

**DIVESTMENT OF ENTIRE STAKE IN TAIHON CRANE LEASE CO. LTD****1. Introduction**

The Board of Directors of Tat Hong Holdings Ltd ("Company") is pleased to announce that the Group has entered into a Sale and Purchase Agreement ("Agreement") with Taihei Trading Co. Ltd ("Buyer") to divest its entire stake in Taihon to the Buyer on 25 July 2005.

2. Information on Taihon

The Group holds 40% stake in Taihon. Taihon was incorporated in Japan and the remaining 60% shares are collectively held by Taihei Trading Co. Ltd and Mr. Takamichi Nagai. Taihon's principal activities are in rental of construction equipment and provision of related services.

3. Consideration and use of proceeds

The Group will receive Japanese Yen 78.2 million (the "Consideration") for its 40% stake in Taihon. The Consideration values Taihon at 2.7 times of its unaudited Net Tangible Asset as at 30 June 2005. The valuation was arrived at on a willing-buyer, willing-seller basis.

4. Rational for Disposal

The divestment of Taihon is to capitalize on the opportunities and profit from the Disposal.

5. Financial Effects

The Disposal is not expected to have any material impact to the Group's financial statements in FY06. The proceeds of Japanese Yen 78.2 million from the disposal will boost the Group's cashflow by approximately S\$1.2 million. The proceeds from the Disposal will be used for the Group's working capital.



6. Relative Figures Computed on the Base set out in Rule 1006

As none of the relative percentage under Rule 1006 of the SGX-ST Listing Manual exceeds 20%, the Disposal is not subject to the Company's shareholders approval. The Disposal constitutes a disclosable transaction under the provision Rule 1010 of the SGX-ST Listing Manual.

7. Directors' and Controlling Shareholders' Interests

None of the directors of the Company have any interest, direct or indirect in the Disposal of Taihon. To the best of the Company's knowledge, none of its controlling shareholders have an interest, whether direct or indirect in the Disposal.

By Order of the Board
Ong Tiew Siam
Executive Director/Company Secretary

Date: 27 July 2005

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