

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

PROPOSED SALE OF CERTAIN FURNITURE ASSETS AND BUSINESSES TO TT INTERNATIONAL LIMITED (“PROPOSED DISPOSAL”)

1. INTRODUCTION

On 21 February 2007, the Directors announced that Novena Holdings Limited (the “**Company**”) had entered into a term sheet (the “**Term Sheet**”) with TT International Limited (the “**Purchaser**” or “**TTIL**”) on 17 February 2007 under which the Company would divest its entire equity interest in Novena Furnishing Centre Pte. Ltd., Castilla Design Pte Ltd, Living Lifestyle Pte. Ltd., Natural Living Pte. Ltd., Poya Communications Pte. Ltd. and The White Collection Pte Ltd (the “**Furniture Companies**”), which are wholly-owned subsidiaries of the Company, to the Purchaser for the Sale Consideration (as defined in Section 3.1 below). The Term Sheet was subject to the Company and the Purchaser entering into a definitive sale and purchase agreement for the Proposed Disposal. The Directors would like to announce that on 2 May 2007, the Company had entered into a sale and purchase agreement (the “**Agreement**”) with the Purchaser with respect to the Proposed Disposal. In connection with the Proposed Disposal, the Company has also appointed Stirling Coleman Capital Limited as its financial adviser on 13 March 2007

The business activities of the Furniture Companies include the trading of household and office furniture, retailing of furniture and furnishings and advertising and promotions.

The equity interest and principal activities of the Furniture Companies which are to be sold to the Purchaser under the Agreement are as follows:

Name and country of incorporation	Principal activities	Issued and paid-up share capital / S\$	% of equity interest directly held by the Group
Novena Furnishing Centre Pte. Ltd., Singapore	Trading of household and office furniture	4,300,000	100
Castilla Design Pte Ltd, Singapore	Trading of household and office furniture	1,000,000	100
The White Collection Pte Ltd, Singapore	Retailing of furniture and furnishings	100,000	100
Natural Living Pte. Ltd., Singapore	Retailing of furniture and furnishings	100,000	100
Living Lifestyle Pte. Ltd., Singapore	Trading of household and office furniture	100,000	100

Name and country of incorporation	Principal activities	Issued and paid-up share capital / S\$	% of equity interest directly held by the Group
Poya Communications Pte. Ltd., Singapore	Advertising and promotions	100,000	100

The following assets (the “**Excluded Assets**”), which are currently held by the Furniture Companies, will not be included in the Proposed Disposal:

- (a) quoted securities in Futuristics Group Ltd, Lorenzo International Ltd, China Credit Holdings Ltd, Man Wah Ltd and HTL International Ltd;
- (b) unquoted securities in Shenzhen Calo Enersave Co Ltd; and
- (c) the option to purchase, any profits arising from the said option to purchase and subsequent sale by Novena Furnishing Centre Pte Ltd of the following properties:
 - (i) 98 Pasir Panjang Singapore 118516; and
 - (ii) 100 Pasir Panjang Singapore 118518.

2 MAJOR TRANSACTIONS

The Proposed Disposal is governed by the rules in Chapter 10 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual. Based on the audited financial statements of the Group for the financial year (“**FY**”) ended 31 December 2006, the relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 (“**Rule 1006**”) of the SGX-ST Listing Manual are as follows:-

Rule 1006	Bases	Computation	Relative Figures (%)
(a)	Proforma NAV of the Furniture Companies as at 31 December 2006 (S\$’000)	5,500/24,980	22%
	NAV of the Group as at 31 December 2006 (S\$’000)		
(b)	Proforma net profits attributable to the Furniture Companies for FY2006 (S\$’000)	2,250/3,183	71%
	Net profits of the Group for FY2006 (S\$’000)		
(c)	Aggregate value of the Sale Consideration to be received (S\$’000)	13,500/46,096	29%
	Market capitalisation of the Company based on the weighted average price of the Shares as at 30 April 2007 (S\$’000)		
(d)	The number of equity securities issued by the company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable	Not applicable

Note: Ernst & Young has been appointed to review the proforma consolidated accounts of the Furniture Companies comprising only operational income and excluding non-recurring or

exceptional income (comprising balance sheet and profit and loss statement and after adjusting for the Excluded Assets) for FY2006 (the "**Reviewed Accounts**"). Pending the completion of the review, for the purpose of the above computation, the proforma NAV is assumed to be \$5,500,000, being equivalent to the minimum net tangible asset value of the Furniture Companies that the Company has agreed to deliver to the Purchaser at Completion, and the proforma net profits attributable to the Furniture Companies is assumed to be \$2,250,000. As these financial statements are being reviewed, the reviewed proforma NAV and proforma net profits attributable to the Furniture Companies based on the Reviewed Accounts may differ from the above. Accordingly, the above computations are set out for illustration purposes only and the computations based on the reviewed proforma NAV and net profits attributable to the Furniture Companies will be set out in a circular in relation to the Proposed Disposal to be despatched to shareholders of the Company (the "**Shareholders**").

