TAT HONG HOLDINGS LTD

Registration No: 199105392H

DISPOSAL OF PROPERTIES IN AUSTRALIA

INTRODUCTION

The Board of Directors of Tat Hong Holdings Ltd (the "Company", and together with its subsidiaries, the "Group") wishes to inform that its 100%-owned subsidiary, Tutt Bryant Group Limited ("TBG") has entered into a Conditional Sale and Leaseback Agreement with TransLinQ Income Pty Ltd ("TransLinQ") in relation to the following five properties (the "Properties") for a total cash consideration of A$30.0 million (approximately S$35.1 million):

(a) 6 Ferngrove Place, South Granville NSW 2142
(b) 8 Ferngrove Place, South Granville NSW 2142
(c) Lots 47 & 48 Motorway Business Park, Ormeau QLD 4208
(d) 10 -14 Ashover Road, Rocklea QLD 4106
(e) 50 Great Eastern Highway, South Guildford WA 6055

RATIONALE

The rationale for the sale and leaseback of the Properties is to monetise TBG's properties and to redeploy the cash proceeds for better use in reducing TBG's bank borrowings and for working capital purposes. The sale and leaseback of the Properties would result in interest cost savings of approximately A$1.7 million per annum (approximately S$2.0 million), assuming that all the proceeds are used to repay bank borrowings. In addition, depreciation charges will be reduced by about A$0.4 million per annum (approximately S$0.5 million).

CONSIDERATION

Three international Australia-based real estate consultants/agents were approached, for their valuation of the properties, with the best valuation engaged to secure a buyer for the properties. The consideration of A$30.0 million (approximately S$35.1 million) was arrived at on a willing-buyer, willing-seller basis following negotiations with TransLinQ which submitted the highest tender among three national real estate companies in Australia which bidded for the Properties. Under the Conditional Sale and Leaseback Agreement, TBG will lease the Properties from TransLinQ for 10 years at approximately A$2.5 million per annum (approximately S$2.9 million), with consumer price index (CPI) adjustment and market review every four years. The rental rate represents a yield of 8.2% to TransLinQ, which is reflective of the rental yield in the Australian market.

The Conditional Sale and Leaseback Agreement is subject to due diligence to be conducted by TransLinQ within 28 days. Upon satisfactory completion of the due diligence, TransLinQ will pay a non-refundable deposit of A$1.0 million (approximately S$1.2) with the balance A$29.0 million (approximately S$33.9 million) payable upon Settlement estimated to take place by 30 November 2014.

The Properties have a net book value of A$19.4 million (approximately S$22.7 million) as at 30 June 2014 and the Group would realise a gain of approximately A$10.3 million (approximately S$12.1 million), after deducting expenses.

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 7.00 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	3.4%
1006(b)	Net profit attributable to the Properties, compared with the Group's net profits	n.m.
1006(c)	Aggregate value of the consideration to be received, compared with the market capitalisation of the Company as at 4 July 2014 being the market day preceding the date of the Transaction	6.1%
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 Properties of the A$19.4 million (S$22.7 million) as at 30 June 2014 divided by the Group's audited net asset value as at 31 March 2014 of S$675.5 million.

2) There is no profit attributable to the Properties as they are used, and will continue to be used in the leaseback, for TBG's operations. However, the cost attributable to the Properties based on the aggregate of the additional interest cost amounting to approximately A$1.70 million per annum which the Company has to bear for its borrowings (due to its gearing not being reduced as a result of non-receipt of the proceeds from the sale of the Properties) and the depreciation charges on the Properties of A$0.4 million per annum (total A$2.1 million per annum or S$2.5 million per annum) divided by the Group's audited net profit before tax and minority interests and excluding extraordinary items for FY2014 of S$48.9 million is 5.1%.

3) The relative figure for Rule 1006(c) was computed based on the consideration of A$30.0 million (S$35.1 million) divided by the market capitalisation of the Company as at 4 July 2014 of approximately S$573.5 million (based on weighted average share price).

The Transaction constitutes a "discloseable transaction" for the purposes of Chapter 10 of the Listing Manual, and is not subject to the approval of the shareholders of the Company as the relative figures under 1006(c) exceeds 5% but is less than 20%.

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.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Sale and Leaseback Agreement is available for inspection during normal business hours at the Company's registered address at 18 Sungei Kadut Avenue, Singapore 729849 for a period of three months from the date of this Announcement.

By Order of the Board
Tat Hong Holdings Ltd

Lional Tseng
Joint Company Secretary
7 July 2014