

FEDERAL INTERNATIONAL (2000) LTD

Company Registration No. 199907113K

DECREASE IN SHAREHOLDING IN FEDERAL OFFSHORE SERVICES PTE LTD

The Board of Directors of Federal International (2000) Ltd ("the Company") wishes to announce that the Company has disposed of a 20% stake in its joint venture company, Federal Offshore Services Pte Ltd ("FOS"), to its joint venture partner, Longzhu Oilfield Services Limited ("Longzhu").

The 20% stake disposed by the Company, equivalent to 1,390,000 shares in the share capital of FOS, had been acquired for a consideration of USD1,570,700. The said consideration, arrived at after arm's length negotiations on a willing-buyer, willing-seller basis, is based on the consolidated net tangible asset of FOS of US\$7,853,160 as at 30 November 2006.

Following the above transaction, the Company's shareholding in FOS would decrease from 80% to 60%. Longzhu's shareholding in FOS would increase from 20% to 40%.

The abovesaid transaction is not expected to have any material impact on the net tangible assets of the Company but is expected to have an impact on the earnings per share of the Company for the financial year ended 31 December 2006.

None of the directors or substantial shareholders of the Company has any direct or indirect interest in the above transaction.

By Order of the Board

Chng Geok
Director/Company Secretary

10 January 2007