As the relative figures under Rule 1006 (a), (b) and (c) all exceed 20%, the Proposed Disposal constitutes a major transaction as defined under Chapter 10 of SGX-ST Listing Manual. Accordingly, the Proposed Disposal is subject to the approval of the Shareholders.

3. THE PROPOSED DISPOSAL

Under the Agreement, the Company shall sell to the Purchaser all its equity interest (the "**Sale Shares**") in the Furniture Companies for the Sale Consideration. All the equity interest in the Furniture Companies shall be sold free from encumbrances.

3.1 Sale Consideration

The Sale Consideration payable for the Proposed Disposal shall be determined based on a multiple of six times of the Reviewed NPAT, being the reviewed proforma consolidated net profit after tax of the Furniture Companies on a consolidated basis based on the Reviewed Accounts of the Group for FY2006, to be satisfied through the issue of such number of new shares in the Purchaser (the "**Consideration Shares**") by the Purchaser in favour of the Company, rounded off to the nearest thousand, subject to a maximum of 67,500,000 Consideration Shares at an issue price of \$0.20 each, with the balance sale consideration, if any, to be satisfied by way of a cash payment. "Reviewed Accounts" means the reviewed proforma consolidated accounts of the Furniture Companies comprising only operational income and excluding non-recurring or exception income (comprising balance sheet and profit and loss statement and after adjusting for the Excluded Assets) for FY2006 to be reviewed by Ernst & Young.

The Sale Consideration was arrived at on a willing seller and willing buyer basis after taking into account, amongst others:-

- (i) the assumed net profit after tax of the Furniture Companies for FY2006 of S\$2,250,000, being the day on which the Term Sheet was signed;
- (ii) the past track record and future prospects of the Furniture Companies under the Company's current business strategy; and
- (iii) the premium over the proforma NAV of the Furniture Companies as at 31 December 2006 represented by such Sale Consideration.

Based on (i) above, the Sale Consideration is expected to amount to approximately \$13,500,000. The Sale Consideration shall be subject to adjustment in the event that the Reviewed NPAT is less than \$2,000,000.

Under the Agreement, the Company shall not sell, realise, transfer or dispose of (i) any part of the Consideration Shares for a period of six months from the date of the listing and quotation of the Consideration Shares on the SGX-ST; and (ii) 50% of the Consideration Shares for another six months thereafter.

3.2 Payment of the Consideration

The Sale Consideration shall be paid to the Company on Completion Date in

accordance with the Agreement.

3.3 Conditions Precedent

The Proposed Disposal shall be conditional upon the fulfillment of all conditions precedent listed in the Agreement. The following sets out a summary of the salient conditions precedent of the Agreement:

- (a) the Purchaser being satisfied in its sole and absolute discretion with the results of the due diligence investigations (whether legal, financial, contractual, tax or otherwise) carried out by the Purchaser in respect of the Furniture Companies within two (2) months from 21 March 2007 (to be extended for such duration as may be expressly agreed by the Company and the Purchaser in writing), including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, financial performance, tax liabilities, accounts, results and prospects of each of the Furniture Companies, in its sole and absolute discretion;
- (b) all consents, approvals and authorisations of bankers, financial institutions, landlords of leases, relevant third parties, government or regulatory authorities which are necessary or desirable in connection with the transfer of the Sale Shares from the Company to the Purchaser and the ownership by the Purchaser of Sale Shares having been obtained, and if subject to conditions, on such conditions acceptable to the Purchaser and/or such person(s) as the Purchaser may direct, prior to the date of completion of the Proposed Disposal (the “**Completion Date**”);
- (c) the approval in-principle of the SGX-ST being obtained for the listing and quotation of Consideration Shares upon their issue and allotment and where such approval in-principle is obtained subject to any conditions, such conditions being reasonably acceptable to the Company and the Purchaser and if any such condition is required to be fulfilled on or before completion of the Proposed Disposal (“**Completion**”), the fulfilment of such condition on or before Completion and such approval not being revoked or withdrawn prior to Completion Date;
- (d) the approval of the shareholders of the Company in an extraordinary general meeting being obtained for the disposal of the Sale Shares;
- (e) the approval of the shareholders of the Purchaser in an extraordinary general meeting (where necessary) being obtained for the transactions contemplated in this Agreement upon the terms and conditions set out in this Agreement including, *inter alia*, (a) the purchase of the Sale Shares; and (b) the allotment and issue of the Consideration Shares in favour of the Company;
- (f) the aggregate net tangible asset value of the Furniture Companies being not less than S\$5,500,000 as stated in the Reviewed Accounts and as at Completion Date;
- (g) the aggregate market value of the three properties set out in Part 1 of Schedule 3 of the Agreement being not less S\$8,641,498 as at 31 December 2006, as determined by a desktop valuation to be commissioned on the three properties at the Company’s cost;
- (h) all representations, warranties and undertakings of the Company and the Purchaser under this Agreement being complied with, and being true, accurate and correct in all respects as at the Completion Date, as if repeated at Completion and at all times between the date hereof and Completion; and

