

NOVENA HOLDINGS LIMITED
(Company Registration No. 199307300M)
(Incorporated in Singapore)

PROPOSED SUBSCRIPTION OF 10,000,000 NEW ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF NICO STEEL HOLDINGS LIMITED

1. INTRODUCTION

The Directors of Novena Holdings Limited (the “**Company**”) wish to announce that the Company has entered into a subscription agreements dated 17 October 2007 (the “**Subscription Agreement**”) with Nico Steel Holdings Limited (“**NSHL**”). Subject to and upon the terms and conditions of the Subscription Agreement, the Company has agreed to subscribe and pay for 10,000,000 new ordinary shares (the “**Subscription Shares**”) in the capital of NSHL at the price of S\$0.31 (“the **Subscription Price**”) for each Subscription Share (the “**Subscription**”). The Subscription Shares will constitute 8.8% of the enlarged issued share capital of NSHL of 113,814,447 ordinary shares after completion of the Subscription.

The Subscription Price of S\$0.31 for each Subscription Share represents a discount of approximately 6% of the volume weighted average price of S\$0.3285 for trades done on NSHL’s shares on 15 October 2007 (being the last market day on which trades were carried out before the Subscription Agreement was signed). The aggregate Subscription Price will be funded using internal funds.

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing ordinary shares of NSHL.

2. MATERIAL TERMS AND CONDITIONS

The Subscription is conditional upon the following:

- (a) the lodgment of an offer information statement pursuant to Section 277 of the Securities and Futures Act (Cap 289 of Singapore) by NSHL with the Monetary Authority of Singapore (“**MAS**”) and acceptance by MAS of the same;
- (b) approval in-principle for the listing and quotation of the Subscription Shares on the SGX-ST Dealing and Automated Quotation System (“**SGX-SESDAQ**”) being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions, such conditions being acceptable to the Company and, to the extent that any conditions for the listing and quotation of the Subscription Shares on the SGX-SESDAQ are required to be fulfilled on or before the date of completion of the Subscription (the “**Completion Date**”), they are so fulfilled;
- (c) the allotment, issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or NSHL; and
- (d) there having been, as at the Completion Date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect any of the warranties contained in the Subscription Agreement if they were repeated on and as of the Completion Date and NSHL having performed in all material respects all of its obligations hereunder to be performed on or before the Completion Date.

Further, it is agreed between NSHL and the Company that upon completion of the Subscription, NSHL will appoint a person nominated by the Company to its board of directors.

3. RATIONALE FOR THE SUBSCRIPTION

NSHL was incorporated on 23 June 2001 in Singapore under the name of Nico Steel Holdings Pte Ltd. The Company adopted the current name on 26 November 2004 and was listed on the SGX-SESDAQ on 7 April 2005. The Group is a full-service coil centre, principally engaged in the business of providing innovative metallurgical solutions to meet the needs of a host of industries including the Hard Disk Drive, telecommunications, consumer electronics and other industries. The Group has a total of three plants located in Singapore, Thailand and Suzhou, China. The Group also has a subsidiary in Malaysia.

The subscription of the new shares in NSHL by the Company is a long term investment. The Directors are of the view that NSHL has growth potential and that it would be in the Company's interest to subscribe for NSHL's shares.

4. FINANCIAL EFFECTS

Assumptions. Assuming that completion of the Subscription takes place, the pro forma effects on the share capital, earnings per share and net tangible assets ("**NTA**") of the Novena Group are set out below. The pro forma financial effects have been prepared based on the audited consolidated financial results of the Novena Group for the financial year ended 31 December 2006 ("**FY2006**"), net of estimated expenses, and are purely for illustration purposes only and do not reflect the actual financial position of the Novena Group after Completion.

- (a) **Share capital.** The Subscription will not have any impact on the issued and paid-up share capital of the Company.
- (b) **NTA.** For illustrative purposes only and assuming that the Subscription had been completed on 31 December 2006, the pro forma financial effects on the consolidated NTA of the Novena Group for FY2006 are as follows:

	Before Subscription	After Subscription
NTA (S\$'000)	23,833	23,833
NTA per share (cents)	21.47	21.47

- (c) **Earnings.** For illustrative purposes only and assuming that the Subscription had been completed on 1 January 2006, the pro forma financial effects on the consolidated earnings of the Novena Group for FY2006 are as follows:

	Before Subscription	After Subscription
Profit after tax and minority interest (S\$'000)	3,183	3,183
Earnings per share (cents)	2.87	2.87

5. RULE 1006 OF THE LISTING MANUAL OF THE SGX-ST

The relative figures for the Subscription computed on the bases set out in Rule 1006 ("**Rule 1006**") of the SGX-ST Listing Manual are as follows:

Rule 1006	Bases	Computation	Percentage (%)
(a)	Net asset value (unaudited) of	Not applicable	Not applicable

Rule 1006	Bases	Computation	Percentage (%)
	the assets to be disposed of, compared with the Group's net asset value as at 30 June 2007		
(b)	Net profits attributable (unaudited) to the assets acquired of, compared with the Group's net profits as at 30 June 2007	Not applicable	Not applicable
(c)	Aggregate value of consideration given, compared with the Company's market capitalisation as at 15 October 2007	S\$3.1mil/S\$90.5mil =3.4%	3.4%
(d)	Number of equity securities issued by the Company as consideration for the sale, compared with the number of equity securities previously in issue	Not applicable	Not applicable

As the relative figures for the Subscription computed on the bases set out in Rule 1006 do not exceed 20%, approval of the Company's shareholders is not required for the Subscription.

6. FURTHER INFORMATION

Interests of Directors and Substantial Shareholders of the Company. As at the date of this Announcement none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Subscription or any other transaction ancillary to the Subscription.

BY ORDER OF THE BOARD

Toh Soon Huat
Acting Chairman/ Chief Executive Officer

17 October 2007