NOVENA HOLDINGS LIMITED

(Company Registration No. 199307300M)
(Incorporated in Singapore)

PROPOSED CASH DIVIDEND AND RIGHTS CUM WARRANTS ISSUE

1. INTRODUCTION

1.1 **Cash Dividend and Rights cum Warrants Issue.** The Board of Directors of Novena Holdings Limited **("Company")** wishes to announce the following exercises **("Exercises")** to be undertaken by the Company:-

(a) a proposed special interim cash dividend for the financial year ending 31 December 2007 of S$0.051 less tax of 18% (or S$0.042 net) **("Cash Dividend")** per ordinary share in the capital of the Company **("Share")** in respect of Shares held by shareholders of the Company **("Shareholders")** as at a books closure date to be announced by the Company **("Books Closure Date");** and

(b) a proposed renounceable non-underwritten rights issue of up to 148,304,103 new Shares **("Rights Shares"),** at an issue price of S$0.042 for each Rights Share **("Issue Price")**, with up to 148,304,103 free detachable warrants **("Warrants")**, each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company **("New Share")** at an exercise price of S$0.08 for each New Share, on the basis of one (1) Rights Share with one (1) free detachable Warrant for every one (1) existing Share held by Entitled Shareholders (defined in Section 3.7 below) as at the Books Closure Date **("Rights cum Warrants Issue" or "Rights Issue").**

1.2 The Company has appointed UOB Asia Limited **("UOB Asia" or the "Manager")** as the Manager for the Rights cum Warrants Issue.

2. RATIONALE FOR THE EXERCISES

2.1 **Cash Dividend.** The purpose of the Cash Dividend is to reward the Shareholders for their loyalty and support to the Company over the years with a special dividend payout. Shareholders will also be given an option to re-invest their Net Cash Dividend (defined in Section 3.2 below) by subscribing for the Rights Shares with Warrants. In addition, the Cash Dividend will allow the Company to pass on its available Section 44 tax credits under the Income Tax Act, Chapter 134 of Singapore to Shareholders.

2.2 **Rights cum Warrants Issue.** The Rights cum Warrants Issue has been proposed to strengthen the capital base of the Company and for working capital purposes following payment of the Net Cash Dividend. Assuming that the Net Cash Dividend is utilised to subscribe for the Rights cum Warrants Issue, the Rights cum Warrants Issue will in effect transfer a proportionate amount of the Company's retained earnings into paid-up capital and reserves of the Company.

Assuming that the Rights cum Warrants Issue is fully subscribed and that all the Warrants are exercised, the Company is expected to receive gross proceeds of about S$11.9 million.

As and when the Warrants are exercised, the proceeds arising may, at the discretion of the Directors, be applied towards repayment of the group's borrowings from time to time and for working capital purposes.

3. CASH DIVIDEND AND RIGHTS CUM WARRANTS ISSUE

Cash Dividend and Election Option

3.1 **Terms.** Under the terms of the Cash Dividend, all Shareholders as at the Books Closure Date will receive a Cash Dividend of S$0.051 less tax of 18% (or S$0.042 net) per Share. The Cash Dividend is a special interim dividend declared for the financial year ending 31 December 2007 and will be subject to the approval of Shareholders at an extraordinary general meeting **("Extraordinary General Meeting")** to be held in connection with the Cash Dividend and the Rights cum Warrants Issue.

3.2 **Election Option.** Entitled Shareholders (defined in Section 3.7 below) will have an option to elect to utilise all or part of the net amount of Cash Dividend after tax of 18% **("Net Cash Dividend")** which they are entitled to receive based on the Shares held by them as at the Books Closure Date to subscribe for the Rights Shares with Warrants. For Entitled Shareholders who elect to utilise all of their Net Cash Dividend to subscribe for the Rights Shares with Warrants that are provisionally allotted to them, no further cash outlay is required of them. Further details are set out in Section 3.5 below.

For the avoidance of doubt, Foreign Shareholders (defined in Section 3.10 below) will not be offered the Rights Shares with Warrants but will qualify for the Cash Dividend, based on the number of Shares held by them as at the Books Closure Date.

3.3 Shareholders whose names appear in the records of The Central Depository (Pte) Limited ("**CDP**") or the Register of Members of the Company, as the case may be, as at the Books Closure Date, will have the cheques for payment of their entitlements to the Net Cash Dividend and, if applicable for Entitled Shareholders, less the amount of Net Cash Dividend applied to subscribe for the relevant Rights Shares with Warrants, despatched to them by ordinary post at their own risk to their respective addresses as they appear in the records of CDP or in the Register of Members of the Company, as the case may be, and in the case where such Shareholders have designated their bank accounts for direct crediting of their dividends and other distributions, will have the payment directly credited by CDP to their designated bank accounts.