- (i) the delivery by the Company to the Purchaser, on the date of this Agreement, of the Disclosure Letter on such terms as are satisfactory to the Purchaser.

3.4 Other Major Terms of the Agreement

The other major terms of the Agreement include the following: -

- (a) on Completion, the Company shall deliver to the Purchaser a consultancy agreement, on terms mutually agreed between the Company and the Purchaser, duly executed between the Company and the Purchaser for a term of two years (subject to further extension as the Purchaser and the Company may agree) under which the Company shall arrange for Toh Soon Huat, the Acting Chairman and CEO of the Company, to provide consultancy services to the Purchaser in relation to the management and operation of the Furniture Companies;
- (b) the Company will not, in any Relevant Capacity (as defined in the Agreement) for a period of 24 months, commencing on the day immediately following the Completion Date (the “**Prohibited Period**”):
 - (i) be directly or indirectly employed or engaged in each of the Prohibited Territories (being Singapore and other territories in which the Furniture Companies carry on the Furniture Business and other territories in which the Purchaser and its subsidiaries will carry on the Furniture Business) in any business which is of the same or similar type to the Furniture Business or is likely to be in competition with the Furniture Business;
 - (ii) directly or indirectly carry on for its own account (or be concerned in any Relevant Capacity in any corporation engaged in) any business which is of the same or similar type to the Furniture Business or is likely to be in competition with the Furniture Business or be concerned or interested in any of the Prohibited Territories;
 - (iii) directly or indirectly assist with technical advice or in any other way any person, firm or company engaged in each of the Prohibited Territories in any business which is of the same or similar type to the Furniture Business or is likely to be in competition with the Furniture Business;
 - (iv) directly or indirectly canvass or solicit in competition with the Furniture Business the customer of any person, firm or company who has within one year prior to the date of the Agreement been a customer of any of the Furniture Companies; or
 - (v) directly or indirectly induce or seek to induce any person who is an employee of any the Furniture Companies during the Prohibited Period to become employed, whether as employee, consultant or otherwise, by the Company or by any person, firm or company engaged in any business which is of the same or similar type to the Furniture Business or is likely to be in competition with the Furniture Business;
- (c) the Company and its subsidiaries shall be permitted to use the logo “Novena” (as set out in Part 4 of Schedule 3) after Completion Date, provided always that the Company and all its related corporations shall not (a) subject to paragraph 3.4(d) below, be permitted to use or otherwise have the benefit of any of the trademarks set out in Part 2 of Schedule 3 of the Agreement after Completion Date; and (b) use the logo “Novena” in connection with any activities related to the Furniture Business, including the

advertising and promotion, trading, distribution, retail, and participation in any events or businesses in relation thereto; and

- (d) the Purchaser shall seek or procure the grant of a licence (the “**Licence**”) to use the trademark set out in Part 3 of Schedule 3 of the Agreement by the relevant Furniture Company and/or the Purchaser’s nominee to Suzhou Novena Furniture Co. Ltd (“**Suzhou Novena**”) for a period of 2 years with an option to renew the licence for a further period of 1 year (subject to the execution of the Licensing Agreement according to the usual terms and conditions of the Purchaser and to be agreed upon by the Purchaser and the Company and to be signed separately between the relevant Furniture Company and/or the Purchaser’s nominee and Suzhou Novena for an advance fee of S\$60,000 payable for the initial period of 2 years. The Licence granted under this Clause 7.6 shall not be terminated or varied by the disposal of Suzhou Novena by the Company to a third party.

