



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

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### **PRESS RELEASE**

## **FEDERAL'S SUBSIDIARY, FEDERAL ENVIRONMENTAL & ENERGY PTE LTD AND CONSORTIUM PARTNER CLINCH FIRST WASTE WATER TREATMENT PROJECT IN SICHUAN, CHINA**

- **This 27-year, 3-phase "Build, Own & Operate" Project is China's largest acidity waste water treatment plant to date**
- **Estimated annual revenue for Phase 1 is RMB 100 million**

Singapore, 7 April 2008 – SGX Mainboard-listed Federal International (2000) Ltd ("Federal" or the "Company"), an international integrated engineering and procurement specialist supporting the energy sector in the region, announced today that a consortium comprising the Company's 65%-owned subsidiary, Federal Environmental & Energy Pte. Ltd. ("FEE") and IESE Water (Asia) Pte Ltd ("IESE") has been awarded a Build, Operate and Own ("BOO") project from the the Sichuan PanZhiHua Vanadium-Titanium Industrial Park ("PZH Industrial Park") in the People's Republic of China ("PRC") to provide centralized waste water treatment services to the factories situated in the PZH Industrial Park (the "Project").

The Project, which entails three phases over a contractual period of 27 years, is the PRC's largest acidity waste water treatment project so far. Upon completion of all three phases, the plant processing capacity will be up to 100,000 tonnes of waste water per day. The investment cost of this plant is RMB 280 million.

For the first phase of the Project, the plant processing capacity will be up to 25,000 tonnes of waste water daily at an investment of approximately RMB 106 million. The Project is expected to generate revenue of approximately RMB 100 million per annum in the first phase. The construction of this waste water treatment plant will commence in April 2008.

FEE is involved in the project management and equipment procurement for this waste water treatment plant. For the purpose of undertaking the Project, FEE has in turn formed a subsidiary FEE Water (China-PZH) Ltd (“FEE Water”) in which FEE holds a 95% stake, while 5% is owned by IESE Water (Asia) Pte Ltd.

FEE Water is an investment holding company incorporated in the British Virgin Islands with an issued share capital of USD50,000 comprising 50,000 shares of USD 1 each.

FEE Water will in turn establish a wholly-owned subsidiary, Federal Environmental (China-PZH) Co., Ltd (“FE (China-PZH)”) (菲德勒环境（攀枝花）有限公司), which will be incorporated in China with paid-up capital to be increased progressively to USD 4.5 million. FE (China-PZH) will be the company assigned with the Project.

The relevant documentation and approval for the setup of FE (China-PZH) are currently being processed and incorporation is expected to be completed by April 2008. *(Please refer to Figure 1 below for the corporate structure chart)*

Mr K K Koh, Federal’s Executive Chairman and CEO commented, “We are excited to have made this breakthrough in the PRC’s environmental management industry by clinching this first BOO environmental project. We are delighted to be able to provide environmental management solutions and contribute towards environmentally friendly activities in the PRC. Given the booming environmental management industry in the PRC, going forward, we intend to build up our portfolio of environmental projects.”

Federal's investment in the Project will be funded by a combination of internal resources and bank borrowings. This investment is not expected to have any material impact on the Group's earnings per share or net tangible assets for the year ending 31 December 2008.

None of the Directors or substantial shareholders of the Company has any direct or indirect interest in the Project.

Figure 1 : Organisation chart for FE (China-PZH)

