



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

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## PROPOSED DISPOSAL OF A SINGAPORE PROPERTY BY A WHOLLY-OWNED SUBSIDIARY

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### 1. INTRODUCTION

#### 1.1 The Proposed Disposal

The Board of Directors of Federal International (2000) Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, Federal Hardware Engineering Co Ltd (“**Federal Hardware**”), has on 3 January 2022, entered into a sale and purchase agreement (“**SPA**”) with United Machinery & Trading Pte. Ltd., an independent third party, (the “**Purchaser**”), in relation to the disposal of the property at Lot 1383C of Mukim 7 and known as 11 Tuas Avenue 1 Singapore 639496 (the “**Property**”), upon the terms and conditions set out in the SPA (the “**Proposed Disposal**”).

The Proposed Disposal will constitute a major transaction under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Listing Manual**”).

Accordingly, the Proposed Disposal is subject to the approval of the shareholders of the Company (“**Shareholders**”) under Rule 1014 of the Listing Manual by way of an ordinary resolution. The Company will be applying for a waiver from compliance with Rule 1014(2) of the Listing Manual (the “**Waiver**”) in relation to the Proposed Disposal, in lieu of seeking approval of its Shareholders for the Proposed Disposal at an extraordinary general meeting (“**EGM**”) to be convened.

#### 1.2 Information on the Property

Federal Hardware is the registered owner of the Property. The Property has a lease of 22 years commencing from 16 November 2012. The Property is a factory with a land area of approximately 4,701.40 square meters was being used for the purpose of storage of valves and partially rented out.

#### 1.3 Information on the Purchaser

The Purchaser is a company incorporated in Singapore and is principally engaged in the business of servicing, repair and installation of construction equipment.

### 2. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

#### 2.1 Consideration and Valuation

The consideration of the Proposed Disposal is **S\$4,030,000** (exclusive of prevailing goods and services tax (“**GST**”)) (the “**Consideration**”).

For the purposes of the Proposed Disposal, the Company commissioned TEHO Property Consultants Pte. Ltd. (“**TEHO**”), an independent valuer, to perform a valuation on the Property. Based on the valuation conducted by TEHO on 29 October 2021 (the “**Valuation**”), the value of the Property is approximately S\$4,100,000. The “Comparable Sales” method has been adopted as the basis of valuation, whereby a comparison is made with recent transactions of similar properties within the vicinity, and adjustments are made for differences in location, land area, land shape, floor area, age, condition, floor loading, ceiling height, tenure, design and layout, dates of transaction and the prevailing economic conditions affecting the property market.

The Consideration, which was determined at arm’s length on a willing buyer-willing seller basis, was arrived at taking into account the Valuation and the prevailing economic conditions.

As at the date of this announcement, a sum of S\$40,300 has been paid by the Purchaser to Federal Hardware as the Option fee (“**Option Fee**”).

The Consideration shall be paid by the Purchaser in the following manner:

- (a) to the CVY account of Federal Hardware’s solicitors, the sum of S\$161,200 equivalent to five per cent (5%) of the Consideration less the Option Fee shall be paid by way of deposit and to account of the Consideration upon signing of the SPA (the “**Deposit**”);
- (b) to Federal Hardware, the sum of S\$14,105, being the GST payable on the Deposit shall be paid upon signing of the SPA; and
- (c) to Federal Hardware, the balance of the Consideration together with the prevailing GST shall be paid upon completion of the Proposed Disposal under the SPA (“**Completion**”).

## 2.2 Conditions Precedent

Completion of the Proposed Disposal is conditional upon, *inter alia*, the following salient conditions being satisfied:

- (a) the approval of the Shareholders for the sale and purchase of the Property on the terms and conditions set out in the SPA; and
- (b) the in-principle approval from the Jurong Town Corporation (“**JTC**”) for Federal Hardware to sell and the Purchaser to purchase the Property (the “**In-Principle Approval**”) and where applicable, the relevant governmental authorities (collectively, the “**Authority**”) required by the JTC for:
  - i. the sale of the Property by Federal Hardware to the Purchaser; and
  - ii. the use of the Property for “servicing, repair and installation of construction equipment”; and
- (c) the JTC Final Approval (as defined below) having being obtained.

