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

ENTRY INTO PRINCIPAL AGREEMENT
FOR
ACQUISITION AND THE RESTRUCTURING OF PT GUNANUSA UTAMA FABRICATORS

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**") wishes to announce that the Company had on 26 June 2023, entered into a principal agreement for the purposes of finalising and facilitating the two key transactions below (the "**Principal Agreement**"):

(a) Sale and Purchase Transaction:

The Principal Agreement contemplates a sale and purchase of shares in PT. Gunanusa Utama Fabricator ("**PTG**") (the "**Share Sale & Purchase**") among the following parties (each, together with the Company, referred to herein as a "**Party**" and collectively, the "**Parties**"):

(i) Pak Azmil Rahman ("**Azmil**"), MA Anshori A Djabbar ("**MA Anshori**"), Aria Adiputra, acting for and on behalf of Nani Yurniati Taufik, Reny Anggraeni, Aria Adiputra, Dian Adriani, the heirs of the late Mr. Iman Taufik ("**Iman Taufik and Family**"), Globrant Investment Inc ("**Globrant**"), Ir Darpin Manggus ("**Darpin**"), acting for and on behalf of other PTG's shareholders other than the abovementioned (Azmil, MA Anshori, Iman Taufik and Family, and Darpin collectively the "**Vendors**"); and

(ii) PT Superkrane Mitra Utama Tbk. ("**SK**" or the "**Purchaser**").

(b) Loan Settlement Transaction:

The Principal Agreement also contemplates a loan settlement between Azmil and the Company, whereby Azmil, as full and final settlement of an outstanding loan of S$13,021,740 (the "**Loan"**) to the Company, shall transfer to the Company (i) the remaining PTG shares held by him after the Share Sale & Purchase, and (ii) all SK shares held by him pursuant to the Share Sale & Purchase,

((a) and (b) above, collectively referred to herein as the "**Transactions**" and each a "**Transaction**").

1.2 The Principal Agreement is binding as to the commercial terms set out therein, insofar as the commitment by the Parties to consummate the transactions contemplated therein is subject to the completion of legal review by counsels from Singapore, Malaysia, and Indonesia (as the case may be) to be compliant with relevant regulations, and subject to negotiation and execution of:

(a) a Deed of Sale and Purchase Agreement in respect of the Consideration Shares (as defined below);

(b) the Azmil Share Pledge (as defined below);

(c) a Loan Settlement Deed between Azmil and the Company; and

(d) any other ancillary agreements as may be required arising out of or in connection with the Transactions,

(collectively, the "**Definitive Agreements**") in the form and substance satisfactory to the Parties.

2. INFORMATION ON PTG

2.1 PT. Gunanusa Utama Fabricator ("**PTG**") is a limited liability company incorporated in Indonesia, with an issued and paid-up capital of USD 21,606,600 comprising 144,066 ordinary shares. As at the date of this Announcement, the Vendors are the legal and beneficial owners of 140,346 ordinary shares, representing approximately 97.42% of PTG's share capital (the remaining 2.58% being held by the Company).

2.2 PTG primarily operates in the oil and gas sector, specializing in fabrication of offshore platforms, container cranes, boilers, pressure vessels, and providing engineering, procurement, construction, fabrication, and installation services. Its customer base spans across Southeast Asia.

2.3 Upon the completion of the Transactions, it is anticipated that PTG will be collectively owned by:

(a) the Company, being the legal and beneficial owner of 43,220 ordinary shares, representing approximately 30.00% of PTG's share capital; and

(b) SK, being the legal and beneficial owner of 100,846 ordinary shares, representing approximately 70.00% of PTG's share capital.

Federal is the exclusive procurement agent of PTG.

3. INFORMATION ON SK

PT Superkrane Mitra Utama Tbk. ("**SK**") is a company listed on the Indonesia Stock Exchange with ticker symbol SKRN. Established in 1996 and headquartered in Jakarta – Indonesia, SK specializes in the supply and rental of heavy lifting equipment and provide lifting & rigging solutions for the construction / infrastructure, maintenance, mining & petrochemical industry.

4. PRINCIPAL TERMS SET OUT IN PRINCIPAL AGREEMENT

The principal terms of the Principal Agreement are set out below.

4.1 Transaction Details

Share Sale & Purchase:

Azmil shall sell 50,586 PTG shares, while the other Vendors shall sell all their shares in PTG (collectively, the "**Sale Shares**") to SK. The consideration for the Sale Shares belonging to the Vendors except the other shareholders represented by Darpin (the "**Non-Cash Sale Shares**") shall be calculated at a price per PTG share of USD142.30 (equivalent to IDR 2,134,500 using a pre-agreed exchange rate of USD1 : IDR15,000), and shall be paid by SK to the respective Vendor by way of a promissoary note (each, a "**Promissory Note**"). The Parties agree that the Promissory Notes shall be used to purchase treasury shares of SK ("**Consideration Shares**"). The price per Consideration Share shall be approximately IDR 500, subject to the regulatory requirement relating to the sale of the Consideration Shares, which shall be the higher of:

(a) the closing price of SK shares on the day prior to the Transaction date; and

(b) the 90 days average price prior to theTransaction,

provided that the price per SK share shall not exceed the range of IDR480 to IDR520 at any time.

