Registration No: 199105392H

DISPOSAL OF PROPERTY - 11 GUL CRESCENT, SINGAPORE

INTRODUCTION

Tat Hong Holdings Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to inform that its wholly-owned subsidiary, Tat Hong HeavyEquipment (Pte) Ltd ("**THHE**") has granted an Option to Purchase to Mini Environment Service Pte Ltd ("**Purchaser**"), which was exercised today, for the acquisition of its property at 11 Gul Crescent, Singapore 629524 ("**Property**"). The Property will be sold for a total cash consideration of S$25 million with one-year rent-free use by THHE ("**Transaction**").

The Property has a site area of approximately 29,390 square metres with two single-storey office buildings, three single-storey warehouse/storage buildings and two other ancillary buildings having a total built-up area of approximately 12,640 square metres. The Property has a remaining lease of approximately 25.5 years.

RATIONALE

The Company had in September 2013 announced its decision to divest the Property as part of its programme to optimise operations in land-scarce Singapore. As offers received at that time were not acceptable to the Company, the Property was withdrawn from the market. In the meantime, the Company proceeded with its plans to optimise its Singapore operations involving the relocation of crane storage and maintenance operations to other sites at Tuas Bay Drive, Tuas South and Kulaijaya, Johor. The completion of the relocation plan will make the Property redundant.

CONSIDERATION

The consideration for the Property was arrived at after negotiations on a willing-buyer willing-seller basis and took into consideration the one-year rent-free use by THHE as well as the indicative value of the Property at S$26 million provided by Jones Lang Property Consultants Pte Ltd based on a Desktop Review conducted in April 2015.

The Property has a net book value of approximately S$11.8 million as at 31 March 2015 and the Group will recognise a gain on disposal of approximately S$12.9 million after deducting expenses.

CONDITIONS PRECEDENT

The sale of the Property is subject to:

1) Approval for the sale being obtained from JTC;
2) Approval from JTC and/or other relevant authorities for the Property to be used for storage, warehousing and logistics under B2 Industrial usage;
3) Approval from JTC for the rent-free occupation of the Property by THHE;
4) Completion of decontamination work, if any is required to be done, subject to mutually agreed terms; and
5) Satisfactory road line plan and satisfactory replies from various government departments to requisitions relating to the Property made by the Purchaser.

FINANCIAL EFFECTS

For illustrative purposes only, the proforma financial effects on the Group's earnings per share (EPS) and net tangible asset (NTA) per share based on its consolidated audited financial statements for FY2014 ended 31 March 2014 are as follows:

a) Assuming that the Transaction had taken place in FY2014, the Group's EPS would have increased from 5.11 cents to 6.85 cents.

b) Assuming that the Transaction had taken place on 31 March 2014, the Group's NTA per share would have increased from S$0.98 to S$1.00.

CHAPTER 10 OF THE LISTING MANUAL

Based on the audited financial statements of the Group for the financial year ended 31 March 2014, the relative figures for the Transaction computed on the bases set out in Rules 1006(a) to 1006(d) of the Listing Manual are as follows:

Rule	Bases	Relative Figures
1006(a)	Net asset value of the Transaction, compared with the Group's net asset value	1.7%
1006(b)	Net profit attributable to the Transaction, compared with the Group's net profits	26.4%
1006(c)	Aggregate value of the consideration to be received, compared with the market capitalisation of the Company as at 7 May 2015 being the market day preceding the date of the Transaction	6.5%

1006 (d)	Number of equity securities issued by the Company as consideration for the Transaction, compared with the number of equity securities previously in issue	NA

Notes:

1) The relative figure for Rule 1006(a) was computed based on the net asset value of the Property of S$11.8 million as at 31 March 2015 divided by the Group's audited net asset value as at 31 March 2014 of S$675.5 million.

2) The relative figure for Rule 1006(b) was computed based on the pre-tax gain from the Transaction of approximately S$12.9 million divided by the Group's net profit before tax and minority interests for FY2014 of S$48.9 million.

3) The relative figure for Rule 1006(c) was computed based on the consideration of S$25 million divided by the market capitalisation of the Company as at 7 May 2015 of approximately S$384.1 million (based on volume weighted average share price).

