

## **FEDERAL INTERNATIONAL (2000) LTD**

*Company Registration No. 199907113K*

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### **PARTIAL CONVERSION OF LOAN INTO SHARES IN KVC (UK) LTD**

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The Board of Directors of Federal International (2000) Ltd ("Company" or "FI") wishes to announce that the Company's wholly-owned subsidiary, Federal Hardware Engineering Co Pte. Ltd. ("Federal Hardware"), has exercised its option to convert part of a loan due from associate company, KVC Co Ltd ("KVC Co"), into 30,000 shares in the share capital of KVC (UK) Ltd ("KVC UK") and these shares would be transferred to FI. KVC UK is a subsidiary of FI.

Pursuant to a Loan Agreement dated 25 February 2000 between Federal Hardware and KVC Co, Federal Hardware could exercise the option of converting GBP30,000 of its loan due from KVC Co into 30,000 shares of GBP1 each in the share capital of KVC UK.

Following the said conversion and transfer, FI's shareholding in KVC UK would increase from 70% comprising 210,000 shares of GBP1 each to 80% comprising 240,000 shares of GBP1 each.

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

None of the Directors or substantial shareholders has any direct or indirect interest in the above contract.

By Order of the Board

Chng Geok  
Director/Company Secretary

22 June 2006