FEDERAL INTERNATIONAL (2000) LTD
Incorporated in the Republic of Singapore
Company Registration No. 199907113K

UPDATE ON THE PROPOSED ACQUISITION OF SHARES IN PT. GUNANUSA UTAMA FABRICATORS AND PT SUPERKRANE MITRA UTAMA TBK. PURSUANT TO PRINCIPAL AGREEMENT

1. INTRODUCTION

1.1 The Board of Directors (the "**Board**" or the "**Directors**") of Federal International (2000) Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to a previous announcement made on 26 June 2023 ("**Earlier Announcement**") in relation to the entry into the Principal Agreement, which contemplates the proposed acquisition of (i) 39,500 shares in PT. Gunanusa Utama Fabricators ("**PTG**"); and certain shares in PT Superkrane Mitra Utama Tbk. ("**SK**") (the "**Proposed Acquisitions**").

1.2 Following the Earlier Announcement, the Company had entered into a deed of settlement ("**Deed of Settlement**") as part of the Definitive Agreements that were to be executed (in a form satisfactory to the relevant parties) for the Principal Agreement to be deemed as binding. The Deed of Settlement had stipulated that Federal shall receive 39,500 PTG shares and SK shares in full and final settlement of the outstanding S$13,021,740 loan owed by Azmil (the "**Loan**"). It is now agreed that the Loan would be settled by an aggregate consideration of 39,500 PTG shares and 175,813,499 SK shares.

1.3 In connection with the above, the Board wishes to announce that the Company would be entering into a deed of addendum in relation to the Deed of Settlement to reflect the new understanding between the parties as regards the terms of the Loan settlement.

1.4 Unless otherwise defined in this announcement, all capitalised terms used in this announcement shall have the same meanings as set out in the Earlier Announcement.

2. THE PROPOSED ACQUISITIONS

The Proposed Acquisitions constitute a major transaction under Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**"). Accordingly, the Proposed Acquisitions are subject to the approval of the shareholders of the Company ("**Shareholders**"). Please refer to paragraph 5 of this announcement for further details.

3. INDEPENDENT VALUATION

The Company had appointed BDO Advisory Pte. Ltd., an independent valuer ("**Independent Valuer**") to estimate the indicative value range of 27.4% shareholding (39,500 shares) in PTG as at 28 February 2023 (the "**Valuation Date**"). Based on the preliminary indicative range issued by the Independent Valuer, the indicative value range of the 27.4% shareholding in PTG is estimated to be from US$3.8 million to US$4.1 million as at the Valuation Date. The indicative range was estimated using the income approach. The Independent Valuer had also adopted the market approach to cross-check the indicative equity value range of PTG by referring to the price to

earnings multiples of comparable companies. A valuation summary letter will be included in the Circular (as defined) to be released to Shareholders in due course.

4. RATIONALE FOR THE PROPOSED ACQUISITIONS

4.1 The primary objectives of the Proposed Acquisitions are as follows:

(a) to resolve the Loan owed by Azmil to the Company. By accepting the transfer of PTG shares and SK shares held by Azmil as full and final settlement of the Loan, the Company will ensure that the debt is settled without the need for further legal action, minimising potential losses associated with bad debts;

(b) the Proposed Acquisitions would assist the Company in obtaining a larger ownership stake in PTG. This increased ownership may come with greater involvement in strategic decisions and direction of PTG; and

(c) enabling PTG to gain easier access to working capital, improving its borrowing capacity, streamlining its asset sales, which, in turn, benefits the Company as a shareholder.

5. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL

5.1 The relative figures in relation to the Proposed Acquisitions computed on the applicable bases set out in Rule 1006 of the Listing Manual and based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2022 ("**FY2022**") are set out below:

Rule 1006	Bases	Relative Figures (%)[1]
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable[2]
(b)	Net profit attributable to the assets acquired or disposed of, compared with the Group's net profits.	94.73%[3]
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	83.62%[4]
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable[5]
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable[6]

Notes:

(1) Percentage figures are rounded to the nearest two (2) decimal place.

(2) Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets.

(3) Computed based on the net profits attributable to (a) acquisition of 39,500 shares in PTG, representing 27.4% equity interest in PTG, of S$2,732,000 based on PTG's audited financial statements for FY2022; and (b) acquisition of 175,813,499 shares in SK, representing 2.34% equity interest in SK, of S$215,000,

based on SK's audited financial statements for FY2022. Accordingly, the net profits attributable to the Proposed Acquisitions is S$2,947,000, compared with the Group's net profits of S$3,111,000 in FY2022. The indicative exchange rates used for the computation are (i) USD 1: SGD 1.3413; and (ii) IDR 1: SGD 0.0000862, being the rates extracted from www.oanda.com as at 31 December 2022.

(4) Computed based on the consideration of S$13,056,000 (S$5,216,000 and S$7,840,000 being attributed to the acquisition of PTG and SK shares, respectively) and the Company's market capitalisation of S$15,614,000. For the purposes of computation, the price per PTG share used is US$ 99.65 as assessed by the Independent Valuer as at 28 February 2023; and the price per SK share used is based on the weighted average price of IDR 505 per share as at 23 June 2023, being the market day immediately preceding the date of the Principal Agreement.