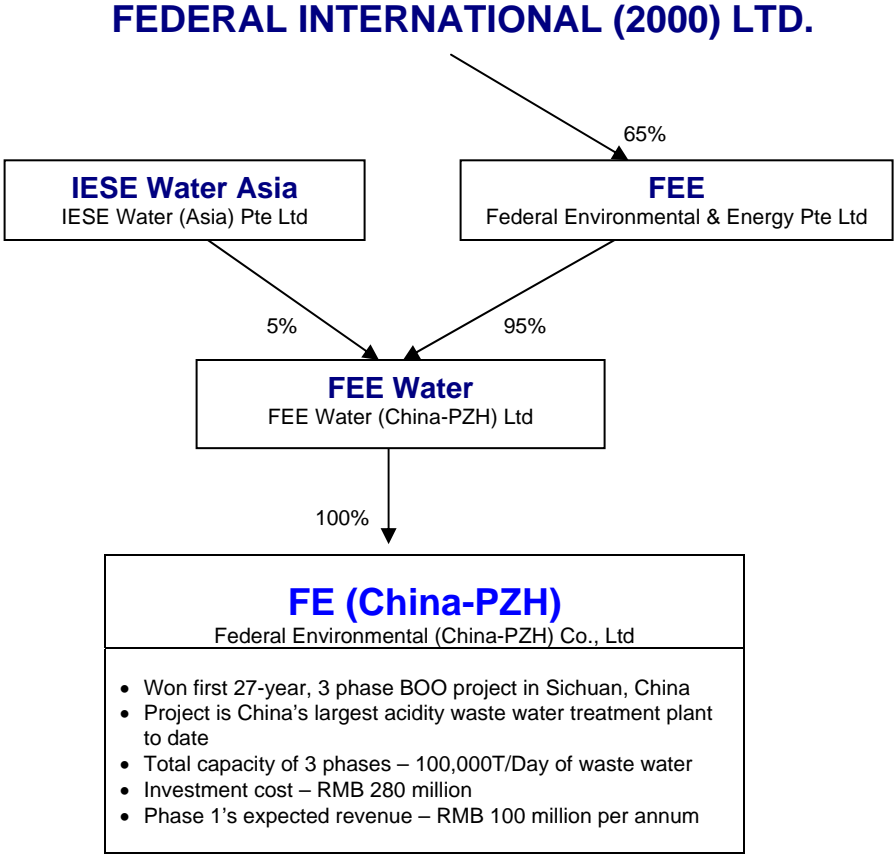




Figure 2 : (LEFT to RIGHT) Mr Xiong Qi Gao, Director of the Management Committee of Sichuan PanZhiHua Vanadium-Titanium Industrial Park and Mr George Deng, Director & CEO of Federal Environmental & Energy Pte Ltd at the BOO agreement signing ceremony.

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### **About Federal International**

Listed on the Mainboard of the SGX-ST in 2000, Federal is an integrated service provider and procurement specialist in the oil & gas, energy and infrastructure industries. From a trading company, Federal has transformed its business model, and today it is involved in Research & Development, Design and Manufacturing as well as Trading of flowline control products and services and oil & gas-related equipment.

The Group develops and markets its own proprietary valves under the KVC™ brand. In line with its strategic objective to build a business base with stable, recurring income streams, Federal has established a new business segment - Marine Logistics – to provide chartering of vessels such as Floating & Storage Offloading vessels for offshore oil & gas upstream activities.

Federal has also recently ventured into the utilities sector with a few BOO contracts. The first was a 12-year, BOO project to supply power to Natural Fuel Pte Ltd on Jurong Island, Singapore. In December 2007, Federal together with its JV partner PT. Gasuma Corporindo, established a JV company which was given the mandate to build an integrated gas processing and power plant on a "BOO" basis in Tuban, East Java, Indonesia at a cost of US\$25.9 million. This BOO project is expected to generate annual revenue of approximately US\$20 million to US\$30 million.

### **About IESE Water (Asia) Pte Ltd ("IESE Water Asia")**

IESE Water Asia is a subsidiary company of the Institute of Environmental Science and Engineering Pte Ltd ("IESE"), a leading-edge technology organisation that provides value-added research and commercialization services in environmental technology. Its research capability is built on four technology platforms - clean energy, marine & resource recovery, water & membrane and environmental biotechnology.

IESE was created as a centre of research excellence in environmental technology (ET), under the Nanyang Technological University. With its corporatisation to a commercial research company, it is now structured as a leading-edge technology organisation that provides value-added research and commercialisation services in ET.

IESE's business activities include technology licensing / commercialisation, R&D, environmental process design/engineering, environmental specialist consultancy, process modeling/simulation, feasibility/treatability studies as well as technology-related conferences.

IESE has strong capabilities in water production, waste water treatment and reclamation, membrane bioreactors, advanced oxidation technologies, hybrid systems for industrial processes and the fabrication of membranes for niche purposes. Through collaboration, it has extended its research work into membrane applications for process separations in pharmaceutical and the biotechnology industries.

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by Aimpact Consultancy Pte Ltd

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