

**FEDERAL INTERNATIONAL (2000) LTD**  
(Registration No. 199907113K)  
(Incorporated in the Republic of Singapore with limited liability)

**PROPOSED ADJUSTMENT TO WARRANTS TO SUBSCRIBE FOR NEW ORDINARY  
SHARES IN THE CAPITAL OF THE COMPANY (THE "WARRANTS")**

**1. INTRODUCTION**

In an announcement dated 18 December 2006 (the "**Announcement**"), the Board of Directors of Federal International (2000) Ltd (the "**Company**") announced the following exercises to be undertaken by the Company:

- (a) a proposed interim bonus dividend for the financial year ending 31 December 2006 of S\$0.0875 less tax of 20% (or S\$0.07 net) (the "**Bonus Dividend**") per ordinary share of the Company (each, a "**Share**") to be declared and paid to Shareholders as at the books closure date of 15 February 2007 (the "**Books Closure Date**") in proportion to their respective shareholdings of the Company; and
- (b) a proposed renounceable non-underwritten rights issue (the "**Rights Issue**") of up to 63,073,163 Shares of the Company at an issue price of S\$0.28 for each Rights Share, on the basis of one (1) Rights Share for every four (4) Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, and availability of option to elect to utilise the Net Bonus Dividend to subscribe for Rights Shares.

The offer information statement dated 5 February 2007 (the "**Offer Information Statement**") in relation to the Rights Issue was lodged with the Monetary Authority of Singapore on 5 February 2007. The Offer Information Statement will be dispatched to Entitled Shareholders on 22 February 2007.

Shares are expected to commence trading on an ex-Bonus Dividend and ex-Rights basis on 13 February 2007.

**2. OUTSTANDING WARRANTS**

As a consequence of the Rights Issue, adjustments will have to be made to the outstanding Warrants issued pursuant to the Deed Poll dated 4 November 2004 (the "**Deed Poll**").

This announcement is prepared in accordance with Conditions 5.8 and 12 of schedule 2 of the Deed Poll. An advertisement containing information relating to the adjustments described herein shall be published in The Business Times on 14 February 2007.

As at the Latest Practicable Date of 31 January 2007, there were 7,254,079 outstanding Warrants, exercisable into 7,254,079 New Shares at the Exercise Price of S\$0.22 for each Warrant. Warrants are expected to trade ex-adjustment for the Rights Issue on 1 March 2007. The books closure date pertaining to warrants adjustment will be on 5 March 2007 at 5.00 pm.

Unless otherwise defined herein, all terms and references used in this announcement shall bear the meanings ascribed to them in the Announcement, the Offer Information Statement and/or the Deed Poll (as the case may be).

### 3. ADJUSTMENT FORMULAE

In accordance with Condition 5.2.3(b), the Exercise Price and number of Warrants held by each Warrantholder shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{C - D}{C} \times P$$

and

$$\text{Adjusted number of Warrants} = \frac{C}{C - D} \times W$$

where:

C = S\$0.698 (the average of the Last Dealt Prices on the five Market Days immediately before the date on which the offer or invitation (ie. the Rights Issue) is publicly announced to the SGX-ST);

D = S\$0.0836 (the value of the rights attributable to one Share);

W = the existing number of Warrants held; and

P = S\$0.22 (the existing Exercise Price).

For the purpose of the definition of "D" above the "value of the rights attributable to one Share" was calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

C = as in C above;

E = S\$0.28 (the subscription price for one additional Share under the offer or invitation to acquire or subscribe for Shares);

F = 4 (the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one additional Share by way of rights); and

1 = one.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the closing date for the Rights Issue and "closing date" shall mean the date by which acceptance and payment for the Shares is to be made under the terms of such offer or invitation.

#### 4. ADJUSTMENTS

The Directors have decided to make the following adjustments in accordance with the adjustment formulae set out above:

(i) Exercise Price

Current Exercise Price	:	S\$0.22
New Exercise Price	:	S\$0.20 (rounded upwards to the nearest one cent in accordance with Condition 5.5)

(ii) Number of Warrants

Current number of Warrants	:	1
New number of Warrants	:	1.136 (to be rounded downwards to the nearest whole Warrant in accordance with Condition 5.6)

The above adjustments to the Exercise Price and number of warrants will take effect on 9 March 2007. As an illustration, if a Warranholder has 10,000 Warrants standing to the credit of his Securities Account as at books closure date on 5 March 2007, the number of warrants standing to the credit of his Securities Account will be increased to 11,360.

#### 5. CERTIFICATION BY AUDITORS

In accordance with Condition 5.8, the adjustments to the Warrants as set out herein have been certified by Ernst & Young (the "**Auditors**"). A signed copy of the Auditors' certificate and a certificate signed by a Director setting forth brief particulars of the events giving rise to the adjustments and other relevant details is available for inspection at the office of the Warrant Agent, B.A.C.S. Private Limited, at 63 Cantonment Road, Singapore 089758. A Warranholder may also request that a copy of such certificates be sent to such Warranholder. The Board is of the opinion that it was not necessary to consult an Approved Bank as the certification of the Auditors in relation to the proposed adjustments is sufficient.

BY ORDER OF THE BOARD

Chng Geok  
Executive Director  
14 February 2007