Rights cum Warrants Issue

3.4 **Terms.** The Company is proposing the Rights cum Warrants Issue to be offered on a renounceable non-underwritten basis to Entitled Shareholders on the basis of one (1) Rights Share with one (1) free detachable Warrant for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date at the Issue Price of S$0.042 for each Rights Share with one (1) free detachable Warrant, each Warrant entitling the Warrantholder to subscribe for one (1) New Share in the Company at an exercise price of the Warrant of S$0.08 **("Exercise Price")** for each New Share.

Entitled Shareholders will be entitled to participate in the Rights cum Warrants Issue and receive the Offer Information Statement (defined in Section 3.12 below) together with the appropriate application forms and accompanying documents at their respective Singapore addresses.

The Warrants are immediately detachable from the Rights Shares upon issue and will be issued in registered form and will be traded on a book-entry (scripless) settlement basis on the SGX-ST SESDAQ upon the listing and quotation of the Warrants on the SGX-ST SESDAQ, subject to, *inter alia*, there being an adequate spread of holdings of the Warrants to provide for an orderly market for the Warrants. Each Warrant will, subject to the terms and conditions to be set out in an instrument constituting the Warrants (the "**Deed Poll**"), carry the right to subscribe for one (1) New Share at the Exercise Price of S$0.08 at any time during the period commencing on and including the date of issue of the Warrants and expiring on a date immediately preceding the third (3rd) anniversary of such date of issue. The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances to be provided for in the Deed Poll. The New Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares save that they shall not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which is before the relevant date of exercise of the Warrants.

The Issue Price and Exercise Price represent a discount of approximately 90.8% and 82.4%, respectively to the closing price of S$0.455 per Share on the Singapore Exchange Securities Trading Limited **("SGX-ST")** on 15 June 2007, being the last trading day of the Shares on SGX-ST prior to the date of this Announcement.

3.5 **Availability of Election Option.** Entitled Shareholders may elect to utilise all or part of their Net Cash Dividend (to the extent it is sufficient) to subscribe for the Rights Shares with Warrants that are provisionally allotted to them. Entitled Depositors (defined in Section 3.8 below) may elect to utilise all or part of their Net Cash Dividend (to the extent it is sufficient) to make payment for any excess Rights Shares with Warrants application while Entitled Scripholders (defined in Section 3.9 below) will not be able to utilise any part of their Net Cash Dividend to make payment for any excess Rights Shares with Warrants application. There is no additional cash outlay from Entitled Shareholders if they elect to utilise all the Net Cash Dividend to which they are entitled to subscribe for the Rights Shares with Warrants provisionally allotted to them.

For illustrative purposes only, an Entitled Shareholder who holds 10,000 Shares as at the Books Closure Date will be entitled:-

(a) to receive the Net Cash Dividend of S$0.042 in respect of each Share, which amounts to S$420 that is receivable by such Entitled Shareholder; and

(b) to accept his provisional allotment of 10,000 Rights Shares with 10,000 free detachable Warrants at S$0.042 for each Rights Share with Warrant which amounts to S$420 that is payable by such Entitled Shareholder.

Such Entitled Shareholder may elect to utilise the whole of the S$420 of Net Cash Dividend to subscribe for his provisional allotment of Rights Shares with Warrants, in which event he will receive 10,000 Rights Shares with 10,000 free detachable Warrants and there will be no further cash outlay required of him.

3.6 **Size of Cash Dividend and Rights cum Warrants Issue**

As at the date of this Announcement, the issued share capital of the Company comprises 148,304,103 Shares and up to 148,304,103 Rights Shares with up to 148,304,103 Warrants will be issued.

For illustrative purposes only, based on an issued share capital of 148,304,103 Shares (assuming that there is no further change in the outstanding issued Shares of the Company as at the Books Closure Date):-

(a) the aggregate amount of the Net Cash Dividend is approximately S$6,228,772; and

(b) up to 148,304,103 Rights Shares with up to 148,304,103 free detachable Warrants will be issued.

3.7 **Eligibility of Shareholders to Participate in the Rights cum Warrants Issue.** The Company proposes to provisionally allot Rights Shares with Warrants to all Shareholders who are eligible to participate in the Rights Issue **("Entitled Shareholders")** comprising Entitled Depositors and Entitled Scripholders (both as defined in Section 3.8 and 3.9 ,respectively, below) whose registered addresses with CDP or the Company, as the case may be, are in Singapore or who have, at least five (5) Market Days prior to the Books Closure Date, provided to CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents.