3.5 Undertakings to vote

Pursuant to the Agreement, the Company had undertaken to procure:

- (a) each of Toh Soon Huat and Lee Kek Choo, who collectively hold 37.93% of the voting rights of the Company as at the date of this Announcement, to provide an irrevocable undertaking; and
- (b) on the best effort basis, Oei Hong Leong Foundation (Pte) Ltd and SureWorld Capital Limited, who holds 11.77% and 6.22% of the voting rights of the Company respectively as at the date of this Announcement, to provide an irrevocable undertaking,

to the Purchaser to propose and vote in favour of the shareholders’ resolutions proposed at its extraordinary general meeting to approve the Proposed Disposal.

Further to the above, where the approval of the shareholders of the Purchaser is required for the Proposed Disposal, the Purchaser shall procure each of Sng Sze Hiang and Tong Jia Pi Julia, who holds 37.61% and 24.48% of the voting rights of the Purchaser respectively, to propose and vote in favour of the shareholders resolution(s) proposed at a general meeting to approve of the Proposed Disposal and the issuance of the Consideration Shares to the Company.

4. INFORMATION ON TT INTERNATIONAL LIMITED

TT International Limited, a company listed on the Mainboard of the SGX-ST, has been a pioneer in international trading and distribution of consumer electronics and household appliances across developing economies. It was amongst the first to break into the Indochina market in the 1980s, and thereafter built on its experience to successfully penetrate into other emerging markets like China, Africa and Russia. It is one of the largest international traders of consumer electronics and household appliances in Singapore.

The Purchaser has been seeking opportunities to integrate further in the retail sector to complete its value proposition by enhancing its reach to the end consumer. It is in this context that the Purchaser finds the furniture retail activities of the Furniture Assets and Businesses in Singapore would be complementary to its longer-term retail business objective.

As at 30 April 2007, being the market day immediately prior to this Announcement, the issued and paid-up share capital of the Purchaser was S\$78,523,132.05 comprising 523,487,547 ordinary shares.

5. RATIONALE

Consumers' retail concepts have changed over the years, especially with the growing affluence of the consumers. The Group will continue to face new challenges in growing its Furniture Business.

The Board has considered several strategic options for the growth of its Furniture Business. One of these options would have been to continue to grow the Furniture Business further. However, such growth would require expansion of its distribution network both locally and overseas to gain global scale. Currently, the Furniture Business has minimal overseas presence. This strategy, which would entail significant risk, human resource investment and capital which may have to be raised from the Shareholders, does not guarantee good returns for the Group.

In view of the above, the Board has decided on the Proposed Disposal, which offers to divest the Furniture Business at an attractive premium to the net tangible asset value of the Furniture Business.

The Purchaser is a leading Singapore-based player in the global trading of consumer electronics and household appliances, including its own house brand AKIRA, and sells such products to over 60 countries worldwide. It has an established network in emerging markets such as South East Asia in countries like Indonesia, Malaysia and Vietnam just to name a few. It also has proven strengths in brand building and distribution. The Proposed Disposal will give the Company an opportunity to participate and leverage in the future growth of the Purchaser's business via its shareholding in the Purchaser. In this regard, the Company has on 21 February 2007 and 3 March 2007 entered into 2 subscription agreements (the "**Additional Subscriptions**") for an aggregate additional 37,121,300 shares in the Purchaser at a subscription price of \$0.20 each. With the completion of the Proposed Disposal and the proposed Additional Subscriptions, the Company will emerge holding approximately 16.67% of the issued and paid-up share capital of the Purchaser.

The Board believes that the Proposed Disposal allows the Company to realise value in the Furniture Business which it has built over the years, thus benefiting Shareholders and other stakeholders alike.

Having regard to the circumstances set out above, the Board is of the opinion that it is in the interest of the Company to pursue the Proposed Disposal and to allow the Shareholders the right to decide for themselves in an extraordinary general meeting whether or not to accept and approve the Proposed Disposal.

6. FINANCIAL EFFECTS

For illustration purposes only, the proforma financial effects of the Proposed Disposal on the Group set out below were prepared based on the audited financial statements of the Group for the financial year ended 31 December 2006 subject to the following key assumptions:-

- (a) For the purpose of computing the earnings and earnings per share ("**EPS**") of the Group after the Proposed Disposal, it is assumed that the Proposed Disposal was effected on 1 January 2006;
- (b) For the purpose of calculating the net tangible assets ("**NTA**") and gearing of the Group after the Proposed Disposal, it is assumed that the Proposed Disposal was completed on 31 December 2006; and
- (c) As explained in section 2 of this Announcement, the proforma NTA of the Furniture Companies is assumed to be \$5,500,000 and the proforma net profits attributable to the Furniture Companies is assumed to be \$2,250,000.

