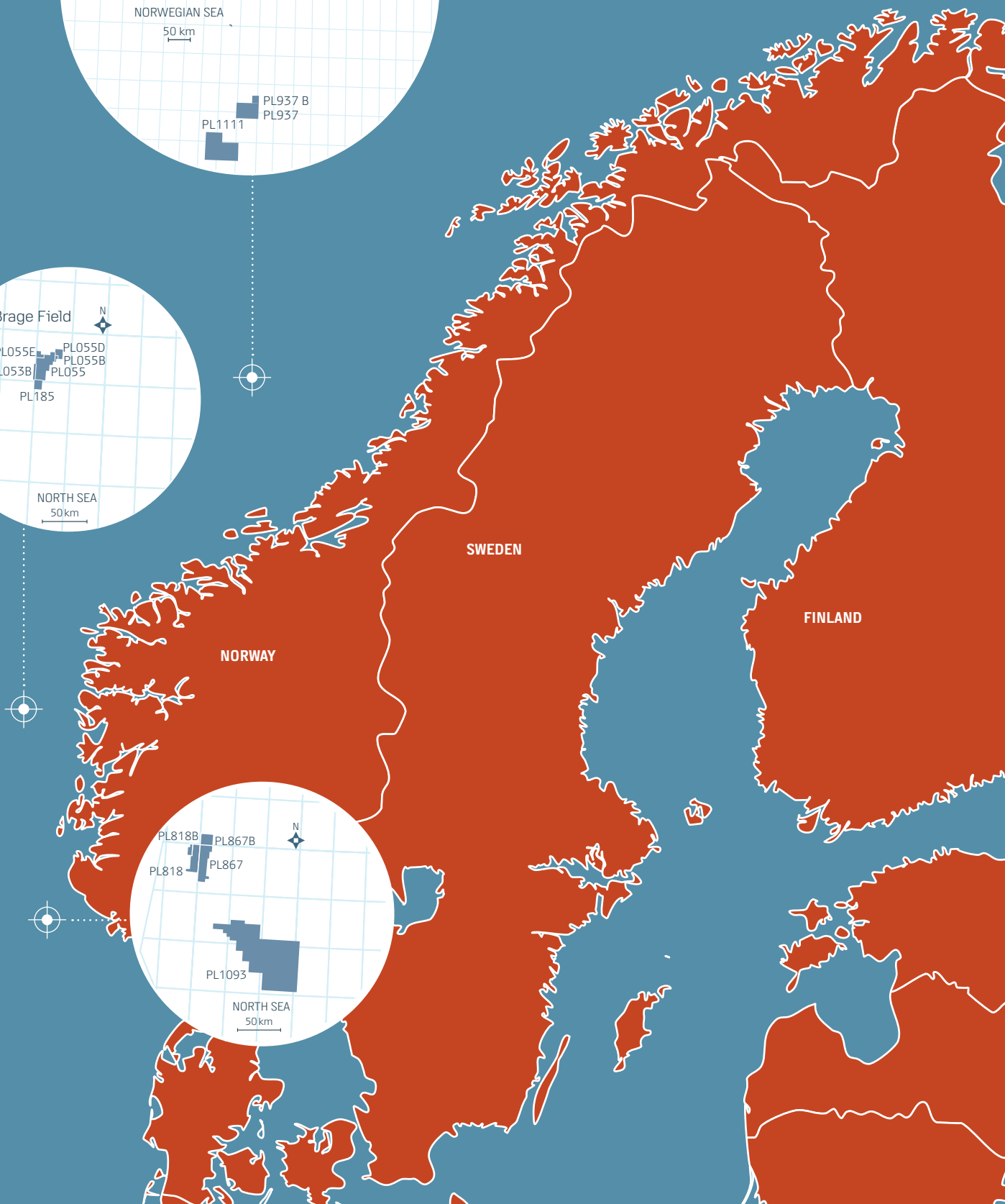
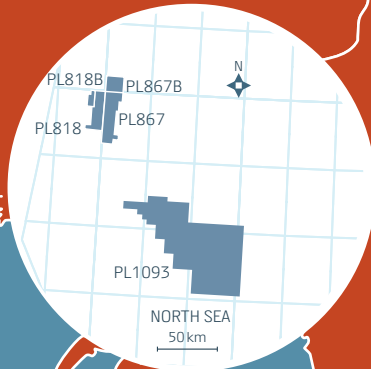


In 2021, subsidiary Lime Petroleum AS's most significant transaction was its acquisition of a 33.8434 per cent interest in the producing Brage Field, marking its transition from pure-play exploration to a full cycle exploration and production company on the Norwegian Continental Shelf, and to establish recurring cash flow, as well as develop and drive further value in the company's existing portfolio. To partly finance the transaction, a 2.5-year senior secured bond of NOK 500 million (approximately US\$60 million) was successfully raised in three days, a testament to the quality of the asset. In 2021, the company was awarded interests in four more licences, including one with a discovery, in the 2020 Awards in Predefined Areas (APA) Round; did an asset swap, farmed into two more licences and participated in one exploration drilling.

Lime Petroleum AS ("**LPA**"), as a pre-qualified company, benefits from the Norwegian tax system with 78 per cent cash refund of all eligible exploration expenditures. This system has been a huge success since introduced in 2005, enabling a diversity of companies drilling a sufficient number of wells, having resulted in a string of significant discoveries in all provinces of the Norwegian Continental Shelf.

OVERVIEW

According to the Norwegian Petroleum Directorate (NPD), the combination of high production of oil and gas from a total of 94 fields, significant demand and high commodity prices led to a historically high level on Norway's export revenues from petroleum. Production in 2021 came to 102 million standard cubic metres of oil (642 million barrels) and 113 billion standard cubic metres of gas. This corresponds to about four million barrels of oil equivalent per day, a minor increase from 2020.



Five fields started production in 2021; Duva, Yme (older field which was restarted), Solveig, Martin Linge in the North Sea and Ærfugl in the northern Norwegian Sea. Additional fields are in the pipeline. Eight development plans (PDOs) were submitted in 2021, and the companies are expected to submit dozens of PDOs this year. The temporary change in the petroleum tax has most likely led to an increase in project activity. The projects would most likely have been carried out even without the tax package, but some of them would have been postponed.

A total of about NOK 150 billion was invested in fields and the development of discoveries on the Norwegian shelf in 2021, which is somewhat lower than the previous year. While production remains high, CO₂ emissions are dropping. The most important reason for this is the use of power from shore. The objective is to cut emissions in half by 2030 compared with the level in 2005.

Resource growth in 2021 amounted to 81 million standard cubic meters of oil equivalent (510 million barrels of oil equivalent). There has been a steady resource growth over the past years, and 2021 had the highest growth since 2014.

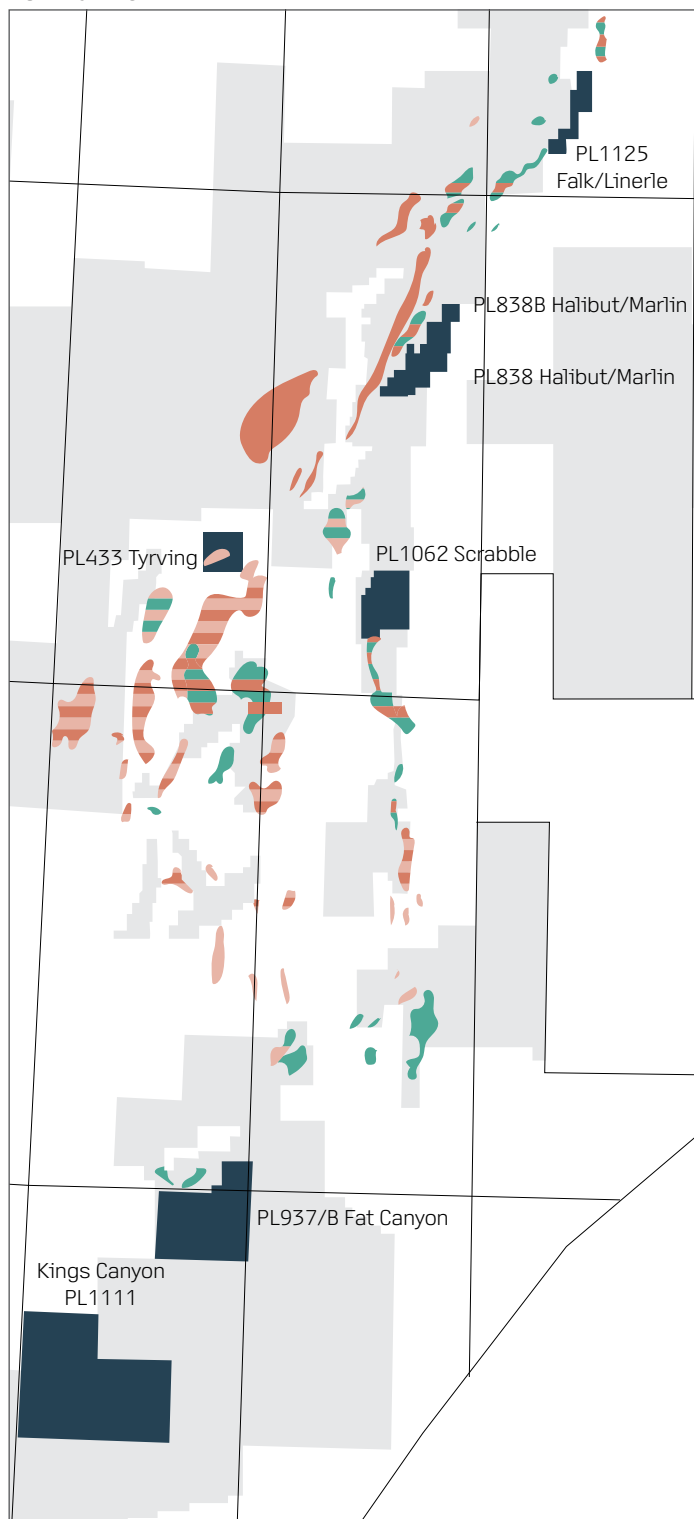
In 2021, 40 exploration wells - 31 wildcat wells and nine appraisal wells - were completed, yielding 18 oil and gas discoveries in wildcat wells and two discoveries in production wells with exploration targets. The NPD expects 30 to 40 exploration wells to be drilled in 2022.

During the year, 30 companies were offered a total of 61 production licences in the annual Awards in Pre-defined Areas (APA) round, and seven companies were offered ownership interests in the 25th round.

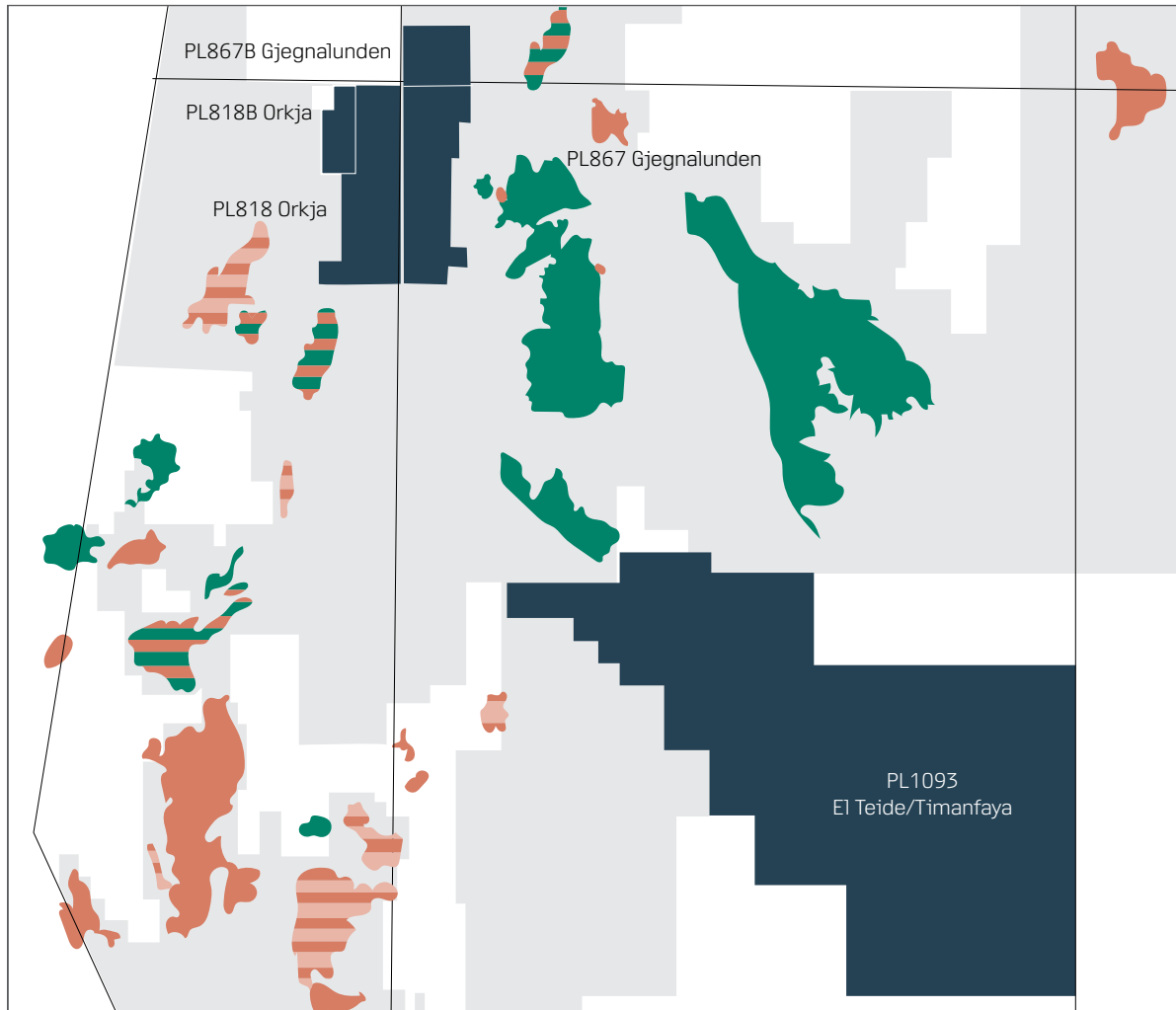
All of Norway's oil reserves are located offshore on the Norwegian Continental Shelf, which is divided into three sections: the North Sea, the Norwegian Sea, and the Barents Sea. The bulk of Norway's oil production occurs in the North Sea. New exploration and production activity is taking place further north in the Norwegian Sea and Barents Sea.

Sources for Overview:
Norwegian Petroleum Directorate (NPD), Record-high revenues from the Norwegian shelf, 13 January 2022
NPD website: <http://www.npd.no/>

NORWEGIAN SEA



Legend ■ LPA licences ■ Current licence areas
■ Existing oil/gas/condensate discoveries

NORTH SEA

Legend ■ LPA licences ■ Current licence areas ■ Existing oil/gas/condensate discoveries

STRATEGY

Lime Petroleum AS (“**LPA**”) was established in 2012 with offices at Skøyen in Oslo. The company was pre-qualified as a licence holder in February 2013 and has since built a portfolio of assets focusing on mature areas, following a technology and infrastructure-led strategy.

LPA has used the Group’s Rex Virtual Drilling (“**RVD**”) technology to select and build a portfolio of investments in the Norwegian Continental Shelf. The licences are in oil-

prolific areas that already have producing fields and pipeline infrastructure in place, allowing for a fast-track path to potential commercialisation and return on investment when more oil discoveries are made in LPA’s assets.

LICENCES

LPA is 91.65 per cent directly held by Rex’s wholly-owned subsidiary Rex International Investments Pte Ltd.

LICENCE/ FIELD	LOCATION	LIME NORWAY'S STAKE	REX'S EFFECTIVE STAKE IN LICENCE HOLDING ENTITY	OPERATOR	OTHER PARTNERS	EXPIRY DATE
PRODUCING ASSETS						
Brage Field PL053B PL055 PL055B PL055D PL055E PL185	North Sea	33.8434%	31.0%	Wintershall Dea Norge AS	DNO Norge AS Vår Energi AS Neptune Energy Norge AS	06.04.2030 06.04.2030 06.04.2030 06.04.2030 06.04.2022 06.04.2030
DISCOVERY ASSETS						
PL433 Tyrving (previously Fogelberg)	Norwegian Sea	15.65%	14.3%	Spirit Energy Norway AS	PGNiG Upstream Norway AS	16.02.2042
PL838 Shrek	Norwegian Sea	30.0%	27.5%	PGNiG Upstream Norway AS	AkerBP ASA	05.08.2023
PL1125 Falk/Linerle	Norwegian Sea	50%	45.8%	OKEA ASA	---	19.02.2024
EXPLORATION ASSETS						
PL 818 Orkja	North Sea	30.0%	27.5%	Aker BP ASA	Equinor Energy AS	05.02.2026
PL818B Orkja	North Sea	30.0%	27.5%	Aker BP ASA	Equinor Energy AS	05.02.2026
PL838 Halibut/Marlin	Norwegian Sea	30.0%	27.5%	PGNiG Upstream Norway AS	AkerBP ASA	05.08.2023
PL838B Halibut/Marlin	Norwegian Sea	30.0%	27.5%	PGNiG Upstream Norway AS	AkerBP ASA	01.03.2028
PL867 Gjegnalanden	North Sea	20.0%	18.3%	Neptune Energy Norge AS	Equinor Energy AS	10.02.2026
PL867B Gjegnalanden	North Sea	20.0%	18.3%	Neptune Energy Norge AS	Equinor Energy AS	10.02.2026
PL937 Fat Canyon	Norwegian Sea	15.0%	13.7%	PGNiG Upstream Norway AS	Equinor Energy AS	02.03.2024
PL937B Fat Canyon	Norwegian Sea	15.0%	13.7%	PGNiG Upstream Norway AS	Equinor Energy AS	02.03.2024
PL1062 Scrabble	Norwegian Sea	30.0%	27.5%	Neptune Energy Norge AS	Pandion Energy AS	14.02.2027
PL1093 El Teide / Timanfaya	North Sea	20.0%	18.3%	Chrysaor Norge AS	Petoro AS	19.02.2028
PL1111 Kings Canyon	Norwegian Sea	40%	36.7%	PGNiG Upstream Norway AS	---	19.02.2028

2021 Operations Update

- Awarded participating interests in four new offshore licences, including one with a discovery for development, in the 2020 Awards in Predefined Areas (APA) round. Three of the licences are in the Norwegian Sea, while one is in the North Sea.
- Drill-or-drop deadlines for PL818 and PL818B Orkja in the North Sea, and PL838B Shaw in the Norwegian Sea, in each of which LPA holds 30 per cent interests, extended to February 2022 and March 2022 respectively.
- Swapped 20 per cent interests in each of the licences PL263D, PL263E, and PL263F Sierra (previously known as Apollonia) in the Norwegian Sea for a 13.3 per cent interest in PL433 Tyrving (previously known as Fogelberg), a discovery asset that is closer to production and hence, has lower exploration risk. LPA's interest in the licence was subsequently increased to 15.65 per cent.
- Commissioned an independent summary Qualified Person's Report (QPR) which placed gross 2C Contingent Resources (Development Unclassified) in the PL1125 Falk discovery, in which LPA has a 50 per cent interest, at 28.63 MMboe*. Contingent resources estimated by various qualified persons in three discovery assets – Shrek, Tyrving (previously known as Fogelberg) and Falk – and attributable to LPA total 27.74 MMboe.
- Conducted a review of the operator's Health, Safety, Environment and Quality (HSEQ) management system before an exploration drilling in which LPA held 15 per cent interests.
- Acquired from Repsol Norge AS, a 33.8434 per cent interest in the oil, gas and natural gas liquids (NGL) producing Brage Field, for a post-tax consideration of US\$42.6 million.
- Raised a 2.5-year senior secured bond of NOK 500 million (approximately US\$60 million), with a maturity date of 9 January 2024 and coupon rate of 3 months Norwegian Interbank Offered Rate (NIBOR) plus 8.25 per cent.
- Acquired from AkerBP ASA 20 per cent interests in each of the licences PL867 and PL867B respectively in the North Sea, adjacent to PL818, in which LPA has a 30 per cent interest.
- Participated in the exploration drilling of the Fat Canyon prospect in the Norwegian Sea licences PL937/B, in which LPA has 15 per cent interests.
- Participated in the first phase of a larger project involving several other joint-industry project partners, which aims to secure a storage site in the Norwegian Continental Shelf where CO₂ can be injected and safely stored permanently.

Going Forward

- LPA will be an active partner on the Brage Field, working on all aspects of the field, from furthering the subsurface/reservoir understanding and well placement to optimising production facilities on the platform.
- LPA is upgrading its staffing level and skillsets to be a responsible and proactive partner in a producing asset. This includes upgrading the management system to also cover hydrocarbon production.
- LPA will continue its exploration activity, focusing on participating in prospects near existing infrastructure and targets to drill three to five exploration wells in 2022/2023.
- LPA will continue its proactive work on field development projects to ensure the fields are designed to maximise value.

MAKING A BREAKTHROUGH TRANSFORMATION

The acquisition of a 33.8434 per cent interest in the producing Brage Field will mark the breakthrough transformation of LPA from pure play exploration to a full cycle exploration and production company on the Norwegian Continental Shelf, nine years after its establishment in 2012. The deal was signed between LPA and Repsol on 15 June 2021 and the transaction was completed on 31 December 2021, with an effective date of 1 January 2021. From the time the deal was signed until the time it was completed, the oil price rose by some 25 per cent.

As a condition precedent, LPA successfully raised a 2.5-year senior secured bond of NOK 500 million (approximately US\$60 million) (the “**Bonds**”). The Bonds were oversubscribed by more than 100 per cent and books were closed within three days after promotion to prospective investors was kicked off, a testament to the Brage Field’s production profile, cash flow generation and quality in the security package of the bond provided. The Bonds have a maturity date of 9 January 2024. The interest rate is 3 months Norwegian Interbank Offered Rate (NIBOR) plus 8.25 per cent.

Brage is in late-stage production, with some 21.52 mmbbl of remaining reserves. Despite this, the field is in an investment phase involving continuous drilling operations. New wells are targeting both undrained areas of a core part of the field, as well as exploration prospects in close proximity to the platform. Results of 2021 drillings were better-than-expected for both the infill and exploration targets, effectively replacing reserves in the field.

For development assets, LPA swapped its 20 per cent interests in each of the licences PL263D, PL263E, and PL263F Sierra (previously known as Apollonia) in the Norwegian Sea for a 13.3 per cent interest in PL433 Tyrving (previously known as Fogelberg), a discovery asset that is closer to production and hence, has lower exploration risk. The PL433 partnership is moving the discovery towards production with the submission of a Plan for Development and Operation (PDO) likely in end-2022, and production start-up potentially in 2025. In PL 838, LPA has been working

closely with the operator AkerBP to develop the field development plan for the Shrek discovery. The partnership is planning to submit the PDO by late 2022. Furthermore, the operator has recommended further exploration drilling in the licence, with a possible exploration well in 2023.

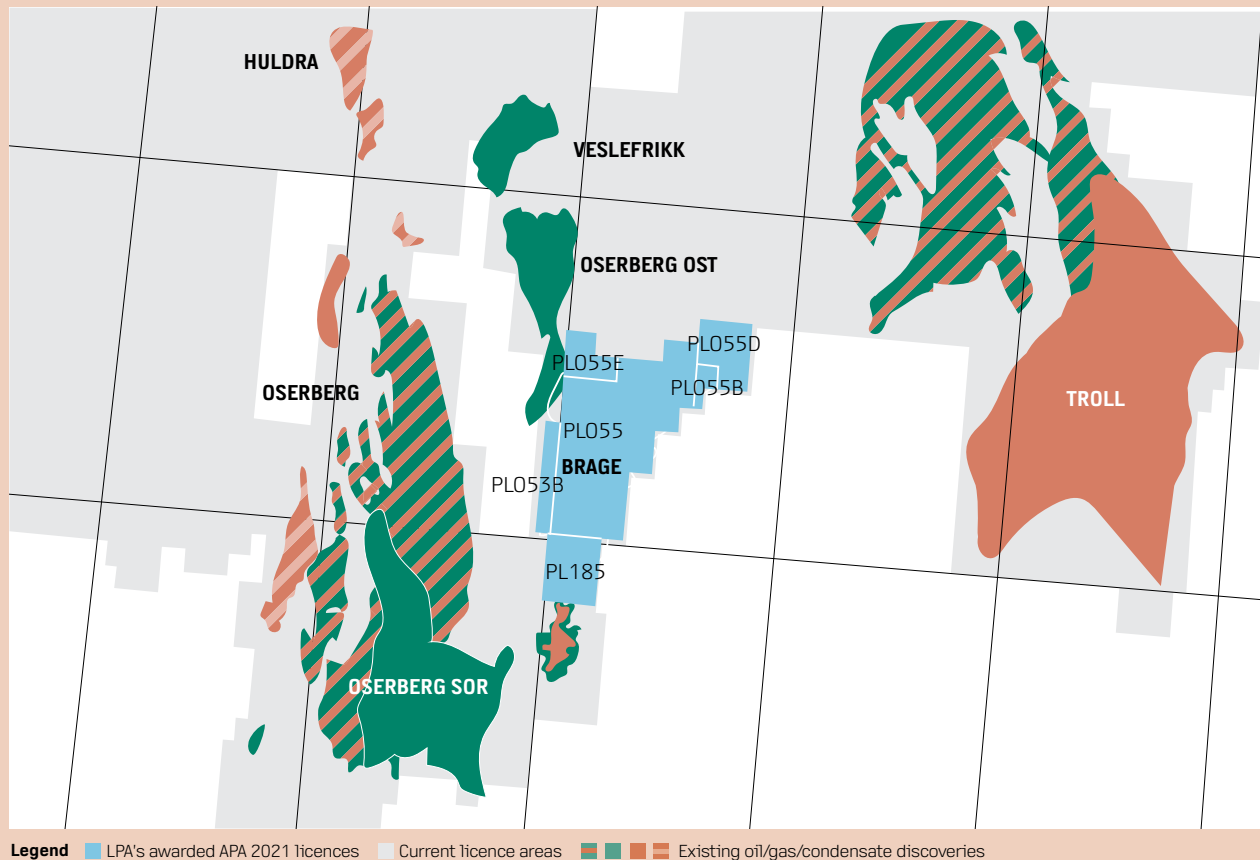
An independent summary Qualified Person’s Report (QPR) by RPS Energy Consultants Ltd (“**RPS**”) placed gross 2C Contingent Resources (Development Unclassified) in the PL1125 Falk discovery in Norway, in which LPA has a 50 per cent interest, at 28.63 MMbbl*. Contingent resources estimated by various qualified persons in three discovery assets – Shrek, Tyrving (previously known as Fogelberg) and Falk – and attributable to LPA, total 27.74 MMbbl.

For exploration, LPA in 2021 participated in the exploration drilling of the high-risk/high-return Fat Canyon prospect in the Norwegian Sea licences PL937/B, in which it has 15 per cent interests. Although no hydrocarbons were found, the drilling results will be used in the evaluation of the nearby PL1111 Kings Canyon prospect.

Of the four licences that LPA was awarded in the 2020 Awards in Predefined Areas (APA) round in Norway, there were two exploration licences; namely, a 20 per cent interest in PL1093 El Teide/Timanfaya in the North Sea, and a 40 per cent interest in PL1111 Kings Canyon in the Norwegian Sea. In March 2021, drill-or-drop deadlines for PL818/B Orkja in the North Sea, and PL838B Felicia in the Norwegian Sea, in each of which LPA holds 30 per cent interests, were extended to February 2022 and March 2022 respectively.

As a responsible oil and gas player, LPA took the initiative to conduct a review of the operator’s Health, Safety, Environment and Quality (HSEQ) management system, in preparation for the drilling of the Fat Canyon prospect in PL937/B in Norway. No non-compliance was found in the HSEQ management system and emissions were minimised during the drilling. Additionally, LPA entered into an agreement with Nautilus Carbon Services AS to participate in the first phase of a larger project involving several other joint-industry project partners, which aims to secure a storage site in the Norwegian Continental Shelf where CO₂ can be injected and safely stored permanently.

*27.80 MMstb of oil and 4.67 Bscf of gas (0.83 MMbbl; 1 Bscf = 0.178 MMbbl)



According to the Norwegian Petroleum Directorate, there are 2.76 million Sm³ of oil equivalent or 17.36 mmboe of remaining reserves in the Brage Field as at 31 December 2021¹. Accordingly, giving LPA net 2P Reserves of about 5.88 mmboe. In 2021, the Brage Field produced 0.50 million Sm³ or 3.14 mmboe.

Development

Brage is a field in the northern part of the North Sea, 10 kilometres east of the Oseberg field. The water depth is 140 metres. Brage was discovered in 1980 and production started in 1993.

Status

Brage has been producing for a long time, and work is still ongoing to find new ways of increasing recovery from the field. New wells are being drilled.

Reservoir

Brage produces oil from sandstone of Early Jurassic age in the Statfjord Group, and sandstone of Middle Jurassic age in the Brent Group and the Fensfjord Formation. There is also oil and gas in Upper Jurassic sandstone in the Sognefjord Formation. The reservoirs lie at a depth of 2,000 to 2,300 metres. The reservoir quality varies from poor to excellent.

¹Source: Norwegian Production Directorate website, Field: BRAGE - Factpages - NPD
Conversion: 1 Sm³: 6.29 barrels according to the Norwegian Petroleum Directorate.

MALAYSIA



Rex International was awarded 95 per cent interests and operatorship of two Production Sharing Contracts (PSCs) by Petroliaam Nasional Berhad (PETRONAS) in Malaysia in 2021. These PSCs are related to the development and production of the Rhu-Ara and the Diwangsa Clusters (the “**Clusters**”) located in offshore Peninsular Malaysia. The Rhu-Ara Cluster contains two discovered oil fields and the Diwangsa Cluster contains four discovered oil fields. The Clusters were awarded following the Malaysia Bid Round 2020.

OVERVIEW

Malaysia is the second-largest oil and natural gas producer in Southeast Asia and is the fifth largest exporter of liquefied natural gas (LNG) in the world, as of 2019. It is strategically located on important routes for seaborne energy trade. Malaysia’s energy industry is an important sector of growth for the economy.

PETRONAS holds stakes in most of the oil and natural gas blocks in Malaysia, and PETRONAS financial contributions to government revenue in the form of taxes, dividends, and cash payments comprised about 35 per cent of total government revenue in 2019.

According to the Oil & Gas Journal (OGJ), Malaysia held proved oil reserves of 3.6 billion barrels as of January 2020, the fourth-largest reserves in Asia Pacific after China, India, and Vietnam. Nearly all of Malaysia’s oil comes from offshore fields.¹

THE RHU-ARA AND THE DIWANGSA CLUSTERS

In 2021, Rex International was awarded 95 per cent interests and operatorship of two PSCs by PETRONAS, Malaysia’s national oil corporation. These PSCs are related to the development and production of the Rhu-Ara and the Diwangsa Clusters located in offshore Peninsular Malaysia. The Rhu-Ara Cluster contains two discovered oil fields and the Diwangsa Cluster contains four discovered oil fields.

¹ US Energy Information Administration, Country Analysis Executive Summary: Malaysia, 21 January 2021



The Rhu-Ara Cluster, consisting of Rhu and Ara fields, lies within the Penyu Basin 150km off the coast of oil centre Kerteh, Terengganu. The Diwangsa Cluster, which lies in the northwestern side of the Malay Basin, comprises Diwangsa, Bubu, Korbu and Lerek fields. These previously discovered fields have total estimated recoverables of 12.7 MMstb for the Rhu-Ara Cluster and 10.7 MMstb for the Diwangsa Cluster.¹ Both clusters are now primed for development under the Small Field Asset ("**SFA**") PSC terms which incorporate a simplified fiscal model and governance process.

The award of these two new SFA PSCs marks Rex's maiden entry into Malaysia's upstream industry, in partnership with local company Duta Marine Sdn Bhd (Duta Marine), which will hold the remaining 5 per cent. Rex brings to the table significant operating experience and expertise in developing and producing small oil fields in the Middle East as well as participation in joint ventures in the North Sea.

The fields were offered during the Malaysia Bid Round 2020 based on the SFA fiscal terms introduced in the same year that intensifies PETRONAS' commitment to monetising small discovered resource opportunities in Malaysian waters. The new SFA PSC terms include an up-to-two-year pre-development phase followed by a two-year development and a 10-year production period. Over the next two years, the Group's focus will be on the pre-development phase of the Clusters.

¹ PETRONAS Press Release, PETRONAS Intensifies Malaysia's Small Fields Development, Awards Two New Production Sharing Contracts | PETRONAS Global, 30 August 2021

RESERVES & RESOURCES

The following reserves table has been extracted from the Summary Qualified Person's Report ("QPR") prepared by the Group's in-house qualified person, Mr Lars B. Hübert.

With reference to the Company's announcement on 24 February 2022, an extract from the summary QPR of the reserves of the Yumna Field which is attributable to MOL, a subsidiary in which the Company has an indirect 91.81% interest, is provided below:

Category	Gross Attributable to Licence (MMstb) ^{1,2}	MOL Net Entitlement Volume ^{2,3}			Rex Net Entitlement Volume ^{2,3}			Risk Factors ⁶	Remarks
		Previous Report (MMstb) ⁴	Current Report (MMstb) ⁵	% Change from Previous Update	Previous Report (MMstb) ⁴	Current Report (MMstb) ⁵	% Change from Previous Update		
Low 1P	4.2	2.1	2.7	+29%	1.8	2.5	+39%	N/A	Change due to production ⁵ , maturation of reserves and updated volumetrics
Base 2P	6.6	5.4	4.0	-26%	4.6	3.7	-20%	N/A	Change due to production ⁵ , maturation of reserves and updated volumetrics
High 3P	7.6	8.5	4.6	-46%	7.3	4.2	-42%	N/A	Change due to transfer to production ⁵ , maturation of reserves and updated volumetrics

1. Gross field Reserves (100% basis) after economic limit test as of 31 December 2021

2. Economic cut off year for the 1P, 2P and 3P reserves in 2025, 2026 and 2027, respectively

3. Company net entitlement Reserves after economic limit test

4. Volume as at 31 December 2020 (based on the in-house QPR dated 5 March 2021)

5. Volume after subtraction of net entitlement production of 2.38 MMstb gross from 1 January 2021 until 31 December 2021 plus upgrade and maturation of reserves

6. No risk is applied to Reserves

7. MMstb: Million stock tank barrels

As of 31 December 2021, the Yumna Field had produced 5.772 MMstb. Based on the recoverable reserves estimate from the 2021 internal work, the remaining reserves are presented in the table above.



FINANCIAL REVIEW

PROFIT FOR THE YEAR AND EBITDA

The Group registered total profit after tax of US\$78.94 million in the financial year ended 31 December 2021 ("FY2021"), as compared to total loss after tax of US\$15.21 million in the corresponding financial year ended 31 December 2020 ("FY2020").

Earnings before interest, taxes, depreciation, and amortisation ("EBITDA") for FY2021 was a positive US\$110.18 million as compared to a positive US\$3.03 million for FY2020.

REVENUE AND COST OF SERVICES

Revenue from sale of crude oil increased to US\$158.44 million in FY2021, from US\$46.66 million in FY2020. The increase in sale of crude oil was due to 1) an increase in the number of oil liftings from seven in FY2020 to 12 in FY2021, and 2) an increase in the average realised oil price sold from US\$34 per barrel in FY2020 to US\$67 per barrel in FY2021.