If the conditions precedent above are not fulfilled by the expiry of nine (9) months from the date of the SPA (or such extended date as the parties may mutually agree), the sale and purchase of the Property may be rescinded at the option of either party, provided that such party is not in default of any of the terms and conditions of the SPA and had previously served a 21-day notice of its intention to do so in writing.

In the event that the sale and purchase of the Property is rescinded, Federal Hardware shall refund the Deposit and goods and services tax thereon paid by the Purchaser, in exchange for the return to Federal Hardware of all the documents of title to the Property and withdrawal of the Purchaser’s and mortgagee’s caveats (if any).

## 2.3 Completion

Subject to the provisions of the SPA, the sale and purchase shall be completed:

- (a) on the date falling on the expiry of four (4) weeks from the date that JTC gives written confirmation that it has no objection to the execution of the assignment or instrument of transfer, or such other confirmation of similar nature (the “**JTC Final Approval**”) for the sale and purchase of the Property; or
- (b) (where an environmental baseline study or any remediation or decontamination works is/are required or the removal of unauthorised additions and alterations are required by JTC) on the date falling four (4) weeks from the date of JTC’s written confirmation that the parties may

proceed to complete the sale and purchase of the Property; or

- (c) on the date falling on the expiry of four (4) weeks from the date that the approval of Shareholders and the approval and consents of any regulatory authorities (where necessary) is obtained, for the sale of the Property; or
  - (d) on the date falling on the expiry of nine (9) months from the date of the SPA; or
  - (e) such other date as both Federal Hardware and the Purchaser may mutually agree,
- whichever shall be the latest (the “**Completion Date**”).

#### 2.4 Taxes

The Consideration and other sums (if any) payable by the Purchaser in connection with the Proposed Disposal shall be exclusive of any applicable goods and services tax, imposition, duty and levy whatsoever which may from time to time be imposed or charged or increased before, on or after the date of the SPA by any government, statutory or tax authority.

#### 2.5 State and Condition

The Property will be sold on an “as is, where is” basis as at the date of the SPA and as at the Completion Date, with existing tenancy, provided always that in the event the tenancy is terminated on or before the Completion Date, the Purchaser shall accept vacant possession of the Property at Completion.

The Property is sold subject to:

- (a) any scheme, layout, proposal, backlane, road widening, drainage reserve, reserve, reserve line, matter or thing embodied as shown in the General Improvement Plan, the Master Plan, the Road Line Plan, the Railway Protection Plan, the Drainage Interpretation Plan, the Sewerage Interpretation Plan and all proposed amendments or additions thereto;
- (b) all road and backlane reserve widening proposals or schemes (whether adopted safeguarded or otherwise) and all drainage reserve widening proposals or schemes affecting the Property regardless of whether such reserve widening proposal or scheme is to be implemented presently or only if there is redevelopment of the Property; and
- (c) the use of the Property as currently approved by the relevant competent authorities,

whether such scheme layout matter thing road reserve drainage reserve proposal scheme notices charges demands orders and claims are made imposed, levied or served before on or after the date of the SPA.

### 3. **RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS**

The Property has been mortgaged to United Overseas Bank Limited (“**UOB**”) under a mortgage executed by Federal Hardware in favour of UOB (“**Mortgage**”). The Property is currently not being used by the Group, as the Group has consolidated its operations and warehousing into its current premises at Chin Bee Drive since November 2021. The Board believes that the Proposed Disposal is in the best interests of the Group and Shareholders, as it will allow the Group to realise its non-core asset, redeem the Mortgage over the Property and improve the liquidity of the Group.

The Group estimates that there will be net proceeds of approximately **S\$3,987,000**, arising from the Proposed Disposal, being the Consideration less estimated transactional expenses, of approximately **S\$43,000** (“**Net Proceeds**”). The Net Proceeds shall be used to discharge the Mortgage and for general working capital of the Group.

