



FEDERAL INTERNATIONAL (2000) LTD

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NEWS RELEASE

FEDERAL INTERNATIONAL PLACES OUT 42 MILLION NEW SHARES TO STRATEGIC INVESTORS

28 December 2005, Singapore – Mainboard-listed Federal International (2000) Ltd ("Federal" or "the Company"), a distributor and provider of turnkey EPC (engineering, procurement & construction) solutions for the energy & infrastructure industries, is pleased to announce today that it has entered into a placement agreement with OCBC Securities Private Limited to place out 42 million new shares ("Placement Shares") at the placement price of S\$0.33 to strategic investors.

The new proceeds of approximately S\$13.44 million will be used to fund the company's acquisitions and/or investment in assets or businesses which are synergistic with the Group's business, as well as for working capital purpose.

Said Mr K.K. Koh, Federal's Executive Chairman and Chief Executive Officer: "This placement exercise will provide the Group with funds to pursue our next stage of growth. We believe our strategic investors will contribute to the growth of the Company."

The Placement Price of S\$0.330 for each Placement Share represents a discount of approximately 9.09% to the weighted average price of S\$0.363 of the Company's ordinary shares traded on the SGX-ST on the full day of 27 December 2005, being the market day immediately prior to the day the Placement Agreement was signed.

The Placement Shares represent approximately 19.97% of the issued share capital of the Company as at the date of this announcement. When completed, the Placement will increase the issued and paid-up share capital of the Company from 175,259,875 ordinary shares of S\$0.20 each to 217,259,875 ordinary shares of S\$0.20 each.

After adjusting for the issue of the Placement Shares, the net tangible asset of the Company (as at 31st December 2004), will be adjusted from 30.69 cents to 31.85 cents per share.

None of the Directors or substantial shareholders of the company has any interest, direct or indirect, in the above placement.

About Federal International (2000) Ltd

Federal is a value-added distributor and provider of turnkey EPC (engineering, procurement & construction) solutions for the energy & infrastructure industries. Currently, the group is principally involved in the distribution of flowline control products to the oil and gas, power, chemical and pharmaceutical industries.

Through its subsidiary Houston-based HP & T Products, Inc. and its strategic stakes in KVC Co., Ltd (Japan) and KVC (UK) Ltd -- companies which are involved in upstream activities such as research & development and, manufacturing of valves and valve-related equipment -- Federal is moving up the value chain as it aims to be an integrated service provider and procurement specialist in the energy and infrastructure industries.

Release issued on behalf of Federal International (2000) Ltd
by Aimpact Consultancy Pte Ltd

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