Correspondingly, production and operating expenses increased to US\$25.55 million in FY2021 from US\$23.84 million in FY2020.

Depletion of oil and gas properties increased to US\$36.24 million in FY2021, from US\$21.48 million in FY2020, due to the increase in volume of oil lifted and sold in FY2021.

Exploration and evaluation expenditure increased to US\$14.61 million in FY2021, from US\$1.51 million in FY2020, mainly due to the 1) expensed exploration costs of US\$9.73 million in Oman for three exploration wells that were deemed non-commercial, 2) impairment of exploration and evaluation assets of US\$1.02 million, and 3) write-off of oil and gas properties of US\$1.68 million in Oman upon annual review.

ADMINISTRATIVE EXPENSES

Administrative expenses increased to US\$29.11 million in FY2021, from US\$15.29 million in FY2020, largely due to performance bonuses paid to the executives and employees of the Group.

OTHER EXPENSES/ OTHER INCOME

Other expenses of US\$4.84 million recorded in FY2020 was mainly attributable to 1) premiums paid for Brent Crude Oil futures contract hedging of US\$3.35 million in FY2020;

2) unrealised loss in fair value of quoted investments of US\$0.57 million due to poor performance in the bond and equity markets; and 3) realised loss on disposal of quoted investments of US\$0.67 million. Other expenses in FY2021 were negligible.

Other income of US\$20.83 million recorded in FY2021 was mainly due to 1) bargain purchase of US\$18.24 million from acquisition of Brage Field, 2) recovery of bad debts previously written-off of US\$1.72 million, and 3) unrealised gain in fair value of quoted investments of US\$0.60 million due to better performance in the bond and equity markets. Comparatively, other income of US\$0.12 million in FY2020 was negligible.

NET FINANCE COSTS

Finance income remained fairly consistent in both financial years, US\$0.73 million in FY2021 and US\$0.78 million in FY2020.

Finance costs increased to US\$3.64 million in FY2021, from US\$0.96 million in FY2020, due to the issuance of bonds by a subsidiary.

The Group recorded a net foreign exchange loss of US\$0.71 million in FY2021, as compared to a net foreign exchange gain of US\$0.89 million in FY2020. The foreign exchange loss in FY2021 was due to the weakening of the Euro and Singapore dollar against the United States dollar in FY2021 as a portion of the quoted investments were denominated in Euro and a portion of cash and cash equivalents were denominated in Singapore dollar.

TAXATION

The Group recorded tax credits of US\$9.52 million and US\$4.90 million in FY2021 and FY2020 respectively, in relation to tax refunds of exploration costs incurred in Norway.

NON-CURRENT ASSETS

Non-current assets of the Group increased to US\$349.99 million as at 31 December 2021, from US\$112.17 million as at 31 December 2020. The increase was mainly due to 1) an increase in oil and gas properties and recognition of non-current receivables of US\$167.19 million from the acquisition of the Brage Field, 2) an increase in exploration and evaluation assets due to increased exploration activities in Norway, and 3) the investment in an associate.

CURRENT ASSETS

Inventories of US\$11.28 million as at 31 December 2021 were largely attributable to the acquisition of Brage Field.

Current trade and other receivables of the Group increased to US\$94.99 million as at 31 December 2021, from US\$37.20 million as at 31 December 2020, largely due to 1) receivables from the acquisition of Brage Field, and 2) increased receivables from the sale of crude oil in Oman which included the Oman government take for the oil lifted and sold in FY2021.

The Group recorded marked-to-market quoted investments of US\$26.31 million and US\$25.93 million as at 31 December 2021 and 31 December 2020 respectively.

NON-CURRENT LIABILITIES

Subsequent to the acquisition of Brage Field, decommissioning provisions increased to US\$197.15 million as at 31 December 2021, from US\$1.21 million as at 31 December 2020 and deferred tax liabilities increased to US\$40.83 million as at 31 December 2021, from US\$13.17 million as at 31 December 2020.

The Group recorded total current and non-current loans and borrowings of US\$55.62 million as at 31 December 2021 from the issuance of secured bonds by a subsidiary to fund the acquisition of Brage Field. Comparatively, the Group recorded short-term bank borrowings of US\$18.01 million as at 31 December 2020 from drawn-down credit facilities to fund its exploration activities in Norway. All bank borrowings were fully repaid in FY2021.

CURRENT LIABILITIES

Trade and other payables increased to US\$49.73 million as at 31 December 2021, from US\$22.05 million as at 31 December 2020, mainly due to 1) payables from the acquisition of Brage Field, and 2) ongoing production activities in Oman and amounts due to the Oman government for oil lifted and sold in FY2021.

CASH FLOWS

As at 31 December 2021, the Group's cash and cash equivalents and quoted investments totalled US\$86.91 million (31 December 2020: US\$46.30 million); with cash and cash equivalents at US\$60.60 million (31 December

2020: US\$20.38 million); and quoted investments at US\$26.31 million (31 December 2020: US\$25.93 million).

The Group reported net cash generated from operating activities of US\$89.40 million in FY2021, after accounting for movements in working capital. This was primarily due to sale of crude oil and tax receipts from the Norwegian authorities for exploration and evaluation activities in Norway. The net cash generated from operating activities was partially offset by production and operating expenses used in the production activities in Oman, as well as administrative and other operational expenses incurred in relation to the Group's business.

US\$9.59 million is placed as collateral for decommissioning obligation of a subsidiary and US\$0.48 million of the bank balance is pledged as securities for bank guarantee facilities granted to the Company, and therefore restricted from use in other operations.

Net cash used in investing activities of US\$74.00 million in FY2021 was attributable to 1) the acquisition of Brage Field of US\$40.96 million, 2) investment in an associate of US\$1.00 million, 3) purchase of quoted investments of US\$12.97 million and 4) exploration and evaluation expenditure of US\$32.74 million. The net cash used in investing activities was also partially offset by proceeds from the disposal of quoted investments of US\$13.17 million and interest received of US\$0.73 million.

Net cash generated from financing activities of US\$13.14 million in FY2021 was mainly due to 1) proceeds from the issuance of secured bonds by a subsidiary of US\$57.07 million to fund the acquisition of Brage Field and 2) proceeds from bank loans of US\$2.91 million to fund the exploration activities in Norway. Net cash generated from financing activities was also partially offset by repayment of bank loans and lease liabilities of US\$21.14 million, 2) acquisition of non-controlling interests in a subsidiary of US\$2.71 million, 3) dividends paid to non-controlling interests of a subsidiary of US\$19.00 million, 4) transaction costs of US\$1.52 million paid in relation to the issuance of secured bonds by a subsidiary, and 5) interests paid of US\$3.02 million.

As a result of the aforementioned, the Group recorded an overall net increase in cash and cash equivalents of US\$28.55 million in FY2021, as compared to an overall net decrease in cash and cash equivalents of US\$0.73 million in FY2020.

INVESTOR RELATIONS & COMMUNICATIONS

Rex International Holding aims to provide regular, succinct, transparent and timely information on the Group's strategy, business activities and financial performance, and to address concerns and strengthen relationships with its stakeholders. The Company employs various platforms, including announcements, press releases, investor presentations, meetings, briefings, conference calls, annual reports, the corporate website and social media, to communicate with its stakeholders comprising shareholders, investors, analysts, the media and the general public.

The Company announces the financial statements of the Company and the Group on a half-yearly basis. However, as a mineral, oil and gas company, the Company continues to provide quarterly updates on its use of funds as required under Rules 705(6) and 705(7) of the Listing Manual. All announcements, including the aforementioned, are released on SGXNet and are also available on the Company's website, which is a primary source of information.

Investors can subscribe to email alerts on the Company's new announcements at:
https://investor.rexih.com/email_alerts.html.

2021 INVESTOR RELATIONS ACTIVITIES

1Q 2021

- Release of FY2020 financial results
- Summary Independent Qualified Person's Report on Yumna Field, Oman

2Q 2021

- Announcement on Use of Funds/Cash by Mineral, Oil and Gas Companies
- Independent Qualified Person's Report on Falk discovery in PL1125, Norway
- Annual General Meeting
- Extraordinary General Meeting

3Q 2021

- Release of IH 2021 financial results
- Analyst / investor virtual conference

4Q 2021

- Announcement on Use of Funds/Cash by Mineral, Oil and Gas Companies

CONTACT US

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**SIAS Investors' Choice Awards 2021 -
Most Transparent Company Award - Energy**

Runner-Up

**38 Singapore Corporate
Transparency Index 2021**

No. 38, with a score of 94, from No. 55 with a score of 88 in 2020. This was well above the all-time high mean overall score of 68.7. The Company continued to be the highest ranked among Singapore-listed oil exploration & production companies for the sixth consecutive year.

>70

announcements and press releases were issued in 2021.

109%

2-year Shareholder Return

With Brent Crude Oil futures rallying from US\$48.50 per barrel to US\$75.20 per barrel in 2021, Rex generated returns of 109% over the year*

*SGX, STI Rebounded 14% in 2021 as Economy Expanded 7%, 3 January 2022

SUSTAINABILITY REPORT

BOARD STATEMENT

Rex International Holding aspires to create a sustainable business model by adopting best practices in the environment, social and governance (“**ESG**”) aspects of its business. Our sustainability objectives are to create long-term value for shareholders, our marketplace and customers, the communities we operate in, our people and the environment.

Sustainability efforts, including the oversight, management and monitoring of materiality topics at Rex International Holding, are led by the Company’s management team, which reports directly to the Board. The Company considers the following as building blocks for sustainability: corporate governance, business strategy, risk management, and metrics and targets. These building blocks are covered in the various sections of this Annual Report.

For this 2021 Sustainability Report, the Board has considered sustainability issues, and together with the management team, has determined the material ESG factors for the Group. For continuity, the six materiality topics identified in the 2018 sustainability report and retained in the 2019 and 2020 sustainability reports, remain relevant and unchanged.

Rex International Holding aims to review and evaluate these materiality topics regularly as well as progressively add metrics and targets to its business in its subsequent sustainability reports.

ABOUT THIS SUSTAINABILITY REPORT

This is the sixth Sustainability Report by Rex International Holding, which is headquartered in Singapore. This Sustainability Report covers the financial year from 1 January to 31 December 2021 and is aligned with the Group’s financial year. This Sustainability Report is issued together with the Group’s Annual Report.

This report supplements information on the Company’s strategies and activities in relation to sustainability practices regarding ESG factors, which are covered in other parts of this Annual Report.

GRI STANDARDS

This Sustainability Report has been prepared in accordance with the Global Report Initiative (GRI) Standards: Core option. The GRI Standards were chosen, given its longstanding universal application and robust guidance. The GRI content index and the relevant references are provided at the back of this report. This report is developed with reference to the primary components set out in Rules 711A and 711B of the Listing Manual on a ‘comply or explain’ basis.

The Company has also referenced the Sustainability Accounting Standards Board’s (SASB) Oil & Gas Exploration & Production (“**E&P**”) Sustainability Accounting Standard (October 2018) for sustainability issues most likely to impact the operating performance or financial condition of E&P companies, regardless of location. These issues include



Environment; Social – Community Relations, Workforce Health & Safety; as well as Leadership & Governance – Business Ethics & Transparency, Risk Management, Legal & Regulatory Environment. It is to be noted that this will be the Company's last referencing of the SASB standards, as SASB merged with the International Integrated Reporting Council (IIRC) in June 2021 to form Value Reporting Foundation (VRF), to unite their ESG reporting frameworks. The Climate Disclosure Standards Board (CDSB) and VRF have both committed to merge with the International Sustainability Standards Board (ISSB) by June 2022, to create a single framework of baseline sustainability disclosure standards.

Unless otherwise stated, the report covers the ESG performance of Rex International Holding and its subsidiaries in Singapore, Norway and Oman. It is to be noted that the Human Capital performance indicators pertain only to staff in Rex International Holding.

The report can be read or downloaded from <https://www.rexih.com>.

FEEDBACK

Rex International Holding welcomes feedback from stakeholders on this report and how it can improve on its sustainability performance. Stakeholders can send their comments and suggestions to info@rexih.com.

The Company will publish the Sustainability Report annually, to account for its performance and strategy on key ESG issues that matter to its stakeholders. This FY2021 Sustainability Report has not been externally assured nor internally reviewed by the internal audit function, a requirement to be effective from FY2022.

APPROACH TO SUSTAINABILITY

Since its listing on 31 July 2013, Rex International Holding has strived to create long-term growth to shareholders, offer investors a sound investment opportunity based on its game-changing technology, adopt responsible business practices and high corporate governance standards, lessen adverse impact to the environment, be an employer of choice and contribute back to communities where it operates.

STAKEHOLDER ENGAGEMENT

The Company engages its internal and external stakeholders regularly through various communications channels for insights into their concerns and priorities. Such engagement with stakeholders allows the Company to identify, initiate, review and add to its sustainability efforts.

SOCIETY

STAKEHOLDER GROUPS	PURPOSE & GOAL	MODES OF ENGAGEMENT	KEY CONCERNS RAISED BY STAKEHOLDER GROUPS
Community	Contribute to the communities we operate in	Corporate social responsibility efforts	- Environment - Corporate philanthropy

PEOPLE

STAKEHOLDER GROUPS	PURPOSE & GOAL	MODES OF ENGAGEMENT	KEY CONCERNS RAISED BY STAKEHOLDER GROUPS
Employees	Inclusive environment with enhanced well-being and productivity, with opportunities to develop skills	- Weekly internal meetings - Employment incentives - Training courses / seminars - Staff bonding activities	- Reward and recognition - Training and career development

MARKET PLACE AND CUSTOMERS

STAKEHOLDER GROUPS	PURPOSE & GOAL	MODES OF ENGAGEMENT	KEY CONCERNS RAISED BY STAKEHOLDER GROUPS
Shareholders & Investors – institutional investors, analysts, and retail shareholders	Provide timely and accurate information to shareholders and the investing public	- Dedicated Investor Relations section on the Company's website - SGXNet announcements - Annual / Extraordinary General Meetings - Half-yearly Financial Reports - Annual Reports / Circulars - Meetings / calls with investors and analysts, roadshows and conferences - Corporate and marketing videos, factsheets - Communications via email and social media	- Business performance and strategy - Debt position - Sustainable delivery of returns - Industry conditions - Market presence
Partners and Clients	- Collaborative efforts with partners to find oil in exploration drilling campaigns - Provide timely and accurate Rex Virtual Drilling ("RVD") analyses to clients	- Meetings, feedback and correspondences - Electronic communications	- Timely financial contribution to exploration drillings - Fast and accurate RVD analyses - Environmental, health & safety
Regulators and service providers	- Compliance with government policies, rules and regulations - Fair and reasonable treatment	Regular meetings, feedback and correspondences	- Compliance with rules and regulations - Sharing of best practices

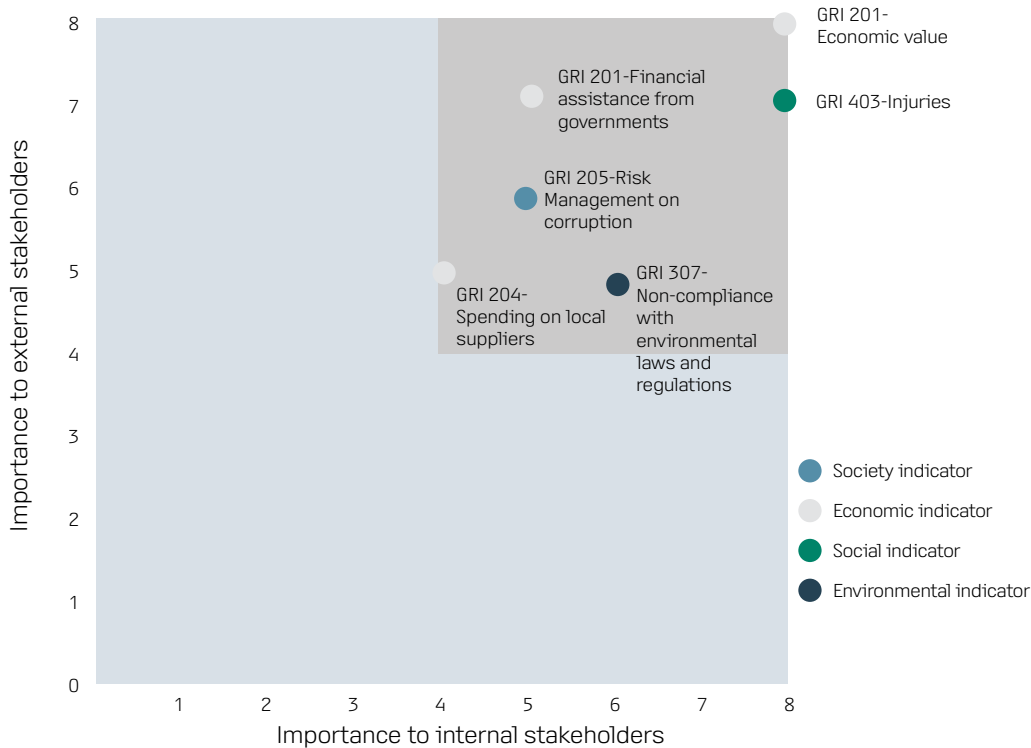
MATERIALITY ASSESSMENT

A materiality assessment had been conducted by the Management, referencing the GRI Standards, to define the key material topics for Rex International Holding, against the backdrop of continued volatility in oil prices, heightened climate change activism, breaches in business ethics and trust, as well as changing investor expectations on the role of corporates.

The Group identified the materiality topics after having considered value drivers for the Group, feedback from stakeholder engagements, risk management policies in place, markets in which the Group operates, and the Group's business strategies and activities in these markets.

The Group identified, rated, prioritised, and then validated the materiality topics. For FY2021, the six material topics identified in previous years, have been maintained. The Management and Board have reviewed and endorsed the following materiality matrix:

MATERIALITY MATRIX



MATERIAL TOPICS SELECTED FOR SUSTAINABILITY REPORTING

ENVIRONMENT

ESG ISSUES

Environmental Compliance

MAPPED TO GRI ASPECTS

GRI 307-1 – Non-compliance with environmental laws and regulations

SOCIAL AND SOCIETY

ESG ISSUES

Worker Health and Safety

Risk Management

MAPPED TO GRI ASPECTS

GRI 403-2 – Injury, lost days and total number of work-related fatalities, by region and by gender

GRI 205-1 – Total number and percentage of operations assessed for risks related to corruption and significant risks identified

ECONOMIC

ESG ISSUES

Economic and financial performance

Economic consideration for investment

Procurement Practices

MAPPED TO GRI ASPECTS

GRI 201-1 – Economic value generated and distributed

GRI 201-4 – Financial assistance received from government

GRI 204-1 – Spending on local suppliers

TARGETS FOR MATERIAL TOPICS

ENVIRONMENT

Compliance with environmental laws and regulations

TARGETS

100% compliance.

FY2021 ACHIEVEMENTS

100% compliance achieved.

SOCIAL & SOCIETY

Employee health and safety

TARGETS

Zero fatality rate. No down time related to Health, Safety, Security and Environment ("HSSE") issues.

FY2021 ACHIEVEMENTS

Norway: Zero fatality rate and no HSSE issues in the drilling of the Fat Canyon well in which LPA participated.

Oman: Zero fatality rate in the five-well campaign done in 2021, in which subsidiary Masirah Oil Ltd ("MOL") is the operator. There were no major HSSE issues.

Anti-corruption

Zero tolerance towards fraud, corruption and unethical actions.

No instance of whistle-blowing, and no instances of bribery or corruption have been identified in FY2021.

ECONOMIC

Economic value

TARGETS

- Short-term goal: To unlock value by achieving more oil discoveries and building up on its contingent resources and reserves.
- Short-term goal: To have commercial oil production as stable revenue stream.
- Mid-term goal: by unlocking value by selling oil-in-the-ground.
- Long-term goal: To sustain profitability.

FY2021 ACHIEVEMENTS

Oman:

- Added two production wells in the Yumna Field.
- Produced more than 5.77 mmstb of oil and achieved 12 liftings.

Norway:

- Qualified Person's Report on PL115 Falk discovery brought contingent resources in three discovery assets – Shrek, Tyrving (previously known as Fogelberg) and Falk – and attributable to LPA to total 27.74 MMboe.
- LPA's acquisition of a 33.8434% interest in the producing Brage Field.

Group:

- Achieved US\$78.94 million net profit in FY2021.

Financial assistance from government

To invest in exploration assets in jurisdictions that offer attractive tax incentives:

- Norway: Annual cash refunds for 78% of all exploration expenditures are given annually.
- Oman: Cost recovery pool can be reclaimed after declaration of commerciality.

- Norway: LPA received US\$18.71 million in tax refunds from the Norwegian government, compared to US\$18.78 million in FY2020.

Sustainable Supply Chain Management

To procure all services from local suppliers, provided they can deliver the required quality on cost and time.

Majority of contracts for the drilling of the Fat Canyon well in Norway and the five-well campaign in Oman were procured from local service providers.

It is to be noted that the targets for the materiality topics, which form part of the corporate performance objectives, are linked to the variable component of the remuneration for the Executive Directors and key management personnel.

Further information on the performance criteria for remuneration can be found in the Corporate Governance section of this Annual Report.



SUSTAINABILITY GOVERNANCE

The Management, headed by the Chief Executive Officer, oversees sustainability at Rex International Holding. This sets the tone for the integration of business and sustainability strategy from the top. Management also reviews the Company's sustainability strategy, approach and performance.

Rex International Holding was ranked No. 38 in the Singapore Governance and Transparency Index (SGTI) 2021, from No. 55 in 2020. A total of 519 companies listed on both the Singapore Exchange's Mainboard and Catalist were covered in the general category. The Company achieved a score of 94, up from a score of 88 in 2020 and a score of 72 in 2019.

The mean score for 2021 was 68.7. The Company continued to be the highest ranked among Singapore-listed oil exploration & production companies for the sixth consecutive year.

SGX, in an article dated 3 January 2022, stated that Rex generated 109% Shareholder Return, as Brent Crude Oil futures rallied from US\$48.50/bbl to US\$75.20/bbl in 2021.*

Rex International Holding is the Runner-Up of SIAS Investors' Choice Awards 2021 - Most Transparent Company Award – Energy.

*SGX, STI Rebounded 14% in 2021 as Economy Expanded 7%, 3 January 2022



ECONOMIC

Economic and financial performance^m

The Company's short-term goal is to unlock value by achieving more oil discoveries in its exploration assets and building up on its contingent resources and reserves.

The Company's long-term goal is to be continually profitable.

Details of the Company's economic and financial performance are found in the Financial Statements section of this Annual Report.

Financial assistance received from the government^m

With oil exploration being a capital-intensive industry, the Company looks to invest in assets in jurisdictions that offer attractive tax incentives. Incentives or financial assistance from the governments in these jurisdictions are a key determining factor for the Group's investment decisions as these will have a bearing on the Group's return on investment in the long term.

In Norway, the Company's subsidiary LPA was established in 2012 and became a Pre-qualified Petroleum Company in February 2013. Hence, the company is eligible for

tax rebates of 78 per cent of all oil exploration costs, regardless of any oil discovery or not. This allows the Group to participate in a highly developed oil market among reputed operators in Norway. In FY2021, LPA received US\$18.71 million in tax rebates from the Norwegian government, compared to US\$18.78 million in FY2020.

In Oman, an audit of recoverable costs and proposed budget are regularly presented to the Omani Ministry of Energy and Minerals for approval.

This aspect would continue to be a major consideration for the Company's investment decisions in the future.

Procurement practices^m

The Group has in place a detailed tender process for the appointment of contractors and service providers and spending on local suppliers.

Authorisation of Expenditure by the associated partners in a licence before the start of any drilling project is required. This is preceded by detailed documentation of the proposed capital expenditure related to exploration, development and production.



SOCIAL

Worker Health & Safety^m

The upstream or oil E&P sector is a capital and labour-intensive sector that carries significant risks. The drilling of exploratory wells requires a technically specialised crew to be on-site for weeks in a potentially combustible environment. As such, the Company considers worker health and safety to be a material ESG factor.

Operators managing exploration drillings in which the Company participates have to adhere to strict HSSE regulations and are subject to prequalification and audit for every drilling undertaken in the respective jurisdictions.

Where Rex International Holding or any of its subsidiaries is the operator, risks associated with operations are managed through the implementation of the Group's Operations Risk Management System ("**ORMS**"). The ORMS is adapted to the local rules and regulations in each jurisdiction where necessary.

The Group aims to have zero major injuries and fatalities in drilling campaigns and no downtime related to HSSE issues whereby its subsidiary is the operator.

The Group undertook a five-well drilling campaign in Oman in 2021. No major injuries nor fatalities were sustained

during the drilling campaign and no days were lost due to any HSSE issues.

In FY2021, LPA participated in the drilling of an exploration well on the Fat Canyon prospect in the Norwegian Sea licences PL937/B. LPA conducted a review of the operator's Health, Safety, Environment and Quality (HSEQ) management system in advance of the drilling, and had found the system to have good HSEQ coverage, with no missing elements and non-compliance to relevant HSEQ regulations.

Safety training is compulsory for all crew working offshore and safety meetings and work briefings are held with the contractors' staff on a regular basis.

With the outbreak of the Covid-19 pandemic, the Singapore-based team started working from home since mid-March 2020, adhering to the government's efforts to curb the community spread of the coronavirus. No cases of Covid-19 were reported by the Singapore team in 2021.

In Norway, the Company's subsidiary LPA has been following all Norwegian guidelines for Covid-19. In December 2021, only half of the LPA team worked from the office to maintain safe social distancing. Despite this, four staff members, or 33 per cent of staff strength, contracted Covid-19 and the office was immediately closed and sanitised, and LPA's Christmas dinner was cancelled to curb the spread. All staff in LPA are believed to be fully vaccinated.

HSSE management in Oman

The Group's subsidiary, MOL, started production operations in 2020. Key HSSE statistics in 2021 are as follows:

Total man hours clocked: 354,345

Number of HSSE Audit/Reviews: 14

Number of HSSE & Operations meetings held: 331

During the year, MOL conducted a joint emergency drill with local authorities. The objective of the exercise was the protection of crew onboard both the jack-up barge and vessel, as well as hostages in case of terrorism.

Measures were also taken to ensure business continuity and safety of all workers during the Covid-19 pandemic. There were 14 cases (20.9 per cent of staff strength) of Covid-19 infections among the operator and contractor teams.

Respect for Human Rights

The Company agrees with international human rights conventions, such as the Universal Declaration of Human Rights and the International Labour Organisation (ILO) Conventions, against coerced labour, modern slavery and discrimination in any form, in any jurisdiction. In all its business activities, the Group complies with applicable laws, employs best industry practices and acts in an ethical, sustainable and socially responsible manner, practises good corporate governance and respects internationally recognised human rights principles in its areas of operation.

Talent Management

As a relatively young company, the Company considers human capital as one of its key assets. The Company aims to inculcate its values of innovation, integrity and entrepreneurship among its staff by availing learning and development opportunities to them.

In 2021, the Company's employees have been assessed against a set of internal performance targets, which also includes ESG targets.

Rex International Holding offers fair compensation packages, based on practices of pay-for-performance and

promotion based on merit, to its employees. Employees are also entitled to various healthcare and insurance subsidies.

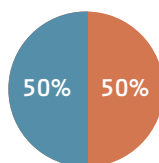
Fair labour practices and diversity

The Company believes that everyone deserves to work in an environment where he/she is treated with dignity and respect and is committed to creating such an environment to bring out the full potential in its employees, which, in turn, contributes directly to the success of its business. Rex International Holding is committed to providing a favourable workplace that has fair welfare and compensation, as well as workplace health and safety, and is free of discrimination of all types from abusive, offensive or harassing behaviour.

Rex International Holding is an equal opportunity employer and is fully committed to creating and maintaining an organisation that embraces and celebrates diversity. The Group's employees are recruited based on merit, regardless of age, ethnicity, gender, religion, marital status and disability, and treat each individual with equal respect. Diversity allows the Company access to a greater pool of talent and can help to drive better business performance over time.

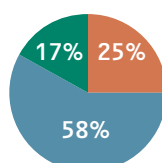
In FY2021, there were no departures and one new hire.

Nationality



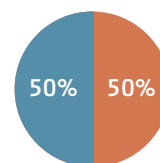
■ Singaporean/PR ■ Foreigners

Age



■ 20-40 ■ 41-60 ■ >60

Gender



■ Male ■ Female

Note: Charts are for Rex International Holding Limited only; excludes subsidiaries.

Staff Development

The provision of appropriate development and training opportunities to employees is one of the key internal performance targets monitored by the Company. In 2021, employees in Singapore attended a variety of seminars and webinars, while adhering to the Covid-19 measures put in place by the Singapore government to prevent the spread of Covid-19 in Singapore for most part of the year, averaging 6.2 hours of staff training per employee.

Finance

- KPMG Singapore - Budget 2021 Live Webinar
- EY - Singapore Budget 2021 - An analysis of recent tax cases in Singapore and their ramifications on businesses
- EY - Singapore Budget 2021 - Driving transformation through upskilling and reskilling
- EY Singapore Budget 2021 - Updates and developments on employment tax and employee remuneration reporting requirements
- EY Singapore Budget 2021 - Transfer pricing: Understanding COVID-19 positions of OECD and the IRAS and their impact on businesses
- EY Singapore Budget 2021 - The evolution of digital services tax and its impact on businesses in Singapore and ASEAN
- KPMG - Financial-Reporting-with-Clarity (Session 1)
- KPMG - Financial-Reporting-with-Clarity (Session 2)
- KPMG - Financial-Reporting-with-Clarity (Session 3)
- Deloitte - Business Combinations
- EY - Practical complexities in a simple GST
- EY - Services exposed: Practical complexities in a simple GST
- Institute of Singapore Chartered Accountants - Ethics Update for Professional Accountants in Business (Live Webinar)

Oil & Gas

- Rystad - APAC Virtual Forum: Business opportunities in Energy Transition

Corporate Governance & Sustainability

- SGX Regulatory Symposium 2021
- SGX RegCo-GCNS webinar: Roadmap to Mandate Climate-Related Disclosures
- SIAS Corporate Governance Conference - Sustainability Governance: The Next Step of Corporate Governance Framework
- SGX, Sustainable Stock Exchange (SSE), Climate Disclosure Standards Board (CDSB) & International Finance Corporation (IFC) - Continuing Professional Development (CPD)-Certified Climate Disclosure Training Programme (TCFD 1)
- SGX, SSE, CDSB & IFC - CPD-Certified Climate Disclosure Training Programme (TCFD 2)
- SGX - Amendments to Sustainability Reporting 2021

Management

- SkillsFuture Forum 2021 – Driving Business Transformation through Skills Development

Investor Relations

- Andrews Partnership - Peer discussion with Lena Haggbloom, Ericsson
- Investor Relations Professionals Association (Singapore) (IRPAS) - Webinar: ESG Reporting Frameworks: New Tools for Investor Relations
- IRPAS - Webinar: Trends, Developments and Best Practices in Financial and ESG Reporting
- Asia Investor Relations Forum - Till Rosar HKEX

The Company also engages its employees and seeks to forge stronger relationships through regular social events and feedback channels.



SOCIETY

Risk Management

The Company views Risk Management as a key governance factor and is committed to maintaining a sound system of risk management and internal controls to safeguard shareholders' interest and the Company's assets.

A Risk Management Committee, overseen by the Audit Committee, is in place. KPMG Services Pte. Ltd. (KPMG), an independent third party, developed a Board Assurance Framework that includes an enterprise risk management framework to assess the Company's evolving risk profile and risk mitigation plans in FY2013. An in-house Risk Management Committee ("RMC") now oversees risk governance and ensures that a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets is maintained.

The RMC has considered in detail the most material risks for the Company which include strategic, financial, operational, compliance, fraud and corruption, litigation and cyber security risks.

Further details of the Company's enterprise risk management framework and internal controls are found in the Corporate Governance section of this Annual Report.

Regular discussions are held with our employees to focus on addressing any specific risks identified from time to time in connection with the Group's operations. The Group also carries out follow-up reviews from time to time to ensure the effective implementation of our risk management procedures. The Company aims to continue to mitigate risks effectively and to ensure that internal controls remain robust.

Code of Conduct & Ethics Policy^m

All board committees are chaired by independent non-executive Directors.

Each year, the Nominating Committee undertakes a process to evaluate the effectiveness of the Board as a whole and the Board Committees, facilitated by an independent external consultant, if and when necessary. More details are found in the Corporate Governance section of this Annual Report.

^m Material issue



The Company has in place a code of ethics and business conduct policy and a conflict of interest policy, which encompass the Company's zero tolerance stance against bribery and corruption. A whistle-blowing policy is also in place. There was no incidence of whistle-blowing, bribery or corruption, anti-competitive behaviour nor fines for non-compliance with the law in FY2021, as was the case for each consecutive financial year since the Company's listing in July 2013.

The Company's internal audit function is outsourced to Ernst & Young Advisory Pte Ltd. More details on the role and activities of the internal auditors, as well as details of the Group's whistle-blowing policy and oversight thereof can be found in the Corporate Governance section of this Annual Report.

Competition

The Company is dedicated to ethical, fair and vigorous competition. The Company promotes its products and services based on their merit, superior quality, functionality and competitive pricing. The Company also strives to practise fair competition in all business transactions. The Company discloses any information which is important

to a business transaction, in a manner such that none of its competitors will have an unfair advantage over others. Confidentiality with regard to pricing and proprietary information will also be maintained.

Data Privacy & Protection, Cyber Security

We conduct our business in compliance with the Personal Data Protection Act (PDPA) in Singapore and the European Union General Data Protection Regulation (GDPR).

Cyber security continues to be an area of risk to the industry and remains a key priority. As with previous years, the Company has experienced threats, including phishing campaigns, but none of these had a significant impact on our business in 2021. The Company will continue to focus on maintaining security across the organisation and encouraging vigilance amongst our employees through cyber security training and awareness campaigns.

Community

We aspire to do good in the communities we operate in. In 2021, Rex International Holding's Singapore office donated food hampers to the Boys' Brigade Share-A-Gift (BBSG) 2021 project, which aimed to reach 44,167 beneficiaries.



PRODUCT RESPONSIBILITY

Marketplace & Customers

The Company had previously used its proprietary technology RVD on its own assets. With the collapse of oil prices in mid-2014, the Company made the strategic decision to also offer RVD as a service for oil exploration companies, as an additional tool to de-risk their assets.

Research and development efforts on RVD have continued unabated over the years. A fifth release of RVD is targeted in 2022 and is anticipated to be more resilient to seismic data processing and provide a higher degree of predictive capability and accuracy.

Continued to strive towards compliance with privacy protection rules with regard to shareholders and customers.

In marketing communications, the Company strives for a high standard in fair marketing communications.

ENVIRONMENT

Environmental Compliance^m

The Group is committed to participating in oil exploration and production projects that minimise the impact of its activities on the surrounding natural environment, particularly in environmentally sensitive areas or areas with elevated operational risks, such as deep water or high-pressure areas.

In Oman, Rex International Holding's subsidiary MOL has an in-house HSSE manager to oversee drilling and production activities. A third-party consultancy firm has been appointed to carry out the Environmental Impact Assessment report.

