



(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199704544C)

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## CONVERTIBLE LOAN AGREEMENT

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### 1. Introduction

The Board of Directors (the "**Board**") of NH Ceramics Ltd (the "**Company**") wishes to announce that the Company had on 25 April 2007 entered into a convertible loan agreement (the "**Convertible Loan Agreement**") with Merryland Pacific Limited, Lim Oon Hock, Lee Yong Miang, Ong Soon Liong, Chua Beng Huat, and Lee Kian Soo (collectively known as the "**Investors**"), pursuant to which the Investors have agreed, at the request of the Company, to make available to the Company a convertible loan of an aggregate principal amount of S\$4,997,000 (the "**Loan**"), upon the terms and subject to the conditions contained therein. An amount of approximately S\$3.9 million of the Loan has today been disbursed to the Company (the "**Funding Date**").

### 2. Conversion of the Loan

The Convertible Loan Agreement allows for, *inter alia*, the Investors to have the right to convert all of the Loan into 190,000,000 new ordinary shares in the issued and paid-up share capital of the Company at an agreed conversion price of S\$0.0263 per share (the "**New Shares**"), in accordance with the provisions set out in the Convertible Loan Agreement (the "**Conversion**"). The whole principal amount of the Loan, together with compensation costs calculated at the annual rate of 8% per annum on the Loan, if not converted to New Shares shall be repaid by the Company on the expiry of the Convertible Loan Agreement.

### 3. Purpose and Use of the Loan

The Loan shall be applied towards the repayment of certain directors' loans and for the Company's general working capital purposes.

### 4. Appointment and Resignation of Directors

Pursuant to the Convertible Loan Agreement, Lee Yong Miang and Lim Oon Cheng (collectively known as the "**New Directors**") will be appointed as new directors to the Board and concurrent with the said appointments, Tay Kiam Peng and Margaret Tay Hui Hia (collectively known as the "**Resigning Directors**") will resign as directors of the Board.

### 5. Singapore Code on Take-overs and Mergers

Under Rule 14 of the Singapore Code on Take-overs and Mergers ("**Rule 14**") and Section 139 of the Securities and Futures Act (Chapter 289) of Singapore, any person together with persons acting in concert with him acquiring shares which carry 30% or more of the voting rights of the Company shall be required to make a mandatory general offer for those shares not already owned by him and his concert parties. In the event the Investors convert the Loan into New Shares, they shall acquire 190,000,000 New Shares, representing approximately 71.7% of the Company's enlarged issued and paid-up share capital.

An application was made to the Securities Industry Council (the "**SIC**") on 14 March 2007 for a waiver of the obligation under Rule 14 for the Investors to make a general offer as a result of the allotment and issue of the New Shares to the Investors amounting to approximately 71.7% of the Company's enlarged issued and paid-up share capital. Approval by the SIC for waiver of the obligation under Rule 14 was given on 3 April 2007, subject to certain conditions being satisfied, including, *inter alia*, the Company obtaining approval of the whitewash

resolution from its shareholders at an extraordinary general meeting of the Company ("EGM") to be convened to exempt the Investors from making a general offer for the remaining issued shares of the Company not already owned by them and their concert parties as a result of the Conversion of the Loan.

## **6. Referral Fee**

Mr Harry Wee Poh Eng, an independent third party, has in the course of the past year been referring various potential investors to the Company. The Company has explored these various opportunities but has not proceeded with any of them. The Company acknowledges and appreciates the role of Mr Harry Wee Poh Eng in referring investors to the Company and has agreed to pay Mr Harry Wee a referral fee of S\$263,000 for the services provided, to be satisfied by the allotment and issue of 10,000,000 New Shares at a deemed issue price of S\$0.0263 to be credited as fully paid-up (the "Referral Fee Shares"). The allotment and issue of the Referral Fee Shares to Mr Harry Wee is subject to the approval of the shareholders being obtained at the EGM.

## **7. Financial Effect**

As at the date of this announcement, the issued and paid-up capital of the Company is S\$13,192,949.26 comprising 64,977,825 ordinary shares. Upon Conversion of the Loan and the allotment and issue of the Referral Fee Shares to Mr Harry Wee, the existing issued share capital of the Company will increase to approximately S\$18,452,949.26 comprising 264,977,825 ordinary shares. Correspondingly, the NTA per Share of the Group, based on the unaudited financial statements of the Group as at 31 December 2006, after adjusting for the Conversion and the allotment and issue of the Referral Fee Shares, will increase from 0.95 cents to 2.12 cents.

The shareholding structure of the Company following the Conversion and the allotment and issue of the Referral Fee Shares to Mr Harry Wee is as follows:

<u>Name of Shareholder</u>	<u>No. of Shares</u>	<u>Percentage (%)</u>
NH Investments Pte Ltd	27,500,000	10.38
Paul Goh Moh Chye	13,481,690	5.09
Investors	190,000,000	71.70
Harry Wee Poh Eng	10,000,000	3.77
Others	23,996,135	9.06

## **8. Directors' Responsibility Statement**

The directors of the Company 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, and they jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD

Paul Goh Moh Chye  
Managing Director

25 April 2007