The Transaction constitutes a "major transaction" for the purposes of Chapter 10 of the Listing Manual and is subject to the approval of the shareholders of the Company as the relative figure under 1006(b) exceeds 20%. The Company has applied to SGX-ST for a waiver of Rule 1014(2) of the Listing Manual pertaining to the need for shareholders' approval for this Transaction ("Waiver") and has received a letter from SGX-ST dated 6 May 2015 granting the Waiver, subject to the following:

(i) the Company announcing the Wavier granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual; and

(ii) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

REASONS FOR SEEKING THE WAIVER

The Company applied for the Waiver on the following grounds:

(a) The risk profile of the Company will not be affected by the Transaction but would improve it as bank borrowings / gearing would be reduced from the sale proceeds. The Group is presently the largest crane company in the Asia-Pacific region with a fleet of some 1,500 crawler, mobile and tower crane. The core business of the Group remains the supply of cranes and heavy equipment to various industries and comprises, inter alia, crane rental, tower crane rental, distribution and general equipment rental. In addition, the Group already has in place replacement sites for the crane storage and maintenance activities that are currently housed at the Property.

(b) As evidenced by the relative figures under Rule 1006(a) and Rule 1006 (c) of the SGX-ST Listing Manual, the Transaction is not substantial when compared to the net asset value and the market capitalisation of the Group. Further the Transaction also does not result in a material change in the nature of the Group's business, nor does it result in any

change in control of the Company. Accordingly, there is no material change in the core business of the Group. It is thus reasonable to expect shareholders not to be overly concerned with the Transaction which involves a non-core asset that does not affect the nature of the main business of the Group and which is carried out to realise operating efficiencies. As attested to in paragraph 4 of the Practice Note 10.1 of the Listing Manual of the SGX-ST, "*…shareholders generally would not be concerned if the assets to be disposed of are non-core or loss making*."

(c) The Transaction will be carried out as part of the Group's efforts to realise operating cost efficiencies and save costs by consolidating its Singapore operations into the Group's other existing properties in Singapore and Johor, Malaysia. The Transaction represents a disposal of a non-core asset to unlock value for shareholders and the proceeds from the Transaction would be utilised by the Group to reduce bank borrowings / gearing and to fund future growth.

(d) The only relative figure exceeding 20% under the bases of Rule 1006 of the SGX-ST Listing Manual is Rule 1006(b), which relates to the comparison of the net profit attributable to the Property vis-à-vis the Group's net profit. The Company submitted that Rule 1006(b) should not be the sole criteria used in evaluating the significance of the Transaction and it must be noted that the proceeds of S$25 million is a relatively small amount when compared against the Company's shareholders' fund of approximately S$675.5 million as at 31 March 2014.

(e) The Waiver will help to expedite the commercial intentions of the Company in a currently weak property market and the Transaction has the added benefit of rent-free use of the Property for a year. Furthermore, the Company has not received any unfavourable response from shareholders to the sale of the Property after announcing the same in September 2013. It is also in the interest of the Company and its shareholders to avoid incurring the unnecessary costs and expenses in convening a shareholders' meeting to vote on the Transaction. In addition, Chwee Cheng & Sons Pte Ltd, the controlling shareholder, and a related party, holding an aggregate interest of approximately 51.3%, have consented to the Transaction.

As the SGX-ST has granted the Wavier to the Company, the Company will not be convening an extraordinary general meeting to seek shareholders' approval for the Transaction and accordingly, will not be dispatching a circular to shareholders in relation thereto.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company has any interest in the above Transaction, except through their shareholdings and/or directorships in the Company.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Option to Purchase and the Desktop Review of the Property by Jones Lang Lasalle Property Consultants Pte Ltd are available for inspection during normal business hours at the Company's registered address at 82 Ubi Avenue 4, #05-01 Edward Boustead Centre, Singapore 408832 for a period of three months from the date of this Announcement.

By Order of the Board
Tat Hong Holdings Ltd

Lional Tseng
Group Chief Financial Officer/Joint Company Secretary
8 May 2015