Reducing Carbon Footprint

In 2021, the Borgland Dolphin drilling rig was selected and used for the drilling of the Fat Canyon prospect in the Norwegian Sea licences PL937/B, in which LPA has a 15 per cent interest, as the Borgland Dolphin had one of the lowest CO₂ emissions for drilling rigs operating in Norwegian waters.

In 2021, LPA entered into an agreement with Nautilus Carbon Services AS to participate in the first phase of a larger project involving several other joint-industry project partners, which aims to secure a storage site in the Norwegian Continental Shelf where CO₂ can be injected and safely stored permanently.

LPA's acquisition of a 33.8434 per cent interest in the producing Brage Field in the Norwegian North Sea was completed on 31 December 2021. LPA is working closely with the operator and the Brage unit on plans to electrify the platform and this could happen as early as 2024.

The Group's proprietary liquid hydrocarbon indicator, the RVD technology, empowers the Group to have a higher chance of success in finding oil, and in turn, minimises the use of resources and the adverse impact on the environment as fewer dry wells will be drilled.

The Group recognises the global trend to move from fossil fuel towards clean and sustainable energy. Renewables are also quickly representing the largest growth area in new energy supply. In 2019, the Company obtained shareholders' approval to diversify its business into sustainable energy, sustainable solutions for materials and development in

various industries, and ownership or acquisition of related technology. The Group will, if the right opportunities arise, consider investments in these fields.

In 2021, the Company, through a wholly-owned subsidiary, committed to invest up to US\$4 million into commercial drone company Xer Technologies Pte. Ltd. ("**Xer**"). Xer's unique heavy-duty drones will promote sustainable practices for corporations and government institutions on a global scale by replacing larger and heavier modes of transport such as helicopters, trucks and sea vessels for a wide range of applications, minimising environmental impact and reducing CO2 emissions. As such, the acquisition brings the Group a step closer towards its business diversification mandate.

With SGX allowing the move towards electronic transmission of shareholder documents with effect from March 2017, the Company obtained shareholders' approval at its 2018 Annual General Meeting to change its Constitution accordingly so as to adopt the e-communication regime for its shareholder base, as part of its sustainability efforts and to reduce operational costs. Since 2019, the Company has stopped mailing out physical copies of its annual reports and extraordinary general meeting circulars. Shareholders can view the aforementioned reports on the Company's website <https://www.rexih.com>. In 2021, Notices of the Annual General Meeting and the Extraordinary General Meeting were also not physically posted to shareholders, in line with the "Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period" joint statement issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and SGX RegCo on 13 April 2020, when Covid-19 'circuit breaker' measures were implemented by the Singapore government.

Despite its lean staff strength, the Company has made efforts to reduce energy consumption in its Singapore office. Rex International Holding participated in the "Green the Red Dot" movement on Eco Action Day, Singapore's largest business-led environmental awareness campaign encouraging awareness and action for the environment. This campaign supported the World Environment Day on 5 June 2021 and is a registered Sustainable Development Goals Partnership Platform. All pledges will contribute to the Climate Action Pledges by the Singapore Ministry of the Environment and Water Resources.

The Company pledged the following:

- Monitor and publish water consumption results using digitalised platforms
- Install energy-efficient appliances and energy-saving fittings such as LED lights
- Allow staff to telecommute where possible
- Set up a recycling corner in the workplace
- Reduce usage of single-use items such as straws, plastic utensils and cups
- Remove shark's fin dishes from company events
- Dispose waste appropriately to minimise marine pollution
- Reduce paper usage by printing on both sides and opting for soft copies
- Work with staff and stakeholders to encourage environmental sustainability

The Singapore office's electricity consumption in 2021 was 26.3 per cent lower than that in 2020 due to Work-From-Home arrangements during the Covid-19 pandemic, compared to a 13.5 per cent reduction in 2020 from 2019, a 6.5 per cent reduction in 2019 from 2018 and a 3 per cent reduction in 2018 from 2017. Water consumption decreased by 84.3 per cent in 2021 from 2020, compared to an increase of 14.5 per cent in 2020 from 2019, a 3.5 per cent increase in 2019 from 2018, and no change between 2018 and 2017. The Company aims to continue the trend of conservation in the coming year.

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GRI 102-10	Significant changes to the organisation and its supply chain	NA
GRI 102-11	Precautionary principle or approach	NA
GRI 102-12	External initiatives	NA
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GRI 307-1	Non-compliance with environmental laws and regulations	Nil
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GRI 205-3	Confirmed incidents of corruption and actions taken	Nil
Marketing & Labelling		
GRI 417-3	Incidence of non-compliance concerning marketing communications	Nil
Customer Privacy		
GRI 418-1	Substantiated complaints regarding breaches of customer privacy and loss of data	Nil

10 UN GLOBAL COMPACT PRINCIPLES

PRINCIPLE	DESCRIPTION	PAGE REFERENCE
Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	56
Principle 2	Make sure that they are not complicit in human rights abuses.	56
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	56
Principle 4	The elimination of all forms of forced and compulsory labour;	56
Principle 5	The effective abolition of child labour; and	56
Principle 6	The elimination of discrimination in respect of employment and occupation.	56
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	61-62
Principle 8	Undertake initiatives to promote greater environmental responsibility; and	61-62
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	61-62
Anti-Corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	58-59

TASK FORCE ON CLIMATE-RELATED DISCLOSURES (TCFD)

In 2021, the Singapore Exchange Regulation (SGX RegCo) unveiled its roadmap for issuers to provide climate-related disclosures based on recommendations of the Task Force on Climate-related Disclosures (TCFD). All issuers must provide climate reporting on a 'comply or explain' basis in their sustainability reports from the financial year (FY) commencing 2022. The Company has endeavoured to provide some initial information supporting the TCFD's recommended disclosures in this Sustainability Report ahead of the mandatory deadline, as good practice for better transparency.

GOVERNANCE

TCFD Recommendation:

Disclose the organisation's governance around climate-related risks and opportunities

Rex International Holding is among issuers in the energy industries, for which climate reporting will subsequently be mandatory from FY2023. The Board will endeavour to implement, with the help of Management, a system of sustainability governance encompassing the Board and its associated committees, as well as the Company's Management and operational leadership teams, within the mandated timeframe.

a. Describe the board's oversight of climate-related risks and opportunities

One of the Board's objectives is to guide the Company towards sustainable business success to create long-term value for shareholders, our marketplace and customers, the communities we operate in, our people and the environment. The board is responsible for oversight of the overall conduct and strategy of the Group's business.

The Board and its associated committees, where appropriate, have oversight of climate-related matters, which include climate risks and opportunities. The Board is updated regularly on climate-related risks and opportunities by Management and operational leaders, to enable the Board or related Board committee(s) to discharge their responsibilities, including those related to climate.

In 2021, these processes included information sessions on climate-related operational updates and risk management reports.

- The role of the Audit Committee is to, *inter alia*, review the effectiveness of the Company's financing reporting, systems of internal control and risk management, and the integrity of the Company's external and internal audit processes. The Audit

Committee's remit on the oversight of financial disclosure will also extend to TCFD reporting.

- The role of the Remuneration Committee is to, *inter alia*, recommend to the Board the remuneration policy for the Board and key management officers of the Company. It also keeps abreast of workforce remuneration and monitors related policies, to ensure that the Company's incentives and rewards are aligned to the Company's business and climate-related strategies, corporate culture and long-term sustainable commercial success.
- The role of the Nominating Committee is to, *inter alia*, oversee succession plans for the Company's directors and review the process and criteria for evaluation of the Board and its board committees, to ensure that the right people are appointed to lead and guide the Company to deliver sustainable success.

Since the Company's listing in July 2013, strategy has been a core focus of every board meeting, during which the Board assesses the Group's strategic acquisitions, portfolio changes and allocation of capital. In 2021, significant deals included the Norway subsidiary's acquisition of a stake in the producing Brage Field and the Group's maiden business diversification into commercial drones. The Board also reviewed a slew of updated policies, covering various aspects of the Company's governance, conduct of business and operations.

b. Describe management's role in assessing and managing climate-related risks and opportunities

The assessment and management of climate-related matters will be from ground up, at operational leadership level in the Company's core business of oil exploration and production.

The operational leaders meet with the Company's management regularly to review progress and strategies within entities against the sustainability frame and make critical decisions pertaining to sustainability that might

present risks or opportunities to the Group's operations. The Company's management will report to the Board and board committees as appropriate.

The Board, with the assistance from the Audit Committee and the Risk Management Committee, is responsible for risk governance and ensuring that Management maintains a sound system of risk management, including for climate-related risks, and internal controls to safeguard shareholders' interests and the Company's assets.

The Board has considered sustainability issues in the Company's business and strategy, determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

STRATEGY

TCFD Recommendation:

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material

a. Describe the climate-related risks and opportunities that the Company has identified over the short, medium and long term.

Short-term (five-year horizon): The transition to a lower carbon economy presents both risks and opportunities to the Company. With 80 per cent of global transportation still powered by fuel and an expected increase in demand for oil amid underinvestment in fossil fuel production in recent years, such opportunity poses business sustainability for the Company's core business of exploration and production.

Notwithstanding the aforementioned, access to funds from institutions with ESG-related investments mandates may be curtailed in light of the global push toward clean energy.

Medium term (10-year horizon): Production of renewables may increase and as a result, demand for fossil fuel may decline.

Long-term (30-year horizon): The global shift towards net zero carbon emission comes to fruition and demand for fossil fuels falls, challenging the sustainability of the Company's core business.

b. The impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning

Short-term (five-year horizon): The Company may seize opportunities to invest in assets made available by other oil & gas companies which are transiting to renewables, even as the Company embarks on ESG initiatives such as carbon capture projects to minimise emissions from its operations. The Company will remain prudent in its cash management strategy.

Medium term (10-year horizon): The Company will consider the sign-posts and milestones towards a longer-term scenario, and consider business diversification or adjust its course, if required. The Company already has a mandate to diversify its business into sustainable energy, sustainable solutions for materials and development in various industries, and ownership or acquisition of related technology.

Long-term (30-year horizon): The Company will consider the global shift towards net zero carbon emission and adjust and adapt its business strategies, policies, as well as its business and technological growth plans accordingly.

c. The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degrees Celsius or lower scenario

The Company is confident about its financial resilience. The Company's strategy is reviewed and approved by the Board annually to ensure its relevance, resilience and corporate transparency. The Company may change or refine its strategy according to changes in the external or internal environment.

RISK MANAGEMENT

TCFD Recommendation:

Disclose how the organisation identifies, assesses and manages climate-related risks

a. Describe the organisation's processes in identifying and assessing climate-related risks

Going forward, the Company will work towards incorporating the identification and assessment of climate-related risks in its risk management system, and intends to share the process involved and how the material ESG factors contribute to the creation of value for the Company.

b. Describe the organisation's processes in managing climate-related risks

Climate-related risks may include impact on operations at asset level, performance at business level and development at regional level, arising from extreme weather conditions or global shift towards a lower carbon economy.

The leadership at asset level will meet with the Company's Management regularly to highlight potential climate-related risks and undertake appropriate contingency planning and actions to mitigate these risks.

c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

Our processes for identifying, assessing, managing and monitoring climate-related risks will be integrated into our risk management policy and the associated risk management procedures.

METRICS AND TARGETS

TCFD Recommendation:

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

The Company is in consultation with its advisers and internal audit function to formalise such metrics and targets to be disclosed in its FY2022 Annual Report.



CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**” or the “**Directors**”) of Rex International Holding Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs to enhance long-term shareholder value and business performance, by embracing the tenets of good governance, including accountability, transparency and sustainability of the Group.

During the financial year under review, the Directors of the Company have reviewed its corporate governance practices and ensured that they are in compliance with the applicable provisions of the Code of Corporate Governance 2018 (the “**Code**”) issued by the Monetary Authority of Singapore and the applicable listing rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Rules**”). Where applicable, deviations from the Code have been explained and how the Group’s practices are consistent with the intent of the relevant principles.

This corporate governance report sets out how the Company has applied the principles of good corporate governance in a disclosure-based regime where the accountability of the Board to the Company’s shareholders and the Management to the Board provides a framework for achieving a mutually beneficial tripartite relationship aimed at creating, enhancing and growing sustainable shareholders’ value.

GUIDELINE

General

Compliance to the Code

The Company has complied with the principles and provisions as set out in the Code and the disclosure guide developed by the SGX-ST in 2018 (the “**Guide**”), where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.

BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1 ***The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.***

1.1

Role of the Board

<i>Composition of the Board</i>	
Name of Director	Designation
Dan Broström	Executive Chairman
Dr Karl Lidgren	Executive Director
Sin Boon Ann	Lead Independent Non-Executive Director
Muhammad Sameer Yousuf Khan	Independent Non-Executive Director
Dr Christopher Atkinson	Independent Non-Executive Director

CORPORATE GOVERNANCE REPORT

The Company's Board is committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs to enhance long-term shareholder value and business performance, by embracing the tenets of good governance, including accountability, transparency and sustainability of the Group.

The Board sees as its role to:

- (a) Provide leadership guidance, set corporate strategic objectives and directions for Management, which should include appropriate focus on value creation, innovation and sustainability;
- (b) Set the appropriate tone-from-the-top and desired organisational culture, and to ensure proper accountability within the Company;
- (c) Ensure that the necessary resources are in place for the Company to meet its strategic objectives;
- (d) Establish and maintain a sound risk management framework to effectively monitor and control risks;
- (e) Constructively challenge Management and review its performance;
- (f) Instil an ethical corporate culture and ensure that the Company's values, standards, policies and practices are consistent with the culture; and
- (g) Oversee the overall corporate governance of the Group and ensure transparency and accountability to key stakeholder groups.

The Company's Board of Directors Policy sets out the principles and general guidelines for the Directors, who should abide by the policy and any applicable law, legislation, the Listing Rules or the Companies Act. The policy covers aspects including Board composition and balance, Board diversity, tenure and number of directorships, Board member selection and orientation, and code of conduct for the avoidance of conflicts of interest and dealing in the shares of the Company.

Conflicts of Interest

Specifically, Directors facing conflicts of interest are to recuse themselves from discussions and decisions involving the issues of conflict. The Company has in place a policy on Board of Directors whereby Directors should refrain from having any conflicts of interests with the Company to ensure that their duty to act in the best interest of the Company is not jeopardised. Directors must immediately report any conflicts of interests that have occurred or may possibly occur as soon as the Directors are aware of such potential or actual conflict of interest. This ensures that Directors continually meet the stringent requirements of independence under the Code.

1.2

Director Competencies

All directors have a good understanding of the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). For future appointments, the Company will provide each newly appointed Director with a formal letter of appointment setting out the Director's role, duties, obligations and responsibilities, and the expectations of their contribution to the Company.

CORPORATE GOVERNANCE REPORT

Directors are expected to develop their competencies to effectively discharge their duties and are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense.

All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure, and participate in an external course detailing the expected duties of a director of a listed company. To get a better understanding of the Group's business, the Directors will also be given the opportunity to visit the Group's operational facilities and meet with Management, whenever required. A new Director who has no prior experience as a director of an issuer listed on the SGX-ST must also undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST. All directors are required to undergo a one-time training on sustainability.

Except for Mr Sin Boon Ann and Mr Muhammad Sameer Yousuf Khan, the rest of the Directors of the Company do not have prior experience holding directorship(s) in public listed companies in Singapore. All of the Directors have been on the Company's board for more than seven years. To prepare and familiarise themselves with the roles and responsibilities of Directors of a public listed company, Mr Dan Broström, Dr Karl Lidgren and Dr Christopher Atkinson had completed the Listed Company Director courses conducted by the Singapore Institute of Directors (the "SID") following their appointment to the Board.

Directors are also regularly updated with the latest professional developments in relation to the Listing Rules and other applicable regulatory updates or amendments to relevant laws, rules and regulations to ensure the compliance of the same by all Directors.

In 2021, the Directors attended the following:

Dan Broström	(1)	SGX Regulatory Symposium 2021
	(2)	SIAS Corporate Governance Conference - Sustainability Governance: The Next Step of Corporate Governance Framework
Sin Boon Ann	(1)	MDD Forensic Accountants - Product Liability Panel Discussion
	(2)	Law Society of Singapore - Building Blocks for Success: Well-being at the Heart of your practice
	(3)	Law Society of Singapore - Directors' Responsibilities and Climate Change under Singapore Law
	(4)	MDD Forensic Accountants - Business Valuation (Part I)
Dr Christopher Atkinson	(1)	SGX Regulatory Symposium 2021

CORPORATE GOVERNANCE REPORT

1.3 *Material Transactions Requiring Board Approval*

Matters that require the Board's approval include, amongst others, the following:

- Overall Group business and budget strategy;
- Annual and half-yearly financial reports and announcements on quarterly use of funds/cash by mineral, oil and gas companies;
- Capital expenditures exceeding certain material limits;
- Investments or divestments;
- All capital-related matters including capital issuance;
- Significant policies governing the operations of the Company;
- Corporate strategic development and restructuring;
- Interested person transactions exceeding a S\$100,000 threshold; and
- Risk management strategies.

1.4 *Board Committees*

The Board has delegated certain responsibilities to the Audit Committee (the “**AC**”), the Remuneration Committee (the “**RC**”) and the Nominating Committee (the “**NC**”) (collectively, the “**Board Committees**”). The composition of the Board Committees are as follows:

Board Committee Designation	AC	NC	RC
Chairman	• Muhammad Sameer Yousuf Khan	• Sin Boon Ann	• Sin Boon Ann
Member	• Sin Boon Ann	• Muhammad Sameer Yousuf Khan	• Muhammad Sameer Yousuf Khan
Member	• Dan Broström	• Dr Karl Lidgren	• Dan Broström

Each Board Committee has clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board.

1.5 *Board and Board Committee Meetings and Attendance*

The Board meets on a quarterly basis, and as and when circumstances require. In the financial year ended 31 December 2021 (“**FY2021**”), the number of Board and Board Committee meetings held and the attendance of each Board member at such meetings as well as at the Annual General Meeting (“**AGM**”) and the Extraordinary General Meeting (“**EGM**”) held on 23 April 2021 are shown below:

<i>Board, Board Committee and General Meetings in FY2021</i>						
	Board	AC	NC	RC	AGM	EGM
Number of Meetings Held	4	4	2	2	1	1
Name of Director	Number of Meetings Attended					
Dan Broström	4	4	-	2	1	1
Dr Karl Lidgren	4	-	2	-	1	1
Sin Boon Ann	4	4	2	2	1	1
Muhammad Sameer Yousuf Khan	4	4	2	2	1	1
Dr Christopher Atkinson	4	-	-	-	1	1

CORPORATE GOVERNANCE REPORT

To ensure that meetings are held regularly with maximum Directors' participation, the Company's Constitution allows for meetings to be held through telephone and video conferencing software. The Company ensures that telephonic and screen sharing facilities are made available for directors to attend the board meetings.

Regular meetings are held by the Board to deliberate the strategic policies of the Company including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results. The Board will also convene additional meetings for particular matters as and when they are deemed necessary.

While the Board considers Directors' attendance at Board meetings to be important, it is not the only criterion which the Board uses to measure Directors' contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

The responsibility of day-to-day management, administration and operation of the Group are delegated to the Executive Chairman, the Executive Director and the Chief Executive Officer of the Group (the "CEO"). The CEO does not sit on the Board. The CEO has accumulated sufficient and valuable experience to hold his position in order to ensure that his fiduciary duties can be carried out in an effective and efficient manner.

1.6

Complete, Adequate and Timely Information

Management ensures that all Directors are furnished on an on-going basis with relevant, complete, adequate and timely information concerning the Company, to enable them to make informed decisions and discharge their duties and responsibilities. Information provided to the Board include board papers, copies of disclosure documents, budgets, forecasts, business strategies, risk analyses and assessments, internal financial statements and reports from the internal and external auditors. Most of the information distributed on electronic devices to the Board are password protected for added cyber security. The Board has unrestricted access to the Company's records and information.

Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information for the Board meetings at least one week prior to the meetings to allow sufficient time for the Directors' review.

1.7

Directors have separate and independent access to Management, the Company Secretary, and external advisers (where necessary) at the Company's expense. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Board's Independent Access to Management

Management is available to provide explanatory information in the form of emails, telephone conferences or briefings to the Directors or formal presentations in attendance at Board meetings, or such information can also be provided by external consultants engaged on specific projects. Directors are also provided with the contact details of key management personnel to facilitate direct and independent access to Management.

Management will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed decision or assessment of the Group's performance, position and prospects.

CORPORATE GOVERNANCE REPORT

Meetings with subsidiaries, partners and consultants through overseas trips are also arranged, whenever possible. The Executive Chairman also provides frequent information updates to other fellow Directors through emails, telephone conferences and informal meetings.

Furthermore, the Management keeps the Board apprised of regulatory updates and implications, as well as significant project updates.

Company Secretary

The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:

- Ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act 2001, the Companies Act 1967 and the Listing Rules, are complied with;
- Assisting the Executive Chairman to ensure good information flow within the Board and the Board Committees and Management;
- Attending and preparing minutes for Board meetings;
- Assisting to ensure coordination and liaison between the Board, the Board Committees and Management, in its capacity as secretary to all other Board Committees; and
- Assisting the Executive Chairman, the Chairman of each Board Committee and Management in the development of the agenda for the various Board and Board Committee meetings.

The Directors have separate and independent access to the Company Secretary.

Independent Professional Advice

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Board Composition and Guidance

Principle 2 ***The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.***

2.1

Independent Directors

The Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent.

The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code's definition of an "independent director", practice guidance as to the relationships, the existence of which would deem a Director not to be independent and under the applicable Listing Rules. The Independent Directors have also confirmed their independence in accordance with the Code and under the applicable Listing Rules.

There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the practice guidance to the Code that would otherwise deem him not to be independent.

CORPORATE GOVERNANCE REPORT

Duration of Independent Directors' Tenure

It is the Company's policy that the submission for re-election of an Independent Director who has served beyond nine years since the date of his or her appointment would be reviewed and approved by the NC.

There is no independent director who has served beyond nine years since the date of his appointment (whether before or after listing). Our independent directors, Mr Muhammad Sameer Yousuf Khan and Mr Sin Boon Ann were appointed to the Board on 26 June 2013 and Mr Christopher Atkinson was appointed to the Board on 6 January 2015.

As part of the Board renewal process, Mr Muhammad Sameer Yousuf Khan will retire as a director of the Company at the forthcoming AGM. Mr Muhammad Sameer Yousuf Khan has indicated to the Board that he will not be seeking re-election at the forthcoming AGM, and will accordingly retire as an Independent Director at the conclusion of the forthcoming AGM. Following the conclusion of the forthcoming AGM, Mr Muhammad Sameer Yousuf Khan will also cease to be the Chairman of the AC and a member of the Risk Management Committee, the NC and RC. Further details of his retirement are disclosed in the Company's SGXNet Announcement made on 31 March 2022. The Board extends its appreciation to Mr Muhammad Sameer Yousuf Khan for his dedicated service and contribution to the Board.

Listing Rule 210(5)(d)(iii) requires the continued appointment of independent directors who have served the Board beyond nine years from the date of their first date appointment to the Board to be subjected to the approval of (A) all shareholders; and (B) all shareholders, excluding the directors and the CEO, and associates of such directors and CEO.

The Company will be seeking two-tier shareholders' approval for the continued appointment of Mr Sin Boon Ann as an Independent Director at this forthcoming AGM. The ordinary resolutions will remain in force until the earlier of: (i) the retirement or resignation of Mr Sin Boon Ann; or (ii) the conclusion of the third AGM of the company following the passing of the resolutions. All directors and the CEO, and their respective associates, must not accept appointment as proxies for the proposed resolutions unless specific instructions as to voting are given.

In the event that shareholders do not approve the continued appointment of Mr Sin Boon Ann as an Independent Director of the Company, he will not be considered as an independent director from 26 June 2022. A new independent director will be appointed within two months and in any case, not later than three months.

The NC and the Board have evaluated Mr Sin Boon Ann's participation at the Board and Board Committee meetings, and determined that he continues to display independent thinking and the ability to exercise objective judgement during decision-making, and that his length of service did not in any way interfere with his exercise of independent judgement nor hinder his ability to act in the best interests of the Company. The Company has also benefited from his years of experience in his field of expertise. In addition, Mr Sin Boon Ann fulfils the definition of an Independent Director in the Listing Rules and the Code of Corporate Governance 2018.

The NC and Board have reviewed the time spent and attention given by Mr Sin Boon Ann to the Company's affairs, taking into account the multiple directorships and other principal commitments of Mr Sin Boon Ann, and are satisfied that he has discharged his duties adequately in FY2021. In this regard, the NC and Board are satisfied with Mr Sin Boon Ann's continued independence in character and judgement in discharging his duties and responsibilities as Director of the Company with the utmost commitment to protect and uphold the interests of the Company and all shareholders.

CORPORATE GOVERNANCE REPORT

2.2 *Proportion of Independent Non-Executive Directors*

In view that the Executive Chairman is part of the management team and is not an independent director, Provision 2.2 of the Code is met as the Independent Directors make up more than half of the Board since the Company's listing in July 2013.

A majority of three out of five directors on the Board are Independent Non-Executive Directors.

2.3 *Lead Independent Director*

The Company has a lead independent director who plays an additional facilitative role within the Board, and where necessary, may also facilitate communication between the Board and shareholders or other stakeholders of the Company. Please refer to Provision 3.3 of this report for more information.

2.4 *Board Diversity*

The Board comprises five directors: One Executive Chairman, one Executive Director and three Independent Non-Executive Directors, who have the appropriate mix of core competencies and diversity of experience, to direct and lead the Company. There is a good balance between the Executive and Non-Executive Directors, with a strong and independent element on the Board.

The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender, ethnicity or nationality. The current five Board members are of four different nationalities. The Company is also receptive to achieving gender diversity on the Board and appointment of a female director to the Board if it encounters suitable candidates.

The Board is of the view that the current board size is appropriate to effectively facilitate decision making in relation to the operations of the Group, taking into account the nature and scope of the Company's operations. The Board believes that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The NC is also of the view that the current Board members comprise persons with a broad range of expertise and experience in diverse areas including accounting, finance, legal, business and management, technology, oil and gas, strategic planning and regional business experience.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC and periodic engagement of external consultants to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

To meet the changing challenges in the industry and countries which the Group operates in, such reviews and evaluations, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies, would be done on a periodic basis to ensure that the Board dynamics remain optimal.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

CORPORATE GOVERNANCE REPORT

2.5

Non-Executive Director Meetings in Absence of Management

The Independent Non-Executive Directors constructively challenge and help develop proposals on strategies. From time to time, the Independent Non-Executive Directors, led by any independent director as appropriate, have met in the absence of Management in FY2021 to discuss concerns or matters such as overall Group business strategies and investments. The chairman of such meetings provides feedback to the Board and/or the Executive Chairman as appropriate.

Chairman and Chief Executive Officer

Principle 3

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

3.1

Segregation of the Role of Chairman and the CEO

The roles of the Executive Chairman and the CEO are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Executive Chairman is not related to the CEO and is not a substantial shareholder of the Company.

The Executive Chairman leads and ensures the effectiveness of the Board, and his roles include:

- (a) Promoting a culture of openness and debate at the Board;
- (b) Facilitating the effective contribution of all Directors; and
- (c) Promoting high standards of corporate governance.

The Executive Chairman sets the Board's meeting agenda and ensures the quality, quantity and timeliness of the flow of information between the Board and Management to facilitate efficient decision-making. He chairs the Board meetings and encourages the Board members to present their views on topics under discussion at the meetings in a boardroom culture that promotes open interaction and contributions by all. He also assists in ensuring compliance with the Group's guidelines on corporate governance.

Externally, the Executive Chairman is the face of the Board and ensures effective communication with shareholders and other stakeholders. Within the Company, the Executive Chairman ensures appropriate relations within the Board, and between the Board and Management, in particular, between the Board and the CEO.

The CEO is responsible for the business management and day-to-day operations of the Group. The CEO takes a leading role in developing and expanding the businesses of the Group, including making major business and finance decisions. The CEO also oversees the execution of the Group's business and corporate strategy as set out by the Board and ensures that the Directors are kept updated and informed of the Group's businesses.

CORPORATE GOVERNANCE REPORT

- 3.2 The Board has established and set out in writing the division of responsibilities between the Executive Chairman and the CEO. The Executive Chairman's performance and appointment to the Board were reviewed by the NC. The Executive Chairman and CEO's remuneration packages were reviewed by the RC. As the roles of the Executive Chairman and the CEO are separate, and the AC, NC and RC comprise a majority of Independent Directors of the Company, the Board believes that there are adequate safeguards in place to ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

3.3 ***Lead Independent Director***

The Board has a Lead Independent Director, Mr Sin Boon Ann, to provide leadership in situations where the Executive Chairman is conflicted. The appointment of Mr Sin Boon Ann as the Lead Independent Director, where the Executive Chairman is part of the management team and is not an independent director, is in line with the recommendation under Provision 3.3 of the Code. The Lead Independent Director is a key member of the Board, representing the views of the Independent Directors and facilitating a two-way flow of information between shareholders, the Chairman and the Board.

The Lead Independent Director's role may include chairing Board meetings in the absence of the Chairman, working with the Chairman in leading the Board, and providing a channel to non-executive directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary.

Mr Sin Boon Ann is also chairman of the NC and the RC. The NC is responsible for conducting annual performance evaluation and development succession plans for the Chairman and CEO; while the RC is responsible for designing and assessing the Chairman's remuneration.

The Lead Independent Director also makes himself available at all times when shareholders have concerns and for which contact through the normal channels of communication with the Executive Chairman or Management have failed to resolve or are inappropriate. Submissions can be made to the Lead Independent Director at independent.director@rexih.com and will be treated with strictest confidentiality. The Lead Independent Director makes himself available to shareholders at the Company's general meetings.

Independent Director Meetings in Absence of Other Directors

To facilitate well-balanced viewpoints on the Board, the Lead Independent Director will, where necessary, chair meetings with the Independent Directors without the involvement of other Directors, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

CORPORATE GOVERNANCE REPORT

Board Membership

Principle 4 *The Board has a formal and transparent process for the appointment and re-appointment of Directors to the Board, taking into account the need for progressive renewal of the Board.*

4.1 *Nominating Committee*

The NC is guided by key terms of reference as follows and makes recommendations to the Board on relevant matters relating to:

- (a) The review of succession plans for the Company's Directors, in particular, the appointment and/or replacement of the Executive Chairman, the CEO and key management personnel;
- (b) The process and criteria for evaluation of the performance of the Board, its board committees and directors;
- (c) The review of training and professional development programmes for the Board and its directors;
- (d) The appointment and re-appointment of directors (including alternate directors, if any), in accordance with the Constitution, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Non-Executive Director. All Directors shall be required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;
- (e) Reviewing and approving any new employment of related persons and their proposed terms of employment;
- (f) Determining annually, and as and when circumstances require, whether or not a Director is independent;
- (g) Reviewing and deciding whether or not a Director who has multiple board representations on various companies is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards and discharging his/her duties towards other principal commitments;
- (h) Deciding whether or not a Director of the Company is able to and has been adequately carrying out his/her duties as a Director; and
- (i) Developing a process for evaluation of the performance of the Board, the Board Committees and Directors and proposing objective performance criteria, as approved by the Board that allows comparison with its industry peers, and addresses how the Board has enhanced long-term shareholders' value.

4.2 The Board has established a NC which comprises three members, a majority of whom including the Chairman of the NC, are Independent Directors. The members of the NC, with the Lead Independent Director as Chairman, are as follows:

Sin Boon Ann	Chairman	Lead Independent Non-Executive Director
Muhammad Sameer Yousuf Khan	Member	Independent Non-Executive Director
Dr Karl Lidgren	Member	Executive Director

4.3 The Company's process for the selection, nomination, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates are detailed below.

CORPORATE GOVERNANCE REPORT

Board Nomination Process

The Board has adopted the following nomination process for the Company in the last financial year for selecting and appointing new directors and re-electing incumbent directors:

Process for the Selection and Appointment of New Directors:

- | | | |
|----|--------------------------------------|---|
| 1. | Determination of selection criteria | <ul style="list-style-type: none"> The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience, knowledge and gender to complement and strengthen the Board and increase its diversity. |
| 2. | Search for suitable candidates | <ul style="list-style-type: none"> The NC would consider candidates drawn from the contacts and networks of existing Directors and may approach relevant institutions such as the SID, professional organisations or business federations to source for a suitable candidate. |
| 3. | Assessment of shortlisted candidates | <ul style="list-style-type: none"> The NC would meet and interview the shortlisted candidates to assess their suitability. |
| 4. | Appointment of Director | <ul style="list-style-type: none"> The NC would recommend the selected candidate to the Board for consideration and approval. The Company will provide each newly appointed Director with a formal letter of appointment setting out the Director's duties and obligations. |

Process for the Re-election of Incumbent Directors:

- | | | |
|----|----------------------------|---|
| 1. | Assessment of Director | <ul style="list-style-type: none"> The NC would assess the performance of the Director in accordance with the performance criteria set by the Board. The NC would also consider the current needs of the Board. |
| 2. | Re-appointment of Director | <ul style="list-style-type: none"> Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval. |

The Constitution requires that all Directors to retire from office once every three years. At each AGM, one-third of the Board (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. A retiring Director is eligible for re-election by the shareholders at the AGM.

- 4.4 The NC has determined in 2021 that none of the Independent Directors has any relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence. Dr Christopher Atkinson is representing the Company as an Independent Director in the Group's subsidiaries Lime Petroleum AS and Masirah Oil Ltd.
- 4.5 The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company.

CORPORATE GOVERNANCE REPORT

Directors' Key Information

Key information regarding the Directors, including their present and past three years' directorships in other listed companies and other principal commitments are set out below:

Name of Director	Position	Date of Initial Appointment	Date of Last Re-election / Re-appointment	Current Directorships in Other Listed Companies Current / Principal Commitments	Directorships in Other Listed Companies Over the Past Three Years
Dan Broström	Executive Chairman	11 January 2013	23 April 2021	Other Listed Companies: Nil Principal Commitment: - Cathay (Venture) Pte Ltd - Havalina Pte Ltd - Xer Technologies Pte. Ltd.	NA
Dr Karl Lidgren	Executive Director	1 May 2013	26 April 2019	Other Listed Companies: Nil Principal Commitment: - Cresta Group Ltd - Trace Atlantic Oil Ltd - Limea Ltd - Monarch Marine Holding Ltd - Orango Oil Ltd.	NA
Sin Boon Ann	Lead Independent Non-Executive Director	26 June 2013	23 April 2021	Other Listed Companies: - Healthway Medical Corporation Limited - HRnetGroup Limited - QUE Limited - CSE Global Limited - TIH Limited - Sarine Technologies Ltd - The Trendlines Group Ltd Principal Commitment: - The Farrer Park Company Limited - Balkan Holdings Pte. Ltd.	- Datapulse Technology Limited

CORPORATE GOVERNANCE REPORT

Name of Director	Position	Date of Initial Appointment	Date of Last Re-election / Re-appointment	Current Directorships in Other Listed Companies Current / Principal Commitments	Directorships in Other Listed Companies Over the Past Three Years
				Principal Commitment: - W Capital Markets Pte. Ltd. - At-Sunrice (Holdings) Pte. Ltd. - Esseplere Pte. Ltd. - Singapore Centre for Social Enterprise Ltd. - Tampines Central Community Foundation Limited - Drew & Napier LLC	
Muhammad Sameer Yousuf Khan	Independent Non-Executive Director	26 June 2013	21 May 2020	Other Listed Companies: Nil Principal Commitment: Nil	NA
Dr Christopher Atkinson	Independent Non-Executive Director	6 January 2015	21 May 2020	Other Listed Companies: Nil Principal Commitment: - Worldwide Petroleum Services Pte Ltd - Helios Aragon Pte Limited - Spice Islands Liquors Pte Limited	- Sonoro Energy Limited ⁽¹⁾

⁽¹⁾ Listed on TSX Venture Exchange

NA – Not Applicable

“Principle Commitments” as defined in the Code include all commitments which involve significant time commitment such as full time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

Further information on the Directors is set out on pages 11 to 13 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Multiple Directorships

The Board has previously capped the maximum number of listed company board representations each Director may hold to seven, to ensure that the Directors have sufficient time and attention to adequately perform their role. During the Board Meeting held on 26 February 2021, the NC opined that the effectiveness of each Director was best evaluated and determined by assessing his/her contributions and ability to devote sufficient time and attention to the Company's affairs and his/her acts in the interests of the Company. The Board agreed that representation on the board of directors of several listed companies was no longer a matter of concern to the Board. Hence, there was no need to set a numerical limit to the number of board memberships in listed companies that each Director might hold during his or her term of office.

