

## **NH CERAMICS LTD**

(Company Registration No: 199704544C)

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### **PROPOSED SALE OF PROPERTY AT BLOCK 210, HOUGANG STREET 21, #01-243 BY A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**

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The Board of Directors of NH Ceramics Ltd (the "Company") together with its subsidiaries, (the "Group") wishes to announce that one of its wholly-owned subsidiaries, Nam Huat Tiling & Panelling Co Pte Ltd ("NHTP"), had granted an option to Mdm Chia Kah Hoon (the "Purchaser") to purchase a leasehold property at Block 210, Hougang Street 21, #01-243 Singapore 530210 (the "Property").

The option was exercised by the Purchaser on 29 May 2006 and completion of the Sale of the Property is scheduled to take place (i) ten weeks from the date of exercise of the option, which barring any unforeseen circumstances, will be on 7 August 2006; or (ii) four weeks from the date approval is granted by the Housing & Development Board ("HDB"), whichever is the later ("Completion Date").

The announcement is made pursuant to Rule 1013 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

#### Consideration

The sale price of S\$900,000 ("Consideration") was arrived at on a willing-seller, willing-buyer basis and is to be wholly satisfied in cash in two tranches, namely by (i) payment of 10% of the Consideration as deposit on 29 May 2006, being the date of exercise of the option and (ii) payment of the balance 90% on Completion Date.

#### Material Terms and Conditions of the Proposed Sale

The completion of the proposed sale is subject to the fulfillment of various conditions including:

- (a) approval of HDB to the sale and purchase;
- (b) receipt by the Purchaser's solicitors of satisfactory replies to their legal requisitions sent or to be sent by them to the various government departments; and
- (c) the Property not being acquired by the government or other competent authorities before Completion Date.

#### Rationale for the Proposed Sale

NHTP is principally engaged as a supplier and stockist of building material including ceramics and marble tiles. In its retail business segment, NHTP services its customers through its showrooms and the Property was purchased for this purpose. The showroom located at the Property was closed in August 2004 and the operations was relocated to a much larger rented premise of 25,000 square feet "NH Ceramics Showroom" at Tower 4, HDB Centre, 167 Jalan Bukit Merah Singapore 150167.

### Use of Proceeds

Pending the deployment of funds, the net proceeds may be used to repay existing bank borrowings.

### Financial Effects of the Proposed Sale

Based on the audited accounts of the Group for the financial year ended 30 June 2005, the aggregate book value of the Property is approximately S\$1,061,000. The Consideration of S\$900,000 is lower than the book value of the Property by S\$161,000. The net loss attributable to the disposal of the Property is approximately S\$173,000 after accounting for commission expense and legal fees.

The financial effects of the proposed sale on the net tangible asset value ("NTA") and earnings per share ("EPS") of the Group are as follows:

	<b>Before sale of the Property</b>	<b>Effect of sale of the Property</b>
NTA per share (As at 30 June 2005)	8.99 cents	8.73 cents
EPS (for FY 30 June 2005)	(7.69) cents	(7.96) cents

### Relative Figures

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST in respect of the proposed sale are as follows:

Clause 1006 (a)	The net asset value of the Property to be disposed is 18.2% of the Group's net asset value as at 30 June 2005 based on the audited financial statements for the year ended 30 June 2005.
Clause 1006 (b)	The net loss attributable to the disposal of the Property is 3.2% of the Group's net loss before tax for the financial year ended 30 June 2005 based on the audited financial statements for the year ended 30 June 2005.
Clause 1006 (c)	The sale price compared to the Company's market capitalisation is approximately 30.8% based on the Company's market capitalisation of S\$2.92 million as at 26 May 2006.
Clause 1006 (d)	N.A.

#### Rule 1014 of the Listing Manual of the SGX-ST

An application will be made to the SGX-ST for a waiver of the application of Rule 1014 of the Listing Manual of the SGX-ST which requires that a major transaction be made conditional upon approval by shareholders in a general meeting. The Company will make an announcement on the outcome of the application once received.

#### Directors' and Controlling Shareholders' Interests

As far as the Directors are aware, none of the Directors or Controlling Shareholders (as defined in the Listing Manual of SGX-ST) of the Company has any interest, direct or indirect, in the disposal of the Property.

#### Documents Available for Inspection

A copy of the Option to Purchase (which includes the Particulars of Sale) is available for inspection by the shareholders during normal business hours at the Company's registered office at 1 & 3 Tuas Avenue 8 Singapore 639217 for three months from the date of this announcement.

*By order of the Board  
Ricky Paul Goh Moh Chye  
Managing Director  
31 May 2006*