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

4.1 The relative figures in relation to the Proposed Disposal computed on the applicable basis set out in Rule 1006 of the Listing Manual and based on the latest unaudited consolidated financial statements of the Group for the financial period ended 30 June 2021 (“**HY2021**”) are as follows:

Rule 1006	Listing Rule	Relative Figures (%)
(a)	The 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.	7.25% <sup>(1)</sup>
(b)	The net profits / losses attributable to the assets acquired or disposed of, compared with the group's net profits / losses.	19.08% <sup>(2)</sup>
(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.	27.03% <sup>(3)</sup>
(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.	N/A <sup>(4)</sup>
(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.	N/A <sup>(5)</sup>

**Notes:**

- (1) Computed based on the net asset value of the Property of S\$4,440,000 and net asset value of the Group of S\$61,258,000 as of 30 June 2021.
- (2) Computed based on the net losses attributable to the Property of S\$132,000 for HY2021 pertaining to rental income net of depreciation expenses and related cost and net losses of the Group of S\$692,000 for HY2021.
- (3) Computed based on Consideration of S\$4,030,000, and the Company's market capitalisation of S\$14,911,000. The Company's market capitalisation is determined by multiplying the 140,667,484 shares by the volume weighted average price of S\$0.106 on 31 December 2021, being the last traded market day immediately preceding the date of the SPA.
- (4) This basis is not applicable as there will be no issuance of equity securities by the Company in relation to the Proposed Disposal.
- (5) This basis is not applicable as the Proposed Disposal is not of mineral, oil or gas assets.

4.2 Pursuant to Rule 1014 of the Listing Manual, where any of the relative figures as computed on the bases set out in Rule 1006 exceeds 20%, the transaction is classified as a major transaction which must be made conditional upon approval by Shareholders in general meeting. Accordingly, the Company will be convening an EGM to obtain the approval of Shareholders for the Proposed Disposal unless such requirement is waived by the SGX-ST.

## 5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

- 5.1 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 Disposal. No representation is made as to the actual financial position and/or results of the Group after the completion of the Proposed Disposal.

The following financial effects of the Proposed Disposal 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 Disposal had been effected on 31 December 2020 (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 Disposal had been effected on 1 January 2020 (being the beginning of the latest audited financial year for the Group).

### NTA per Share

	<b>Before Proposed Disposal</b>	<b>After Proposed Disposal</b>
NTA (S\$'000)	61,473	61,628
Number of issued Shares excluding treasury shares ('000)	140,667	140,667
NTA per Share (cents)	43.70	43.81

### EPS

	<b>Before Proposed Disposal</b>	<b>After Proposed Disposal</b>
(Loss) / Profit attributable to Shareholders of the Company (S\$'000)	(5,014)	(5,746)
Weighted average number of issued Shares excluding treasury shares ('000)	140,667	140,667
EPS (cents)	(3.56)	(4.08)

### 5.2 Book Value of the Property

Based on the Group's latest unaudited consolidated financial statements for HY2021, the book value of the Property is approximately S\$4,484,000.

### 5.3 NTA of the Property

Based on the Group's latest unaudited consolidated financial statements for HY2021, the NTA value of the Property is S\$4,440,000.

### 5.4 Net Loss Attributable to the Property

Based on the FY2020 financial statements, the net loss (before tax) attributable to the Property for FY2020 is approximately S\$262,000.

## 5.5 Deficit of Consideration over Book Value

Based on the book value of the Property as set out in paragraph 5.2 above, there is a deficit of approximately S\$454,000 of the Consideration over the said book value.

## 6. **EXTRAORDINARY GENERAL MEETING AND SHAREHOLDERS' CIRCULAR**

As stated in paragraph 4.2, the Company intends to convene an EGM to seek Shareholders' approval for the Proposed Disposal unless such requirement is waived by the SGX-ST. The circular containing further details of the Proposed Disposal, as well as a notice of the EGM in connection therewith, will be despatched to Shareholders in due course, if required.

## 7. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

As of the date of this announcement, none of the Directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Disposal.

## 8. **NO SERVICE AGREEMENT**

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

## 9. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts on the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## 10. **DOCUMENTS FOR INSPECTION**

Copies of the SPA and the Valuation report are 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. Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact the management office email at [Fshareholders\\_queries@federal-int.com.sg](mailto:Fshareholders_queries@federal-int.com.sg) prior to making any visits to arrange for a suitable time slot for the inspection.

## 11. **CAUTIONARY STATEMENT**

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

Mr Koh Kian Kiong  
Executive Chairman and Chief Executive Officer  
Date: 3 January 2022

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**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.