The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

The considerations in assessing the capacity of Directors include the following:

- Expected and/or competing time commitments of Directors;
- Geographical location of Directors;
- Size and composition of the Board; and
- Nature and scope of the Group's operations and size.

The NC takes into consideration the following measures and evaluation tools in its assessment of competing time commitments of Directors:

- Declarations by individual Directors of their other listed company board directorships and principal commitments;
- Annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other commitments; and
- Assessment of the individual Directors' performance based on the criteria set out in Principle 5 of this report.

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately in FY2021.

Alternate Directors

The Company does not have any alternate directors on its Board currently. Alternate directors may be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health and age related concerns as well as Management succession plans.

Re-election of Directors

Pursuant to the Company's Constitution, Dr Karl Lidgren, Dr Christopher Atkinson and Mr Muhammad Sameer Yousuf Khan will retire as Directors of the Company at the forthcoming AGM. Mr Muhammad Sameer Yousuf Khan has indicated that he will not be seeking re-election at the forthcoming AGM. Please refer also to Section 2.1 of this Corporate Governance Report for further details.

CORPORATE GOVERNANCE REPORT

The NC has recommended to the Board that Dr Karl Lidgren and Dr Christopher Atkinson, be re-elected at the forthcoming AGM.

Dr Christopher Atkinson will, upon re-election as a Director, remain as an Independent Non-Executive Director of the Company. Further information on Dr Christopher Atkinson can be found on pages 109 to 113 of the Annual Report.

Dr Karl Lidgren will, upon re-election as a Director, remain as an Executive Director of the Company, and a member of the NC. Further information on Dr Karl Lidgren can be found on pages 109 to 113 of the Annual Report.

The Constitution further provides that any Director appointed to fill a casual vacancy or as an additional Director shall hold office only until the next AGM of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Each member of the NC has abstained from voting on any resolutions and making recommendation and/or participating in respect of matters in which he has an interest.

Board Performance

Principle 5

The Board undertakes formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

5.1

Performance Criteria

The Board has established processes including taking into consideration the attendance record at the meetings of the Board and the Board Committees for monitoring and evaluating the performance of the Board as a whole and effectiveness and contribution of individual directors. At the same time, the processes also identify weaker areas where improvements can be made. The Board and individual directors can direct more effort in those areas for achieving better performance of the Board and better effectiveness of individual directors.

The NC has been tasked to evaluate the Board's performance covering areas that include, *inter alia*, size and composition of the Board, Board's access to information, Board processes, strategic planning and accountability.

The NC shall also review the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole. The Board is of the opinion that a separate assessment on the effectiveness of the Board Committees is not necessary as the Board Committees share common members.

The review of the performance of the Board is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.

5.2

For FY2021, the review process was as follows:

1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board based on criteria disclosed;
2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report;

CORPORATE GOVERNANCE REPORT

3. The NC discussed the report and concluded the performance results during the NC meeting; and
4. Each individual Director was also requested to send a duly completed confidential individual director self-assessment checklist to the NC chairman for review.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of their individual performance.

The assessment criteria include, *inter alia*, Director's attendance, commitment of time, candour, participation, knowledge and abilities, teamwork, and overall effectiveness.

The NC would review the aforementioned criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, and thereafter propose amendments if any, to the Board for approval. There has been no change in assessment criteria for FY2021 as the assessment criteria for the financial year ended 31 December 2020 was considered adequate for the aforementioned assessment.

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, is of the view that the performance of the Board has been satisfactory in FY2021 and that the Board has met its performance objectives in FY2021. The evaluation process of the overall performance of the Board was conducted without an external facilitator in FY2021.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6 *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

6.1

Remuneration Committee

To effect the best corporate governance, the Company has established an RC. The RC recommends to the Board a framework of remuneration for the Directors and key management personnel, and determines specific remuneration packages for each Director as well as for the key management personnel. The recommendations will be submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. The RC will also review annually the remuneration of employees who are immediate family members of a Director, CEO or substantial shareholder of the Company, to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and recommend to the Board any bonuses, pay increases and/or promotions for employees who are immediate family members of a Director, CEO and substantial shareholder. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him.

CORPORATE GOVERNANCE REPORT

The RC is guided by key terms of reference as follows:

- (a) Review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel;
- (b) Review and recommend to the Board the service contracts of Executive Directors and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; and
- (c) In respect of such long-term incentive schemes (if any) including share schemes as may be implemented, to consider whether Directors should be eligible for benefits under such long-term incentive schemes.

6.2 The RC comprises three members, of which a majority including the chairman of the RC are independent:

Sin Boon Ann	Chairman	Lead Independent Non-Executive Director
Dan Broström	Member	Executive Chairman
Muhammad Sameer Yousuf Khan	Member	Independent Non-Executive Director

The RC does not comprise solely of Non-Executive Directors following the appointment of Mr Dan Broström, the Executive Chairman, as a member of the RC. Taking into account that the Executive Chairman would be able to provide relevant input and guidance to the RC, given his familiarity with the Group's activities as well as industry and market practices (including remuneration packages which are in line with the current market standards and commensurate with the respective job scope and responsibilities of executives) in jurisdictions where the Group operates, the NC had recommended his appointment to the Board. The Board opined that as the RC continued to have majority representation of independent directors, the independent directors collectively, would have the decisive vote in relation to executive remuneration matters. Furthermore, retaining a RC member who is in an executive position will not lead to a conflict of interest or impede the independence of the RC as no Director or member of the RC is allowed to participate in the deliberation, and has to abstain from voting on any resolution, relating to his own remuneration or that of employees related to him. Based on the foregoing, the Board had approved Mr Dan Broström's appointment as a member of the RC.

6.3 The RC considers all aspects of remuneration, including director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind and termination terms, to ensure that they are fair and avoid rewarding poor performance. The RC also reviews the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

6.4 ***Remuneration Consultant***

The RC may from time to time, where necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management, so that the Group remains competitive in this regard. No external remuneration consultant was engaged for FY2021.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 7 *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

7.1 *Remuneration Structure*

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The RC also seeks to ensure that the structure of remuneration packages for the Executive Chairman, the Executive Director and key management personnel are appropriate in linking rewards with performance and that is aligned with the interests of shareholders and promote the long-term success of the Group.

7.2 The remuneration of the Independent Non-Executive Directors is also reviewed by the RC to ensure that the remuneration is commensurate with the contribution, taking into account factors such as effort, time spent and responsibilities of the respective Independent Non-Executive Directors.

Performance Criteria for Remuneration

The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2021. Their remuneration is made up of fixed and variable compensation. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate performance objectives.

The Company's Executive Directors and key management personnel have been assessed against performance targets set based on the average of the Company's closing market prices of shares over a consecutive period of five market days in which transaction of the shares were to be recorded and achieved over a set time period.

The remuneration of the Executive Chairman includes a per hour rate with a cap and a variable performance related bonus, which is designed to align the interests of the Executive Chairman with those of shareholders.

The Independent Non-Executive Directors receive Directors' fees based on their responsibilities, effort and time spent. The Directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the AGM.

CORPORATE GOVERNANCE REPORT

Contractual Provisions

The present Service Agreements do not include contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company will consider to include this provision for future new service agreements and renewal of service agreements, if appropriate. However, the Company has included in the terms of the Rex International Performance Share Plan, allowance for the Company to cancel the share awards before the date of the vesting of the awards in the event of misconduct at its discretion. The Company has also included in the terms of the Rex International Employee Share Option Scheme, to allow for the share option committee to cancel unexercised options in the event of misconduct at its discretion.

- 7.3 The Company believes that the remuneration for its Directors is appropriate to attract, retain and motivate them to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

Disclosure on Remuneration

Principle 8 ***The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.***

8.1 ***Directors' Remuneration***

- 8.1 (a) The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

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The breakdown for the remuneration of the Independent Directors for FY2021 is as follows:

Name of Independent Director	Directors' Fees S\$	Bonus ⁽³⁾ S\$	Others S\$	Total S\$
Muhammad Sameer Yousuf Khan ⁽¹⁾	136,844	180,000	20,203	337,047
Sin Boon Ann	153,267	180,000	–	333,267
Dr Christopher Atkinson ⁽²⁾	65,685	180,000	54,014	299,699

⁽¹⁾ In addition to the Director's fees set out above, Mr Muhammad Sameer Yousuf Khan received fees of S\$20,203 for the financial year ended 31 December 2021 in his capacity as a director of Rex International Investments Pte. Ltd. and Rex International Holding (BVI) Ltd.

⁽²⁾ In addition to the Director's fees set out above, Dr Christopher Atkinson received fees of S\$54,014 for the financial year ended 31 December 2021 in his capacity as a director of Masirah Oil Ltd and Rex Oman (BVI) Ltd.

⁽³⁾ Additional S\$180,000 of performance bonus to be paid to each of Mr Muhammad Sameer Yousuf Khan, Mr Sin Boon Ann and Dr Christopher Atkinson, subject to shareholders' approval at the upcoming annual general meeting.

There were no termination, retirement or post-employment benefits (excluding CPF) granted to the Independent Directors in FY2021.

Directors have remuneration packages consisting of basic retainer fees as directors and fees for directorship in subsidiaries, with additional fees for attendance and serving on Board Committees.

Remuneration to Executive Directors includes in part the aforementioned components of directorship, and in part compensation to reflect the additional responsibilities to execute strategic plans of the Group.

The breakdown of directors' fees for FY2021 paid to the respective Directors of the Company is as follows:

Name of Director	Board Fee S\$	AC S\$	RC S\$	NC S\$	Others S\$	Total S\$
Dan Broström	131,370	21,895	16,421	–	–	169,686
Dr Karl Lidgren	65,685	–	–	10,948	–	76,633
Muhammad Sameer Yousuf Khan	65,685	43,790	16,421	10,948	–	136,844
Sin Boon Ann	65,685	21,895	32,843	21,895	10,949 ⁽¹⁾	153,267
Dr Christopher Atkinson	65,685	–	–	–	–	65,685
	394,110	87,580	65,685	43,791	10,949	602,115

⁽¹⁾ Remuneration for Lead Independent Director.

CORPORATE GOVERNANCE REPORT

Executive Directors, CEO and Key Management Personnel's Remuneration

The Board is of the view that full disclosure of the exact details of the remuneration of each of the Executive Directors and CEO is not in the best interests of the Company or its shareholders. In arriving at its decision, the Board had taken into consideration, *inter alia*, the commercial sensitivity and confidential nature of remuneration matters, the relative size of the Group, the competitive business environment in which the Group operates, the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place and the negative impact which such disclosure may have on the Group in attracting and retaining talent for the Company on a long-term basis.

Notwithstanding the non-disclosure of the exact remuneration of the Executive Directors and the CEO of the Company (which deviates from the Provision 8.1(a) of the Code), the Board is of the view that the intent of Principle 8 on transparency has been adhered to, given that a high level of transparency on remuneration matters including procedures for developing remuneration policies and level and mix of remuneration have been disclosed in this corporate governance report.

8.1 (b)

The breakdown for the remuneration of the Company's Executive Directors, CEO and key management personnel for FY2021 is disclosed in bands of S\$250,000 as follows:

Name of Executive Director/ CEO/ Key Management Personnel	Salary %	Benefits %	Bonus %	Directors' fees %	Others %	Total %
S\$5,750,001 to S\$6,000,000						
Måns Lidgren ⁽¹⁾	21	–	79	–	–	100
S\$3,000,001 to S\$3,250,000						
Dr Karl Lidgren ⁽²⁾	16	–	79	2	3	100
S\$2,250,001 to S\$2,500,000						
Svein Kjellesvik ⁽³⁾	28	–	72	–	–	100
S\$1,750,001 to S\$2,000,000						
Dan Broström ⁽²⁾	25	2	64	9	–	100
S\$750,001 to S\$1,000,000						
Per Lind	90	3	7	–	–	100
Mok Lai Siong	39	–	61	–	–	100
S\$250,001 to S\$500,000						
Kristofer Skantze ⁽³⁾	100	–	–	–	–	100

⁽¹⁾ Mr Måns Lidgren is the CEO of the Company and he does not sit on the board of Directors. His remuneration is paid indirectly from various Group companies.

⁽²⁾ Dr Karl Lidgren and Dan Broström are the Executive Directors of the Company.

⁽³⁾ Remuneration is paid indirectly from various Group companies.

For FY2021, there were four key management personnel in the Company, aside from the two Executive Directors and the CEO. The annual aggregate remuneration paid to the Executive Directors, CEO and four key management personnel of the Company for FY2021 was S\$15,116,766.

There were no termination, retirement or post-employment benefits (excluding CPF) granted to the Executive Directors, CEO and top four key management personnel in FY2021.

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8.2 ***Substantial Shareholder and Immediate Family Members of a Director or the CEO or Substantial Shareholder***

The details of the remuneration to Dr Karl Lidgren (Executive Director and a substantial shareholder of the Company), Mr Svein Kjellesvik (a key management personnel of the Group and a substantial shareholder of the Company) and Mr Måns Lidgren (CEO and son of Dr Karl Lidgren) are disclosed in the table under Provision 8.1(b).

Mr Hans Lidgren, an executive of Rex Technology Investments Ltd, is a substantial shareholder of the Company, the brother of the Executive Director, Dr Karl Lidgren and uncle of Mr Måns Lidgren, the CEO. Mr Hans Lidgren's remuneration for FY2021 was in the band of S\$1,700,001 to S\$1,800,000.

Mrs Lina Berntsen, Chief Technology Officer, is the daughter of Mr Hans Lidgren, niece of Executive Director, Dr Karl Lidgren and cousin of Mr Måns Lidgren, the CEO. Mrs Lina Berntsen's remuneration for FY2021 was in the band of S\$200,001 to S\$300,000.

Mr Martin Lidgren, Technology Specialist at Equus Consulting AB, a wholly-owned subsidiary of Rex Technology Management Ltd, is the son of the Executive Director, Dr Karl Lidgren and the brother of Mr Måns Lidgren, the CEO. Mr Martin Lidgren's remuneration for FY2021 was in the band of S\$100,001 to S\$200,000.

Mr Magnus Lidgren, Technology Specialist at Equus Consulting AB, a wholly-owned subsidiary of Rex Technology Management Ltd, is the brother of the Executive Director, Dr Karl Lidgren and Mr Hans Lidgren, and uncle of Mr Måns Lidgren, the CEO. Mr Magnus Lidgren's remuneration for FY2021 was in the band of S\$200,001 to S\$300,000.

Save for the aforementioned, there is no other employee of the Company who is a substantial shareholder of the Company or an immediate family member of a Director, the CEO or a substantial shareholder of the Company, whose remuneration exceeded S\$100,000 during FY2021.

8.3 ***Employee Share Scheme***

Rex International Employee Share Option Scheme ("ESOS")

The Company has an ESOS which was approved and adopted by the members of the Company at an EGM on 24 June 2013, and amended with shareholders' approval at an EGM of the Company on 3 March 2022. The ESOS is designed to reward valuable and outstanding employees or Non-Executive Directors (including Independent Directors), and incentivise them to continue contributing to the long-term growth and success of the Group.

The ESOS allows for participation by employees or Non-Executive Directors (including Independent Directors) of the Group who have attained the age of 21 years and above on or before the date of grant of the option, provided that none of them is a discharged bankrupt. Controlling shareholders and their associates are not eligible to participate in the ESOS.

The ESOS is administered by the RC in consultation with the CEO. Please refer to Provision 6.2 for the members of the RC. The total number of new shares over which options may be granted pursuant to the ESOS, when added to the number of shares issued and issuable in respect of all options granted under the ESOS and all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15 per cent of the number of all issued shares of the Company (excluding treasury shares), on the day preceding the date of the relevant grant.

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Other salient information regarding the ESOS is set out below:

Exercise Price of Options

The exercise price of options shall be determined at the discretion of the RC on the date which the options are granted and may be set at:

- A price equal to the average of the last dealt prices for the Company's shares on SGX-ST over the five consecutive trading days immediately preceding the date that option was granted, as determined by the RC by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices (the "**Market Price**"); or
- A discount to the Market Price not exceeding 20 per cent of the Market Price (or such other percentage or amount as may be determined by the RC) in respect of options granted at the time of grant, provided that shareholders in general meeting have authorised, in a separate resolution, the making of offers and grants of options under the ESOS at a discount not exceeding the maximum discount as aforesaid.

For the options granted with exercise price set at Market Price, they can be exercised one year from the date of the grant and will expire five years from the date of the grant.

For the options granted with exercise price set at a discount to Market Price, they can be exercised two years from the date of the grant and will expire five years from the date of the grant.

Duration of the ESOS

The ESOS shall be in force for a maximum of 10 years from the date on which the ESOS was adopted. Upon obtaining the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may be required, the ESOS may continue beyond 10 years from the date it was adopted.

No options were granted by the Company during FY2021. As at 31 December 2021, there are no options outstanding as all options granted have expired. Further details on the ESOS were set out in the Company's circular to shareholders dated 9 February 2022.

Rex International Performance Share Plan ("Rex PSP")

The Rex PSP (the "**Plan**") was adopted by the Company on 24 June 2013 and amended with shareholders' approval at EGMs of the Company on 30 April 2014, 28 April 2017 and 3 March 2022. The objective of the Plan is to promote higher performance goals and recognise the achievements of employees or Non-Executive Directors (including Independent Directors) ("**Participants**") by motivating and aligning their interests to the Group's pre-determined goals. The Plan is administered by the RC in consultation with the CEO. Please refer to Provision 6.2 for the members of RC.

CORPORATE GOVERNANCE REPORT

The Plan contemplates the award of such number of fully-paid shares granted under the Rex PSP ("**Awards**"), free of charge, to Participants after certain pre-determined benchmarks have been met. Awards granted under the Plan may be time-based or performance-related. Performance targets set are based on short to medium-terms corporate objectives including market competitiveness, quality of returns, business growth and productivity growth. These performance targets include targets set based on criteria such as shareholders' return, return on equity and earnings per share.

No minimum vesting periods are prescribed under the Plan for Awards and the length of the vesting period in respect of each Award will be determined on a case-by-case basis by the RC.

Details of the outstanding Awards granted as at 31 December 2021 are as follows:

Date of Grant of Awards	Number of Awards					Number of Holders as at 31 Dec 2021
	As at 1 Jan 2021	Granted in FY2021	Lapsed/ Cancelled in FY2021	Vested in FY2021	As at 31 Dec 2021	
29 Apr 2019	53,172,700	–	(53,172,700)	–	–	–
22 May 2020	5,082,400	–	(5,082,400)	–	–	–
9 Mar 2021	–	11,724,100 ⁽²⁾	–	–	11,724,100	4
	58,255,100	11,724,100	(58,255,100)⁽¹⁾	–	11,724,100	4

⁽¹⁾ On 9 March 2021, all 58,255,100 Awards previously granted had been cancelled (forthwith lapsed and to be of no value).

⁽²⁾ On 9 March 2021, the Company granted 11,724,100 Awards to certain directors of the Company. The number of Awards to be vested will range from 0% to 100%, subject to fulfilment of certain predetermined performance benchmarks and the satisfactory completion of time-based service condition(s).

If the Average Performance Market Price is S\$0.30 and above, 50% of the Awards shall be released after the vesting period. If the Average Performance Market Price is S\$0.45 and above, an additional 50% of the Awards shall be released. If the Average Performance Market Price is less than S\$0.30, none of the Awards shall be released unless otherwise determined by the committee administering the PSP. Please refer to the Company's announcement dated 9 March 2021 for further details.

CORPORATE GOVERNANCE REPORT

Details of the Awards granted to participants who are directors and controlling shareholders or associates of the controlling shareholders and participants who received more than 5% of the total grants since the commencement of Rex PSP are as follows:

Name of participant	Awards granted in FY2021	Net aggregate Awards granted since commencement of Rex PSP to 31 Dec 2021 ⁽ⁱ⁾	Awards released in FY2021	Aggregate Awards released since commencement of Rex PSP to 31 Dec 2021 ⁽ⁱⁱ⁾	Aggregate Awards outstanding and which have not been released as at 31 Dec 2021
Directors					
Dan Broström ⁽¹⁾	8,124,100	14,217,175	–	(6,093,075)	8,124,100
Muhammad Sameer Yousuf Khan ⁽²⁾	1,200,000	1,980,000	–	(780,000)	1,200,000
Sin Boon Ann ⁽³⁾	1,200,000	2,100,000	–	(900,000)	1,200,000
Dr Christopher Atkinson ⁽⁴⁾	1,200,000	1,620,000	–	(420,000)	1,200,000
Controlling shareholders or associates of the controlling shareholders					
Måns Lidgren ⁽⁵⁾	–	14,241,464	–	(14,241,464)	–
Participants who received 5% or more of the total grants available					
Per Lind	–	11,017,691	–	(11,017,691)	–
Kristofer Skantze	–	7,439,504	–	(7,439,504)	–
Mok Lai Siong	–	6,070,952	–	(6,070,952)	–

⁽ⁱ⁾ Aggregate Awards granted less aggregate Awards granted that have since been lapsed/ cancelled

⁽ⁱⁱ⁾ Including new shares issued and allotted, and existing shares purchased

⁽¹⁾ Mr Dan Broström is the Chairman and Executive Director of the Company.

⁽²⁾ Mr Muhammad Sameer Yousuf Khan is an Independent Non-Executive Director of the Company.

⁽³⁾ Mr Sin Boon Ann is an Independent Non-Executive Director of the Company.

⁽⁴⁾ Dr Christopher Atkinson is an Independent Non-Executive Director of the Company.

⁽⁵⁾ Mr Måns Lidgren (the CEO of the Company) is an associate of Dr Karl Lidgren, the Executive Director and a controlling shareholder of the Company.

No Awards were granted in FY2021.

Save as disclosed in the table above, no other director, controlling shareholder or associates of controlling shareholders received any shares under the Rex PSP since the commencement of the Rex PSP.

CORPORATE GOVERNANCE REPORT

No Awards have been granted to any controlling shareholders or associates of the controlling shareholders or any directors and employees of the Company's parent company and its subsidiaries in FY2021.

The vesting and release of the Awards granted to eligible participants (including Mr Måns Lidgren) under the Rex PSP are based on pre-determined performance goals and conditional on the satisfactory completion of time-based service conditions.

Further details on the Rex PSP were set out in the Company's circular to shareholders dated 9 February 2022.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9 *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

9.1 The Board, with the assistance from the AC and the Risk Management Committee ("RMC"), is responsible for risk governance and ensuring that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets. The Board appreciates that risk management is an on-going process in which Management continuously participates to evaluate, monitor and report to the Board and the AC on significant risks. The RMC was formed in October 2013. The current RMC consists of the following members: Mr Muhammad Sameer Yousuf Khan (Independent Non-Executive Director and Chairman of the AC), Mr Per Lind (Chief Financial Officer ("CFO")), Mr Svein Kjellesvik (COO) and Ms Lixian Wu (Financial Controller).

From FY2013 to FY2018, the Company has engaged an independent third party, KPMG Services Pte. Ltd., to develop and establish a Board Assurance Framework ("BAF"). The BAF, which includes an enterprise risk management framework, was utilised by the Company to identify and manage the significant and material risks it faces, the potential impact and likelihood of those risks occurring, the control effectiveness and action plans being taken to mitigate those risks.

The risk review in FY2021 was done in-house. The RMC has considered in detail the most material risks for the Company which include strategic, financial, operational, compliance, fraud and corruption, litigation and cyber security risks; and has put in place risk controls, action plans and key risk indicators to mitigate these risks, the details of which contain market sensitive information and hence are kept confidential.

The Company has established risk appetite statements with tolerance limits to monitor shifts in its significant risks and to proactively manage them within acceptable levels. These appetite statements have been reviewed and approved by the Board and are monitored on a yearly basis.

The Company has appointed an independent third party, Ernst and Young Advisory Pte Ltd ("EY"), as the Internal Auditors ("IA") to perform internal audit reviews and highlight all significant matters to Management and the AC on an annual basis on various selected internal control areas.

CORPORATE GOVERNANCE REPORT

9.2

Adequacy and Effectiveness of Internal Controls

The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2021.

The bases for the Board's view are as follows:

- (a) Assurance has been received from the CEO and the CFO;
- (b) An internal audit has been done by the IA and significant matters highlighted to the AC and Management were appropriately addressed;
- (c) Management regularly evaluates, monitors and reports to the AC and the RMC on material risks;
- (d) Discussions were held between the AC and auditors in the absence of the Management to review and address any potential concerns;
- (e) An enterprise risk management framework was in place to identify, manage and mitigate significant risks; and
- (f) Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels and are monitored on a yearly basis.

The AC is responsible for making the necessary recommendations to the Board regarding the adequacy and effectiveness of the risk management and internal control systems of the Company. In this regard, the AC is assisted by the enterprise risk reports from the RMC.

For FY2021, the Board has obtained the following assurance:

- (a) From the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) From the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

The Board has relied on the independent auditors' report as set out in this Annual Report as assurance that the consolidated financial statements give a true and fair view of the Group's financial position and performance.

The Board has additionally relied on the IA's reports in respect of the BAF issued to the Company since FY2013 as assurances that the Company's risk management and internal control systems are effective. The IA's scope of work includes conducting risk assessments to identify the risk categories and major risk areas of the Company's subsidiaries; developing a risk-based internal audit plan based on the risk assessment results; and conducting a detailed process for audit programmes for the internal audit. The IA also performs analytics and fieldwork for areas in the scope of work for the audit period and discusses the findings with Management, which are then incorporated into the final report that is presented to the AC in a timely manner.

In relation to sustainability, the Group, as a young company, aspires to do good in the communities it operates in, be it to have minimal impact on the environment in its operations, or in helping the underprivileged. Please refer to the Sustainability section on pages 48 to 67 of this Annual Report for more details.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 10 *The Board has an Audit Committee ("AC") which discharges its duties objectively.*

10.1

The AC is guided by the following key terms of reference:

- (a) Reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance. Where the external auditors ("EA"), in their review or audit of the Company's year-end financial statements, raise any significant issues (for example, significant adjustments) which have a material impact on the interim financial statements or financial updates previously announced by the Company, the AC is to bring this to the Board's attention immediately;
- (b) Advise the Board if changes are needed to improve the quality of future interim financial statements or financial updates;
- (c) Reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- (d) Reviewing the assurance from the CEO and CFO on the financial records and financial statements;
- (e) Making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of the EA; and (ii) the remuneration and terms of engagement of the EA;
- (f) Reviewing the adequacy, effectiveness, independence, scope and results of the Company's IA and EA, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and Management's response, and results of the audits compiled by the IA and EA;
- (g) Reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- (h) Assisting the Board of Directors in the discharge of its responsibilities on financial reporting matters;
- (i) Reviewing financial statements and results announcements before submission to the Board of Directors for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Listing Rules and any other statutory/regulatory requirements. Quarterly financial statements are made, but announcements are only made for half-year and annual results. Announcements on use of funds/ cash by mineral, oil and gas companies are made quarterly;
- (j) Reviewing the effectiveness and adequacy of the Group's internal control and procedures, including accounting and financial controls and procedures and ensure co-ordination between the IA, the EA and Management, reviewing the assistance given by Management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);

CORPORATE GOVERNANCE REPORT

- (k) Reviewing and discussing with the EA and IA any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;
- (l) Making recommendations to the Board of Directors on the proposals to the shareholders on the appointment, re-appointment and removal of the EA, and approving the remuneration and terms of engagement of the EA;
- (m) Assessing the quality of the work carried out by the EAs, and the basis of such assessment;
- (n) Reviewing and reporting to the Board of Directors at least annually the adequacy and effectiveness of the Group's material internal controls including financial, operation, compliance and information technology controls via reviews carried out by the IA;
- (o) Reviewing and approving transactions falling within the scope of Chapters 9 and 10 of the Listing Rules (if any);
- (p) Reviewing any potential conflicts of interest;
- (q) Reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;
- (r) Undertaking such other reviews and projects as may be requested by the Board of Directors and reporting to the Board of Directors its findings from time to time on matters arising and requiring the attention of the AC;
- (s) Reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group, including the oversight of whistleblowing; and
- (t) Generally undertaking such other functions and duties as may be required by statute or the Listing Rules, and by such amendments made thereto from time to time.

Authority of the AC

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC will abstain from participating in the deliberations of and voting in respect of matters in which he is interested.

The AC has the power to conduct or authorise investigations into any matters within the AC's terms of reference. The AC has full access to and co-operation of the Management and has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC is authorised to obtain independent professional advice as it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

10.2

The Company has established the AC comprising the following three members, the majority of whom, including the Chairman of the AC, are independent:

Muhammad Sameer Yousuf Khan	Chairman	Independent Non-Executive Director
Dan Broström	Member	Executive Chairman
Sin Boon Ann	Member	Lead Independent Non-Executive Director

CORPORATE GOVERNANCE REPORT

However, not all of the members of the AC are Non-Executive Directors. Mr Dan Broström, the Executive Chairman, is a member of the AC. Taking into account that he would be able to provide relevant input and guidance to the AC, given his familiarity with the Group's activities as well as industry and market practices in jurisdictions where the Group operates, the NC had recommended his appointment to the Board. The Board had then approved his appointment as a member of the AC. Further, the Board is of the opinion that the AC continues to have majority representation of independent directors, and the independent directors collectively, would have the decisive vote in relation to proposals made by the Management. The AC (excluding Mr Dan Broström) meets with the external and internal auditors without the presence of Management at least once a year, to, *inter alia*, ascertain if there are any material weaknesses or control deficiency in the Group's financial reporting and operational systems. Mr Dan Broström, being an Executive Director, has been excluded from the aforesaid meetings to ensure that the AC remains a platform for external and internal auditors to provide their independent opinions without the influence of Management. This arrangement is essential to ensure that the presence of an Executive Director on the AC will not lead to any conflict of interest or impede the independence of the AC.

The remaining members of the AC are Independent Non-Executive Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company.

At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

Mr Muhammad Sameer Yousuf Khan, the Chairman of the AC, has more than 40 years of experience in the fields of accounting, business and financial advisory. Mr Sin Boon Ann, a member of the AC, was with Drew & Napier LLC from 1992 to March 2018; his last appointment being Deputy Managing Director, Corporate and Finance Department and Co-head of the Capital Markets Practice, before his retirement. Mr Sin is currently a consultant at Drew & Napier LLC.

10.3 None of the AC members were previous partners or directors of the Company's existing external auditing firm within the previous 24 months and none of the AC members hold any financial interest in the external auditing firm or auditing corporation.

10.4 The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.

Qualifications of the AC

The Board is of the view that the AC chairman and members are appropriately qualified, with the necessary accounting, financial advisory, business management, corporate and finance, investment and corporate legal expertise and experience to discharge the AC's functions. The AC chairman, having more than 40 years of experience in the fields of accounting, business and financial advisory, is well qualified to chair the AC.

10.5 ***Meeting between the AC and Auditors***

The AC (excluding Executive Chairman Mr Dan Broström) meets with the external and internal auditors without the presence of Management at least once a year, to, *inter alia*, ascertain independently, if there are any material weaknesses or control deficiency in the Group's financial reporting and operational systems. The AC has separately met with the IA and the EA once in the absence of Management in FY2021.

CORPORATE GOVERNANCE REPORT

Independence of External Auditor

The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.

<i>Fees Paid / Payable to the EA for FY2021</i>		
	S\$	% of total
Audit fees	439,878	94
Non-audit fees		
– Tax advice advisory	26,562	6
	466,440	100

Notwithstanding the volume of non-audit services rendered to the Company, the AC is satisfied that the EA remains independent after considering the following:

- That all relationships and/or arrangements between the audit firm and the Company that may reasonably be thought to affect the EA's objectivity and as disclosed by the audit engagement partner did not impair the independence and objectivity of the EA; and
- The audit engagement partner has confirmed that, in his professional judgment, the audit firm is independent.

The AC also periodically receives updates on changes in accounting standards provided by the EA and circulated to members of AC.

There is no disagreement between the Board and AC regarding the selection, appointment, resignation or dismissal of the EA. In re-appointing the EA, the AC evaluates the performance of the EA, taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority.

Whistle-blowing Policy

The Company has in place a whistle-blowing policy. The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters relating to the Company and its officers by submitting to the AC a whistle-blowing report to whistleblowing@rexih.com, as stated on the Company's webpage https://investor.rexih.com/whistle_blowing_policy.html. Information received will be treated with confidentiality and the identity of the whistle-blowers will be protected. Whistleblowing reports made in good faith will be handled and investigated by the AC Chairman, who is an independent director. The whistle-blowing policy sets out the Company's commitment to ensure the protection of the whistleblower's identity and against any detrimental or unfair treatment against the whistleblower. All confidential information will only be available to the independent directors of the AC.

The AC is responsible for oversight and monitoring of whistleblowing and has ensured that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The details of the policy have been disseminated and made available to all parties concerned in the Company's code of conduct. There have not been any whistle-blowing reports during FY2021.

CORPORATE GOVERNANCE REPORT

Audit Committee Activities

During the year, the AC reviewed the financial statements of the Group before the announcement of the Group's half-year and full-year results. In the process, the AC reviewed the key areas of management's estimates and judgement applied for key financial matters including impairment testing, adequacy of provisioning and disclosure, the application of critical accounting policies and any other significant matters that might affect the integrity of the financial statements. The AC has considered the report from the EA, including their findings on the key areas of audit focus.

Significant matters that were discussed with Management and the EA have been included as key audit matters ("**KAMs**") in the audit report for the financial year ended 31 December 2021. Refer to pages 122 to 125 of this Annual Report.

In line with the terms of reference of the AC, the following activities were carried out by the AC during FY2021 in the discharge of its functions and duties including the deliberation and review of:

- The unaudited half-year and full year financial results of the Group and announcements prior to submission to the Board for approval and release on the SGXNet;
- The quarterly announcement on the use of funds / cash by mineral, oil and gas companies;
- The internal and external audit plans in terms of their scope of audit prior to their commencement of their annual audit;
- The EA's report in relation to audit and accounting issues arising from the audit;
- The IA's finding report including internal control processes and procedures;
- The adequacy and effectiveness of the Company's system of risk management and internal controls, including financial, operational, compliance and information technology controls and reporting the findings to the Board;
- The audited financial statements of the Group prior to submission to the Board of Directors for consideration and approval;
- The declaration of final dividend for FY2021 and recommendation to the Board for approval;
- The external audit and internal audit fees for FY2021 and recommendation to the Board for approval;
- The quality of EA across a number of evaluation criteria, including measures of relevance and quality of its works as well as its independence and re-appointment of the EA and recommendation to the Board for approval; and
- Interested person transactions falling within scope of Chapters 9 and 10 of the Listing Rules and any potential conflicts of interests.