Given that the financial effects presented below is proforma in nature and only for illustration purposes, it does not represent the actual financial results and/or position of the Group immediately after the completion of the Disposal and/or the Additional Subscriptions.

6.1 Gain or loss arising

The proposed disposal of the furniture business is expected to generate an estimated once-off gain of approximately \$8 million for FY2007.

6.2 Share Capital

As the Proposed Disposal does not involve the issue and allotment of any new Shares, the Proposed Disposal has no effect on the share capital of the Company.

6.3 Earnings

	FY2006	After the Proposed Disposal	After the Proposed Disposal and Additional Subscriptions
Profit attributable to Shareholders – (S\$'000)	3,183	933	933
Number of Shares	110,993,254	110,993,254	110,993,254
Earnings per Share – cents	2.87	0.84	0.84

6.4 NTA

	As at 31 December 2006	After the Proposed Disposal	After the Proposed Disposal and Additional Subscriptions
NTA – (S\$'000)	23,222	31,222	31,222
Number of Shares	110,993,254	110,993,254	110,993,254
NTA per Share – cents	0.21	0.28	0.28

6.5 Gearing

	As at 31 December 2006	After the Proposed Disposal	After the Proposed Disposal and Additional Subscriptions
Total borrowings – (S\$'000)	18,850	13,496	13,496
Shareholders' funds – (S\$'000)	24,980	32,980	32,980
Gross gearing – times	0.75	0.41	0.41

Note:

The expression "total borrowings" means the aggregate of liabilities arising out of borrowings from banks and financial institutions. The expression "Shareholders' funds" refers to the aggregate of the issued and paid-up share capital and reserves.

7. NOVENA POST DISPOSAL

After Completion of the Proposed Disposal, the Group will retain its beauty division under its wholly-owned subsidiaries Beaute Spring Pte. Ltd., Niclas International Pte Ltd, Fasta International Pte Ltd and BSP Global Pte Ltd, as well as its interest in the distribution of FMCG products through its subsidiary, Chuan Seng Leong Pte Ltd. In addition, the Group is also retaining its interest in its overseas furniture manufacturing operations in China.

The Company is currently in the process of evaluating new assets and/or businesses to enhance value for the Shareholders. The Company is evaluating investment opportunities in business areas relating or complementary to its other existing business in the beauty division and possibly new business areas other than the Furniture Business. Timely announcements will be made to Shareholders as and when decisions on such potential acquisitions are made and the Company will accordingly seek the approval of Shareholders, where required.

8. FURTHER INFORMATION

8.1 **Directors' Service Contracts.** No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly no service contract is proposed to be entered into between the Company and any such person.

8.2 **Interests of Directors and Substantial Shareholders of the Company.** As at 30 April 2007, being the market day immediately prior to this Announcement, the interests of the Directors in the issued share capital of TTIL are as follows:

	As at 30 April 2007			
	Direct Interest		Deemed Interest	
	No. of TTIL Shares	%	No. of TTIL Shares	%
Toh Soon Huat	2,150,000 ⁽¹⁾	0.41	-	-
Mr Manohar P Sabnani	52,000 ⁽¹⁾	0.00099	48,000 ⁽²⁾	0.00091

Notes:

- (1) Mr Toh Soon Huat and Mr Manohar P Sabnani had historically acquired the TTIL Shares from the open market.
- (2) 48,000 TTIL Shares are held by Ms Mohini R Nathani, who is the wife of Mr Manohar P Sabnani. Mr Manohar P Sabnani is thus deemed to be interested in the 48,000 TTIL Shares.

8.3 Save as disclosed in paragraphs 3.5 and 8.2 above, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal or any other transaction ancillary to the Proposed Disposal.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated

and opinions expressed herein are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading.

Where information relating to the Purchaser has been extracted from published or otherwise available sources or is otherwise based on information obtained from the Purchaser, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources or, as the case may be, reflected or reproduced in this Announcement.

10. Document for Inspection

A copy of the Agreement is available for inspection at the Company's registered office at 47 Sungei Kadut Avenue Singapore 729670, during normal business hours for a period of three months commencing from the date of this Announcement.

A Circular to Shareholders, together with the notice of extraordinary general meeting, to seek Shareholders' approval for the Proposed Acquisition will be despatched to Shareholders in due course.

BY ORDER OF THE BOARD

Toh Soon Huat
Acting Chairman/ Chief Executive Officer

2 May 2007