



(Incorporated in the Republic of Singapore)
(Company Registration No. 199704544C)

DIVESTMENT OF SUBSIDIARY

The Board of Directors (the “**Board**”) of NH Ceramics Ltd (the “**Company**”) wishes to announce that the Company had on 14 May 2007 entered into a sale and purchase agreement with Choo Man Wai and Hylien Hoo Cheng (collectively, the “**Purchasers**”) in respect of the sale by the Company of all its shares in its wholly owned subsidiary, Living Elements Pte Ltd (“**LEPL**”), for an aggregate consideration of S\$1.00. The Purchasers are third parties not related to any of the directors or substantial shareholders of the Company.

The sale and purchase of the shares in LEPL is conditional upon shareholders’ approval, if required.

As at 31 December 2006, LEPL had a negative net tangible asset value of approximately S\$0.6 million and has been loss making since 2003. The rationale for the proposed sale of LEPL is to enable the Company to consolidate and focus on its core activity in the supply of building materials and to divest its non-profitable subsidiary.

The sale is expected to have a favourable impact on the net tangible assets and earnings per share of the Company for the current financial year ending 30 June 2007.

The Company will make further announcements as appropriate to keep shareholders informed of material developments.

Paul Goh Moh Chye
Managing Director
15 May 2007