3.8 **Entitled Depositors.** Entitled Shareholders with Shares entered against their names in the Depository Register as at the Books Closure Date.

3.9 **Entitled Scripholders.** Entitled Shareholders with Shares registered in their own names with the Company or the Share Registrar, as at the Books Closure Date.

3.10 **Foreign Shareholders.** For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights cum Warrants Issue is only made in Singapore and the Rights Shares with Warrants will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least five (5) Market Days prior to the Books Closure Date, provided the CDP or Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents **("Foreign Shareholders").** The offer information statement **("Offer Information Statement")** to be issued in relation to and for the purposes of the Rights cum Warrants Issue and the accompanying documents will not be mailed outside Singapore.

Foreign Shareholders who wish to be eligible to participate in the Rights cum Warrants Issue may provide a Singapore address by notifying in writing, as the case may be, (a) CDP at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807 or (b) Novena Holdings Limited c/o the Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00, Hong Leong Centre, Singapore 068906 not later than five (5) Market Days before the Books Closure Date.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares with Warrants commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S$10.00, such amount shall be dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager or CDP in connection therewith.

Where such provisional allotments of Rights Shares with Warrants are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager or CDP in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares with Warrants or the Rights Shares with Warrants represented by such provisional allotments.

If such provisional allotments of Rights Shares with Warrants cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares with Warrants, the Rights Shares with Warrants represented by such provisional allotments will be allotted and issued to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager or CDP in connection therewith.

3.11 **Provisional Allotments.** Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or trade their provisional allotments of the Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue. Provisional allotments of Rights Shares with Warrants which are not taken up for any reason, will be aggregated and used to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company. In the allotment of excess Rights Shares with Warrants, preference will be given to Shareholders for rounding of odd lots, and Directors and substantial Shareholders will rank last in priority.

3.12 **Offer Information Statement.** The terms and conditions of the Rights cum Warrants Issue may be subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights cum Warrants Issue (including the option to elect to utilise the Net Cash Dividend to subscribe for the Rights Shares with Warrants) will be contained in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.

3.13 **Ranking.** The Rights Shares with Warrants and the New Shares are payable in full upon application or upon conversion of the Warrants (as the case may be) and will, upon allotment and issue of the Rights Shares or the New Shares, as the case may be, rank *pari passu,* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the record date for which falls on or after the date of issue of the Rights Shares or the New Shares, as the case may be. For the avoidance of doubt, the Rights Shares and the New Shares will not be entitled to the Cash Dividend.

3.14 **Non-Underwritten Rights Issue.** The Rights cum Warrants Issue will not be underwritten as the Company has sufficient internal resources to fund the full Net Cash Dividend payout, if required, regardless of the outcome of the Rights cum Warrants Issue. It may be noted that the Controlling Shareholders (defined in Section 4 below) have given an irrevocable undertaking to the Company (details of which are set out in Section 4 below) in respect of the Rights cum Warrants Issue.

3.15 **Odd Lots.** Shareholders should note that they are able to trade odd lots of Shares in board lots of one Share on the Unit Share Market of the SGX-ST.

4. IRREVOCABLE UNDERTAKINGS (THE "UNDERTAKINGS")

As at the date of this Announcement, Toh Soon Huat and Oei Hong Leong Foundation Pte Ltd (collectively, the **"Controlling Shareholders"**), together with Shareholders in whose Shares they have a deemed interest in, hold in aggregate 83,320,961 Shares representing approximately 56.2% of the issued share capital of the Company (the "**Undertaking Shares**").

Subject to the Whitewash Waivers (defined in Section 6 below), the Controlling Shareholders have irrevocably jointly and severally undertaken to the Company, *inter alia,* that:-

(a) they will not and will procure that the Shareholders in whose Shares they have a deemed interest in, will not transfer or otherwise dispose of their respective Undertaking Shares prior to the Books Closure Date; and

(b) they will and will procure the Shareholders in whose Shares they have a deemed interest in, subscribe for or procure subscribers and pay or procure payment for all of their respective Rights cum Warrants entitlements represented by the Undertaking Shares as at the Books Closure Date.

5. APPROVALS

5.1 **Cash Dividend.** The Cash Dividend is a special interim dividend declared for the financial year ending 31 December 2007 and will be subject to the approval of Shareholders at the Extraordinary General Meeting.