CORPORATE GOVERNANCE REPORT

Internal Audit

The Company's internal audit function is outsourced to EY that reports directly to the AC and administratively to the CEO. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.

The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The internal audit plan complements that of the EA and together forms a robust risk-based audit approach to facilitate the AC's review of the adequacy and effectiveness of the Group's risk management and internal control systems.

The AC is satisfied that EY is able to discharge its duties effectively as it:

- is adequately qualified, given that the partner/head of the internal audit and staff assigned to the internal audit of the Company are members of the Institute of Internal Auditors and it adheres to standards set by internationally recognised professional bodies, including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors;
- is adequately resourced with the Company's internal audit, led by Mr Neo Sing Hwee, who has more than 20 years of relevant, diverse internal audit and risk management experience; and
- has the appropriate standing in the Company, given, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.

The primary functions of the IA are to:

- (a) Assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;
- (b) Conduct regular in-depth audits of high-risk areas; and
- (c) Identify and recommend improvement to internal control procedures, where required.

The AC has reviewed the report submitted by EY on internal procedures, the EA's report and the internal controls in place, and is satisfied that there are adequate internal controls in the Company.

The AC will review on an annual basis the adequacy and effectiveness of the internal audit function.

The AC had reviewed and is of the view that the internal audit function is adequate and effective in FY2021.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11 *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

Shareholder Rights

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights and continually reviews and updates such governance arrangements.

The Company is committed to making timely, full and accurate disclosure to shareholders and the public. All information on the Company's new initiatives which would be likely to materially affect the price or value of the Company's shares will be promptly disseminated via SGXNet to ensure fair communication with shareholders.

The Company has endeavoured to provide a longer notice period of 28 days for its Annual General Meetings and Extraordinary General Meetings over the past few years.

11.1 The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

Shareholders are encouraged to attend the AGM/EGM to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed. Notice of the General Meetings will be announced on SGXNet and posted on the Company's website <https://www.rexih.com>.

An independent polling agent is appointed by the Company for general meetings. The polling rules, including the voting procedures that govern the general meeting of shareholders, will be explained during the general meetings. The Company ensures that shareholders are given the opportunity to participate effectively in and vote at general meetings.

11.2 The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, it is the Company's current intention to explain the reasons and material implications in the notice of meeting.

The Company typically ensures that there are separate resolutions at general meetings on each distinct issue.

All resolutions are put to vote by poll, and their detailed results will be announced via SGXNet on the same day after the conclusion of the general meeting. Electronic poll voting has been adopted since 2017 so as to better reflect shareholders' interest and ensure greater transparency in the voting process. An independent scrutineer is also appointed for the electronic poll voting process. Votes cast for and against each resolution will be tallied and displayed live-on-screen to shareholders or their appointed proxies immediately after each poll had been conducted at the meeting.

CORPORATE GOVERNANCE REPORT

11.3 The Company requires all Directors (including the respective chairman of the Board Committees) and senior management, to be present at all general meetings of shareholders, unless in cases of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. Directors' attendance at the general meetings held in the financial year ended 31 December 2021 is tabled on page 72 of this Annual Report. All Directors attended the general meetings held in 2021.

11.4 The Company's Constitution allows for abstentia voting (including but not limited to the voting by mail, electronic mail or facsimile). As the authentication of shareholder identity and other related security and integrity issues still remains a concern, the Company has decided for the time being, not to implement absentia voting methods such as voting via mail, electronic mail or facsimile. A shareholder is entitled to attend and vote or to appoint not more than two proxies who need not be a shareholder of the Company, to attend and vote at the meetings on his behalf.

The Company's Constitution allows (a) each shareholder who is not a relevant intermediary the right to appoint up to two proxies and (b) each shareholder who is a relevant intermediary to appoint more than two proxies to attend, speak and vote on their behalf in general meetings. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

The forthcoming AGM and EGM to be held on 29 April 2022 will be convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM and EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM and EGM, addressing of substantial and relevant questions prior to the deadline submission of the AGM and EGM proxy forms, appointing proxies to attend and vote in shareholders' stead at the AGM and/or EGM, live voting and live question-and-answer sessions will be put in place for the AGM and EGM. The notices and proxy forms of the AGM and EGM, FY2021 Annual Report and the circular to shareholders, have been distributed electronically via SGXNet and the corporate website.

11.5 The Company publishes minutes of general meetings of shareholders on its corporate website <https://www.rexih.com> as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

The Company had published the minutes of the annual general meeting and extraordinary general meeting held on 23 April 2021 and minutes of the extraordinary general meeting held on 3 March 2022 within one month from the conclusion of the respective meetings.

11.6 ***Dividend Policy***

On 19 October 2021 and 28 February 2022, the Company announced that it has adopted a dividend policy, which allows for dividends to be paid-out subject to eligibility, for evaluation of the Company's financial year results for the relevant period/year. The declaration and payment of dividends, if any, shall be determined at the sole discretion of the Board. Any recommendation for dividends to be paid will be tabled for Shareholders' approval at the Company's annual general meetings, if required under applicable laws.

The Board has recommended a final dividend of S\$0.005 per ordinary share for FY2021 which is subject to shareholders' approval at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

Engagement with Shareholders

Principle 12 *The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

12.1 *Communication with Shareholders*

The Company solicits feedback from and addresses the concerns of shareholders via the following:

- One-on-one and group meetings;
- Investor/analyst briefings;
- Conferences and roadshows;
- Annual General Meetings and Extraordinary General Meetings; and
- Responses to email queries.

In 2021, the Company issued more than 70 announcements and press releases and conducted one-on-one and group meetings, as well as conference calls, with local and foreign investors or analysts, as well as with the media.

Apart from the SGXNet announcements and its Annual Report, the Company updates shareholders on its corporate developments through its corporate website at <https://www.rexih.com> and its investor relations webpage at <https://investor.rexih.com/home.html>.

12.2 The Company has in place an Investor Relations policy which is executed by a dedicated investor relations team, which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

12.3 The Company's Investor Relations policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions. Contact details to the Company's investor relations team (ir@rexih.com) are available on the Company's corporate website <https://www.rexih.com>. Shareholders may contact the Lead Independent Director at independent.director@rexih.com.

The Company announces the unaudited condensed financial statements of the Company and the Group on a half yearly basis. As a mineral, oil and gas company, the Company will provide quarterly updates on its use of funds as required under Listing Rules 705(6) and 705(7). The Company also provides timely updates on its operations whenever there are material developments.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13 *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

13.1 The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. Further details can be found in the Sustainability Report section of this Annual Report.

CORPORATE GOVERNANCE REPORT

13.2 The Company has disclosed in this Annual Report, its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period. Further details can be found in the Sustainability Report section of this Annual Report.

13.3 The Company maintains a current corporate website, <https://www.rexih.com>, to communicate and engage with stakeholders. The Company's profile, latest news and announcements, share price information, publications such as annual reports, qualified person's reports, fact sheets and presentations can be accessed on the corporate website. Investors can also opt for email alerts on the Company's latest announcements.

COMPLIANCE WITH APPLICABLE LISTING RULES

Appointment of Auditors

1207(6)(c) The Company confirms its compliance to Listing Rules 712 and 715. Significant foreign subsidiaries are audited by KPMG LLP, Singapore for consolidation purpose, and other member firms of KPMG International. Both KPMG LLP and the audit partner-in-charge have the relevant experience in providing audit services to various clients in the oil and gas industry. Other foreign subsidiaries are registered BVI companies that have no operational activities in FY2021.

1207(8) *Material Contracts*

Save as announced via SGXNet on 5 July 2021, 12 November 2021, 22 November 2021 and 14 December 2021, in respect of the various interested persons' transactions entered into between the Group and certain interested persons, there were no material contracts or loans entered into by or taken up by the Group involving the interest of the CEO, any Directors, or controlling shareholders which are either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2020.

1207(10) *Confirmation of Adequacy of Internal Controls*

The Board and the AC are of the opinion that the internal controls are adequate and effective to address the financial, operational, compliance and information technology risks, and risk management systems which the Group considers relevant and material to its current business scope and environment based on the following:

- Assurance has been received from the CEO, CFO and key management personnel that are responsible for the adequacy and effectiveness of the Group's risk management and internal control systems;
- An internal audit has been done by the IA and significant matters highlighted to the AC and Management were appropriately addressed;

CORPORATE GOVERNANCE REPORT

- Management regularly evaluates, monitors and reports to the AC and RMC on material risks;
- Discussions were held between the AC and auditors in the absence of the Management to review and address any potential concerns;
- An enterprise risk management framework is in place to identify, manage and mitigate significant risks; and
- Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels and are monitored on a quarterly basis.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

1207(10A) There is no family relation between the chairman and the CEO of the Company.

1207(10C) The AC is of the view that the Company's internal audit function is independent, effective and adequately resourced.

1207(17) *Interested Persons' Transactions ("IPT")*

The Company does not have an IPT Mandate. The aggregate value of IPTs for FY2021 disclosed in accordance with Rule 907 of the Listing Rules was as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		US\$'000	US\$'000
Orango Oil Ltd. (" Orango ")	Dr Karl Lidgren and Mr Hans Lidgren each holds 40% in Orango	864	–
Monarch Marine Holding Ltd (" MMH ")	MMH is 80% held by Limea Ltd	2,647	–
Xer Technologies Pte. Ltd. (" Xer ")	Xer is held by Cresta and Limea at 42% and 15% respectively	1,000	–

Note: Dr Karl Lidgren and Mr Hans Lidgren are controlling shareholders of the Company with a 34.71% deemed interest in the Company held through Limea Ltd. ("**Limea**"), in which each of Mr Hans Lidgren and Cresta Group Ltd ("**Cresta**") have a 50% shareholding interest respectively. Cresta is in turn wholly-owned by Dr Karl Lidgren.

CORPORATE GOVERNANCE REPORT

Save as disclosed above, there were no other IPTs that were more than S\$100,000 entered into by the Group in FY2021.

The Company has adopted an internal policy in respect of any transactions with an interested person (as defined in the Listing Rules) and has established procedures for the review and approval of all IPTs entered into by the Group. The AC reviews the rationale and terms of the Group's IPTs, with the view that the IPTs should be on normal commercial terms, at arm's length basis and are not prejudicial to the interests of its minority shareholders.

As part of the Company's policy, Directors are required to disclose to the Board all actual and potential conflicts of interest. A Director shall recuse himself or herself from discussions and abstain from voting on resolutions regarding any contract, arrangement or any other transaction in which he or she has any personal material interest, directly or indirectly.

1207(19)

Dealing in Securities

The Company and its subsidiaries have adopted an internal policy which prohibits the Directors and officers (including employees) from dealing in the securities of the Company while in possession of price-sensitive information.

The Company, its Directors and officers (including employees) of the Company and its subsidiaries are also discouraged from dealing in the Company's securities on short-term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements, and ending on the date of the announcement of the relevant results.

1207(22)

Use of Proceeds Raised from Placement Exercise

The Company had on 6 November 2013, completed a placement of 70 million new ordinary shares at an issue price of S\$0.755 per share (the "**2013 Placement**"), raising net proceeds of S\$50.87 million (after deducting placement expenses of S\$1.98 million). As at the date of this report, the Company had utilised all the 2013 Placement proceeds except for the amount allocated to the share buyback mandate of S\$5.96 million.

The Company had utilised S\$0.99 million in relation to the share buyback exercise in the previous financial year ended 2019. No share buybacks were conducted in FY2020 and FY2021. The ending balance of the amount allocated to the share buyback mandate as at 31 December 2021 and the date of this report was S\$4.97 million.

CORPORATE GOVERNANCE REPORT

720(6)

Additional Information on Directors Seeking Re-election

Pursuant to Listing Rule 720(6), the additional information as set out in Appendix 7.4.1 of the Listing Rules relating to the retiring Directors who are submitting themselves for re-election, is disclosed below and to be read in conjunction with their respective biographies under the section entitled “Board of Directors” of this Annual Report:

	Dr Karl Lidgren	Dr Christopher Atkinson
Date of Appointment	1 May 2013	6 January 2015
Date of last re-appointment (if applicable)	26 April 2019	21 May 2020
Age	74	64
Country of principal residence	Monaco	Singapore
The Board's comments on this re-appointment	The re-election of Dr Karl Lidgren was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his contributions and performance.	The re-election of Dr Christopher Atkinson was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his independence, contributions and performance.
Whether appointment is executive, and if so, the area of responsibility	Executive. He provides strategic counsel and support to the Company so as to enable the Company to achieve its vision, as well as its short and long-term goals.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	- Non-Independent Executive Director - Member of Nominating Committee	Independent Non-Executive Director
Professional Qualifications	Refer to section on Board of Directors at pages 11 to 13 of this annual report for details.	
Working experience and occupation(s) during the past 10 years	Refer to section on Board of Directors at pages 11 to 13 of this annual report for details.	
Shareholding interest in the listed issuer and its subsidiaries	Dr Karl Lidgren is deemed interested in 452,020,422 ordinary shares (representing 34.71% shareholding interest) in Rex International Holding Limited Subsidiaries of Rex International Holding Limited Nil	Direct and deemed: Nil Subsidiaries of Rex International Holding Limited Nil

CORPORATE GOVERNANCE REPORT

	Dr Karl Lidgren	Dr Christopher Atkinson
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	- Father of CEO, Måns Lidgren - Brother of substantial shareholder, Hans Lidgren	No
Conflict of interests (including any competing business)	None, save for Interested Persons' Transactions previously disclosed	No
Undertaking has been submitted to the listed issuer in the form of Appendix 7.7 under Rule 720(1)	Yes	Yes
Other Principal Commitments Including Directorships:		
Past (for the last 5 years)	<u>Principal Commitments including Directorships</u> Nil	<u>Principal Commitments including Directorships</u> - Caribx UK Limited - ETPM Singapore Pte. Ltd. - Bambusee Pte. Limited - Sonoro Energy Limited
Present	<u>Principal Commitments including Directorship</u> - Cresta Group Ltd - Trace Atlantic Oil Ltd - Limea Ltd - Monarch Marine Holding Ltd - Orango Oil Ltd.	<u>Principal Commitments including Directorship</u> - Worldwide Petroleum Services Pte Ltd - Helios Aragon Pte Limited - Spice Islands Liquors Pte Limited
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

"Principal Commitments" as defined in the Code include all commitments which involve significant time commitment such as full time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

CORPORATE GOVERNANCE REPORT

	Dr Karl Lidgren	Dr Christopher Atkinson
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

CORPORATE GOVERNANCE REPORT

	Dr Karl Lidgren	Dr Christopher Atkinson
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

CORPORATE GOVERNANCE REPORT

	Dr Karl Lidgren	Dr Christopher Atkinson
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements of Rex International Holding Limited ("**the Company**") and its subsidiaries ("**the Group**") for the financial year ended 31 December 2021.

In our opinion:

- (a) the financial statements set out on pages 138 to 201 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, the financial performance of the Group, the changes in equity of the Group and of the Company, and the cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors in office at the date of this statement are as follows:

Dan Broström (Executive Chairman)
 Dr Karl Lidgren
 Muhammad Sameer Yousuf Khan
 Sin Boon Ann
 Dr Christopher Atkinson

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 ("**the Act**"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21 January 2022
Dan Broström			
Rex International Holding Limited			
Ordinary shares			
- direct interest	8,306,075	11,306,075	11,306,075
- deemed interest	3,000,000	-	-

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS – CONTINUED

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21 January 2022
Dr Karl Lidgren Rex International Holding Limited Ordinary shares - deemed interest	452,020,422	452,020,422	452,020,422
Sin Boon Ann Rex International Holding Limited Ordinary shares - direct interest	900,000	900,000	900,000
Muhammad Sameer Yousuf Khan Rex International Holding Limited Ordinary shares - direct interest	780,000	-	-
Dr Christopher Atkinson Rex International Holding Limited Ordinary shares - direct interest	200,000	200,000	200,000

By virtue of Section 7 of the Act, Dan Broström, Dr Karl Lidgren, Sin Boon Ann, and Dr Christopher Atkinson are deemed to have interests in all the related corporations of the Company at the beginning and at the end of the financial year. Muhammad Sameer Yousuf Khan was deemed to have interests in all the related corporations of the Company at the beginning of the financial year.

Except as disclosed under the “Share options” and “Share awards” sections of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

SHARE OPTIONS

The Employee Share Option Scheme (the **"ESOS"**) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013 and amended with shareholders' approval at an Extraordinary General Meeting of the Company on 3 March 2022. The ESOS is administered by the Company's Remuneration Committee, comprising 3 directors, Sin Boon Ann, Muhammad Sameer Yousuf Khan and Dan Broström.

Other information regarding the ESOS is set out below:

- The exercise price of the options can be set at a discount to the Market Price⁽¹⁾ not exceeding 20% of the Market Price at the date on which the options are granted.
- For the options granted with exercise price set at Market Price, they can be exercised 1 year from the date of the grant and will expire 5 years from the date on which the options are granted.
- For the options granted with exercise price set at a discount to the Market Price, they can be exercised 2 years from the date of the grant and will expire 5 years from the date on which the options are granted.
- The ESOS shall be in force for a maximum of 10 years from the date on which the ESOS was adopted. Upon obtaining the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may be required, the ESOS may continue beyond 10 years from the date it was adopted.

⁽¹⁾ The Market Price is calculated based on the average of the last dealt prices for the Company's shares on the Mainboard of the SGX-ST over the 5 consecutive trading days immediately preceding the date on which the options are granted.

No options were granted by Company during the financial year ended 31 December 2021 (**"FY2021"**). As at 31 December 2021, there are no options outstanding as all options granted have expired.

All unissued ordinary shares of Lime Petroleum AS (**"LPA"**) under option relating to the LPA Share Incentive Plan were cancelled in FY2021. Details and terms of the options are disclosed in the annual report of LPA.

SHARE AWARDS

The Performance Share Plan (the **"PSP"**) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013 and amended with shareholders' approval at an Extraordinary General Meeting of the Company on 30 April 2014, 28 April 2017 and 3 March 2022. The PSP is administered by the Company's Remuneration Committee, comprising 3 directors, Sin Boon Ann, Muhammad Sameer Yousuf Khan and Dan Broström.

The objective of the PSP of the Company is to promote higher performance goals and recognise the achievements of employees by motivating and aligning their interests to the Group's pre-determined goals. Performance targets set are based on short to medium-term corporate objectives including market competitiveness, quality of returns, business growth and productivity growth.

The award of ordinary shares granted under the PSP represent the right of an employee to receive fully paid shares, free of charge upon the achievement of pre-determined goals during the performance period, at the sole discretion of the Remuneration Committee.

DIRECTORS' STATEMENT

SHARE AWARDS – CONTINUED

No minimum vesting periods are prescribed under the PSP, and the length of the vesting period in respect of the awards of such number of fully-paid ordinary shares granted under the PSP (the “Awards”) will be determined on a case-by-case basis by the Remuneration Committee.

Details of the movement of the Awards during the financial year were as follows:

Date of grant of Awards	Number of Awards				At 31 December 2021	Number of holders at 31 December 2021
	At 1 January 2021	Granted	Lapsed/ cancelled	Vested		
29.04.2019	53,172,700	–	(53,172,700)	–	–	–
22.05.2020	5,082,400	–	(5,082,400)	–	–	–
09.03.2021	–	11,724,100 ⁽²⁾	–	–	11,724,100	4
	58,255,100 ⁽¹⁾	11,724,100	(58,255,100) ⁽¹⁾	–	11,724,100	4

⁽¹⁾ On 9 March 2021, all 58,255,100 Awards previously granted had been cancelled (forthwith lapsed and to be of no value).

⁽²⁾ On 9 March 2021, the Company granted 11,724,100 Awards to certain directors of the Company. The number of Awards to be vested will range from 0% to 100%, subject to fulfilment of certain predetermined performance benchmarks and the satisfactory completion of time-based service condition(s).

If the Average Performance Market Price is S\$0.30 and above, 50% of the Awards shall be released after the vesting period. If the Average Performance Market Price is S\$0.45 and above, an additional 50% of the Awards shall be released. If the Average Performance Market Price is less than S\$0.30, none of the Awards shall be released unless otherwise determined by the committee administering the PSP.

DIRECTORS' STATEMENT

SHARE AWARDS – CONTINUED

Details of the Awards granted under the PSP to participants who are (a) directors, (b) controlling shareholders or associates of the controlling shareholders, and (c) participants who received five percent or more of the total grants available under the PSP since the commencement of the PSP are as follows:

Name of participant	Awards granted in FY2021	Net aggregate Awards granted since commencement of PSP to 31 December 2021 ⁽¹⁾	Awards released in FY2021	Aggregate Awards released since commencement of PSP to 31 December 2021 ⁽²⁾	Aggregate Awards outstanding and which have not been released as at 31 December 2021
Directors					
Dan Broström	8,124,100	14,217,175	–	(6,093,075)	8,124,100
Muhammad Sameer Yousuf Khan	1,200,000	1,980,000	–	(780,000)	1,200,000
Sin Boon Ann	1,200,000	2,100,000	–	(900,000)	1,200,000
Dr Christopher Atkinson	1,200,000	1,620,000	–	(420,000)	1,200,000
Controlling shareholders or associates of the controlling shareholders					
Måns Lidgren	–	14,241,464	–	(14,241,464)	–
Participants who received 5% or more of the total grants available					
Per Lind	–	11,017,691	–	(11,017,691)	–
Kristofer Skantze	–	7,439,504	–	(7,439,504)	–
Mok Lai Siong	–	6,070,952	–	(6,070,952)	–

⁽¹⁾ Aggregate Awards granted less aggregate Awards granted that have since lapsed/ been cancelled

⁽²⁾ Including new shares issued and allotted, and existing shares purchased

No Awards were granted in FY2021.

Save as disclosed in the table above, no other director, controlling shareholder or associates of the controlling shareholder received any shares under the PSP since the commencement of the PSP.

The aggregate Awards granted since commencement of the PSP to 31 December 2021 is 350,172,544 of which 287,097,716 Awards have since been cancelled or have lapsed.

The vesting and release of the Awards granted to eligible participants (including the Directors and Chief Executive Officer) under the PSP are based on pre-determined performance goals and conditional on the satisfactory completion of time-based service conditions.

DIRECTORS' STATEMENT

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this statement are:

- | | | |
|---|--|---|
| • | Muhammad Sameer Yousuf Khan (Chairman) | Independent Non-Executive Director |
| • | Sin Boon Ann | Lead Independent Non-Executive Director |
| • | Dan Broström | Executive Chairman |

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX-ST Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, the Board of Directors have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

DIRECTORS' STATEMENT

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Dan Broström
Director



Muhammad Sameer Yousuf Khan
Director

18 March 2022

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Rex International Holding Limited ("**the Company**") and its subsidiaries ("**the Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 138 to 201.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("**the Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONTINUED

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment risk over Exploration and Evaluation (“E&E”) assets

Refer to Note 3.3 – Accounting policies: E&E assets, Note 4 to the financial statements

DESCRIPTION OF RISK

There is a risk of impairment on the Group's significant E&E assets due to the continued volatility of oil prices and the risk associated with finding sufficient oil reserves for commercial production within the licence period.

As at 31 December 2021, the E&E assets is carried at USD 40.6 million which represents 7.4% of total assets.

In addition to significance of the amount, management's assessment process involves significant judgement regarding the technical feasibility and commercial viability of continuing exploration and evaluation activities for each licence.

OUR RESPONSE TO THE RISK

We reviewed if impairment indicators exist for each licence that forms a cash generating unit in accordance with requirement of SFRS(I) 6 *Exploration for and Evaluation of Mineral Resources*.

We discussed with the Group's management to understand the current status and future plans and intentions for the E&E assets.

We inspected minutes, budgets, publicly available information and other documentation supporting management plans for each of the licences.

FINDINGS

Taking into consideration the Group's future plans, intentions for these E&E assets, market data and the status of each of the licences, we found the Group's assessment of no indicators of impairment of the E&E assets as at 31 December 2021 to be balanced.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONTINUED

Key audit matters – Continued

Impairment risk over Oil and Gas properties

Refer to Note 3.4 – Accounting policy: Oil and Gas properties and Note 5 to the financial statements

DESCRIPTION OF RISK

There is a risk of impairment on the Group's significant oil and gas properties (representing 25.2% of total assets) due to the continued volatility of oil prices.

In addition to significance of the amount, management's assessment process is complex as it involves the use of significant judgement and estimates, particularly in relation to the estimates of reserves, future oil prices, production levels, operating costs, and economic assumptions used to estimate the recoverable amounts of the oil and gas properties.

OUR RESPONSE TO THE RISK

We discussed with the Group's management and read supporting documents to understand the current status and future plans for the oil and gas properties.

We challenged the reasonableness of the valuation methodology and key assumptions used by the Group by comparing against market valuation practices, market data, and other supporting evidence. We performed a sensitivity analysis of the key assumptions used.

We compared the recoverable amount of the cash generating unit to the carrying amount to determine if there is an impairment loss and assessed the appropriateness of related disclosures in the consolidated financial statements.

FINDINGS

We found the valuation methodology used to be in line with market valuation practices. Taking into consideration the Group's future plans for these oil and gas properties, market data and other supporting evidence, we found the key assumptions used by the Group to be balanced.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONTINUED

Key audit matters – Continued

Business Combination

Refer to Note 3.1(i) – Accounting policy: Business Combinations and Note 5 to the financial statements

DESCRIPTION OF RISK

During the year, the Group acquired 33.8434% interests in the oil, gas and natural gas liquids (NGL) producing Brage Field and five licences on the Norwegian Continental Shelf over which the Brage Field straddles for a post-tax consideration of US\$40.9 million.

Such transactions can be complex and judgement is involved in determining whether the transaction is a business combination or an acquisition of an asset, with different accounting treatment applicable. In accounting for a business combination, judgements are applied and there exist inherent uncertainties in estimating the fair value of the identified assets and liabilities that make up the acquisition; and allocating the overall purchase price to those identified assets and liabilities, with any excess or shortfall being recognised as goodwill on the balance sheet or a bargain purchase in the statement of comprehensive income (the “**Purchase Price Allocation**”). In relation to the acquisitions, an independent professional firms was engaged to assist the Group in arriving at its purchase price allocation assessment.

OUR RESPONSE TO THE RISK

We have assessed the accounting of the acquisitions by examining legal and contractual documents to determine whether these acquisitions are business combinations or the acquisition of assets.

We read the purchase price allocation reports and assessed the allocation of the purchase price to significant identified assets and liabilities acquired. We compared the methodologies and key assumptions used in deriving the significant allocated values to generally accepted market practices and market data.

FINDINGS

The judgements applied by the Group in determining whether the significant acquisitions are business combinations or acquisitions of assets were balanced. The methods and assumptions used in estimating the fair values of significant identified assets and liabilities and the resulting allocation in the purchase price were appropriate.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONTINUED

Key audit matters – Continued

Contingent liability – litigation claims from Petroci Holding (“Petroci”)

Refer to Note 3.12 – Accounting policy: Provisions and Note 32 to the financial statements

DESCRIPTION OF RISK

During the year, Petroci made claims against the Company’s subsidiaries, Rex Oman Limited (“**Rex Oman**”), Masirah Oil Limited (“**MOL**”), and certain past and present directors of MOL in the High Court, Commercial Division of the British Virgin Islands, in connection with the alleged conduct of MOL’s affairs, which led to a dilution of Petroci’s interest in MOL as a partner and minority shareholder.

Significant judgement is involved in determining whether any provision should be set aside for Petroci’s claims and whether adequate disclosure of the claims are made in the financial statements.

OUR RESPONSE TO THE RISK

We obtained an update from the Group’s external legal counsel on the status of the litigation and the likely outcome of these claims.

We also reviewed legal documents and discussed with the Group relating to the claims.

We further reviewed and assessed the sufficiency of the related disclosures made in the financial statements.

FINDINGS

We found the Group’s assessment that the claims meet the criteria of a contingent liability to be balanced.

We also found the disclosures of the matter to be balanced.

INDEPENDENT AUDITORS' REPORT

Members of the Company

Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONTINUED

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONTINUED

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONTINUED

Auditors' responsibilities for the audit of the financial statements– Continued

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ronald Tay Ser Teck.



KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

18 March 2022

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

		Group		Company	
	Note	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Assets					
Exploration and evaluation assets	4	40,646	30,376	–	–
Oil and gas properties	5	137,022	76,266	–	–
Other intangible assets	6	2,515	3,365	–	–
Plant and equipment	7	1,609	2,160	244	444
Subsidiaries	8	–	–	92,621	106,139
Jointly controlled entities	10	–	–	–	–
Associate	10	1,000	–	–	–
Other receivables	11	167,193	–	–	–
Non-current assets		349,985	112,167	92,865	106,583
Inventories	12	11,278	–	–	–
Trade and other receivables	11	94,988	37,200	1,130	2,568
Quoted investments	13	26,306	25,925	26,298	25,622
Cash and cash equivalents	14	60,603	20,375	6,489	3,289
Current assets		193,175	83,500	33,917	31,479
Total assets		543,160	195,667	126,782	138,062
Equity					
Share capital	15	257,677	257,677	257,677	257,677
Reserves	16	8,753	6,923	725	582
Accumulated losses		(80,067)	(137,092)	(168,096)	(154,759)
Total equity attributable to owners of the Company		186,363	127,508	90,306	103,500
Non-controlling interests	9	12,892	12,718	–	–
Total equity		199,255	140,226	90,306	103,500
Liabilities					
Loans and borrowings	20	47,107	–	–	–
Deferred tax liabilities	18	40,831	13,173	–	–
Provisions	19	197,147	1,210	–	–
Lease liabilities		149	573	39	236
Non-current liabilities		285,234	14,956	39	236
Loans and borrowings	20	8,512	18,010	–	–
Trade and other payables	21	49,734	22,053	36,240	34,134
Lease liabilities		425	422	197	192
Current liabilities		58,671	40,485	36,437	34,326
Total liabilities		343,905	55,441	36,476	34,562
Total equity and liabilities		543,160	195,667	126,782	138,062

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	Note	Group	
		2021 US\$'000	2020 US\$'000
Revenue:			
Sale of crude oil	22	158,444	46,664
Service revenue	22	30	–
Cost of sales:			
Production and operating expenses		(25,552)	(23,841)
Depletion of oil and gas properties	5	(36,238)	(21,484)
Exploration and evaluation expenditure	4	(14,613)	(1,507)
Cost of services		(742)	(640)
Gross profit/(loss)		81,329	(808)
Administration expenses		(29,114)	(15,291)
Other expenses		(1)	(4,844)
Other income		20,830	124
Results from operating activities		73,044	(20,819)
Finance income	23	728	777
Finance costs	23	(3,643)	(961)
Foreign exchange (loss)/gain		(707)	889
Net finance (costs)/income		(3,622)	705
Profit/(loss) before tax	24	69,422	(20,114)
Tax credit	25	9,517	4,902
Profit/(loss) for the year, net of tax		78,939	(15,212)
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences from foreign operations, representing total other comprehensive income for the year, net of tax		1,033	330
Total comprehensive income/(loss) for the year, net of tax		79,972	(14,882)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

		Group	
	Note	2021	2020
		US\$'000	US\$'000
Profit/(loss) attributable to:			
Owners of the Company		67,157	(14,218)
Non-controlling interests	9	11,782	(994)
Profit/(loss) for the year, net of tax		78,939	(15,212)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		68,225	(13,920)
Non-controlling interests	9	11,747	(962)
Total comprehensive income/(loss) for the year		79,972	(14,882)
Earnings/(loss) per share			
Basic earnings/(loss) per share (cents)	26	5.16	(1.09)
Diluted earnings/(loss) per share (cents)	26	5.16	(1.09)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

Note	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Merger reserve	Capital reserve	Share-based payment reserve	Translation reserve	Accumulated losses			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group										
At 1 January 2020	257,590	(716)	4,129	1,080	894	615	(122,874)	140,718	13,678	154,396
Total comprehensive loss for the year										
Loss for the year	-	-	-	-	-	-	(14,218)	(14,218)	(994)	(15,212)
Other comprehensive income										
Foreign currency translation differences, representing total other comprehensive income	-	-	-	-	-	298	-	298	32	330
Total comprehensive loss for the year	-	-	-	-	-	298	(14,218)	(13,920)	(962)	(14,882)
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Issuance of shares	15	87	-	-	-	(87)	-	-	-	-
Share-based payment transactions - employee share option scheme and performance share plan	16	-	-	-	-	160	-	160	2	162
Proceeds from issuance of option agreements	27	-	-	-	550	-	-	550	-	550
Total transactions with owners		87	-	-	550	73	-	710	2	712
At 31 December 2020	257,677	(716)	4,129	1,630	967	913	(137,092)	127,508	12,718	140,226

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

Note	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Merger reserve	Capital reserve	Share-based payment reserve	Translation reserve	Accumulated losses			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group										
At 1 January 2021	257,677	(716)	4,129	1,630	967	913	(137,092)	127,508	12,718	140,226
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	67,157	67,157	11,782	78,939
Other comprehensive income										
Foreign currency translation differences, representing total other comprehensive income	-	-	-	-	-	1,068	-	1,068	(35)	1,033
Total comprehensive income for the year	-	-	-	-	-	1,068	67,157	68,225	11,747	79,972
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Share-based payment transactions - employee share option scheme and performance share plan	17	-	-	-	212	-	-	212	7	219
Proceeds from issuance of option agreements	27	-	-	550	-	-	-	550	-	550
Dividends paid to non-controlling interests*	16	-	-	-	-	-	-	-	(19,002)	(19,002)
Total contributions by and distributions to owners	-	-	-	550	212	-	-	762	(18,995)	(18,233)
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control, representing total changes in ownership interests in subsidiaries	8	-	-	-	-	-	(10,132)	(10,132)	7,422	(2,710)
Total transactions with owners	-	-	-	550	212	-	(10,132)	(9,370)	(11,573)	(20,943)
At 31 December 2021	257,677	(716)	4,129	2,180	1,179	1,981	(80,067)	186,363	12,892	199,255

* During 2021, the Group's subsidiary in Oman declared and paid dividend amounting to US\$19.00 million to non-controlling interests

The accompanying notes form an integral part of these financial statements..

