

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

PROPOSED SUBSCRIPTION OF 49,666,367 NEW ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF UNITED ENVIROTECH LTD

1. INTRODUCTION

The Directors of Novena Holdings Limited (the “**Company**”) wish to announce that the Company has entered into a subscription agreement dated 26 May 2008 (the “**Subscription Agreement**”) with United Envirotech Ltd (“**UEL**”). Subject to and upon the terms and conditions of the Subscription Agreement, the Company has agreed to subscribe and pay for 49,666,367 new ordinary shares (the “**Subscription Shares**”) in the capital of UEL at the price of S\$0.21 (“the **Subscription Price**”) for each Subscription Share (the “**Subscription**”). The Subscription Shares will constitute 12.49% of the enlarged issued share capital of UEL of 397,596,000 ordinary shares after completion of the Subscription.

The Subscription Price of S\$0.21 for each Subscription Share represents a discount of approximately 7.7% of the volume weighted average price of S\$0.22757 for trades done on UEL’s shares on 26 May 2008 (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 UEL.

2. MATERIAL TERMS AND CONDITIONS

The Subscription is conditional upon the following:

- (a) approval in-principle for the listing and quotation of the Subscription Shares on the Official List of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) being obtained from the SGX-ST and not having been revoked and, where such approval is subject to conditions, , such conditions being reasonably acceptable to UEL and the Company and, to the extent that any conditions for the listing and quotation of the Subscription Shares on the Official List of the SGX-ST are required to be fulfilled on or before the date of completion of the Subscription (“**Completion Date**”), they are so fulfilled;
- (b) the allotment, issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule, regulation, directive or request promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere, which is applicable to UEL, the Company and/or its nominees;
- (c) the representations and warranties of UEL in the Subscription Agreement being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and UEL having performed in all material respects all of its material obligations in the Subscription Agreement to be performed on or before the Completion Date; and
- (d) there being no material adverse change on or before the Completion Date in the financial condition of UEL and to the warranties given by UEL in the Subscription Agreement, since the date of the Subscription Agreement.

If any of the conditions set forth in (a) to (e) above is not satisfied or waived on or before three weeks from the date of the Subscription Agreement, the Subscription Agreement shall *ipso facto* cease and determine thereafter and none of the parties shall have any claim against the other for damages, losses, compensation or otherwise..

Further, it is agreed between UEL and the Company that upon completion of the Subscription, UEL will appoint a person nominated by the Company to its board of directors as a non-executive director.

3. RATIONALE FOR THE SUBSCRIPTION

UEL was incorporated on 9 July 2003 in Singapore under the name of Asia Environment Pte Ltd. UEL adopted the current name on 15 March 2004 and was listed on the SGX Mainboard on 22 April 2004. The Group is a comprehensive environmental solutions provider focusing on water and wastewater treatment. It is a leading membrane based water and wastewater treatment and reclamation solution provider in China's chemical, petrochemical and industrial park sectors. UEL's membrane systems have also been used successfully in pharmaceutical, food & beverage and textile and dye staff industries.

The subscription of the new shares in UEL by the Company is a long term investment. The Directors are of the view that UEL has growth potential and that it would be in the Company's interest to subscribe for UEL'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 2007 ("FY2007"), 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 2007, the pro forma financial effects on the consolidated NTA of the Novena Group for FY2007 are as follows:

	Before Subscription	After Subscription
NTA (S\$'000)	60,452	60,452
NTA per share (cents)	0.20	0.20

- (c) **Earnings.** For illustrative purposes only and assuming that the Subscription had been completed on 1 January 2007, the pro forma financial effects on the consolidated earnings of the Novena Group for FY2007 are as follows:

	Before Subscription	After Subscription
Profit after tax and minority interest (S\$'000)	45,595	45,595
Earnings per share (cents)	16.80	16.80

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 Rules of Catalist are as follows:

Rule 1006	Bases	Computation	Percentage (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value as at 23 May 2008	Not applicable	Not applicable
(b)	Net profits attributable to the assets acquired of, compared with the Group's net profits as at 23 May 2008	Not applicable	Not applicable
(c)	Aggregate value of consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares as at 23 May 2008	\$10.4M/\$77.8M	13.4%
(d)	Number of equity securities issued by the Company as consideration for the acquisition, 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 (c) 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. Save for Oei Hong Leong Foundation (Pte) Ltd, a substantial shareholder of the Company, who will be subscribing for 16,599,633 new shares in UEL in a separate subscription agreement with UEL, 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

27 May 2008