

NATURAL COOL HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 200509967G

PROPOSED ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL IN LIFA ENGINEERING PTE LTD (COMPANY REGISTRATION NO. 200006254M) (“PROPOSED ACQUISITION”)

1. The Board of Directors refers to the announcement made by the Company on 18 August 2008 relating to 51% of the issued share capital in Lifa Engineering Pte Ltd (Company Registration No. 200006254M) (“**LEP**”) (“**18 August 2008 Announcement**”), and to the request by the SGX-ST on 25 August 2008 to provide additional clarifications on the following matters concerning the transaction:
 - a. Factors taken into consideration in arriving at the purchase consideration amount.
 - b. Basis of valuation of the assets being acquired.
2. Under the terms of the Sale and Purchase Agreement, the Company purchased 51% of the issued share capital in LEP for a total cash consideration of S\$500,000.
3. The purchase consideration of S\$500,000 (“**Purchase Consideration**”) was arrived at after arm’s length negotiations on a willing buyer willing seller basis, taking into consideration the unaudited net tangible assets of LEP as at 31 July 2008 and supported by the key condition stated in 4.1 (f) & (j) of the Company’s 18 August 2008 Announcement which state that LEP’s pre-tax profit for the 5 months ending 31 December 2008 and the whole of the financial year ending 31 December 2009 must be at least S\$500,000.
4. As stated in the 18 August 2008 Announcement, the Completion of the Proposed Acquisition, shall be conditional upon, among other things, the completion and satisfactory outcome, of all financial and legal due diligence investigation into the financial, contractual, tax and trading positions and prospects, of LEP and title to its assets.

By Order of the Board

Sharon Yeoh
Company Secretary
26 August 2008

About Natural Cool

Established in 1989 and listed on Catalist (formerly known as SESDAQ) in May 2006, Natural Cool provides installation, maintenance, repair and replacement services for air-conditioning systems to the residential segment, both public and private; and commercial sectors, which include factories, offices, condominiums, schools and hospitals, in Singapore. In addition, the Group sells air-conditioning components and tools used for the installation and servicing of air-conditioning business.

The Group also manufactures and sells switchgears through mechanical and electrical (“M&E”) contractors to public and private property developments. Started in 2003, the Group’s switchgear division designs and manufactures switchgear products customised to meet specific requirements of its customers.

The Group has extended its geographical reach into the region since 2005 and now has a presence in China, India, Cambodia and Vietnam. Its subsidiary, VNS Manufacturing Pte Ltd, the Group’s switchgear division that specialises in the design, manufacture and sale of switchgear products, was recently awarded an exclusive distributorship by Indian-based, Larsen & Toubro Limited (“L & T”) for the exclusive marketing of L & T’s electrical standard products in Singapore. Founded in 1938, L & T is India’s largest engineering and construction conglomerate with interests in electrical, electronics and information technology.