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Note	Share capital US\$'000	Treasury shares US\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Company							
At 1 January 2020		257,590	(716)	505	732	(147,868)	110,243
Total comprehensive loss for the year							
Loss for the year, representing total comprehensive loss for the year		–	–	–	–	(6,891)	(6,891)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issuance of shares	15	87	–	–	(87)	–	–
Share-based payment transactions - performance share plan	17	–	–	–	148	–	148
Total transactions with shareholders		87	–	–	61	–	148
At 31 December 2020		257,677	(716)	505	793	(154,759)	103,500

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Note	Share capital US\$'000	Treasury shares US\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Company							
At 1 January 2021		257,677	(716)	505	793	(154,759)	103,500
Total comprehensive loss for the year							
Loss for the year, representing total comprehensive loss for the year		-	-	-	-	(13,337)	(13,337)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Share-based payment transactions - performance share plan, representing total transactions with shareholders	17	-	-	-	143	-	143
At 31 December 2021		257,677	(716)	505	936	(168,096)	90,306

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

		Group	
	Note	2021 US\$'000	2020 US\$'000
Cash flows from operating activities			
Profit/(loss) for the year before tax		69,422	(20,114)
Adjustments for:			
Depreciation	7	752	628
Depletion of oil and gas properties	5	36,238	21,484
Amortisation of other intangible assets	6	850	850
Net finance costs	23	2,915	184
Bargain purchase from acquisition of oil and gas properties	5, 24	(18,236)	–
Expensed exploration and evaluation costs	4	9,733	–
Impairment losses on exploration and evaluation assets	4	1,018	259
Impairment losses on oil and gas properties	5	1,681	–
Change in fair value of quoted investments	24	(603)	568
(Gain)/loss on disposal of quoted investments	24	(122)	672
Equity settled share-based payment transactions		219	162
		103,867	4,693
Changes in:			
- Inventories		(106)	–
- Trade and other receivables		(40,000)	(14,072)
- Trade and other payables		16,998	14,839
Restricted bank deposits		(10,065)	–
Tax receipts from exploration and evaluation activities in Norway		18,709	18,776
Net cash from operating activities		89,403	24,236
Cash flows from investing activities			
Interest received		728	777
Acquisition of oil and gas licences	5	(40,961)	–
Investment in an associate	10	(1,000)	–
Purchase of quoted investments		(12,974)	(16,833)
Proceeds from disposal of quoted investments		13,165	29,818
Proceeds from sale of plant and equipment		–	1
Exploration and evaluation expenditure	4	(22,204)	(32,203)
Additions to oil and gas properties	5	(10,539)	(5,836)
Purchase of plant and equipment	7	(211)	(1,316)
Net cash used in investing activities		(73,996)	(25,592)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

		Group	
	Note	2021 US\$'000	2020 US\$'000
Cash flows from financing activities			
Interest paid		(3,024)	(933)
Payment for transaction costs related to loans and borrowings		(1,516)	–
Proceeds from issuance of option agreements	27	550	550
Proceeds from issuance of bonds by a subsidiary		57,069	–
Proceeds from bank loans		2,914	14,373
Repayment of bank loans		(20,730)	(13,004)
Acquisition of non-controlling interests in a subsidiary		(2,710)	–
Dividends paid to non-controlling interests	16	(19,002)	–
Repayment of lease liabilities	30	(412)	(364)
Net cash from financing activities		13,139	622
Net increase/(decrease) in cash and cash equivalents			
		28,546	(734)
Cash and cash equivalents at 1 January		20,375	21,930
Effect of exchange rate fluctuations on cash held		1,617	(821)
Cash and cash equivalents at 31 December	14	50,538	20,375

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 18 March 2022.

1 DOMICILE AND ACTIVITIES

Rex International Holding Limited ("**the Company**") is a company incorporated in Singapore. The address of its registered office is 80 Robinson Road, #02-00, Singapore 068898.

The financial statements of the Group as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as "**the Group**" and individually as "**Group entities**") and the Group's interest in equity-accounted investees.

The principal activities of the Company are those relating to investment holding. The principal activities of its subsidiaries are set out in Note 8 to the financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**"). The changes to significant accounting policies are described in Note 2.5 to the financial statements.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in United States ("**US**") dollars, which is the Company's functional currency. All financial information presented in US dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit ("CGU") and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessments of the non-financial assets subjected to an assessment are disclosed in the financial statements as follows:

- Oil and gas properties Note 5
- Subsidiaries Note 8

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

(i) *Key sources of estimation uncertainty – Continued*

Amortisation of technology assets

Technology assets are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation expenses could be revised. The carrying amounts of these assets are disclosed in Note 6 to the financial statements.

Provisions

Estimates of the Group's obligations arising from exploration drilling rehabilitation that exist as at the reporting date may be affected by future events which cannot be predicted with any certainty. The assumptions and best estimates in determining these provisions are made based on management's judgement and experience and therefore, future exploration drilling rehabilitation obligations and expenses could be revised. The carrying amounts of the Group's provisions at the reporting date are disclosed in Note 19 to the financial statements.

Depletion of oil and gas properties

Oil and gas properties are mainly depleted on a unit of production basis at a rate calculated by reference to prove plus probable reserves and incorporating the estimated future cost of developing and extracting those reserves. Future development costs are estimated using assumptions as to the numbers of wells required to produce those reserves, the cost of the wells, future production facilities and operating costs; together with assumptions on oil and gas realisations based on the approved field development plans. The carrying amounts of the Group's oil and gas properties at the reporting date are disclosed in Note 5 to the financial statements.

(ii) *Critical judgements made in applying accounting policies*

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed below.

Business combinations

An acquisition of a business, which is determined as an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing a return directly to investors, is a business combination.

Determining whether an acquisition meets the definition of a business combination requires judgement to be applied on a case-by-case basis. Acquisitions are assessed under the relevant SFRS(I) criteria to establish whether the transaction represents a business combination or an asset purchase. Depending on the specific facts, acquisitions of exploration and evaluation licences for which a development decision has not yet been made, have largely been concluded to represent asset purchases.

Acquisition accounting is subject to substantive judgement by the management. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability. The fair value of oil fields in production and development phase is normally based on discounted cash flow models, where the determination of inputs to the model may require significant judgement. The fair value of the assets or liabilities acquired at the date of acquisition are disclosed in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

(ii) *Critical judgements made in applying accounting policies – Continued*

Exploration and evaluation expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely from future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers or ceases exploration and evaluation expenditure.

The Group's accounting policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established and executed successfully. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.

Hydrocarbon reserves

Hydrocarbon reserves are estimates of the amount of oil that can be economically and legally extracted by the Group in approved fields. For the purpose of estimating reserves, several factors are considered, among others, such as geological, technical and economic, production techniques, recovery rates, production costs, transportation costs, demand and prices for commodities and exchange rates. Estimating the quantity and grade of reserves requires determining the size, shape and depth of the reservoirs or fields to be determined by analysing geological data and drilling samples. This process may require interpreting complex and difficult geological judgements. Because the economic assumptions change from period to period and the Group is still generating additional geological data during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the recovery of the carrying amount of oil properties due to changes in estimated future cash flows and the cost of depreciation recorded in profit or loss as it is given in terms of units of production based on total proven and probable reserves.

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (Amendments to SFRS(I) 16)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)*

The application of these amendments to standards and interpretations did not have a material effect on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) *Business combinations*

Business combinations are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.1 Basis of consolidation – Continued

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(v) Investments in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A jointly controlled entity is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and jointly controlled entities are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.1 Basis of consolidation – Continued

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(viii) Subsidiaries, associates and jointly controlled entities in the separate financial statements

Investments in subsidiaries, associates and jointly controlled entities are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to US dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting date.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve ("**translation reserve**") in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.2 Foreign currency – Continued

(ii) *Foreign operations – Continued*

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Exploration and evaluation assets

Exploration and evaluation activity involves the search for oil and gas resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation costs are capitalised in respect of each area of interest for which the rights to explore are current and where:

- (i) the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- (ii) exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves; and active and significant operations in or in relation to the areas of interest are continuing.

Exploration and evaluation assets comprise, among others, costs that are directly attributable to researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies and/or gaining access to areas of interest including occupancy and relocation compensation and other directly attributable costs of exploration and appraisal including technical and administrative costs.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to development costs, a component of exploration and evaluation assets, when the technical feasibility and commercial viability of extracting the resource are demonstrable and sanctioned by management.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a CGU) to which the exploration and evaluation is attributable. To the extent that capitalised exploration and evaluation is not expected to be recovered, it is charged to profit or loss. Partial or full reversals of impairments of such assets are recognised if there is an indication that a previously recognised impairment loss has reversed and the recoverable amount of the impaired asset has subsequently increased.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.3 Exploration and evaluation assets – Continued

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are reclassified to oil and gas properties.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward cost in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the cost of that stage. Site restoration costs include the dismantling and removal of drilling facilities, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the concession permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis. Any changes to the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within 1 year of abandoning the concession site.

3.4 Oil and gas properties

Oil and gas properties arise from the reclassification of exploration and evaluation assets once commercial viability and technical feasibility are established and production commenced.

Oil and gas properties are measured at cost less accumulated depletion and accumulated impairment losses. The accumulated costs for the relevant area of interest are depreciated using a unit-of-production method over proved and probable reserves. The unit-of-production rate for the accumulated costs takes into account expenditures incurred to date, together with estimated future capital expenditure expected to be incurred relating to as yet undeveloped and probable reserves expected to be processed through these common facilities.

3.5 Plant and equipment

(i) *Recognition and measurement*

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised net within other income in profit or loss.

(ii) *Subsequent costs*

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.5 Plant and equipment – Continued

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Plant and machinery	5 years
Furniture and fittings	5 to 10 years
Office equipment	5 years
Office computers	3 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Intangible assets

Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated based on the cost of asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date on which the assets are available for use.

The estimated useful lives are as follows:

Technology	10 years
Customer contracts	10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments

(i) *Recognition and initial measurement*

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (“**FVTPL**”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Classification and subsequent measurement*

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income (“**FVOCI**”) – equity investment; or **FVTPL**.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at **FVTPL**:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (“**OCI**”). This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or **FVOCI** as described above are measured at **FVTPL**. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at **FVOCI** as at **FVTPL** if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments – Continued

(ii) *Classification and subsequent measurement – Continued*

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments – Continued

(ii) *Classification and subsequent measurement – Continued*

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Continued

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings and trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments – Continued

(iii) *Derecognition*

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and short-term fixed deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(vi) *Share capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments – Continued

(vi) *Share capital – Continued*

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

3.8 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Leases – Continued

As a lessee – Continued

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use as 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.9 Inventories

Spare parts are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price, less the estimated selling expenses.

3.10 Impairment

(i) *Non-derivative financial assets and contract assets*

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs and contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract assets.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.10 Impairment – Continued

(i) *Non-derivative financial assets and contract assets – Continued*

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improve such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without resource by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.10 Impairment – Continued

(i) *Non-derivative financial assets and contract assets – Continued*

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.10 Impairment – Continued

(ii) *Non-financial assets – Continued*

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an equity-accounted investment is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of an equity-accounted investment is tested for impairment as a single asset when there is objective evidence that the equity-accounted investment may be impaired.

3.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.13 Revenue

Rendering of services and sales of crude oil

Revenue from sale of services and sales of crude oil in the ordinary course of business is recognised when the Group satisfies a performance obligation (“PO”) by transferring control of a promised service or crude oil to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.14 Finance income and finance costs

Finance income comprises interest income on funds invested, including debt securities. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance cost comprises bank charges, which are inclusive of cash management and processing fees, interest expense, and unwinding of discount on decommissioning provision.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.15 Tax – Continued

The Group is subjected to the Norwegian oil taxation regime. Oil exploration companies operating on the Norwegian Continental Shelf may claim a 78% refund of their exploration costs limited to tax losses of the year. The refund will be paid out in November the following year. The calculated tax receivables is based on judgments and understanding by the Group regarding items allowable for tax deduction, and the view may differ from the Norwegian tax authorities' practice in the final settlement of the tax refund.

3.16 Earnings per share

The Group presents basic and diluted earnings per share (“**EPS**”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options and awards granted to employees.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment, and intangible assets other than goodwill.

3.18 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *SFRS(I) 17 Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts*
- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SFRS(I) 16)*
- *Reference to the Conceptual Framework (Amendments to SFRS(I) 3)*
- *Property, plant and equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)*
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to SFRS(I) 37)*

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.18 New standards and interpretations not adopted – Continued

- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Classification of Liabilities as Current or Non-current – Deferral of Effective Date (Amendments to SFRS(I) 1-1)*
- *Annual Improvements to SFRS(I)s 2018-2020*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1, SFRS(I) Practice Statement 2, SFRS(I) 7, SFRS(I) 1-26 and SFRS(I) 1-34)*
- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)*
- *Extension of the Temporary Exemption from Applying SFRS(I)9 (Amendments to SFRS(I) 4)*
- *Amendments relating to Sales or Contribution of Assets between an Investor and its Associate and Joint Venture (Amendments to FRS(I) 10 and SFRS(I) 1-28)*

4 EXPLORATION AND EVALUATION ASSETS

	Group	
	2021	2020
	US\$'000	US\$'000
Cost		
At 1 January	65,751	123,438
Additions	22,204	32,203
Expensed to profit or loss	(9,733)	–
Adjustments (Note 19)	–	(467)
Transferred to oil and gas properties (Note 5)	–	(92,164)
Translation difference on consolidation	(3,187)	2,741
At 31 December	75,035	65,751
Accumulated amortisation and impairment loss		
At 1 January	35,375	33,471
Impairment of capitalised exploration expenditure	1,018	259
Transferred to oil and gas properties (Note 5)	–	(250)
Translation difference on consolidation	(2,004)	1,895
At 31 December	34,389	35,375
Carrying amounts as at 31 December	40,646	30,376

Exploration and evaluation costs incurred were in respect of exploration and evaluation of hydrocarbons in Norway and Oman.

NOTES TO THE FINANCIAL STATEMENTS

4 EXPLORATION AND EVALUATION ASSETS – CONTINUED

In 2020, following the commencement of the production in Oman, the Group has reclassified exploration and evaluation assets to oil and gas properties.

The table below shows the exploration and evaluation expenditure included in the consolidated statement of comprehensive income:

	Note	Group	
		2021 US\$'000	2020 US\$'000
Exploration and evaluation expenditure includes:			
Expensed to profit or loss for capitalised exploration expenditure	24	9,733	–
Impairment of exploration expenditure previously capitalised	24	1,018	259
Impairment of oil and gas properties previously capitalised	5, 24	1,681	–
Other exploration costs		2,181	1,248
		14,613	1,507

Adjustments

Adjustments were made to the exploration and evaluation costs due to a reassessment of the decommissioning provision in 2020 (refer to Note 19).

Impairment assessment

Norway

In 2021, the Group recognised total impairment loss of US\$1,018,000 with respect to exploration and evaluation assets in Norway as a result of the relinquishment of a licence. Based on the approved budgets and plans for exploratory activities, no other impairment of exploration and evaluation assets was required as of 31 December 2021.

5 OIL AND GAS PROPERTIES

	Note	Group	
		2021 US\$'000	2020 US\$'000
Cost			
At 1 January		98,000	–
Transferred from exploration and evaluation assets	4	–	92,164
Additions		10,539	5,836
Acquisition of Brage Field		82,584	–
Change in decommissioning provision		5,728	–
Adjustments		(176)	–
At 31 December		196,675	98,000

NOTES TO THE FINANCIAL STATEMENTS

5 OIL AND GAS PROPERTIES – CONTINUED

		Group	
	Note	2021 US\$'000	2020 US\$'000
Accumulated depletion and impairment loss			
At 1 January		21,734	–
Depletion		36,238	21,484
Transferred from exploration and evaluation assets	4	–	250
Impairment of oil and gas properties previously capitalised		1,681	–
At 31 December		59,653	21,734
Carrying amounts as at 31 December			
		137,022	76,266

On 15 June 2021, Lime Petroleum AS (“LPA”), a subsidiary, entered into a sale and purchase agreement with Repsol Norge AS (“Repsol”), to acquire Repsol’s 33.8434% interests in the oil, gas and natural gas liquids (NGL) producing Brage Field (as defined herein) and five licences on the Norwegian Continental Shelf over which the Brage Field straddles (the “**Target Assets**”), for a post-tax consideration of US\$40.96 million. The acquisition fulfils LPA’s ambition to pivot from solely oil exploration, to exploration and production in the Norwegian Continental Shelf in the near term, and to establish recurring cash flow, as well as develop and drive further value in LPA’s portfolio of several discovery licences.

The Target Assets are Repsol’s 33.8434% interests in a joint venture for oil, gas and natural gas liquids (NGL) production and operation of the Brage Field in blocks 31/4, 31/7 and 30/6 (the “**Brage Field**”) and the five licences (PL 053B, PL 055, PL 055B, PL 055D and PL 185) over which the Brage Field straddles.

Separately, Repsol has agreed to pay to (or on behalf of) LPA, a Brage decommissioning carry limited to 95% of decommissioning costs for the current Brage Field infrastructure (the “**Brage Decommissioning Carry**”). The Brage Decommissioning Carry will be guaranteed by Repsol Exploración S.A., the parent company of Repsol, with a guarantee granted in LPA’s favour on completion of the acquisition. Most of the decommissioning is expected to occur after the expiration of the licences’ validity. At the end of Brage Field’s production life, LPA will pay an effective 1.69% of the total estimated decommissioning costs for the current Brage Field infrastructure, in respect of its 33.8434% interest in the Brage Field.

The acquisition of the Brage Field was completed on 31 December 2021. The transaction has been determined to constitute a business combination and has been accounted for using the acquisition method of accounting as required by SFRS(I) 3 *Business Combinations*.

Since the acquisition date falls on the 31 December 2021, Brage field did not contributed any revenue to the Group’s results during the year. If the acquisition had occurred on 1 January 2021, management estimated that the Group’s consolidated revenue would have increased by US\$76,544,000, and consolidated profit for the year would have increased by US\$32,652,000. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

The Group incurred acquisition-related costs of US\$300,000. The total cash consideration paid was US\$40.96 million.

NOTES TO THE FINANCIAL STATEMENTS

5 OIL AND GAS PROPERTIES – CONTINUED

Identifiable assets acquired and liabilities assumed

A preliminary purchase price allocation (PPA) has been performed and all identified assets and liabilities have been measured at their acquisition date fair values in accordance with the requirements of SFRS(I) 3. As at 31 December 2021, the purchase price allocation is preliminary due to the complexity of the transaction and the Group is in the process of performing a detailed review of the final completion statement prepared by the seller.

The fair values of the identifiable assets and liabilities in the transaction as at the date of the acquisition have been estimated as follows:

	US\$'000
Oil and gas properties	82,584
Other receivables – non-current	167,193
Trade and other receivables – current	17,486
Inventories	11,173
Deferred tax liabilities	(18,482)
Provisions	(190,077)
Trade and other payables – current	(10,680)
Total net identifiable assets	59,197
Cash consideration transferred	(40,961)
Gain from bargain purchase	18,236

The final PPA will be completed within 12 months from the acquisition date. If new information obtained within one year from the date of acquisition about fact and circumstances that existed at the date of acquisition identified adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Measurement of fair values

Management primarily used a discounted cash flow model (net present value of expected future cash flows) to determine the fair value of the oil and gas properties. The model incorporated expected future cash flows based on estimates of projected revenues, production costs and capital expenditures as at the acquisition date. The cash flows were estimated using post-tax basis in accordance with the industry practice where acquisition of licences on Norwegian continental shelf without grossing up the value with a tax amortisation benefit.

The trade and other receivables (both current and non-current) comprise gross contractual amounts due of US\$195,902,000, of which none are expected to be uncollectible at the date of acquisition.

Gain from bargain purchase

A gain from bargain purchase from the acquisition of Brage field was recorded in 'other income' (Note 24). The gain arose from a favourable movement in the oil market as compared to the market outlook at the date that the sales and purchase agreement was entered into.

NOTES TO THE FINANCIAL STATEMENTS

5 OIL AND GAS PROPERTIES – CONTINUED

Impairment assessment

In 2021, the Group recognised total impairment loss of US\$1,681,000 (Note 4) with respect to oil and gas properties in Oman as these assets are no longer in use. An impairment assessment was performed over the Group's remaining oil and gas properties in Oman. Based on the impairment assessment performed, the recoverable amounts were determined to be in excess of the carrying value of these oil and gas properties, and no further impairment loss was recognised.

The recoverable amounts of the oil and gas properties were determined based on value in use calculations and budgeted 6 years (2020: 4 years) production period before economic cut-off. The calculation was based on the following key assumptions:

	2021	2020
Pre-tax discount rate, %	10%	10%
Proved and probable reserves, million barrels of oil (MMBbls)	6.6	8.2
Oil price, US\$ per barrel (bbl)	64.5 - 73.5	40 - 59

6 OTHER INTANGIBLE ASSETS

	Technology US\$'000	Customer Contracts US\$'000	Total US\$'000
Group			
Cost			
At 1 January 2020, 31 December 2020 and 31 December 2021	4,700	3,800	8,500
Accumulated amortisation			
At 1 January 2020	2,369	1,916	4,285
Amortisation	470	380	850
At 31 December 2020	2,839	2,296	5,135
Amortisation	470	380	850
At 31 December 2021	3,309	2,676	5,985
Carrying amounts			
At 1 January 2020	2,331	1,884	4,215
At 31 December 2020	1,861	1,504	3,365
At 31 December 2021	1,391	1,124	2,515

Amortisation

The amortisation of technology and customer contracts is included in "administration expenses".

NOTES TO THE FINANCIAL STATEMENTS

7 PLANT AND EQUIPMENT

	Office leases – right-of-use asset US\$'000	Plant and machinery US\$'000	Furniture and fittings US\$'000	Office equipment US\$'000	Office computers US\$'000	Total US\$'000
Group						
Cost						
At 1 January 2020	1,701	28	235	225	172	2,361
Additions	75	1,051	–	110	155	1,391
Disposals	–	–	–	–	(2)	(2)
Translation difference on consolidation	16	–	5	17	–	38
At 31 December 2020	1,792	1,079	240	352	325	3,788
Additions	–	–	–	8	203	211
Reclassification	(46)	–	(34)	92	(23)	(11)
Translation difference on consolidation	(22)	–	(4)	(9)	–	(35)
At 31 December 2021	1,724	1,079	202	443	505	3,953
Accumulated depreciation and impairment loss						
At 1 January 2020	426	1	178	213	155	973
Depreciation	376	187	10	28	27	628
Disposals	–	–	–	–	(1)	(1)
Translation difference on consolidation	17	–	4	7	–	28
At 31 December 2020	819	188	192	248	181	1,628
Depreciation	412	216	9	42	73	752
Reclassification	(46)	–	(31)	76	(10)	(11)
Translation difference on consolidation	(13)	–	(4)	(8)	–	(25)
At 31 December 2021	1,172	404	166	358	244	2,344
Carrying amounts						
At 1 January 2020	1,275	27	57	12	17	1,388
At 31 December 2020	973	891	48	104	144	2,160
At 31 December 2021	552	675	36	85	261	1,609

NOTES TO THE FINANCIAL STATEMENTS

7 PLANT AND EQUIPMENT – CONTINUED

	Office leases – right-of-use asset US\$'000	Furniture and fittings US\$'000	Office computers US\$'000	Total US\$'000
Company				
Cost				
At 1 January 2020	683	26	145	854
Additions	75	–	21	96
Disposals	–	–	(2)	(2)
At 31 December 2020	758	26	164	948
Additions	–	–	4	4
At 31 December 2021	758	26	168	952
Accumulated depreciation and impairment loss				
At 1 January 2020	162	25	137	324
Depreciation	171	1	9	181
Disposals	–	–	(1)	(1)
At 31 December 2020	333	26	145	504
Depreciation	194	–	10	204
At 31 December 2021	527	26	155	708
Carrying amounts				
At 1 January 2020	521	1	8	530
At 31 December 2020	425	–	19	444
At 31 December 2021	231	–	13	244

8 SUBSIDIARIES

	Company	
	2021	2020
	US\$'000	US\$'000
Equity investments, at cost	793	793
Loans to a subsidiary, at amortised cost	116,000	129,518
Less: Impairment losses	(24,172)	(24,172)
	92,621	106,139

The loans to a subsidiary are unsecured, interest-free and have no fixed terms of repayment. The settlement of the loans is neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

8 SUBSIDIARIES – CONTINUED

The details of significant subsidiaries are as follows:

Name of significant subsidiary	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2021 %	2020 %
Rex International Investments Pte Ltd (“ RII ”) ^(a)	Investment holding	Singapore	100	100
Lime Petroleum AS (“ LPA ”) ^(b)	Oil and gas exploration	Norway	91.65	90.00
Rex Technology Management Ltd ^(c)	Oil exploration technology	British Virgin Islands	100	100
Masirah Oil Ltd (“ MOL ”) ^(d)	Oil and gas exploration	British Virgin Islands	91.81	86.37
Rex Technology Investments Pte Ltd (“ RTI ”) ^(e)	Oil exploration technology	Singapore	100	100
Pantai Rhu Energy Sdn Bhd ^(f)	Oil and gas exploration	Malaysia	100	–

^(a) Incorporated on 13 March 2013. Audited by KPMG LLP, Singapore.

^(b) Acquired on 10 December 2015. Audited by other member firms of KPMG International. On 21 December 2021, the Group subscribed to an additional 1.65% interest in LPA, increasing its ownership from 90.00% to 91.65% (Note 9).

^(c) Acquired on 12 December 2014. Audited by KPMG LLP, Singapore for consolidation purposes.

^(d) Acquired on 12 November 2015. Audited by other member firms of KPMG International. On 22 November 2021, the Group acquired an additional 5.43% interest in MOL, increasing its ownership interest from 86.37% to 91.81% (Note 9).

^(e) Incorporated on 6 July 2017. Audited by KPMG LLP, Singapore for consolidation purposes.

^(f) Incorporated on 27 August 2021.

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group’s consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group’s consolidated pre-tax profits.

Impairment assessment

An impairment assessment was performed over certain subsidiaries to determine recoverable amounts of the CGU. The recoverable amounts were determined based on value in use calculations using the future cash flows of the financial budget approved by the Board of Directors, and management’s estimated weighted average cost of capital of each CGU.

Based on the impairment assessment performed, the recoverable amounts were determined to be in excess of the carrying value of the CGUs, and no impairment was recognised (2020: Nil).

NOTES TO THE FINANCIAL STATEMENTS

9 NON-CONTROLLING INTERESTS

The following subsidiaries have material non-controlling interests ("NCI"):

Name of subsidiary	Country of incorporation	Operating segment	Ownership interest held by NCI	
			2021 %	2020 %
Lime Petroleum AS ("LPA")	Norway	Oil and Gas	8.35	10.00
Masirah Oil Ltd ("MOL")	British Virgin Islands	Oil and Gas	8.19	13.63

On 21 December 2021, the Group subscribed to an additional 1.65% interest in LPA, increasing its ownership from 90.00% to 91.65%.

On 22 November 2021, the Group acquired an additional 5.43% interest in MOL, increasing its ownership interest from 86.37% to 91.81%. Included in the 5.43% interest acquired is 1.79%, which was previously held by certain controlling shareholders of the Company.

The Group considers these capital injections to be in the interest of and beneficial to the Group as it will allow the Group to have greater control over the day-to-day operations of LPA & MOL and pursue their exploration and production activities.

As a result, the Group recognised an increase in NCI of US\$7,422,000 and a decrease in retained earnings of US\$10,132,000, and consequently a decrease of US\$10,132,000 in the equity attributable to owners of the Group.

NOTES TO THE FINANCIAL STATEMENTS

9 NON-CONTROLLING INTERESTS – CONTINUED

The following summarised financial information of the above subsidiaries are prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	LPA US\$'000	MOL US\$'000	Total US\$'000
31 December 2021			
Revenue	–	158,444	158,444
Profit for the year	13,463	76,563	90,026
Other comprehensive income	(350)	–	(350)
Total comprehensive income	13,113	76,563	89,676
Attributable to NCI:			
- Profit	1,346	10,436	11,782
- Other comprehensive income	(35)	–	(35)
- Total comprehensive income	1,311	10,436	11,747
Non-current assets	290,398	57,463	
Current assets	84,257	70,511	
Non-current liabilities	(288,727)	(7,069)	
Current liabilities	(33,601)	(16,841)	
Net assets	52,327	104,064	
Net assets attributable to NCI	4,369	8,523	12,892
Cash flows from operating activities	57,351	102,139	
Cash flows used in investing activities	(99,822)	(24,623)	
Cash flows from/ (used in) financing activities (dividends to NCI: US\$19,002,000)	66,693	(67,097)	
Net increase in cash and cash equivalents	24,222	10,419	

NOTES TO THE FINANCIAL STATEMENTS

9 NON-CONTROLLING INTERESTS – CONTINUED

	LPA US\$'000	MOL US\$'000	Total US\$'000
31 December 2020			
Revenue	–	46,664	46,664
Loss for the year	(2,459)	(5,490)	(7,949)
Other comprehensive income	–	–	–
Total comprehensive loss	(2,459)	(5,490)	(7,949)
Attributable to NCI:			
- Loss	(246)	(748)	(994)
- Other comprehensive income	32	–	32
- Total comprehensive loss	(214)	(748)	(962)
Non-current assets	29,503	81,852	
Current assets	22,834	31,084	
Non-current liabilities	(13,437)	(1,282)	
Current liabilities	(22,455)	(30,411)	
Net assets	16,445	81,243	
Net assets attributable to NCI	1,645	11,073	12,718
Cash flows from operating activities	13,320	16,689	
Cash flows used in investing activities	(17,450)	(23,881)	
Cash flows from financing activities (dividends to NCI: nil)	3,792	11,406	
Net (decrease)/increase in cash and cash equivalents	(338)	4,214	

10 JOINTLY CONTROLLED ENTITIES & ASSOCIATE

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Interests in jointly controlled entities	–	–	–	–
Interests in an associate	1,000	–	–	–
	1,000	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

10 JOINTLY CONTROLLED ENTITIES & ASSOCIATE – CONTINUED

Details of the jointly controlled entities and an associate are as follows:

Name of jointly controlled entity/ associate	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2021	2020
			%	%
<u>Associate</u>				
Xer Technologies Pte Ltd (“ Xer ”) ⁽ⁱ⁾	Manufacture and repair of industrial robots	Singapore	40	–
<u>Jointly controlled entity</u>				
Crescent Marine Holding Ltd (“ CMH ”)	Owner of marine assets	British Virgin Islands	19.9	–
Lime Petroleum Plc (“ Lime Plc ”) ⁽ⁱⁱⁱ⁾	Oil and gas exploration	Isle of Man	65	65
Rexonic Holding AG (“ Rexonic ”) ^(iv)	Oil exploration technology	Switzerland	50	50

⁽ⁱ⁾ Incorporated on 8 June 2021. On 5 July 2021, the Company’s wholly-owned subsidiary Rex Technology Investments Pte Ltd entered into a conditional subscription agreement with Xer to subscribe for 33,333 shares in Xer, for a 40% shareholding interest at a consideration of up to US\$4 million, upon satisfaction of specific milestones. Certain controlling shareholders of the Company collectively have an effective majority stake in Xer.

⁽ⁱⁱ⁾ Incorporated on 10 November 2021. Although the Group holds 19.9% interest in CMH, decisions about relevant activities that significantly affect the returns that are generated require agreement of all parties to the arrangement. It is therefore determined that the Group participates in joint control. CMH is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group classified its interest in CMH as a joint venture, which is equity-accounted. The remaining 80.1% is held by Monarch Marine Holding Ltd (“MMH”) which certain controlling shareholders of the Company collectively have an effective majority stake in MMH. As at 31 December 2021, the Group’s share of the capital commitments of the joint venture was US\$ Nil.

⁽ⁱⁱⁱ⁾ In 2016, the High Court of Isle of Man ordered the winding up of Lime Plc. As at 31 December 2021 and 2020, the Group did not expect the completion of the winding up of Lime Plc to generate any surplus cash for distribution to shareholders. The carrying amount of Lime Plc was US\$Nil as at 31 December 2021 and 31 December 2020. The Group did not equity account further share of losses incurred in 2021 and 2020 because the Group has no obligation in respect of these losses. The liquidation process is still ongoing as at 31 December 2021.

^(iv) In 2018, Rexonic filed for liquidation with the Court in Switzerland. The liquidation process is still ongoing as at 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

10 JOINTLY CONTROLLED ENTITIES & ASSOCIATE – CONTINUED

Immaterial associate and jointly controlled entities

In 2021, the Group has interests in a individually immaterial associate and jointly controlled entities. The following table summarises, in aggregate, the carrying amount and share of profit and other comprehensive income of the associate and jointly controlled entities that are accounted for using the equity.

	2021 US\$'000
Carrying amount of interests in immaterial associate & jointly controlled entities	1,000
Group's share of:	
- Profit from continuing operations	–
- Other comprehensive income	–
- Total comprehensive income	–

11 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Trade receivables	44,212	14,833	–	–
Amounts due from subsidiaries, non-trade	–	–	871	2,314
Amounts due from joint venture, non-trade	2,647	–	–	–
Deposits	213	280	106	107
Decommissioning receivables	167,193	–	–	–
Other receivables	4,858	2,278	23	10
	219,123	17,391	1,000	2,431
Prepayments	2,497	739	130	137
Income tax receivables ⁽ⁱ⁾	40,561	19,070	–	–
Trade and other receivables	262,181	37,200	1,130	2,568
Non-current	167,193	–	–	–
Current	94,988	37,200	1,130	2,568
	262,181	37,200	1,130	2,568

⁽ⁱ⁾ Income tax receivables of US\$40,561,000 (2020: US\$19,070,000) relates to an amount receivable from Norway tax authorities for exploration costs incurred in 2021 (2020: 2020). Oil exploration companies operating on the Norwegian Continental Shelf may claim a 78% refund of their exploration costs limited to tax losses of the year. The refund will be paid out in November the following year.

Amounts due from subsidiaries are repayable on demand, unsecured and interest-free.

Amounts due from joint venture (non-trade) will mature on 31 January 2022, unsecured and interest-free.

The Group and Company's exposure to credit risks related to trade and other receivables is disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

12 INVENTORIES

	2021 US\$'000	2020 US\$'000
Spare parts	11,278	–

These inventories were acquired as part of Brage field acquisition (Note 5) on 31 December 2021. As a result, no amount of inventories was recognised as an expense and there did not exist any write-down of inventories or reversal of any write down during the year.

13 QUOTED INVESTMENTS

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Debt securities – mandatorily at fair value through profit or loss	26,298	25,622	26,298	25,622
Equity investments – mandatorily at fair value through profit or loss	8	303	–	–
	26,306	25,925	26,298	25,622

The debt securities are all mandatorily measured at fair value through profit or loss and held for trading. The average effective interest rate of the quoted debt securities is 2.85% (2020: 2.13%) per annum and mature within the range of 1 to 3 years (2020: 1 to 3 years) from the reporting date.

The Group's exposure to interest rate risks and fair value information related to the investments are set out in Note 29 to the financial statements.

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Cash at bank and on hand	60,603	20,375	6,489	3,289
Less: Restricted bank deposits ⁽ⁱ⁾	(10,065)	–	–	–
Cash and cash equivalents in statement of cash flows	50,538	20,373	6,489	3,289

⁽ⁱ⁾ US\$9,590,000 is placed as collateral for decommissioning obligation of a subsidiary and US\$475,000 of the bank balance is pledged as securities for bank guarantee facilities granted to the Company.

NOTES TO THE FINANCIAL STATEMENTS

15 SHARE CAPITAL

	Group and Company			
	2021 Number of shares '000	2021 US\$'000	2020 Number of shares '000	2020 US\$'000
Fully paid ordinary shares, with no par value:				
In issue at 1 January	1,315,507	257,677	1,313,889	257,590
Issuance of shares pursuant to vesting of share awards under the Performance Share Plan ("PSP")	–	–	1,618	87
At 31 December	1,315,507	257,677	1,315,507	257,677

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares ranked equally with regard to the Company's residual assets.