The Company's market capitalisation is calculated by multiplying the 140,667,484 shares by the weighted average price of S$0.111 per share as at 23 June 2023, being the market day immediately preceding the date of the Principal Agreement. The indicative exchange rates used for the computation of consideration are (i) USD 1: SGD 1.3251; and (ii) IDR 1: SGD 0.0000883, being the rates extracted from www.oanda.com as at 20 July 2023.

(5) This basis is not applicable as there will be no issuance of equity securities by the Company in relation to the Proposed Acquisitions.

(6) Not applicable, as there is no disposal of mineral, oil or gas assets.

5.2 Rule 1014 of the Listing Manual states, *inter alia*, that where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20.0%, the transaction is classified as a "major transaction" and must be made conditional upon approval by Shareholders in general meeting. The relative figures for the Proposed Acquisitions as computed on the bases set out in Rules 1006(b) and 1006(c) of the Listing Manual exceed 20.0%. As such, the Proposed Acquisitions will be classified as a "major transaction" for the purpose of Chapter 10 of the Listing Manual.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITIONS

6.1 The financial figures set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial performance of the Group after the Proposed Acquisitions. No representation is made as to the actual financial position and/or results of the Group after the completion of the Proposed Acquisitions.

The following financial effects of the Proposed Acquisitions are computed based on the following bases and assumptions:

(a) the financial effect on the net tangible assets ("**NTA**") per share is computed based on the assumption that the Proposed Acquisitions had been effected on 31 December 2022 (being the end of the latest audited financial year for the Group); and

(b) the financial effect on the earnings per share ("**EPS**") is computed based on the assumption that the Proposed Acquisitions had been effected on 1 January 2022 (being the beginning of the latest audited financial year for the Group).

NTA per share

Particular	Before the Proposed Acquisitions	After the Proposed Acquisitions
NTA (S$ '000)	64,846	64,962
Number of issued shares excluding treasury shares ('000)	140,667	140,667
NTA per share (cents)	46.10	46.18

EPS

Particulars	Before the Proposed Acquisitions	After the Proposed Acquisitions
Profit attributable to shareholders of the Company (S$ '000)	2,504	3,349
Weighted average number of issued shares excluding treasury shares ('000)	140,667	140,667
EPS (cents)	1.78	2.38

7. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Acquisitions. Accordingly, no service contract is proposed to be entered into between the Company and any such person in relation to the appointment as a Director, in connection with the Proposed Acquisitions.

8. CIRCULAR TO SHAREHOLDERS

The Company will convene an extraordinary general meeting ("**EGM**") to seek the approval of Shareholders for the Proposed Acquisitions. The circular containing *inter alia*, further information on the Proposed Acquisitions and enclosing the notice of EGM therewith, will be dispatched by the Company to Shareholders in due course ("**Circular**").

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings in the Company (if any), none of the Directors or controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the Proposed Acquisitions.

10. FURTHER ANNOUNCEMENTS

The Company will make such further announcements at the appropriate juncture as and when there are material developments in relation to the Proposed Acquisitions.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the (a) Principal Agreement; and (b) valuation report and valuation summary letter relating to the PTG shares, commissioned by the Independent Valuer as at Valuation Date shall be available for inspection during normal business hours for a period of three (3) months commencing from the date of this announcement at the registered office of the Company at 12 Chin Bee Drive, Singapore 619868. Please contact the management office email at FIshareholders_queries@federal-int.com.sg or office phone number +65 6747 8118 prior to making any visits to arrange for a suitable time slot for the inspection.

12. CAUTION IN TRADING

Shareholders and potential investors of the Company are advised to read this announcement and the other announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company, which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board
FEDERAL INTERNATIONAL (2000) LTD.

Mr Koh Kian Kiong
Executive Chairman and Chief Executive Officer
27 July 2023

About Federal International (Bloomberg Code: FEDI SP)
Established in 1974 and listed on the mainboard of the Singapore Stock Exchange in 2000, Federal International (2000) Limited ("**Federal**" and together with its subsidiaries, the "**Group**"), is an integrated service provider and procurement specialist in the oil and gas and energy industries. The Group's main trading business contributes over 90% of total turnover.

The Group's strategy for sustainable growth of the trading business is through forming strategic partnerships. One such partnership is with PT Gunanusa Utama Fabricators ("**PTG**"). PTG is an established EPCIC contractor and its customers include oil majors such as TOTAL, Petronas, ONGC, Pertamina and PTTEP. The Group provides procurement services to PTG for the projects secured by PTG.

In addition, the Group has a design and manufacturing facility located in Scotland, the United Kingdom. The facility is American Petroleum Institute (API) Q1, Spec 6D, ISO 9001:2015 and Pressure Equipment Directive 97/23/EC (PED) certified. Products manufactured also meet the Safety Integrity Level (SIL) Qualification independently certified by Exida.

The Group also owns a floating, storage and offloading ("**FSO**") vessel through its 30% interest in an associate. The FSO is chartered to PT Pertamina Hulu Energi OSES. The Group has a 1,200 HP American built land drilling rig. The Group also operates an industrial tap water plant in the People's Republic of China under a 30-year Build, Operate and Transfer agreement with the local Xinjin District, Chengdu government.