



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

REPLY TO SGX QUERIES REGARDING THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Board of Directors of Federal International (2000) Ltd (the “**Company**”) and together with its subsidiaries, (the “**Group**”) refers to the following queries raised by the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 6 May 2020 and would like to provide additional information in relation to the Company’s Annual Report for the financial year ended 31 December 2019 (“**FY2019 Annual Report**”), as follows:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), the provision from which it had varied, an explanation for the reason for variation, and an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

SGX-ST’s Query 1: We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your FY2019 Annual Report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

The Company's response:

The Board comprises seven Directors, four of whom are Independent Directors. As the majority of the Board is comprised of Independent Directors, there is a strong independent element on the Board to ensure that it is able to exercise objective and independent judgment on corporate affairs. No individual or group of individuals dominates the Board’s decision-making. The independence of each Independent Director is assessed annually by the Nominating Committee (“**NC**”). All the Independent Directors are required to declare and confirm his or her independence via a written declaration which will then be assessed by the NC. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors’ independent business judgement with a view to the best interest of the Company. In addition, for Independent Directors whose tenure had exceeded nine years from the date of his/her first appointment, their independency had been subjected to a rigorous review by the NC. The Board is also in the process of implementing tenure or term limits.

The Company recognises the importance and benefits of having a diverse board to enhance the quality of its performance. Currently, the Board comprises suitably qualified directors with a good balance across different genders, age groups and possessing different skill sets, experience and qualifications. The expertise of the current set of Directors includes accounting and finance, legal and regulatory matters, risk management, business and management experience and industry knowledge. The Board, with the concurrence of the NC, had reviewed and considered the size and mix of the Board and the Board Committees annually and is of the view that the current Board

composition provides an appropriate balance and diversity of relevant gender, skills, experience and expertise required for effective management of the Group.

The Company had also disclosed in its FY2019 Annual Report from page 42 to page 45, under Principle 4, on the processes for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

The evaluation of the suitability of candidates is based on the candidates' skill set, qualification, competency, integrity, and the ability to devote time to the affairs of the Company in meeting the business needs and corporate objectives of the Group.

Based on the foregoing, whilst the Company does not have an articulated diversity policy, it is evident that the Board is diverse in terms of skills, experience and expertise required for effective management of the Group. The NC will continue to assess on an annual basis the diversity of the Board and to ensure that the diversity would be relevant to the business of the Group.

SGX-ST's Query 2: We note that the Company had not complied with Provision 8.2 of the Code with regards to the disclosure for the names and remuneration of employees who are substantial shareholders of the company and whose remuneration exceeded S\$100,000, and there were no explanations provided for in your FY2019 Annual Report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

The Company's response:

The Executive Directors of the Company are Mr Koh Kian Kiong, Ms Maggie Koh and Mr Don Koh. Ms Maggie Koh is the daughter of and Mr Don Koh is the son of Mr Koh Kian Kiong respectively. Mr Koh Kian Kiong is the Group Chairman, CEO and a substantial shareholder of the Company.

Save for the above, there is no employee of the Company who is a substantial shareholder of the Company, whose remuneration exceeded S\$100,000 during FY2019.

By order of the Board
Mr Koh Kian Kiong
Executive Chairman and Chief Executive Officer
Date: 8 May 2020

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 water plant in the People’s Republic of China under a 30-year Build, Operate and Transfer agreement with the local Xinjin county government.