In 2020, the Company issued and allotted 1,618,160 new ordinary shares in the capital of the Company, pursuant to the vesting of the contingent share awards which were granted on 29 April 2019 to certain employees of the Group based on the achievement of pre-determined performance goals and the satisfactory completion of time-based service conditions under the PSP.

Treasury shares

The treasury shares comprises the cost of the Company's shares held by the Group. At 31 December 2021, the Group held 13,187,000 of the Company's shares (2020: 13,187,000).

Capital management policy

The Board defines capital as total equity attributable to owners of the Company.

The Board's policy is to build a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return of capital, which the Group defines as total shareholders' equity, excluding non-controlling interests, and the level of dividends to ordinary shareholders.

The Group monitors the capital position of the Group to ensure a sufficiently strong capital base so as to maintain investor, creditor and market confidence. This is also a platform to sustain the existing business and for future growth. There has been no change in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

16 RESERVES

Merger reserve

Merger reserve relates to reserve arising from certain acquisitions of businesses under common control accounted for under the merger accounting method.

Capital reserve

Capital reserve relates to capital contribution arising from loans forgiven by equity holders and differences between purchase consideration (of investments) and fair value of the shares issued.

Share-based payment reserve

Share-based payment reserve relates to the Employee Share Option Scheme and Performance Share Plan established by the Company to compensate its key management personnel and employees.

Translation reserve

Translation reserve relates to foreign currency translation differences arising from the translation of the financial statements of foreign operations.

Dividends

For the year ended 31 December 2021

	Group	
	2021 US\$'000	2020 US\$'000
Paid by a subsidiary to NCI		
US\$1,194.25 per qualifying preference shares (2020: US\$Nil)	19,002	–

17 SHARE-BASED PAYMENT ARRANGEMENTS

Description of the share-based payment arrangements

(i) Employee Share Option Scheme ("ESOS") (equity-settled)

The ESOS of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013 and amended with shareholders' approval at an Extraordinary General Meeting of the Company on 3 March 2022.

Information regarding ESOS is as follows:

- The exercise price of the options can be set at a discount to the Market Price⁽¹⁾ not exceeding 20% of the Market Price at the date on which the options are granted.
- For the options granted with exercise price set at Market Price, they can be exercised 1 year from the date of the grant and will expire 5 years from the date on which the options are granted.
- For the options granted with exercise price set at a discount to the Market Price, they can be exercised 2 years from the date of the grant and will expire 5 years from the date on which the options are granted.

NOTES TO THE FINANCIAL STATEMENTS

17 SHARE-BASED PAYMENT ARRANGEMENTS – CONTINUED

Description of the share-based payment arrangements – Continued

(i) Employee Share Option Scheme (“ESOS”) (equity-settled) – Continued

- (1) The Market Price is calculated based on the average of the last dealt prices for the Company’s shares on the Mainboard of the SGX-ST over the 5 consecutive trading days immediately preceding the date on which the options are granted.

There are no options outstanding as at 31 December 2021 and 31 December 2020, as all options granted have expired.

(ii) Performance Share Plan (“PSP”) (equity-settled)

The PSP of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013 and amended with shareholders’ approval at an Extraordinary General Meeting of the Company on 30 April 2014, 28 April 2017 and 3 March 2022.

Movement of the awards of ordinary shares granted under the PSP (the “Awards”):

Number of Awards					Number of holders at	
Date of grant of Awards	At 1 January 2021	Granted	Lapsed/ Cancelled	Vested	At 31 December 2021	31 December 2021
29.04.2019	53,172,700	–	(53,172,700)	–	–	–
22.05.2020	5,082,400	–	(5,082,400)	–	–	–
09.03.2021	–	11,724,100 ⁽⁶⁾	–	–	11,724,100	4
	58,255,100 ⁽⁴⁾	11,724,100	(58,255,100) ⁽⁵⁾	–	11,724,100	4

Number of Awards					Number of holders at	
Date of grant of Awards	At 1 January 2020	Granted	Lapsed/ Cancelled	Vested	At 31 December 2020	31 December 2020
29.04.2019	66,570,280	–	(11,779,420) ⁽¹⁾	(1,618,160) ⁽²⁾	53,172,700	12
22.05.2020	–	5,082,400 ⁽³⁾	–	–	5,082,400	1
	66,570,280	5,082,400	(11,779,420)	(1,618,160)	58,255,100 ⁽⁴⁾	13

- (1) 3,236,320 Awards had not been vested and therefore, lapsed in FY2020. 8,543,100 Awards had been cancelled by the committee administering PSP in FY2020 due to changes in employment contracts.

- (2) On 26 May 2020, the Company issued and allotted 1,618,160 new ordinary shares in the capital of the Company, pursuant to the vesting of the contingent share awards which were granted on 29 April 2019 to certain employees of the Group based on the achievement of pre-determined performance goals and the satisfactory completion of time-based service conditions under the PSP.

NOTES TO THE FINANCIAL STATEMENTS

17 SHARE-BASED PAYMENT ARRANGEMENTS – CONTINUED

Description of the share-based payment arrangements – Continued

(ii) Performance Share Plan (“PSP”) (equity-settled) – Continued

- (3) On 22 May 2020, the Company granted 5,082,400 Awards to Hans Lidgren, a controlling shareholder of the Company. The number of Shares to be issued pursuant to each proposed award will range from 0% to 100%, subject to fulfilment of certain predetermined performance benchmarks and the satisfactory completion of time-based service condition(s).
- (4) If the Average Performance Market Price is S\$0.30 and above, up to 100% of the 58,255,100 Awards shall be released. If the Average Performance Market Price is less than S\$0.30, none of the shares in the Award shall be released unless otherwise determined by the committee administering the PSP.
- (5) On 9 March 2021, all 58,255,100 Awards previously granted had been cancelled (forthwith lapsed and to be of no value).
- (6) On 9 March 2021, the Company granted 11,724,100 Awards to certain directors of the Company. The number of Awards to be vested will range from 0% to 100%, subject to fulfilment of certain predetermined performance benchmarks and the satisfactory completion of time-based service condition(s).

If the Average Performance Market Price is S\$0.30 and above, 50% of the Awards shall be released after the vesting period. If the Average Performance Market Price is S\$0.45 and above, an additional 50% of the Awards shall be released. If the Average Performance Market Price is less than S\$0.30, none of the Awards shall be released unless otherwise determined by the committee administering the PSP.

Measurement of fair values

The estimated fair value at date of grant for each share granted on 9 March 2021 was S\$0.178 per share, and the estimated fair value at date of grant for each share granted on 22 May 2020 and 29 April 2019 was S\$0.137 and S\$0.076 per share respectively.

Employee expenses

	Group	
	2021	2020
	US\$'000	US\$'000
Equity-settled share-based payment transactions		
Total expense recognised for equity-settled share-based payment	219	162

NOTES TO THE FINANCIAL STATEMENTS

18 DEFERRED TAX LIABILITIES

Movements in deferred liabilities during the year are as follows:

	At 1 January 2021 US\$'000	Acquisition (Note 5) US\$'000	Recognised in profit or loss (Note 25) US\$'000	Translation differences US\$'000	At 31 December 2021 US\$'000
Group					
Deferred tax liabilities					
Oil & gas properties	–	18,482	–	–	18,482
Exploration and evaluation assets	13,173	–	9,817	(641)	22,349
Total	13,173	18,482	9,817	(641)	40,831

	At 1 January 2020 US\$'000	Acquisition (Note 5) US\$'000	Recognised in profit or loss (Note 25) US\$'000	Translation differences US\$'000	At 31 December 2020 US\$'000
Group					
Deferred tax liabilities					
Exploration and evaluation assets	489	–	11,503	1,181	13,173

Deferred tax liabilities are offset when there is legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Deferred tax liabilities	40,831	13,173	–	–

Unrecognised temporary differences

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group and Company can use the benefits therefrom.

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Tax losses for which no deferred tax asset was recognised	42,408	33,949	42,408	33,949

The use of the potential tax benefits is also subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Group and Company operates.

NOTES TO THE FINANCIAL STATEMENTS

19 PROVISIONS

	Decommissioning provision	
	2021	2020
	US\$'000	US\$'000
Group		
At 1 January	1,210	1,628
Acquisition through business combination (Note 5)	190,077	–
Unwinding of discount	132	49
Provisions made during the year	5,728	–
Reversal of provisions	–	(467)
At 31 December	197,147	1,210
Comprising:		
Current	–	–
Non-current	197,147	1,210
	197,147	1,210

Decommissioning provision

The decommissioning provision represents the present value of the cost of rehabilitating and decommissioning oil field assets and infrastructure such as wells, pipelines and processing facilities in Oman and Norway, which are expected to be incurred when the operations are ceased. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates, including discount rates, are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

In 2021, as part of the Group's regular review, the provisions were revised following the establishment and commencement of the planned drilling programme in Oman. Accordingly, the provisions increased by US\$5,728,000 (2020: decreased by US\$467,000), with a corresponding increase in oil and gas properties of US\$5,728,000 (Note 5) (2020: decrease of US\$467,000 in the exploration and evaluation assets) (Note 4).

NOTES TO THE FINANCIAL STATEMENTS

20 LOANS AND BORROWINGS

	Group	
	2021	2020
	US\$'000	US\$'000
Non-current liabilities		
Secured bond issues	47,107	–
Current liabilities		
Secured bank loans	–	18,010
Current portion of secured bond issues	8,512	–
	8,512	18,010

There were no unsecured loans or borrowings for the financial years ended 31 December 2021 and 31 December 2020.

Secured bond issues

On 9 July 2021, LPA completed the issuance of NOK 500 million (approximately US\$57.07 million) worth of 2.5-year senior secured bonds. The bonds bear an interest rate of 3 months Norwegian interbank offered rate ("**NIBOR**") plus margin of 8.25% per annum. Interests and redemption of bonds is repayable in semi-annual instalments, with first repayment in July 2022. The final maturity date of the bonds is on 9 January 2024.

The bond is secured with, *inter alia*, a pledge over the Company's wholly-owned subsidiary, Rex International Investments Pte. Ltd.'s shareholding interests in LPA, security with first priority over interests in future hydrocarbon assets which LPA and/or its subsidiaries may acquire in future, tax balances held by LPA today and deferred tax assets related to the Brage Field upon completion of the acquisition of Brage Field. In the event of a default on the bond, any remaining tax assets (comprised deferred tax assets and tax refund receivables) are backed by the Norwegian Government and can be used by bond holders to partially recoup any shortfall in the bond issue. The bonds are targeted to be listed on the Oslo Børs.

Credit facility

In 2020, a subsidiary of the Company entered into an Amendment Agreement pursuant to the original Revolving Exploration Financing Facility agreement with Skandinaviska Enskilda Banken to extend the credit facility until 31 December 2021 for NOK 350,000,000. Any outstanding amounts as at 31 December 2020 shall be repaid in December the following year following receipt of the tax refund (see Note 11). The agreed interest rate is 3-month NIBOR + 2%.

The credit facility is secured by a first priority assignment of the tax refunds (see Note 11), first priority charge over certain bank accounts, a first priority pledge of certain participation interests in licences and a first priority assignment over certain insurances in the subsidiary in Norway.

Market and liquidity risks

Information about the Group's exposure to interest rate and liquidity risk related to loans and borrowings is included in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

20 LOANS AND BORROWINGS – CONTINUED

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		Equity				Total
	Loans and borrowings	Lease liabilities	Share capital	Reserves	Retained earnings	Non-controlling interests	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2020	15,790	1,284	257,590	6,002	(122,874)	13,678	171,470
Changes from financing cash flows							
Proceeds from bank loans	14,373	–	–	–	–	–	14,373
Repayment of bank loans	(13,004)	–	–	–	–	–	(13,004)
Repayment of lease liabilities	–	(364)	–	–	–	–	(364)
Proceeds from issuance of option agreements	–	–	–	550	–	–	550
Interest paid	(903)	(30)	–	–	–	–	(933)
Total changes from financing cash flows	466	(394)	–	550	–	–	622
The effect of changes in foreign exchange rates	872	–	–	298	–	32	1,202
Other changes							
Liability-related							
New leases during the year	–	75	–	–	–	–	75
Bank charges	882	–	–	–	–	–	882
Interest expense on lease liabilities	–	30	–	–	–	–	30
Total liability-related other changes	882	105	–	–	–	–	987
Total equity-related other changes	–	–	87	73	(14,218)	(992)	(15,050)
Balance at 31 December 2020	18,010	995	257,677	6,923	(137,092)	12,718	159,231

NOTES TO THE FINANCIAL STATEMENTS

20 LOANS AND BORROWINGS – CONTINUED

Reconciliation of movements of liabilities to cash flows arising from financing activities – Continued

	Liabilities		Equity				
	Loans and borrowings	Lease liabilities	Share capital	Reserves	Retained earnings	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2021	18,010	995	257,677	6,923	(137,092)	12,718	159,231
Changes from financing cash flows							
Proceeds from issuance of bonds by a subsidiary	57,069	–	–	–	–	–	57,069
Proceeds from bank loans	2,914	–	–	–	–	–	2,914
Repayment of bank loans	(20,730)	–	–	–	–	–	(20,730)
Repayment of lease liabilities	–	(412)	–	–	–	–	(412)
Proceeds from issuance of option agreements	–	–	–	550	–	–	550
Acquisition of non-controlling interests	–	–	–	–	(10,132)	7,422	(2,710)
Dividends paid to non-controlling interests	–	–	–	–	–	(19,002)	(19,002)
Payment for transaction costs related to loans and borrowings	(1,516)	–	–	–	–	–	(1,516)
Interest paid	(3,000)	(24)	–	–	–	–	(3,024)
Total changes from financing cash flows	34,737	(436)	–	550	(10,132)	(11,580)	13,139
The effect of changes in foreign exchange rates	(616)	(9)	–	1,068	–	(35)	408
Other changes							
Liability-related							
Bank charges	3,488	–	–	–	–	–	3,488
Interest expense on lease liabilities	–	24	–	–	–	–	24
Total liability-related other changes	3,488	24	–	–	–	–	3,512
Total equity-related other changes	–	–	–	212	67,157	11,789	79,158
Balance at 31 December 2021	55,619	574	257,677	8,753	(80,067)	12,892	255,448

NOTES TO THE FINANCIAL STATEMENTS

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Trade payables	16,909	7,218	–	–
Amounts due to subsidiaries, non-trade	–	–	32,473	33,661
Accruals	32,825	14,835	3,767	473
	49,734	22,053	36,240	34,134

Amounts due to subsidiaries are repayable on demand, unsecured and interest-free.

Market and liquidity risks

Information about the Group's exposure to interest rate and liquidity risk related to trade and other payables is included in Note 29 to the financial statements.

22 REVENUE

	Group	
	2021 US\$'000	2020 US\$'000
Sale of crude oil	158,444	46,664
Rendering of services	30	–
	158,474	46,664

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Sale of crude oil

Nature of goods or services	Crude oil
When revenue is recognised	Revenue is recognised when the crude oil is loaded and on board the vessel arranged by buyer and certified by an independent surveyor
Significant payment terms	30 days after bill of lading

NOTES TO THE FINANCIAL STATEMENTS

23 FINANCE INCOME AND COSTS

	Group	
	2021	2020
	US\$'000	US\$'000
Interest income:		
- bank deposits	–	232
- debt securities	728	545
Finance income	728	777
Interest expense on lease liabilities	(24)	(30)
Bank charges	(3,488)	(882)
Unwinding of discount on decommissioning provision	(131)	(49)
Finance costs	(3,643)	(961)

24 PROFIT/(LOSS) BEFORE TAX

The following items have been included in arriving at profit/(loss) before income tax for the year:

	Group	
	2021	2020
	US\$'000	US\$'000
Depreciation of plant and equipment	(752)	(628)
Depletion of oil and gas properties	(36,238)	(21,484)
Amortisation of other intangible assets	(850)	(850)
Directors' fees	(2,336)	(1,762)
Audit fees paid/payable to:		
- auditors of the Company	(179)	(115)
- other auditors	(147)	(79)
Non-audit fees paid/payable to:		
- auditors of the Company	(20)	(5)
- other auditors	(64)	(11)
Fair value loss/(gain) on quoted investments	603 ⁽¹⁾	(568)
Gain/(Loss) on disposal of quoted investments	122 ⁽¹⁾	(672)
Impairment losses on exploration and evaluation assets	(1,018)	(259)
Expensed exploration and evaluation costs	(9,733)	–
Impairment losses on oil and gas properties	(1,681)	–
Bargain purchase from acquisition of oil and gas properties	18,236 ⁽¹⁾	–
Recovery of bad debts previously written-off	1,720 ⁽¹⁾	–
Loss from crude oil futures contract hedging	–	(3,352)
Employee benefits expense	(20,967)	(8,260)

⁽¹⁾ Included in "other income"

NOTES TO THE FINANCIAL STATEMENTS

24 PROFIT/(LOSS) BEFORE TAX – CONTINUED

	Group	
	2021	2020
	US\$'000	US\$'000
Employee benefits expense		
Salaries, bonuses and other costs	20,648	7,981
Contributions to defined contribution plans	100	117
Equity settled share-based payment transactions	219	162
	20,967	8,260

25 TAX CREDIT

	Group	
	2021	2020
	US\$'000	US\$'000
Current tax credit		
Current year	(19,332)	(16,843)
Changes in estimates related to prior years	(2)	438
	(19,334)	(16,405)
Deferred tax expense		
Origination and reversal of temporary differences	9,817	11,503
Tax credit	(9,517)	(4,902)
Reconciliation of effective tax rate		
Profit/(loss) before tax for the year	69,422	(20,114)
Income tax using the Singapore tax rate at 17% (2020: 17%)	11,802	(3,419)
Effect of tax rates in foreign jurisdictions	(9,429)	(2,903)
Non-deductible expenses	1,383	107
Non-taxable income	(14,709)	(298)
Current year losses for which no deferred tax asset was recognised	1,438	1,173
Changes in estimates related to prior years	(2)	438
	(9,517)	(4,902)

NOTES TO THE FINANCIAL STATEMENTS

26 EARNINGS/(LOSS) PER SHARE

	Group	
	2021	2020
	US\$'000	US\$'000
Calculation of basic and diluted (loss)/earnings per share is based on:		
Net profit/(loss) attributable to ordinary shareholders	67,157	(14,218)

Weighted-average number of ordinary shares

	Group	
	Number of shares	
	2021	2020
Issued ordinary shares at 1 January	1,302,320,991	1,289,396,088
Effect of shares issued pursuant to vesting of Performance Share Plan	–	12,282,072
Weighted average number of ordinary shares (basic)	1,302,320,991	1,301,678,160
Weighted average number of ordinary shares (diluted)	1,302,320,991	1,301,678,160

At 31 December 2021, 11,724,100 (2020: 58,255,100) shares awards were excluded from the diluted weighted number of ordinary shares calculation as they either had minimal impact or their effect would have been anti-dilutive. As such, the basic and fully diluted EPS/ (LPS) were the same for the respective financial periods.

27 RELATED PARTIES

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and certain key executives of the management team are considered as key management of the Group.

Transactions with directors and other key management personnel

Key management personnel compensation comprised remuneration of directors and other key executives as follows:

	Group	
	2021	2020
	US\$'000	US\$'000
Short-term employment benefits		
- Directors	5,827	2,089
- Key executives	9,620	4,061
Post-employment benefits (including CPF)	17	50
Share-based payment	143	54
	15,607	6,254

NOTES TO THE FINANCIAL STATEMENTS

27 RELATED PARTIES – CONTINUED

Other significant related party transactions

	Group	
	2021	2020
	US\$'000	US\$'000
Issuance of option agreements to a company controlled by a director	550	550
Consultancy fees paid to a company controlled by a director	9	28

On 8 September 2020, the Group entered into options agreements, with Trace Atlantic Oil Ltd ("**Trace**"), a company controlled by a director, for Trace to have options to receive shares of proceeds of potential dividends from LPA due to RII if drilling activities of the Apollonia prospect in licences PL236D/E and the Fat Canyon prospect in licences PL937/B are successful respectively. Any dividends to be paid to Trace are at the discretion of the Group and the Group has a right, but not the obligation, to buy back the options. Accordingly, the proceeds from the options agreements are classified under capital reserves.

28 OPERATING SEGMENTS

The Group's reportable segments as described below are the Group's strategic business units. The management has determined the reportable segments based on the reports reviewed by the Group's Executive Chairman, Chief Executive Officer ("**CEO**") and senior management that are used to make strategic decisions. Performance is measured based on segment results as included in the internal management reports that are reviewed by the Group's Executive Chairman, CEO and senior management.

The Group has 3 reportable segments: Oil and Gas (exploration and production); Non-Oil and Gas (oil exploration technology); and Corporate.

The following summary describes the operations of each of the Group's reportable segments:

- Oil and Gas: involved in oil and gas exploration and production with concessions located in Oman and Norway.
- Non-Oil and Gas: pertains to technology segment. RTI owns the Rex Virtual Drilling (RVD) technology that can extract information about the presence of reservoir rock and liquid hydrocarbons using conventional seismic data.
- Corporate: pertains to corporate functions.

NOTES TO THE FINANCIAL STATEMENTS

28 OPERATING SEGMENTS – CONTINUED

Information regarding the results of each reportable segment is as below:

Group	Oil and Gas US\$'000	Non-Oil and Gas US\$'000	Corporate US\$'000	Total US\$'000
2021				
Sale of crude oil	158,444	–	–	158,444
Service revenue	–	1,813	–	1,813
Total revenue for reportable segments	158,444	1,813	–	160,257
Elimination of inter-segment revenue	–	(1,783)	–	(1,783)
Consolidated revenue	158,444	30	–	158,474
Other income	131	1,724	14	1,869
Segment expense	(39,518)	(3,014)	(13,456)	(55,988)
Finance income	–	–	728	728
Foreign exchange (loss)/gain	(35)	6	(678)	(707)
Finance costs	(3,564)	(1)	(78)	(3,643)
Depreciation	(548)	–	(204)	(752)
Depletion of oil and gas properties	(36,238)	–	–	(36,238)
Amortisation of other intangible assets	–	(850)	–	(850)
Other material non-cash items:				
- Bargain purchase from acquisition of oil and gas properties	18,236	–	–	18,236
- Changes in fair values of quoted investments	(293)	–	896	603
- Gain from disposal of quoted investments	–	–	122	122
- Expensed exploration and evaluation costs	(9,733)	–	–	(9,733)
- Impairment losses on exploration and evaluation assets	(1,018)	–	–	(1,018)
- Impairment losses on oil and gas properties	(1,681)	–	–	(1,681)
Reportable segment profit/ (loss) before tax	84,183	(2,105)	(12,656)	69,422
Reportable segment assets	502,293	4,246	36,621	543,160
<i>Segment assets include:</i>				
Additions to:				
- Plant and equipment*	207	–	4	211
- Exploration and evaluation assets and oil and gas properties	32,743	–	–	32,743
Investment in an associate	–	1,000	–	1,000
Acquisition of oil and gas properties	82,584	–	–	82,584
Reportable segment liabilities	338,933	963	4,009	343,905

* Excludes right-of-use assets

NOTES TO THE FINANCIAL STATEMENTS

28 OPERATING SEGMENTS – CONTINUED

	Oil and Gas US\$'000	Non-Oil and Gas US\$'000	Corporate US\$'000	Total US\$'000
Group				
2020				
Sale of crude oil	46,664	–	–	46,664
Service revenue	–	1,910	–	1,910
Total revenue for reportable segments	46,664	1,910	–	48,574
Elimination of inter-segment revenue	–	(1,910)	–	(1,910)
Consolidated revenue	46,664	–	–	46,664
Other income	–	–	124	124
Segment expense	(35,323)	(1,645)	(4,325)	(41,293)
Loss from crude oil futures contract hedging	–	–	(3,352)	(3,352)
Finance income	227	–	550	777
Foreign exchange gain/(loss)	303	(51)	637	889
Finance costs	(872)	(2)	(87)	(961)
Depreciation	(448)	–	(180)	(628)
Depletion of oil and gas properties	(21,484)	–	–	(21,484)
Amortisation of other intangible assets	–	(850)	–	(850)
Reportable segment loss before tax	(10,933)	(2,548)	(6,633)	(20,114)
Reportable segment assets	162,426	3,597	29,644	195,667
<i>Segment assets include:</i>				
Additions to:				
- Plant and equipment*	1,294	–	22	1,316
- Exploration and evaluation assets	38,039	–	–	38,039
Reportable segment liabilities	(54,202)	(275)	(964)	(55,441)

* Excludes right-of-use assets

The Oil and Gas, Non-Oil and Gas and Corporate segments are managed on a worldwide basis, but operate primarily in Norway, Oman, Singapore, Malaysia and the British Virgin Islands.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

NOTES TO THE FINANCIAL STATEMENTS

28 OPERATING SEGMENTS – CONTINUED

Geographical information

	Group	
	2021	2020
	US\$'000	US\$'000
Revenue		
Singapore	145,107	32,089
China	13,337	–
Bahrain	–	14,575
Norway	30	–
	158,474	46,664
Non-current assets		
Norway	290,397	29,502
Oman	55,470	78,856
British Virgin Islands	2,515	3,365
Singapore	1,244	444
Malaysia	359	–
	349,985	112,167

Revenue from two external customers (2020: two external customers) of the Group's Oil and Gas segment and one external customer (2020: NIL external customer) from the Group's Non-Oil and Gas segment represents the Group's total revenue.

29 FINANCIAL INSTRUMENTS

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Enterprise Risk Management Framework provides the principal policy and guidance to the Group and its businesses on the risk management methodology and reporting of risks. It sets out a systematic and ongoing process for identifying, evaluating, controlling and reporting risks. These processes are put in place to manage and monitor the Group's risk management activities on a regular and timely basis. The Group's risk management efforts covers operational, financial and strategic areas.

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL INSTRUMENTS – CONTINUED

Credit risk

Credit risk is the risk of financial loss resulting from failure of a customer or counterparty to meet its financial and contractual obligations to the Group, as and when the obligations fall due. The Group's primary exposure to credit risk arises from its financial assets.

Concentrations of credit risk exist when economic or industry factors similarly affect a group of counterparties, and when the aggregate amount of this exposure is significant in relation to the Group's total credit exposure. The Group's most significant debtors, the Norwegian government, accounts for US\$40,561,000 (2020: US\$19,070,000), a trade debtor of US\$44,191,000 (2020: US\$14,833,000) and decommissioning receivables of US\$167,193,000 (2020: Nil) due from Repsol. As at 31 December 2021 and 31 December 2020, the Group had no other significant concentrations of credit risk for its financial assets.

The Group does not require collateral in respect of its trade and other receivables, except for a guarantee granted in LPA's favour for the decommissioning receivables (Note 5). The Group does not have trade receivables and contract assets for which no loss allowance is recognised because of collateral.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - geographic region and age of customer relationship.

Loss rates are based on actual credit loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The Group and Company has assessed that the amount of the allowance on these balances to be insignificant. The Group and Company did not have significant overdue or credit impaired trade receivables as of 31 December 2021 and 2020.

Cash and cash equivalent and other receivables

Cash and fixed deposits are placed with reputable financial institutions which are regulated. These surplus funds are placed on short-term deposits (usually within the range of 1 day to 3 months) according to the Group's cash flow requirements. The Group does not hedge against long-term fluctuations in interest rates.

Impairment on cash and cash equivalents and other receivables has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents and other receivables have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents and other receivables was insignificant.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL INSTRUMENTS – CONTINUED

Expected credit loss assessment – Continued

Investments

Quoted debt securities are entered into with financial institutions, which have rating of Aa3 – A1 (2020: Aa3 – A1) by Moody's, or the equivalent by a reputable credit rating agency. Management actively monitors credit ratings and given that the Group only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligation.

Related party balances

The Company held related party balances. The Company uses a similar approach for assessment of ECLs for these receivables to those used for trade and other receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposure. The amount of the allowance on that balances is insignificant.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Short-term funding is obtained from bank borrowings, when necessary. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount US\$'000	Cash flows		
		Contractual cash outflows US\$'000	Within 1 year US\$'000	More than 1 year US\$'000
Group				
31 December 2021				
<i>Non-derivative financial liabilities</i>				
Loans and borrowings	55,619	60,736	9,295	51,441
Lease liabilities	574	591	438	153
Trade and other payables	49,734	49,734	49,734	–
	105,927	111,061	59,467	51,594
31 December 2020				
<i>Non-derivative financial liabilities</i>				
Loans and borrowings	18,010	18,462	18,462	–
Lease liabilities	995	1,024	434	590
Trade and other payables	22,053	22,053	22,053	–
	41,058	41,539	40,949	590

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL INSTRUMENTS – CONTINUED

Liquidity risk – Continued

		Cash flows		
	Carrying amount US\$'000	Contractual cash outflows US\$'000	Within 1 year US\$'000	More than 1 year US\$'000
Company				
31 December 2021				
<i>Non-derivative financial liabilities</i>				
Lease liabilities	236	242	202	40
Trade and other payables	36,240	36,240	36,240	–
	36,476	36,482	36,442	40
31 December 2020				
<i>Non-derivative financial liabilities</i>				
Lease liabilities	428	439	197	242
Trade and other payables	34,134	34,134	34,134	–
	34,562	34,573	34,331	242

Market risk

Market risk is the risk that changes in market prices, such as crude oil, interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising the return.

Price risk – Investment

The Group and the Company held both debt securities and equity investments of US\$26,306,000 (2020: US\$25,925,000) and US\$26,298,000 (2020: US\$25,622,000) respectively. The market value of the investments will fluctuate with market conditions.

Sensitivity analysis

A 10% increase in the underlying prices of the investments at the reporting date would increase profit of the Group by approximately US\$2,631,000 (2020: decrease losses of the Group by approximately US\$2,593,000) and decrease losses of the Company by approximately US\$2,630,000 (2020: decrease losses of the Company by approximately US\$2,562,000). Correspondingly, a 10% decrease in the underlying prices of the investments would have the equal but opposite effect. This analysis assumes that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL INSTRUMENTS – CONTINUED

Foreign currency risk

The Group operates internationally and hence has exposures to foreign currency risk on transactions, financial assets and financial liabilities that are denominated in a currency other than the respective functional currencies of the Group entities.

In 2021, the Group's exposure to foreign currency risk is mainly denominated in Euro ("EUR"), Swedish Kroner ("SEK"), Singapore dollar ("SGD") and Pounds Sterling ("GBP") (2020: EUR, SEK, SGD and GBP). The Group does not have a formal hedging policy to govern this currency risk exposure as the Group monitors the exposure to currency risks on an ongoing basis and endeavours to keep the net exposures at an acceptable level.

The Group's exposure to foreign currency risk are mainly as follows:

	2021				2020			
	EUR	SEK	SGD	GBP	EUR	SEK	SGD	GBP
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group								
Cash and cash equivalents	513	496	106	–	–	428	539	–
Quoted investments	5,383	1,440	1,005	8	2,905	1,400	1,628	303
Net exposure	5,896	1,936	1,111	8	2,905	1,828	2,167	303
Company								
Cash and cash equivalents	513	321	106	–	–	428	539	–
Quoted investments	5,383	1,440	1,005	–	2,905	1,400	1,628	–
Net exposure	5,896	1,761	1,111	–	2,905	1,828	2,167	–

Sensitivity analysis

A 2% strengthening of United States dollar, against the EUR, SEK, SGD and GBP at 31 December would have decreased profit or loss by the amounts shown below.

	Group		Company	
	Profit or loss		Profit or loss	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Euro	(118)	(58)	(118)	(58)
Swedish Kroner	(39)	(37)	(35)	(37)
Singapore dollar	(22)	(43)	(22)	(43)
Pound Sterling	*	(6)	–	–

Correspondingly, a 2% weakening of United States dollar, against EUR, SEK, SGD and GBP would have the equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

* Less than US\$1,000

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL INSTRUMENTS – CONTINUED

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its short-term interest bearing deposits and loans and borrowings. As short-term bank deposits are placed in short-term money market with tenures mostly within the range of 1 day to 3 months, the Group's interest income is subject to fluctuation in interest rates. Interest rate risk is managed by the Group on an ongoing basis and placed on a short-term basis according to the Group's cash flow requirements with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

	Note	Group		Company	
		Nominal amount		Nominal amount	
		2021	2020	2021	2020
		US\$'000	US\$'000	US\$'000	US\$'000
Variable rate instruments					
Loans and borrowings	20	55,619	18,010	–	–

In 2021, an increase of 100 basis points in interest rates would have decreased the Group's profits before tax by approximately US\$556,000 (2020: increased the Group's losses before tax by approximately US\$180,000).

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL INSTRUMENTS – CONTINUED

Fair value hierarchy – Continued

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

		Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant other observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
Group					
31 December 2021					
Quoted investments					
- Equity investments	13	8	–	–	8
- Debt securities	13	26,298	–	–	26,298
		26,306	–	–	26,306
31 December 2020					
Quoted investments					
- Equity investments	13	303	–	–	303
- Debt securities	13	25,622	–	–	25,622
		25,925	–	–	25,925
Company					
31 December 2021					
Quoted investments					
- Debt securities	13	26,298	–	–	26,298
31 December 2020					
Quoted investments					
- Debt securities	13	25,622	–	–	25,622

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

Debt and equity securities

The fair values of investments in debt and equity securities are determined by reference to their quoted closing bid price in an active market at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL INSTRUMENTS – CONTINUED

Estimation of fair values – Continued

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than 1 year are assumed to approximate their fair values because of the short period to maturity or repricing.

The fair value of non-current other receivables was calculated using the discounted cash flow model based on the present value of expected cashflow at the risk-free rate plus estimated credit spread of counterparty at the reporting date. The carrying amounts approximate their fair values.

No disclosure of fair value is made for non-current loans to subsidiaries as it is not practicable to determine their fair values with sufficient reliability since the balances have no fixed terms of repayment. The Group and the Company do not anticipate that the carrying amounts recorded at the end of the financial year would be significantly different from the values that would eventually be received.

Accounting classifications and fair values

The carrying amounts and fair value of financial assets and financial liabilities are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Mandatorily at FVTPL US\$'000	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
Group						
31 December 2021						
Trade and other receivables*	11	–	51,930	–	51,930	–
Other receivables – non-current	11	–	167,193	–	167,193	–
Quoted investments	13	26,306	–	–	26,306	26,306
Cash and cash equivalents	14	–	60,603	–	60,603	–
		26,306	279,726	–	306,032	
Loans and borrowings	20	–	–	55,619	55,619	–
Lease liabilities		–	–	574	574	–
Trade and other payables	21	–	–	49,734	49,734	–
		–	–	105,927	105,927	

* Excludes income tax receivables and prepayments

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL INSTRUMENTS – CONTINUED

Accounting classifications and fair values – Continued

	Note	Mandatorily at FVTPL US\$'000	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
Company						
31 December 2021						
Loan to a subsidiary	8	–	92,621	–	92,621	–
Other receivables*	11	–	1,000	–	1,000	–
Quoted investments	13	26,298	–	–	26,298	26,298
Cash and cash equivalents	14	–	6,489	–	6,489	–
		26,298	100,110	–	126,408	
Lease liabilities		–	–	236	236	–
Other payables	21	–	–	36,240	36,240	–
		–	–	36,476	36,476	
Group						
31 December 2020						
Trade and other receivables*	11	–	17,391	–	17,391	–
Quoted investments	13	25,925	–	–	25,925	25,925
Cash and cash equivalents	14	–	20,375	–	20,375	–
		25,925	37,766	–	63,691	
Loans and borrowings	20	–	–	18,010	18,010	–
Lease liabilities		–	–	995	995	–
Trade and other payables	21	–	–	22,053	22,053	–
		–	–	41,058	41,058	
Company						
31 December 2020						
Loan to a subsidiary	8	–	106,139	–	106,139	–
Other receivables*	11	–	2,431	–	2,431	–
Quoted investments	13	25,622	–	–	25,622	25,622
Cash and cash equivalents	14	–	3,289	–	3,289	–
		25,622	111,859	–	137,481	
Lease liabilities		–	–	428	428	–
Other payables	21	–	–	34,134	34,134	–
		–	–	34,562	34,562	

* Excludes income tax receivables and prepayments

NOTES TO THE FINANCIAL STATEMENTS

30 LEASES

Leases as lessee (SFRS(I) 16)

The Group leases office facilities. The leases typically run for a period of three years, with an option to renew the lease after that date. Lease payments are renegotiated every three years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The office leases were entered into many years ago. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

The Group leases motor vehicles, tanker and equipment used in exploration activities with contract terms of less than one year. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as plant and equipment (see Note 7).

