

TAT SENG PACKAGING GROUP LTD
COMPANY REGISTRATION NO. 197702806M

PROPOSED ACQUISITION OF 80% OF THE EQUITY SHARE IN 合肥丹盛包装有限公司
HEFEI DANSUN PACKAGING CO LTD

The Board of Directors of Tat Seng Packaging Group Ltd (the “**Company**”) wishes to announce that it has entered into a conditional sale and purchase agreement (“**Agreement**”) with Mdm Cheng Ping [程平女士](the “**Vendor**”) to purchase 80% of the equity share (the “**Equity Share**”) in Hefei Dansun Packaging Co Ltd [合肥丹盛包装有限公司] (“**Dansun**”) (the “**Transaction**”). Upon completion of the Transaction, Dansun will become a subsidiary of the Company.

Information on Dansun

Dansun is incorporated in Hefei City, Anhui Province, China in July 2003 and has a paid up share capital of RMB15,000,000. Dansun is a corrugated paper carton manufacturing company located at Hefei Economical Technical Development Park. At full capacity, Dansun can produce 25 million square metres of paper board products annually. The existing clients of Dansun include Unilever China, Haier, Yili and Mengniu.

Consideration

The aggregate consideration for the Transaction (“**Consideration**”) of RMB 17,900,000 was agreed upon based on arms’ length negotiations between the Company and the Vendor on a willing buyer and willing seller basis. The minority shareholder has given consent to the Vendor to sell her Equity Share to the Company.

The total Consideration will be paid in cash on completion of the Transaction and will be financed from internal resources.

Completion

The Transaction is subject to the approval of the relevant PRC authorities and the grant of the new Certificate of Approval and Business Licence. Completion will take place after the Certificate of Approval and Business Licence are obtained.

Material Conditions of the Transaction

1. The Vendor has previously pledged 56% of the equity share in Dansun to Ming Zhu [明珠服务中心] who has given its consent to the Company to purchase the Equity Share from the Vendor. In order to discharge the pledge, the Company will pay part of the Consideration (RMB 9,410,000) to Ming Zhu [明珠服务中心] in the manner stated below to fully discharge the said pledge.
2. The Consideration for the Transaction will be paid in 2 stages, the first (payment of RMB 9,410,000) is to be made within 3 working days from the issuance of the Certificate of Approval and the second (payment of RMB 8,490,000) is to be made within 3 working days from issuance of the Business Licence. The Consideration will be paid to a Temporary Account held in the joint names of the Company, the Vendor and Ming Zhu [明珠服务中心]. The Consideration will be paid out from the Temporary Account to the Vendor and Ming Zhu [明珠服务中心] within 5 days upon receipt of the Registration Certificate issued by the PRC Foreign Exchange Authorities.

3. The minority shareholder in Dansun has waived its pre-emptive rights to the Equity Share and given its consent to the Transaction.

Financial Effects of the Transaction

The value of the Equity Share acquired represents 10.97% of the market capitalization of the Company as at 23 August 2006.

The net profits attributable to the Equity Share acquired for the half year ended 30 June 2006 represents -1.64% of the Company's net profits for the half year ended 30 June 2006.

The proforma financial effects of the proposed acquisition on the earnings per share ("EPS") and the net tangible assets per share ("NTA") are computed based on the consolidated financial statements of Tat Seng Packaging Group Ltd for the financial year ended 31 December 2005 ("FY2005").

1) Impact on EPS

Assuming that the proposed acquisition had been completed on 1 January 2005, the proforma financial effects on the consolidated earnings of Tat Seng Packaging Group Ltd for FY2005 are as follows :-

Earnings per share (cents)

Before proposed acquisition	1.43
After proposed acquisition	1.18

2) Impact on NTA

Assuming that the proposed acquisition had been completed on 31 December 2005, the proforma financial effects on the consolidated NTA of Tat Seng Packaging Group Ltd for FY2005 are as follows:-

NTA per share (cents)

Before proposed acquisition	27.60
After proposed acquisition	26.32

Rationale for the Transaction

The Directors are of the view that there are considerable business synergies between its subsidiary Tat Seng Packaging (Suzhou) Co Ltd and Dansun. With the acquisition, the combined volume for raw materials will allow the Company to enjoy greater bulk purchasing discount and savings in raw material costs. The acquisition will also build the Company's presence in China and allow Tat Seng Packaging (Suzhou) Co Ltd access to new customers in the region.

Rule 1006 Relative Figures

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:-

The relative figures under Rule 1006 (a) and (d) are not applicable to the Transaction.

	Net profits/(losses) attributable to assets acquired for the half year ended 30 June 2006	Net profits of the Group for the half year ended 30 June 2006	Relative figure
	S\$	S\$	
Rule 1006(b)	(19,804)	1,209,325	-1.64%
	Aggregate consideration given for asset acquired	Market capitalisation of the Company as at 23 August 2006	Relative figure
	S\$	S\$	
Rule 1006(c)	3,534,176	32,226,000	10.97%

Note :

Rule 1006 (b) Net profit attributable to assets acquired is computed based on average exchange rate for the half year ended 30 June 2006, 1 RMB : S\$0.199477

Rule 1006 (c) Aggregate consideration given for assets acquired is computed based on exchange rate on 23 August 2006, 1 RMB : S\$0.197440

Interests of Directors and Controlling Shareholders

None of the directors or controlling shareholders of the Company is interested, directly or indirectly in the said Transaction.

Document for Inspection

Copies of the Agreement shall be available for inspection at the Company's registered office at 28 Senoko Drive, Singapore 758214 during the Company's business hours for 3 months from the date of this Announcement.

By Order of the Board
Lotus Isabella Lim Mei Hua
Company Secretary
24 August 2006