

PROPOSED SALE OF PROPERTY AT 5 JALAN MASJID, #01-09 KEMBANGAN COURT, BY A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

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 on 13 September 2006, granted an option to Zhulian Singapore Pte Ltd (the “Purchaser”) to purchase a freehold property at 5 Jalan Masjid #01-09 Kembangan Court, Singapore 418924 (the “Property”). The option expires three weeks from the date of grant. The completion date shall be six weeks from the date of exercise of the grant.

Consideration

The consideration for the Property is S\$2,300,000 (the “Consideration”), and was arrived at on a willing-seller, willing-buyer basis, taking into account the desk-top valuation for financial purposes of the Property at S\$2,300,000 as at 30 June 2006 by an independent consultancy firm, DTZ Debenham Tie Leung (SEA) Pte Ltd, appointed by NHTP.

The Consideration is to be wholly satisfied 10% of the sales price in cash as deposit at the date of exercise of the option and the balance of 90% upon completion of the sale. A copy of the Particulars of Sale and the Option to Purchase is available for inspection 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.

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 Kembangan Property was purchased in February 2001 as a showroom for the Company’s products. The Kembangan showroom located at the Property was closed in August 2005 and the operations was relocated to a much larger rented premise of 25,000 square feet “NH Ceramics Showhouse” at Tower 4, ConnectionONE, 167 Jalan Bukit Merah Singapore 150167. The Property has been vacant since then.

Use of Proceeds

Pending the deployment of funds, the net proceeds may be used to repay existing bank borrowings, deposited with banks and financial institutions and used as working capital.

Financial Effects of the Proposed Sale

Based on the unaudited management accounts of the Group for the financial year ended 30 June 2006, the aggregate book value of the Property is S\$2,300,000. There is no book loss on the sale of the property, however the net loss attributable to the disposal of the Property is approximately S\$28,000 representing the 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:

	Before sale of Property	Effect of sale of Property
NTA per share (As at 30 June 2006)	4.84 cents	4.80 cents
Loss per share (FY 30 June 2006)	4.15 cents	4.19 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 73.1% of the Group’s net asset value as at 30 June 2006 based on the latest announced consolidated accounts for the year ended 30 June 2006.
Clause 1006 (b)	The net loss attributable to the disposal of the Property is 1.0% of the Group’s net loss before tax for the financial year ended 30 June 2006 based on the latest announced consolidated accounts for the year ended 30 June 2006.
Clause 1006 (c)	The sale price compared to the Company’s market capitalisation is approximately 88.5% based on the Company’s market capitalisation of S\$2.60 million as at 12 September 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 such application in due course.

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.

*By order of the Board
Ricky Paul Goh Moh Chye
Managing Director
14 September 2006*