	Office leases	
	2021 US\$'000	2020 US\$'000
Balance at 1 January	973	1,275
Depreciation charge for the year	(412)	(376)
Additions to right-of-use assets	–	75
Translation difference on consolidation	(9)	(1)
Balance at 31 December	552	973

Amounts recognised in profit or loss

	2021 US\$'000	2020 US\$'000
Leases under SFRS(I) 16		
Interest on lease liabilities	24	30
Expenses relating to short-term leases	27	23

Amounts recognised in statement of cash flows

	2021 US\$'000	2020 US\$'000
Total cash outflow for leases	412	364

NOTES TO THE FINANCIAL STATEMENTS

30 LEASES – CONTINUED

Extension options

Some property, motor vehicles, tanker and equipment used in exploration activities leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

31 COMMITMENTS

Certain subsidiaries have firm capital commitments where the Group is required to participate in minimum exploration activities. The Group's total estimated minimum exploration commitment is approximately US\$20,224,000 (2020: US\$32,520,000). At the reporting date, the Group's outstanding minimum exploration commitments will fall due within 1 year.

32 CONTINGENT LIABILITY

(a) Legal claims

Global Settlement Agreement

On 31 August 2020, the Group and associates related to the legal cases with Gulf Hibiscus Limited signed a global settlement agreement ("**Settlement Agreement**") with Hibiscus Petroleum Berhad ("**Hibiscus**"), its subsidiary and other parties related to the legal cases for purposes of resolving and settling those legal cases and other related claims. The Settlement Agreement does not involve any payment by the Group to Hibiscus group (including Gulf Hibiscus Limited). The terms of the Settlement Agreement are confidential, and implementation of the same is subject to a long stop date of 31 December 2020, which was further extended to 30 June 2021.

On 25 June 2021, the parties entered into a second supplemental agreement to extend the long stop date for implementation of the settlement from 30 June 2021 to 31 December 2021.

On 18 October 2021, the settlement arrangement between the relevant parties in relation to the subject court proceedings and other related claims between the parties were duly completed and/or effected pursuant to the terms of the Settlement Agreement.

Masirah Oil Ltd

On 5 August 2021, Petroci Holding ("**Petroci**") filed a claim against the Company's subsidiaries, Rex Oman Limited ("**Rex Oman**"), Masirah Oil Limited ("**MOL**"), and certain past and present directors of MOL in the High Court, Commercial Division of the British Virgin Islands, in connection with the alleged conduct of MOL's affairs, which led to a dilution of Petroci's interest in MOL as a partner and minority shareholder.

Management has considered the above claims and allegations and are of the view that these claims and allegations against Rex Oman and MOL are frivolous, baseless and unmeritorious. Management does not expect any material financial impact from the claim.

NOTES TO THE FINANCIAL STATEMENTS

32 CONTINGENT LIABILITY – CONTINUED

(b) *Guarantee*

The Company had provided a parent company guarantee to the Ministry of Petroleum and Energy on basis of the Norwegian Petroleum Act. Under the Norwegian Petroleum Act, the Company undertakes financial liability as surety for obligations that may arise from exploration for and exploitation of subsea natural resources on the Norwegian Continental Shelf (“**NCS**”) and any liability, including liability for any recovery claim, which may be imposed under Norwegian law for pollution damage and for personal injury.

Management believes that the Group and the operators of its licences in NCS are in compliance with current applicable environmental laws and regulations and hence does not consider it probable that a claim will be made against the Company under the guarantee.

On 6 March 2020, the Company has provided a parent guarantee to Jack-Up Barge Operations B.V. (“**JUB**”) to guarantee the duties, undertakings and obligations or discharge any or all of its liabilities under or pursuant to a charter party dated 30 December 2019 entered into by MOL for the charter of self-elevating platform “JB114” with JUB.

33 SUBSEQUENT EVENTS

The Company has proposed a final dividend of S\$0.005 per ordinary share in respect of the financial year ended 31 December 2021, subject to the approval by the shareholders at the next annual general meeting to be convened on or before 30 April 2022.

STATISTICS OF SHAREHOLDINGS

As at 14 March 2022

Issued and fully paid-up capital	:	S\$334,841,887.98
Number of Issued and paid-up Shares	:	1,315,507,991
Class of Shares	:	Ordinary Shares of equal voting rights
Number of issued and paid-up shares excluding treasury shares and subsidiary holdings	:	1,302,320,991
Number and percentage of Treasury Shares	:	13,187,000 (1.013%)
Number and percentage of Subsidiary Holdings	:	Nil
Voting rights	:	One vote for each ordinary share

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 14 March 2022, approximately 55.91% of the issued ordinary shares of the Company were held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, is complied with.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 14 MARCH 2022

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	5	0.14	216	0.00
100 - 1,000	444	12.58	401,457	0.03
1,001 - 10,000	1,078	30.55	7,865,799	0.60
10,001 - 1,000,000	1,941	55.00	174,126,337	13.37
1,000,001 and above	61	1.73	1,119,927,182	86.00
TOTAL	3,529	100.00	1,302,320,991	100.00

Note: The shareholding percentage is computed based on the number of issued and paid-up shares (excluding 13,187,000 treasury shares) of 1,302,320,991 shares as at 14 March 2022.

TWENTY LARGEST HOLDERS OF SHARES AS AT 14 MARCH 2022

No.	Name of Shareholder	No. of Shares	% of Issued Shares
1	UOB KAY HIAN PTE LTD	576,559,297	44.27
2	DBS NOMINEES PTE LTD	156,704,525	12.03
3	HSBC (SINGAPORE) NOMINEES PTE LTD	48,110,602	3.69
4	CITIBANK NOMINEES SINGAPORE PTE LTD	44,625,013	3.43
5	OCBC SECURITIES PRIVATE LTD	33,681,600	2.59
6	RAFFLES NOMINEES (PTE) LIMITED	30,372,349	2.33
7	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	27,325,240	2.10
8	PHILLIP SECURITIES PTE LTD	24,504,626	1.88
9	MAANS NICKLAS LIDGREN	14,241,464	1.09
10	DAN BROSTROM	11,306,075	0.87
11	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	10,752,008	0.83
12	LIM AND TAN SECURITIES PTE LTD	10,574,600	0.81
13	ER CHOON HUAT	9,700,000	0.74
14	MAYBANK SECURITIES PTE. LTD.	9,402,878	0.72
15	IFAST FINANCIAL PTE LTD	7,195,200	0.55
16	HO BENG SIANG	5,669,400	0.44
17	SEE LOP FU JAMES @ SHI LAP FU JAMES	5,350,000	0.41
18	DBSN SERVICES PTE LTD	4,458,300	0.34
19	LIM POO KIN	4,400,000	0.34
20	ESTATE OF LIM CHEE NEO LUCY @CAROL LIM, DECEASED	4,118,000	0.32
TOTAL		1,039,051,177	79.78

Note: The shareholding percentage is computed based on the number of issued and paid-up shares (excluding 13,187,000 treasury shares) of 1,302,320,991 shares as at 14 March 2022.

STATISTICS OF SHAREHOLDINGS

As at 14 March 2022

SUBSTANTIAL SHAREHOLDERS AS AT 14 MARCH 2022

No.	Name	No. of shares in which substantial shareholders have direct interest	%	No. of shares in which substantial shareholders are deemed to have interest	%
1	Limea Ltd. ⁽¹⁾	452,020,422	34.71	–	–
2	Cresta Group Ltd. ⁽²⁾	–	–	452,020,422	34.71
3	Dr Karl Lidgren ⁽³⁾	–	–	452,020,422	34.71
4	Mr Hans Ove Leonard Lidgren ⁽⁴⁾	–	–	452,020,422	34.71
5	Bevoy Investment Ltd ⁽⁵⁾	78,095,538	6.00	–	–
6	Mr Svein Helge Kjellesvik ⁽⁶⁾	–	–	78,095,538	6.00

⁽¹⁾ The 452,020,422 shares are held through UOB Kay Hian Pte Ltd.

⁽²⁾ Cresta Group Ltd owns 50% of Limea Ltd. and is deemed interested in 452,020,422 shares held by Limea Ltd.

⁽³⁾ Dr Karl Lidgren, through Cresta Group Ltd, owns 50% of Limea Ltd. and is deemed interested in 452,020,422 shares held by Limea Ltd.

⁽⁴⁾ Mr Hans Lidgren owns 50% of Limea Ltd. and is deemed interested in 452,020,422 shares held by Limea Ltd.

⁽⁵⁾ The 78,095,538 shares are held through UOB Kay Hian Pte Ltd.

⁽⁶⁾ Mr Svein Kjellesvik owns 100% of Bevoy Investment Ltd and is deemed interested in the 78,095,538 shares held by Bevoy Investment Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Rex International Holding Limited (the “**Company**”) will be held by way of electronic means on Friday, 29 April 2022 at 3.00 p.m. (Singapore time) (the “**AGM**”), for the following purposes:

Ordinary Business

- | | | |
|----|---|---------------------|
| 1. | To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors' Report thereon. | Resolution 1 |
| 2. | To declare a tax exempt (one-tier) final dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 December 2021. | Resolution 2 |
| 3. | To approve the payment of Directors' fees of S\$621,383/- payable quarterly in arrears (FY2021: S\$602,115/-), and additional remuneration of S\$540,000/- to independent non-executive directors for the financial year ending 31 December 2022.
(See Explanatory Note 1) | Resolution 3 |
| 4. | To approve the payment of additional remuneration of S\$540,000/- to independent non-executive directors for the financial year ended 31 December 2021.
(See Explanatory Note 2) | Resolution 4 |
| 5. | To re-elect Dr Karl Lidgren who is retiring by rotation pursuant to Regulation 93 of the Company's Constitution.
(See Explanatory Note 3) | Resolution 5 |
| 6. | To re-elect Dr Christopher Atkinson who is retiring by rotation pursuant to Regulation 93 of the Company's Constitution.
(See Explanatory Note 4) | Resolution 6 |
| 7. | To note the retirement of Mr Muhammad Sameer Yousuf Khan as a Director of the Company at the conclusion of the AGM.
(See Explanatory Note 5) | |
| 8. | To re-appoint KPMG LLP as the Company's auditors for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. | Resolution 7 |

Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without any modifications:

- | | | |
|----|---|---------------------|
| 9. | Authority to allot and issue shares | Resolution 8 |
| | <p>“THAT pursuant to Section 161 of the Companies Act 1967 (the “Companies Act”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (the “Listing Manual”), the Directors of the Company be authorised and empowered to:</p> | |
| | <p>I. (a) allot and issue shares in the capital of the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or</p> | |
| | <p>(b) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued including but not limited, to the creation and issue of (as well as adjustments to) options, warrants, debentures, or other instruments convertible into Shares; and/or</p> | |

NOTICE OF ANNUAL GENERAL MEETING

- (c) notwithstanding that such authority conferred by this Resolution may have ceased to be in force at the time the Instruments are to be issued, issue additional Instruments previously issued in the event of rights, bonus or other capitalisation issues, provided that the adjustments do not give the holder a benefit that a shareholder does not receive,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- II. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution), shall not exceed 50% of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below);
- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (a) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities;
 - (ii) new Shares arising from exercising of share options or vesting of share awards, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;

adjustments in accordance with (i) and (ii) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time this Resolution is passed;

NOTICE OF ANNUAL GENERAL MEETING

- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Companies Act and the Constitution for the time being of the Company; and
- (d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the Company's next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier."

(See Explanatory Note 6)

10. Authority to allot and issue Shares under the Rex International Employee Share Option Scheme ("**Share Option Scheme**")

Resolution 9

"THAT pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the exercise of options, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Share Option Scheme, and where applicable, the total number of existing Shares which may be purchased from the market for delivery pursuant to the awards granted under the Share Option Scheme, when added to the number of Shares issued and issuable in respect of all options granted under the Share Option Scheme, and including the Rex PSP (as defined herein), and any other share option schemes of the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding that date of the relevant grant of an option under the Share Option Scheme. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

(See Explanatory Note 7)

11. Authority to allot and issue Shares under the Rex International Performance Share Plan ("**Rex PSP**")

Resolution 10

"THAT pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the awards granted under the Rex PSP, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Rex PSP, and where applicable, the total number of existing Shares which may be purchased from the market for delivery pursuant to the awards granted under the Rex PSP, when added to the number of Shares issued and issuable in respect of all awards granted under the Rex PSP, and including the Share Option Scheme and any other share option schemes of the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding that date of grant of the relevant awards under the Rex PSP. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

(See Explanatory Note 8)

NOTICE OF ANNUAL GENERAL MEETING

12. Approval for the continued appointment of Mr Sin Boon Ann as an independent Director for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual by all shareholders **Resolution 11**

“THAT subject to and contingent upon the passing of Ordinary Resolution 12 by shareholders (excluding the Directors and the Chief Executive Officer of the Company, and their associates) and in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual:

- (a) the continued appointment of Mr Sin Boon Ann as an Independent Director be and is hereby approved; and
- (b) the authority conferred by this Resolution shall continue in force until the earlier of: (i) the retirement or resignation of Mr Sin Boon Ann as a director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.”

(See Explanatory Note 9)

13. Approval for the continued appointment of Mr Sin Boon Ann as an independent Director for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual by shareholders excluding the directors and the chief executive officer of the Company and their associates **Resolution 12**

“THAT subject to and contingent upon the passing of Ordinary Resolution 11 by shareholders and in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual:

- (a) the continued appointment of Mr Sin Boon Ann as an Independent Director be and is hereby approved; and
- (b) the authority conferred by this Resolution shall continue in force until the earlier of: (i) the retirement or resignation of Mr Sin Boon Ann as a director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.”

(See Explanatory Note 9)

14. To transact any other business as may properly be transacted at an annual general meeting of the Company.

NOTICE OF RECORD AND PAYMENT DATES FOR THE FINAL DIVIDEND

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the shareholders' approval for the proposed tax exempt (one-tier) final dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 December 2021 (“**Final Dividend**”) at this AGM, the Share Transfer Books and the Register of Members of the Company will be closed on 30 September 2022 at 5.00 p.m., for the purposes of determining shareholders' entitlements to the Final Dividend. Duly completed transfers of shares received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) of 80 Robinson Road, #11-02, Singapore 068898, up to 5.00 p.m. on 30 September 2022 will be registered to determine shareholders' entitlement to the Final Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 30 September 2022 will be entitled to the Final Dividend. The Final Dividend, if approved at this AGM will be paid on 10 October 2022.

By Order of the Board

Kong Wei Fung
Company Secretary

Singapore
31 March 2022

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

- (1) Resolution 3, if passed, will facilitate the payment of Directors' fees of S\$621,383/- for the financial year ending 31 December 2022 on a quarterly basis in arrears. The amount of Directors' fees is computed based on the anticipated number of Board and Board Committee meetings for the financial year ending 31 December 2022, including attendances and the positions held by the Non-Executive Directors in various board committees, and assuming that all Non-Executive Directors will hold office for the full financial year. In the event the amount of Directors' fees proposed is insufficient, for example, in the event of unscheduled Board meetings or enlarged board sizes, approval will be sought at next year's annual general meeting for additional fees before payments are made to Directors to meet the shortfall.
The additional remuneration of S\$540,000 is a performance bonus for financial year ending 31 December 2022 and is made pursuant to the achievement of the performance targets, set and approved by the Remuneration Committee and the Board. Resolution 3 if passed, each Independent Non-Executive Director, Mr Muhammad Sameer Yousuf Khan, Mr Sin Boon Ann and Dr Christopher Atkinson, will be paid an equal amount of S\$180,000 in 2022, and 1,800,000 Shares from the outstanding Awards previously granted to these Independent Non-Executive Directors will be cancelled (forthwith lapsed and to be of no value).
- (2) The additional remuneration is a performance bonus for financial year ended 31 December 2021 and is made pursuant to the achievement of the performance targets, set and approved by the Remuneration Committee and the Board. Resolution 4 if passed, each Independent Non-Executive Director, Mr Muhammad Sameer Yousuf Khan, Mr Sin Boon Ann and Dr Christopher Atkinson, will be paid an equal amount of S\$180,000 in 2022.
- (3) Dr Karl Lidgren will, upon re-election as a Director of the Company, remain as Executive Director of the Company and a member of the Nominating Committee.
- (4) Dr Christopher Atkinson will, upon re-election as a Director of the Company, remain as Independent Non-Executive Director of the Company.
Further information of the retiring directors can be found under "Board of Directors" and "Corporate Governance Report" sections of the Company's Annual Report.
- (5) As part of the Board renewal process, Mr Muhammad Sameer Yousuf Khan has indicated to the Board that he will not be seeking re-election as a Director of the Company. Accordingly, Mr Muhammad Sameer Yousuf Khan will retire as a Director of the Company at the conclusion of this AGM and he will also cease as the Chairman of the Audit Committee and a member of the Risk Management, Nominating and Remuneration Committees.
- (6) Resolution 8, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into shares and to issue Shares pursuant to such Instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors of the Company may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued would not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of passing of this Resolution. For issue of Shares (including Shares to be made in pursuance of instruments made or granted pursuant to this Resolution) other than on a pro-rata basis to all shareholders, the aggregate number of shares shall not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution.
- (7) Resolution 9, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the exercise of Options granted and such other share-based incentive scheme or share plan (including the total number of existing Shares which may be purchased from the market for delivery pursuant to the options granted) up to a number not exceeding, in total, 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding that date of the relevant grant.
- (8) Resolution 10, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the vesting of awards under the Rex PSP and such other share-based incentive scheme or share plan (including the total number of existing Shares which may be purchased from the market for delivery pursuant to the awards granted) up to a number not exceeding, in total, 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding that date of the relevant grant.

NOTICE OF ANNUAL GENERAL MEETING

- (9) Mr Sin Boon Ann, the Lead Independent Director, was first appointed to the Board on 26 June 2013. For the purpose of Rule 210(5)(d)(iii), the Company is seeking two-tier shareholders' approval for the continued appointment of Mr Sin Boon Ann as Independent Director for a three (3) year term, with effect from passing of the Resolutions until the conclusion of the third AGM of the Company following the passing of the Resolutions. Directors, Chief Executive Officer and their associates (as defined under the Listing Manual) are required to abstain from voting on proposed Resolution 12.

Resolutions 11 and 12, if passed, will remain in force until the earlier of (i) Mr Sin's retirement or resignation as Director of the Company; or (ii) the conclusion of the third AGM of the Company following the passing of such Resolutions.

The Nominating Committee and the Board have evaluated the participation of Mr Sin Boon Ann at the Board and Board Committee meetings, and determined that he continues to display independent thinking and able to exercise objective judgement during decision-making. More details are disclosed under Principle 2 of the "Corporate Governance Report" section in the Annual Report.

MEASURES TO MINIMISE THE RISK OF THE SPREAD OF COVID-19

In view of the constantly evolving COVID-19 situation and to comply with the Infectious Diseases (Measures to Prevent Spread of COVID-19) Regulations 2020, the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 of the COVID-19 (Temporary Measures) Act 2020 and the Joint Statement by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation issued on 13 April 2020 (as updated from time to time) which included a checklist to guide listed and non-listed entities on the conduct of general meetings during the period when elevated safe distancing measures are in place (the "**Regulations**"), the following steps will be taken for the AGM of the Company to help minimise the risk of community spread of the virus. The AGM is being convened, and will be held, by way of electronic means. Shareholders will not be allowed to attend the AGM in person and no Shareholder or their corporate representative(s) will be admitted.

Appointment of Proxies

A Shareholder entitled to attend and vote at the AGM, who is not a relevant intermediary as defined in Section 181 of the Companies Act 1967, is entitled to appoint one or two proxies to attend and vote in his/her/its stead. Where a Shareholder appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy.

A Shareholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than one proxy to attend and vote instead of the Shareholder, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder. Where such Shareholder appoints more than one proxy, it should annex to the Proxy Form the list of proxies, setting out, in respect of each proxy, the name, address, email address, NRIC/Passport Number and proportion of shareholding (number of shares and percentage) in relation to which each proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this paragraph. The appointments shall be invalid unless the Shareholder specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form.

Shareholders may also vote at the AGM by appointing the Chairman of the AGM as his/her/its proxy to vote on their behalf.

The proxy form must be submitted in the following manner:

- (a) if submitted by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #11-02, Singapore 068898; or
- (b) if submitted electronically, be submitted via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com; or
- (c) through the registration website accessible via <https://www.rexih.com> in electronic form,

in each case, no later than 3.00 p.m. on Wednesday, 27 April 2022, being not less than 48 hours before the time appointed for holding the AGM and in default the instrument of proxy shall not be treated as valid.

NOTICE OF ANNUAL GENERAL MEETING

A Shareholder who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it in any manner provided above. The proxy form can be downloaded from SGXNet or the Company's website at <https://www.rexih.com>. **Shareholders are strongly encouraged to submit completed proxy forms electronically via email or through the registration website accessible via <https://www.rexih.com>.**

In the case of Shareholders whose Shares are entered against their names in the Depository Register, the Company may reject any proxy form lodged if such Shareholders are not shown to have Shares entered against their names in the Depository Register, as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

Registration for the AGM

Shareholders, Proxyholders and CPF and SRS investors attending the electronic AGM by way of Live Webcast or audio-only feed via telephone will be able to observe and/or listen to the AGM proceedings via their mobile phones, tablets or computers.

All Shareholders and CPF and SRS investors who wish to attend the live AGM are required to register via the registration website accessible via <https://www.rexih.com> for verification purposes by 3.00 p.m. on Tuesday, 26 April 2022.

Shareholders who are appointing Proxyholder(s) to attend the live AGM should register his/her Proxyholder(s) via the registration website accessible via <https://www.rexih.com> by 3.00 p.m. on Tuesday, 26 April 2022, being 72 hours before the time fixed for the AGM, failing which the appointment shall be invalid.

Following verification by the Company, authenticated Shareholders, Proxyholders and CPF and SRS investors will be provided with the Confirmation Email for the AGM via the e-mail address provided during registration or as indicated in the Proxy Form to attend the AGM.

Shareholders, Proxyholders and CPF and SRS investors who have registered by the deadline of 3.00 p.m. on Tuesday, 26 April 2022 but have not received the Confirmation Email by 3.00 p.m. on Thursday, 28 April 2022 should immediately contact the Company at rex-agm-egm@ryt-poll.com or at +65 6329 2745 (during office hours, and no later than 2.00 p.m. on Friday, 29 April 2022), for assistance.

Submission of questions in advance of, or live at the AGM

Shareholders, Proxyholders and CPF and SRS investors who wish to ask questions should do so in the following manner:

- (a) if attending the Live Webcast (and not the audio-only feed via telephone), Shareholders, Proxyholders and CPF and SRS investors will be able to ask questions at the AGM by submitting text-based questions via the Live Webcast by clicking on "Ask Question", followed by "Type Your Question" and selecting a resolution to enter the text-based question; or
- (b) by submitting questions related to the Resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM.

Shareholders, Proxyholders and CPF and SRS investors are encouraged to submit questions related to the Resolutions in advance of the AGM, which must be submitted in the following manner by 5.00 p.m. on Monday, 18 April 2022:

- (i) via the registration form accessible via <https://www.rexih.com>; or
- (ii) via email to the Company at info@rexih.com; or
- (iii) by post to 1 George Street, #14-01, Singapore 049145, attention to Rex AGM.

Shareholders, Proxyholders and CPF and SRS investors who submit questions via email must provide the following information for authentication:

- 1. the Shareholder's full name;
- 2. the Shareholder's address; and
- 3. the manner in which the Shareholder holds Shares in the Company (e.g., via CDP, CPF or SRS).

NOTICE OF ANNUAL GENERAL MEETING

All substantive and relevant questions related to the Resolutions to be tabled for approval at the AGM will be addressed and published by 22 April 2022 via SGXNet and at the Company's website at <https://www.rexih.com>. This is to allow Shareholders sufficient time and opportunity to consider the Company's response before the deadline for the submission of proxy forms, which is 3.00 p.m. on 27 April 2022. Substantive and relevant question which are submitted after 5.00 p.m. on 18 April 2022 will be consolidated and addressed at the AGM.

Voting

Live voting will be conducted during the AGM for Shareholders and Proxyholders attending the Live Webcast (and not the audio-only feed via telephone). It is important for Shareholders and Proxyholders to have their web-browser enabled devices ready for voting during the Live Webcast.

Shareholders and Proxyholders will be required to log-in via the email address provided during registration or as indicated in the Proxy Form.

- (a) Live voting: Shareholders and Proxyholders attending the Live Webcast may cast their votes in real time for each resolutions to be tabled via the Live Webcast through the login credentials provided in the Confirmation Email. Shareholders and Proxyholders will have the opportunity to cast their votes via the live voting feature. Shareholders and Proxyholders must have a web-browser enabled device in order to cast their vote.
- (b) Pre-casting of votes: Shareholders and Proxyholders may log into the URL provided in the Confirmation Email and pre-cast their votes in advance of the meeting.
- (c) Voting via appointing the Chairman of the AGM as Proxy: As an alternative to the above, Shareholders may also vote at the AGM by appointing the Chairman of the AGM as his/her/its proxy to vote on their behalf. Please refer to "Appointment of Proxies" above for the manner of submission.

Relevant intermediaries

Persons who hold Shares through relevant intermediaries, and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through the Live Webcast and/or audio-only feed via telephone; (b) submitting questions in advance of the AGM; (c) submitting questions during the AGM; and/or (d) voting at the AGM, should contact the relevant intermediary through which they hold such Shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

In addition, CPF and SRS investors:

- (a) may vote live via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
- (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Wednesday, 20 April 2022, being seven working days before the date of the AGM.

Further information

A proxy need not be a Shareholder. The Chairman of the AGM, as proxy, need not be a Shareholder.

Printed copies of the Annual Report, this Notice of AGM and the proxy form (collectively, the "**Documents**") will not be sent to Shareholders. Instead, the Documents will be published electronically on the Company's website at <https://investor.rexih.com> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.

NOTICE OF ANNUAL GENERAL MEETING

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take such precautionary measures as may be appropriate at the AGM, including any precautionary measures as may be required or recommended by government agencies or the Singapore Exchange Regulation from time to time, at short notice. Shareholders are advised to regularly check the Company's website at <https://investor.rexih.com> or announcements released on SGXNet for updates on the AGM.

Shareholders are reminded not to congregate to watch the Live Webcast or listen to the AGM proceedings and ensure that safe distancing measures are practised and the Regulations and all government advisories are adhered to. The Company seeks the understanding and cooperation of all Shareholders to help minimise the risk of community spread of the virus.

PERSONAL DATA PRIVACY

By (a) submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof; or (b) submitting any question prior to the AGM; or (c) submitting the registration form in accordance with this Notice, a Shareholder (i) agrees that he/she/it will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his/her/its breach of warranty; and (ii) consents to the collection, use and disclosure of the Shareholder's and/or the proxy's/proxies' personal data by the Company (or its agents or service providers) for the purposes of:

- I. the processing and administration by the Company (or its agents or service providers) of proxy forms for the AGM (including any adjournment thereof);
- II. processing the registration forms for purposes of granting access to Shareholders for the Live Webcast or via telephone and providing viewers with any technical assistance, where necessary;
- III. addressing selected substantive questions from Shareholders received before the AGM and if necessary, following up with the relevant Shareholders in relation to such questions;
- IV. the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- V. enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

REX INTERNATIONAL HOLDING LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 201301242M)

ANNUAL GENERAL MEETING**PROXY FORM****IMPORTANT:**

- The Annual General Meeting ("AGM") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
- Alternative arrangements relating to, among others, attendance at the AGM, submission of questions in advance of the AGM, and/or voting at the AGM are set out in the Notice of AGM dated 31 March 2022.
- The Notice of AGM and this form of proxy ("Proxy Form") have been made available on the Company's website at <https://investor.rexih.com/> and on the SGX website at <https://www.sgx.com/securities/company-announcements>. Printed copies of the Notice of AGM and this Proxy Form will not be sent to members.
- As the AGM is held by way of electronic means, a member will NOT be able to attend the AGM in person.**
- This Proxy Form is not valid for use by investors who buy shares using CPF monies ("CPF Investors") and/or SRS monies ("SRS investors") (as may be applicable) and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors and/or SRS investors: (a) may vote live via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks and/or SRS Operators, and should contact their respective CPF Agent Banks and/or SRS Operators if they have any queries regarding their appointment as proxies, or (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven working days before the AGM.

I/We*, _____ (Name) _____ (NRIC No./Passport No./

Company Registration No.) of _____

(Address) being a member/members* of REX INTERNATIONAL HOLDING LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/Passport Number	Email Address**	Proportion of Shareholdings	
				No. of Shares	%

and/or*

Name	Address	NRIC/Passport Number	Email Address**	Proportion of Shareholdings	
				No. of Shares	%

and/or the Chairman of the AGM* as my/our* proxy/proxies to attend and to vote for or against, or to abstain from voting on the Ordinary Resolutions to be proposed at the AGM as indicated hereunder, for me/us* on my/our* behalf, at the AGM to be held by way of electronic means on Friday, 29 April 2022 at 3.00 p.m. (Singapore time) and at any adjournment thereof. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the AGM.

No.	Resolutions	For [#]	Against [#]	Abstain [#]
ORDINARY BUSINESS				
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors' Report thereon			
2.	To declare a tax exempt (one-tier) final dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 December 2021			
3.	To approve the payment of Directors' fees of S\$621,383/- payable quarterly in arrears, and additional remuneration of S\$540,000/- to independent non-executive directors for the financial year ending 31 December 2022			
4.	To approve the payment of additional remuneration of S\$540,000/- to independent non-executive directors for the financial year ended 31 December 2021			
5.	To re-elect Karl Lidgren who is retiring by rotation pursuant to Regulation 93 of the Company's Constitution			
6.	To re-elect Christopher Atkinson who is retiring by rotation pursuant to Regulation 93 of the Company's Constitution			
7.	To re-appoint KPMG LLP as the Company's auditors for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration			
SPECIAL BUSINESS				
8.	To approve the authority to allot and issue shares			
9.	To approve the authority to allot and issue shares under the Rex International Employee Share Option Scheme			
10.	To approve the authority to allot and issue shares under the Rex International Performance Share Plan			
11.	To approve the continued appointment of Sin Boon Ann as an Independent Director by all shareholders			
12.	To approve the continued appointment of Sin Boon Ann as an Independent Director by shareholders (excluding the Directors and the Chief Executive Officer of the Company, and their associates)			

Notes:

* Delete accordingly

** Required for registration purposes. The Confirmation Email will be sent to the email addresses disclosed herein.

Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please indicate with "X" within the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box in respect of that resolution. If you wish the proxy to abstain from voting on a resolution, please indicate with "X" in the "Abstain" box for a particular resolution. Alternatively, please indicate the number of votes that your proxy is directed to abstain from voting in the "Abstain" box for a particular resolution. Where the Chairman of the AGM is appointed as proxy and in the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2022

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

Signature of Member(s) or Common Seal**IMPORTANT: Please Read Notes for This Proxy Form.**

NOTES:

1. A shareholder of the Company ("**Shareholder**") entitled to attend and vote at the AGM, who is not a relevant intermediary (as defined in Section 181 of the Companies Act 1967), is entitled to appoint one or two proxies to attend and vote in his/her/its stead. Where a Shareholder appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Shareholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than one proxy to attend and vote instead of the Shareholder, but each proxy must be appointed to exercise the rights attached to a different share in the Company ("**Share**") or Shares held by such Shareholder. Where such Shareholder appoints more than one proxy, it should annex to the instrument appointing a proxy or proxies (the "**Proxy Form**") the list of proxies, setting out, in respect of each proxy, the name, address, email address, NRIC/Passport Number and proportion of shareholding (number of Shares and percentage) in relation to which each proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this Note. The appointments shall be invalid unless the Shareholder specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form.
3. A proxy need not be a Shareholder. The Chairman of the AGM, as proxy, need not be a Shareholder.
4. The Proxy Form must be submitted in the following manner:
 - (a) if submitted by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #11-02, Singapore 068898; or
 - (b) if submitted electronically, be submitted via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com; or
 - (c) through the registration website accessible via <https://www.rexih.com> in electronic form,in each case, by 3.00 p.m. on 27 April 2022, being not less than 48 hours before the time appointed for holding the AGM and in default the instrument of proxy shall not be treated as valid.

A Shareholder who wishes to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it in any manner provided above. The Proxy Form can be downloaded from SGXNet or the Company's website at <https://www.rexih.com>.

Shareholders are strongly encouraged to submit completed proxy forms electronically via email or through the registration website accessible via <https://www.rexih.com>.

5. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or a duly authorised officer or in such manner as appropriate under applicable laws, failing which the instrument may be treated as invalid.
6. Where the Proxy Form is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the instrument may be treated as invalid.
7. CPF Investors and/or SRS investors: (a) may vote live via electronic means at the AGM, or pre-cast their votes via the URL in the Confirmation Email if they are appointed as proxies by their respective CPF Agent Banks and/or SRS Operators, and should contact their respective CPF Agent Banks and/or SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks and/or SRS Operators to submit their voting instructions by 5.00 p.m. on 20 April 2022, being seven working days before the AGM.
8. Completion and return of the Proxy Form shall not preclude a Shareholder from attending, speaking and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Shareholder attends the live AGM, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the live AGM.
9. A Shareholder should insert the total number of Shares held in the Proxy Form. If the Shareholder has Shares entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of Shares. If the Shareholder has Shares registered in his/her name in the Register of Members of the Company, he/she should insert that number of Shares. If the Shareholder has Shares entered against his/her name in the Depository Register and registered in his/her name in the Register of Members, he/she should insert the aggregate number of Shares. If no number is inserted, the Proxy Form will be deemed to relate to all the Shares held by the Shareholder.
10. Any reference to a time of day is made by reference to Singapore time.

GENERAL:

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (such as in the case where the appointor submits more than one instrument of proxy). In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form lodged if such members are not shown to have Shares as entered against his/her name in the Depository Register at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting the Proxy Form, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 31 March 2022.

DISCLAIMER

This Annual Report to Shareholders may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcome and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer

demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. There is no assurance that Rex Virtual Drilling will consistently deliver accurate analyses and results, as it is dependent on many external factors such as data quality. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management of future events.