The consideration for the Sale Shares belonging to other shareholders represented by Darpin (the "**Cash Sale Shares**") shall be calculated at a price per PTG share of IDR1,800,000, and shall be paid by SK to the respective Vendors in cash.

Loan Settlement:

Following the Share Sale & Purchase, Azmil will transfer to the Company, as full and final settlement of the Loan: (a) the remaining 39,500 ordinary shares held by Azmil in PTG; and (b) either the Promissory Note or all the SK treasury shares held by Azmil following his purchase of the Consideration Shares using the Promissory Note (as the case may be).

Share Pledge:

To facilitate the transfer of all Consideration Shares held by Azmil to the Company as part of the Loan settlement, a share pledge shall be entered into between Azmil (as pledger) and the Company (as pledgee) (the "**Azmil Share Pledge**"). The Azmil Share Pledge will cover all Consideration Shares prior to said transfer, allowing the Company the time to procure necessary relevant approvals (governmental or otherwise) to consummate said transfer.

Moratorium:

Both the Company and the Vendors (excluding Azmil) will be subject to a moratorium on the sale of the Consideration Shares. During the moratorium period, they will not be entitled to sell any of their respective Consideration Shares. The moratorium will be in effect for the periods: (a) for the first 50% of their respective Consideration Shares, 12 months from the date of the completion of the purchase of the Consideration Shares; and (b) for the remaining 50%, 18 months from the purchase of the Consideration Shares.

4.2 **Conditions Precedent**

Completion of the Transactions is subject to customary conditions precedent, including but not limited to:

(a) all approvals, waivers or consents under all applicable laws and regulations or otherwise (including but not limited to the Listing Manual) and any requirements by the SGX-ST or otherwise being obtained;

(b) if required, approval of shareholders of the relevant Parties for the performance of all of their obligations under the Definitive Agreements and all transactions contemplated thereunder being obtained; and

(c) the representations and warranties provided by Azmil, the Vendors and SK (as the case may be) in the Definitive Agreements remaining true and accurate in all respects and not misleading in any respect.

4.3 **Undertakings and Other Conditions**

(a) PTG undertakes that the Company shall remain the exclusive procurement agent for PTG.

(b) Following the completion of the Share Sale and Purchase ("**Share S&P Completion**"), PTG undertakes to fulfil its obligation to repay the debts of old trade & non-trade balances due to Federal Hardware Engineering Co Pte. Ltd. and PT Fedsin Rekayasa Pratama over the next five (5) years following the Share S&P Completion.

(c) SK undertakes that if any amounts owing to Federal Hardware Engineering Co Pte. Ltd. and/or PT Fedsin Rekayasa Pratama remain outstanding at the end of Year 5, such amount shall be attributed as a shareholder's loan provided by the Company to PTG. In return, SK shall inject an amount equivalent to its pro rata shareholding proportion to PTG's shareholding as SK's shareholder's loan.

(d) Following Completion of the Vendors' Share Sale & Purchase and the execution of the Azmil Share Pledge, SK will undertake to release Dato Wan Ariff Bin Wan Hamzah from his personal guarantee at Bank Mandiri. If a corporate guarantee is required, it shall be provided by SK and the Company on a joint and several basis in accordance with their respective shareholding proportion.

4.4 **Longstop Date**

The Share S&P Completion shall take place on 26 June 2023, and in any event no later than 30 June 2023, unless otherwise mutually agreed by the Parties.

4.5 **Termination**

The Principal Agreement will terminate on the earlier of:

(a) the date on which the other Parties receive a written notice, with a minimum of three (3) days' notice period, indicating a Party's intention to terminate the Principal Agreement; and

(b) the date on which the Definitive Agreements are executed.

4.6 **Governing Law**

The Principal Agreement shall be governed by and construed in accordance with the laws of Indonesia.

5. RATIONALE FOR THE PROPOSED TRANSACTIONS

5.1 The primary objectives of the Transactions are as follows:

(a) resolving PTG's long overdue trade and non-trade debt owed to the Company and addressing the Company's ongoing arrangements to provide financial support to PTG;

(b) settlement of the Company's Loan to Azmil, which remains outstanding. In connection thereto, the ordinary shares in PTG that were pledged by Azmil for the Loan will be unencumbered; and

(c) alleviating PTG's challenge in securing financing and working capital from banks due to the encumbrance over its shares.

5.2 The Proposed Transactions, if proceeded with, will improve the position of PTG to obtain loans for its business, which will improve its future prospects for long term growth and enhance shareholder value. It will also assist the Company in expanding its presence in Indonesia through enhanced collaboration with PTG.

6. 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 Transactions.

7. FURTHER ANNOUNCEMENTS

The Company will make such further announcements at the appropriate juncture, upon the execution of the Definitive Agreements and as and when there are material developments in relation to the Transactions, including all relevant information as may be required pursuant to Chapter 10 of the Listing Manual.

8. 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.

9. DOCUMENTS FOR INSPECTION

A copy of the Principal Agreement is 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.

10. 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
FEDERAL INTERNATIONAL (2000) LTD.

Mr Koh Kian Kiong
Executive Chairman and Chief Executive Officer
26 June 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.