

FEDERAL INTERNATIONAL (2000) LTD

(Company Registration No.: 199907113K)
(Incorporated in the Republic of Singapore)

THE PROPOSED CONSOLIDATION OF EVERY TEN (10) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE, INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

- 1.1 The board of directors (the “**Directors**”) of Federal International (2000) Limited (the “**Company**”) refer to the announcements dated 2 March 2015, 13 March 2015, 17 March 2015, and 8 April 2015.
- 1.2 Further to the announcement dated 8 April 2015, the share price of the Company has stabilised and the Directors wish to announce that the Company proposes to undertake a share consolidation (the “**Proposed Share Consolidation**”) of every ten (10) existing issued ordinary shares in the capital of the Company (the “**Shares**”) registered in the name of each shareholder of the Company (the “**Shareholder**”) as at a books closure date to be determined by the Directors (the “**Books Closure Date**”) into one (1) consolidated share (the “**Consolidated Share**”).

2. RATIONALE

- 2.1 The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders. The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares outstanding, and the average trading price per Consolidated Share should theoretically be proportionally higher than the average trading price per Share prior to the Proposed Share Consolidation. This may reduce the fluctuation in magnitude of the Company's market capitalisation and the percentage transaction cost for trading in each board lot of Consolidated Shares.
- 2.2 Further, the Monetary Authority of Singapore and the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) have introduced a minimum trading price of S\$0.20 (the “**Minimum Trading Price**”) as a continuing listing requirement for issuers listed on the mainboard of the SGX-ST. The Minimum Trading Price has been implemented with effect from 2 March 2015 with a one-time transition period of 12 months. Any issuers that fail to fulfil the Minimum Trading Price requirement at the first review date on 1 March 2016, or any of the subsequent quarterly reviews will be placed on the SGX watch-list. If said issuers fail to take remedial actions during a cure period of 36 months, they may be delisted from the mainboard of the SGX-ST. The Proposed Share Consolidation will facilitate Company's compliance with the Minimum Trading Price.
- 2.3 Shareholders should note, however, that there can be no assurance that the Proposed Share Consolidation will achieve the desired results as stated in paragraph 2 herein, nor is there assurance that such results (if achieved) can be sustained in the longer term.

3. DETAILS

- 3.1 Under the Proposed Share Consolidation, every ten (10) Shares registered in the name of each Shareholder as at the Books Closure Date for the Proposed Share Consolidation will be consolidated into one (1) Consolidated Share.
- 3.2 **Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Shares as at the Books Closure Date for Proposed Share Consolidation, will be ROUNDED DOWN TO THE NEAREST WHOLE CONSOLIDATED SHARES AND ANY FRACTIONS OF CONSOLIDATED SHARES ARISING FROM THE PROPOSED SHARE CONSOLIDATION WILL BE DISREGARDED. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (i) disregarding, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company.**
- 3.3 Each Consolidated Share will rank pari passu in all respects with each other, and will be traded in board lots of one hundred (100) Consolidated Shares. As at the date of this Announcement, the Company has an issued share capital of 1,407,675,433 Shares. Following the completion of the Proposed Share Consolidation, the Company will have a theoretical maximum issued share capital of 140,767,543 Consolidated Shares.
- 3.4 The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the equity of the Company and its subsidiaries.
- 3.5 Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation is not expected to cause any changes to the percentage shareholding of each Shareholder in the Company, other than non-material changes due to rounding and the disregard of fractional entitlements as stated in paragraph 3.2.
- 3.6 Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at an extraordinary general meeting ("**EGM**"), Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date for Proposed Share Consolidation.

4. APPROVALS

- 4.1 The Proposed Share Consolidation is subject to, *inter alia*:
- (a) the SGX-ST's approval for the listing of and quotation for the Consolidated Shares on the SGX-ST; and
 - (b) the Shareholders' approval for the Proposed Share Consolidation being obtained at an EGM of the Company to be convened.
- 4.2 An application will be made to the SGX-ST for permission for the listing of and quotation for the Consolidated Shares on the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

5. CIRCULAR

- 5.1 Subject to approval from SGX-ST, a circular setting out, amongst other things, details of the Proposed Share Consolidation and enclosing a notice convening an EGM to seek Shareholders' approval of the Proposed Share Consolidation, will be despatched to Shareholders in due course.
- 5.2 Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. They should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors if they have any doubts about the action they should take.

BY ORDER OF THE BOARD OF DIRECTORS

Koh Kian Kiong
Executive Chairman and Chief Executive Officer
22 June 2015