

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

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**PROPOSED PLACEMENT OF 62,964,665 NEW ORDINARY SHARES IN THE  
CAPITAL OF FEDERAL INTERNATIONAL (2000) LTD (THE “COMPANY”)  
(THE “PLACEMENT”)**

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**1. INTRODUCTION**

The Directors of the Company are pleased to announce that the Company has on 18 March 2010 entered into a Subscription Agreement with Fame Asia Limited (Certificate of Incorporation No: 1570840) a company incorporated under the laws of British Virgin Islands with registered office at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (the “**Subscriber**”) for the subscription of 62,964,665 new ordinary shares in the capital of the Company (the “**Placement Shares**”) at the placement price of S\$0.144 per Placement Share (the “**Placement Price**”).

The Placement Price represents a 20% discount from the volume weighted average price of S\$0.180 for the trades done on the Official List of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 18 March 2010, being the full market day on which the Subscription Agreement is signed.

DMG & Partners Securities Pte Ltd has been appointed as the financial advisor for the Placement.

**2. SUBSCRIPTION AGREEMENT**

**2.2 Placement Shares**

The Company has agreed to allot and issue, and the Subscriber has agreed to subscribe for 62,964,665 Placement Shares at the Placement Price of S\$0.144, subject to the terms and conditions of the Subscription Agreement.

The aggregate offer price of the Placement is S\$9,066,911.76 (“**Aggregate Placement Price**”).

The Placement Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with the shares existing as at the date of the allotment and issue of the Placement Shares.

**2.3 Conditions**

Completion of the Placement is conditional upon, *inter alia*:

- 2.3.1 delivery by the Company to the Subscriber, share certificates in respect of the Placement Shares in the name of the Subscriber, following the compliance by the Subscriber of its obligation under Clause 2.3.2 below;
- 2.3.2 the payment of the Aggregate Placement Price by the Subscriber on the Completion Date to the Company, and
- 2.3.3 the approval in principle for the listing and quotation of the Placement Shares on the Main Board of the SGX-ST being obtained and not being revoked or amended.

“Completion Date” shall mean three (3) Business Days from the date of receipt by the Company of the approval in principle from the SGX-ST for the listing and quotation of the new shares.

### **3. RATIONALE FOR THE PLACEMENT**

Mr. Leung Kwok Hung is the sole beneficial shareholder of the Subscriber. The Company is pleased to have, and warmly welcomes Mr. Leung as a strategic long-term investor, who has strong industry-wide business contacts. The Company expects to benefit from his advice and counsel in the development of the Company’s strategy for growth.

The Placement, when completed, will result in an injection of funds into the Company and consequently will increase its working capital in order to fund its existing business operations and future expansions.

### **4. MANDATE ON THE ISSUE OF PLACEMENT SHARES**

The new shares will be issued by the Company in compliance with the general Share issue mandate obtained pursuant to Section 161 of the Companies Act, Cap 50 and Rule 806 of the Listing Manual of the SGX-ST, at the last Annual General Meeting held on 30 April 2009, which still continues to be in force.

### **5. FINANCIAL EFFECTS**

As at the date of this announcement, the issued and paid up capital of the Company is S\$94,929,448 comprising 475,884,447 Shares. When allotted and issued in full, the Placement will increase the existing issued and paid-up share capital of the Company by S\$9,000,552 to S\$103,930,000, comprising 538,849,112 Shares.

The loss per Share (“LPS”) and the net asset value (“NAV”) per Share of the Company and its subsidiaries (the “Group”) based on the unaudited consolidated accounts of the Group as at 31 December 2009 announced on 1 March 2010 were 2.42 cents and 23.32 cents respectively. After adjusting for the issue of the Placement Shares, the LPS and NAV per Share of the Group will be 2.14 cents and 22.27 cents respectively.

## **6. USE OF PROCEEDS**

When allotted and issued in full, the estimated net proceeds from the Placement after deducting expenses incurred in connection with the Placement is expected to amount to approximately S\$9,000,000 and will be utilised by the Company for working capital and investment purposes.

The Company will make an announcement as to the use of the proceeds from the Placement as and when such proceeds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

## **7. GENERAL**

None of the Placement Shares will be placed with any person or groups of persons disallowed by the SGX-ST as set out under Rule 812 of the Listing Manual of the SGX-ST.

None of the Placement Shares will be placed with the Directors or substantial shareholders of the Company or any of their respective related parties.

None of the Directors of the Company have any interest, direct or indirect in the Placement. The Directors are not aware of any substantial shareholder of the Company having any interest, direct or indirect, in the Placement and has not received any notification of any interest in this transaction from any substantial shareholder.

The Placement would not result in any transfer of controlling interest in the Company.

The Company will be making an application to the SGX-ST for the listing and quotation of the Placement Shares on the Official List of the SGX-ST in due course and would make the necessary announcements once the approval in principle for the Placement has been obtained from the SGX-ST.

## **8. DIRECTOR'S RESPONSIBILITY STATEMENT**

The Directors (including any Director who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement and they jointly and severally accept responsibility accordingly.

**By Order of the Board**  
**Koh Kian Kiong**  
**Chief Executive Officer**  
18 March 2010