5.2 **Rights cum Warrants Issue.** The Rights cum Warrants Issue is subject to, *inter alia,* the following:

(a) the in-principle approval of the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares on the SGX-ST Dealing And Automated Quotation System **("SGX-ST SESDAQ")**;

(b) the Rights cum Warrants Issue being approved by the Shareholders at the Extraordinary General Meeting; and

(c) the lodgment of the Offer Information Statement with the Monetary Authority of Singapore.

An application will be made by the Company to obtain the approval of the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares on the SGX-ST SESDAQ. An appropriate announcement on the outcome of the application will be made in due course. A circular to Shareholders containing, *inter alia,* the notice of the Extraordinary General Meeting and details of the Cash Dividend and Rights cum Warrants Issue will be despatched to Shareholders in due course. Subject to the fulfillment of the conditions set out in Sections 5.2(a) and (b) above, the Offer Information Statement will be lodged with the Monetary Authority of Singapore and despatched to Entitled Shareholders in due course.

6. WHITEWASH WAIVERS

The Company will apply to the Securities Industry Council (**"SIC"**) for waivers (**"Whitewash Waivers"**) for both Toh Soon Huat and Oei Hong Leong Pte Ltd and their concert parties to make mandatory general offers for the Company under Rule 14 of the Singapore Code on Take-overs and Mergers (**"Code")** arising from the acquisition of both Toh Soon Huat and Oei Hong Leong Foundation Pte Ltd and their concert parties of Rights Shares, Warrants and/or New Shares upon the exercise of the Warrants pursuant to the Rights cum Warrants Issue.

Toh Soon Huat

Based on the terms of the Rights cum Warrants Issue as set out herein and the fulfillment of the Undertakings by Toh Soon Huat, the aggregate direct and indirect shareholdings of Toh Soon Huat and his concert parties including his wife, Lee Kek Choo immediately after the close of the Rights cum Warrants Issue will be between 31.0% and 39.7% (depending on the number of Rights Shares with Warrants subscribed for by the other Entitled Shareholders and assuming that none of the Warrants are exercised). On the same basis, if Toh Soon Huat and his concert parties including his wife, Lee Kek Choo, were to further exercise in full, their Warrants acquired under the Rights cum Warrants Issue, their collective shareholding in the Company may increase to up to between 31.0% and 43.8%.

There will therefore be circumstances under which Toh Soon Huat and his concert parties may, under Rule 14 of the Code be obliged to make a general offer for the remaining Shares not already owned or controlled by them. Accordingly, a further application will be made to the SIC for the waiver of the obligation by Toh Soon Huat and his concert parties including his wife, Lee Kek Choo to make a general offer for the Company under Rule 14 of the Code if, as a result of subscribing for Rights Shares with Warrants and excess Rights Shares with Warrants under the Rights cum Warrants Issue and/or exercising the Warrants acquired pursuant to the Rights cum Warrants Issue, Toh Soon Huat and his concert parties including his wife, Lee Kek Choo acquire in any period of six (6) months additional Shares carrying more than one (1)% of the voting rights of the Company.

Oei Hong Leong Foundation Pte Ltd

Based on the terms of the Rights cum Warrants Issue as set out herein and the fulfillment of the Undertakings by Oei Hong Leong Foundation Pte Ltd, the aggregate shareholdings of Oei Hong Leong Foundation Pte Ltd and its concert parties immediately after the close of the Rights cum Warrants Issue will be between 25.2% and 32.2% (depending on the number of Rights Shares with Warrants subscribed for by the other Shareholders and assuming that none of the Warrants are exercised). On the same basis, if Oei Hong Leong Foundation Pte Ltd and its concert parties were to further exercise in full, their Warrants acquired under the Rights cum Warrants Issue, their collective shareholding in the Company may increase to up to between 25.2% and 35.5%.

There will therefore be circumstances under which Oei Hong Leong Foundation Pte Ltd may, under Rule 14 of the Code, be obliged to make a general offer for the remaining shares not already owned or controlled by them. Accordingly, a further application will be made to the SIC for the waiver of the obligation by Oei Hong Leong Foundation Pte Ltd and his concert parties to make a general offer for the Company under Rule 14 of the Code if, as a result of subscribing for Rights Shares with Warrants and excess Rights Shares with Warrants under the Rights cum Warrants Issue and/or exercising the Warrants acquired pursuant to the Rights cum Warrants Issue, the shareholding of Oei Hong Leong Foundation Pte Ltd and his concert parties acquires shares which carry thirty (30%) or more of the voting rights of the Company.

Responsibility Statement

The Directors (including those who may have been delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the facts stated in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD

Toh Soon Huat
Acting Chairman/ Chief Executive Officer
18 June 2007