

**FEDERAL INTERNATIONAL (2000) LTD**  
**(Incorporated in Singapore)**  
**(COMPANY REGISTRATION NUMBER 199907113K)**

**PROPOSED SUBSCRIPTION OF 62,964,000 NEW ORDINARY SHARES IN  
THE CAPITAL OF FEDERAL INTERNATIONAL (2000) LTD (COMPANY  
REGISTRATION NUMBER 199907113K) AT THE PRICE OF S\$0.17 PER  
SHARE (THE "SUBSCRIPTION")**

**1. INTRODUCTION**

The Board of Directors ("**Directors**") of Federal International (2000) Ltd ("**Company**") wishes to announce that the Company has, on 22 January 2010 entered into a subscription agreement ("**Subscription Agreement**") with Chua Leong Hai, Chong Thim Peng, Chow Bon Tong, Ong King Sin, Chua Kian Lin, Phua Hua Seng, Chng Hee Kok, Sia Ling Sing and Law Yip (collectively the "**Subscribers**") for the issue and allotment by the Company to the Subscribers of an aggregate number of 62,964,000 new ordinary shares in the capital of the Company ("**Subscription Shares**") on the terms and subject to the conditions of the Subscription Agreement ("**Subscription**"). The subscription price for each of the Subscription Shares will be at S\$0.17 per Subscription Share ("**Subscription Price**").

**2. PROPOSED SUBSCRIPTION**

**2.1 Principal Terms of the Subscription**

Under the terms of the Subscription Agreement and subject to the condition precedents contained therein, the Subscribers agreed to subscribe for and the Company agreed to allot and issue to the Subscribers the Subscription Shares at the Subscription Price.

The Subscription Price amounts to a discount of approximately 19.81% to the volume weighted average price of S\$0.212 of the ordinary shares of the Company (the "**Shares**") traded on the SGX-ST for the market day on 21 January 2010, being the market day immediately preceding the execution of the Subscription Agreement.

The Subscription Shares will be allotted and issued to the Subscribers by the Company under the general mandate granted to the Directors to issue shares pursuant to the Shareholders' resolution passed at the Annual General Meeting of the Company held on 30 April 2009.

The Subscription Shares, when issued, represent approximately 13.23% of the issued share capital of the Company as at the date of this announcement and will represent approximately 11.68% of the enlarged issued share capital of the Company after the allotment and issue of the Subscription Shares. Upon allotment and issue, the Subscription Shares shall rank pari passu in all respects with the existing Shares.

The Subscription Agreement is conditional upon, inter alia, the approval in-principle from the SGX-ST for the listing and quotation of the Subscription Shares on the Official List of the SGX-ST.

## **2.2 Information on the Subscribers**

Mr. Chua Leong Hai is a Singapore citizen engaged in the construction business. Apart from the Subscription, Mr. Chua Leong Hai has had no previous business dealings with the Company.

Mr. Chong Thim Pheng is a Singapore citizen engaged in the hotel and property business. Apart from the Subscription, Mr. Chong Thim Pheng has had no previous business dealings with the Company.

Mr. Chow Bon Tong is a Singapore citizen engaged in the retail business. Apart from the Subscription, Mr. Chow Bon Tong has had no previous business dealings with the Company.

Mr. Ong Kin Sin is a Singapore citizen engaged in the construction business. Apart from the Subscription, Mr. Ong Kin Sin has had no previous business dealings with the Company.

Mr. Chua Kian Lin is a Singapore citizen engaged in the business of trading of auto spare parts. Apart from the Subscription, Mr. Chua Kian Lin has had no previous business dealings with the Company.

Mr. Phua Hua Seng is a Singapore citizen engaged in the business of trading in new and used cars. Apart from the Subscription, Mr. Phua Hua Seng has had no previous business dealings with the Company.

Mr. Chng Hee Kok is a Singapore citizen and CEO of HG Metal Manufacturing Ltd. Apart from the Subscription, Mr. Chng Hee Kok has had no previous business dealings with the Company.

Mr. Sia Ling Sing is a Singapore citizen engaged in the shipping business. Apart from the Subscription, Mr. Sia Ling Sing has had no previous business dealings with the Company.

Mr. Law Yip is a Singapore citizen and is a retiree. Apart from the Subscription, Mr. Law Yip has had no previous business dealings with the Company.

There is no specific reason for the Subscription apart from purely financial investment purposes and the Subscribers being willing investors in the Company.

### **2.3 Use of Proceeds**

The net proceeds from the Subscription, after deducting expenses in connection with the Subscription is estimated to be approximately S\$10.5 million.

The Company intends to use the net proceeds from the Subscription for its working capital purposes.

### **2.4 Working Capital**

The Directors are of the opinion that the Subscription will strengthen the balance sheet of the Company and its subsidiaries (the "**Group**") by improving the working capital of the Group.

Such improvement in working capital can be effected by reducing the Group's existing short-term credit and trade financing indebtedness.

### **2.5 Net Tangible Assets**

Based on the audited accounts of the Group as at 31 December 2008, the Subscription will decrease the net tangible assets per Share of the Group from 34.14 cents to 24.81 cents.

### **2.6 Issued and paid-up Share Capital**

When the Subscription is completed, the Subscription will increase the issued and paid-up share capital of the Company from S\$94.9 million to S\$105.4 million.

**3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors, and so far as the Directors are aware, none of the substantial shareholders of the Company, has any interest, direct or indirect, in the Subscription.

**4. COMPLIANCE WITH RULE 812(1) OF THE LISTING MANUAL**

The Subscription Shares will not be issued to any persons set forth in Rule 812(1) of the Listing Manual of the SGX-ST.

The Company will be submitting an application to the SGX-ST for the listing and quotation of the Subscription Shares.

Further announcements will be made on this matter as and when appropriate.

**By Order of the Board**

Khoo Eng Hock  
Group CFO/Company Secretary

22 January 2010