

**NATURAL COOL HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)

Company Registration No. 200509967G

**ACQUISITION OF A DETACHED FACTORY ERECTED OR TO BE ERECTED (THE "PROPERTY") ON PTD 154317 (PLOT 31) IN THE MUKIM OF PULAI, JOHORE BAHRU, JOHOR (THE "LAND")**

**1. INTRODUCTION**

The Board of Directors of Natural Cool Holdings Limited (the "Company" or the "Group") wishes to announce that the Company via S-Team Switchgear (M) Sdn Bhd. (Company No.817489-K) , incorporated in Malaysia, a subsidiary of its wholly owned subsidiary S-Team Switchgear Private Limited., has entered into a sale and purchase agreement and a supplemental agreement (collectively the "SPA") with Nusajaya Heights Sdn. Bhd., Company No. 314518-A, incorporated in Malaysia ("Proprietor") and Panoramic Industrial Development Sdn. Bhd., Company No. 148382-K, incorporated in Malaysia ("Developer"), pursuant to which S-Team Switchgear (M) Sdn Bhd. (Company No.817489-K) ("Purchaser") shall purchase from the Developer the Property (hereafter defined) forming part of the Land at the purchase price of RM6,800,000 ("Purchase Price") and on the terms and subject to the conditions contained in the SPA (the "Acquisition").

**2. THE PROPERTY/PURCHASE PRICE/VALUATION**

The Land (on which the Property forms part thereof) comprises three parcels of land, totalling 185.6226 acres, are freehold in tenure and held under HS(D)330771 PTD 123299, HS(D)330772 PTD 123300 and HS(D)330773 PTD 123304, all in the Mukim of Pulai, District of Johor Bahru, State of Johor, Malaysia. The Proprietor is the registered owner of the Land and has sold the Land to the Developer who as beneficial owner has the absolute right to develop and sell the Land as an industrial development. The Developer is developing the Land as an industrial project known as Taman Perindustrian Nusa Cemerlang [NUSA Cemerlang Industrial Park ("NCIA")], Johor Bahru, Johor. The Purchaser shall purchase part of the Land identified as PTD 154317 ("Plot 31") measuring approximately 65.296 square feet and which is delineated and shaded red in the Layout Plan attached to the SPA together with a factory building erected or to be erected thereon constructed or to be constructed in accordance with the Building Plan and drawings and specifications approved or to be approved by the Appropriate Authorities (Plot 31 and the factory building to be erected thereon shall collectively be referred to as "the Property") free from all encumbrances and with vacant possession subject to all conditions of title, whether express or implied and any restriction-in-interest affecting the title to the Property for a price of RM6,800,000.

The Purchase Price was arrived at on a "willing buyer willing seller" basis after taking into account the Valuation Report dated 17 November 2008 by VPC Alliance (JB) Sdn. Bhd. and various commercial factors including the location of the Property and comparing recent transacted prices in the vicinity. Based on the Valuation Report, the open market value of the Property is RM6, 800,000.

The Company is of the view that Purchase Price for the Property is fair and reasonable.

Prior to the execution of the SPA, an earnest deposit amounting to RM100,000 has been paid to the Developer ("Earnest Deposit") and such Earnest Deposit shall upon the execution of the SPA, forms part settlement of the Purchase Price. The first 10% of the Purchase Price less the Earnest Deposit shall be paid upon the execution the SPA. The remaining sum of RM6, 120,000 shall be paid in accordance with the Schedule of Payment as contained in the Fifth Schedule of the SPA.

The Purchase Price, which is payable in cash shall be fully funded through internal funds and bank borrowings.

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**3. MATERIAL TERMS AND CONDITIONS OF THE ACQUISITION**

The Salient Terms of the SPA are as follows:

- a) The Property is purchased on the basis that it shall be free from encumbrances and with vacant possession.
- b) The Purchase Price shall be paid to the Developer by such instalments at such times and in such manner as set out in the Schedule of Payment as contained in the Fifth Schedule of the SPA.
- c) Interest at the rate of 10% per annum on daily basis is payable to the Developer on late payment of instalments.
- d) The Developer shall complete the construction of the factory building and deliver vacant possession within 24 months from the date of the SPA, failing which the Developer is liable to pay damages at the rate of 8% per annum on daily basis on the Purchase Price.
- e) The defect liability period in respect of the factory building is 12 months from the date of delivery of vacant possession.
- f) The Developer shall procure:
  - (i) the conversion of category of land use from "agriculture" to "industry";
  - (ii) the issuance of the individual title to the Property;
  - (iii) the issuance of the certificate of fitness for occupation or the certificate of completion and compliance to the Property.
- g) Subject to full payment of the Purchase Price, the Developer shall procure the transfer of the individual title of the Property to the Purchaser.

**4. FINANCIAL EFFECTS OF THE ACQUISITION**

The proforma financial effects of the Acquisition on the Group are set out below. The objective of the proforma financial effects is to illustrate what the historical financial information of the Group might have been had the Acquisition been completed at an earlier date. Given that the proforma financial effects set out below are theoretical in nature and only for illustrative purposes, they do not represent the actual financial position and/or results of the Group's operations after the completion of the Acquisition and are not indicative of the future financial position and earnings of the Group.

For the purpose of illustration and based on the consolidated financial statements of the Group for the financial year ended 31 December 2007, the financial effects of the Acquisition are set out below:-

|   | <b>Before the<br/>Acquisition</b> | <b>After the<br/>Acquisition</b> |
|---|-----------------------------------|----------------------------------|
| Net tangible asset per share (assuming the Acquisition was effected as at 31 December 2007) | 21.83                             | 21.83                            |
| Earnings per share (assuming the Acquisition was effected on 1 January 2007)                | 3.85                              | 3.69                             |

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**5. LISTING MANUAL COMPUTATION**

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

|              |   | (A) S\$  | (B) S\$  | Relative Figures (A)/(B) in %                    |
|--------------|---|--|--|--|
| Rule 1006(a) | Net asset value of the Property to be disposed of (A) as compared with the Group's net asset value as at 31 December 2007 (B).                            | (NA<br>As this is an acquisition not a disposal) | (NA<br>As this is an acquisition not a disposal) | (NA<br>As this is an acquisition not a disposal) |
| Rule 1006(b) | Net profit/ (loss) attributable to the Property acquired (A) compared with the Group's net profits (B).   | (164,000)  | 2,539,000  | 6.46   |
| Rule 1006(c) | The aggregate value of the consideration given (A) compared with the Company's market capitalization (B)  | 2,832,000  | 20,072,000*                                      | 14.11  |
| Rule 1006(d) | The basis prescribed under this rule is not applicable to the Acquisition as there is no issue of the Company's shares in connection with the Acquisition | NA   | NA   | NA   |

The relative figures set out in 1006 (b) and (c) are 6.46% and 14.11% respectively. As the relative figure sets out in 1006 (c) exceeds 5% but does not exceed 20%, the Acquisition is classified as a discloseable transaction as defined in Chapter 10 of the SGX-ST Listing Manual.

*\*Based on average price on 1 December 2008, the market day preceding the date of the signing of the SPA.*

**6. RATIONALE FOR THE ACQUISITION**

The Property will be utilised to accommodate the expansion of S-Team's manufacturing activities.

**7. DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTEREST**

None of the directors or the controlling shareholders of the Company has any interest, direct or indirect in the Acquisition.

**8. DOCUMENTS FOR INSPECTION**

The SPA and the Valuation Report are available for inspection during normal business hours at the Company's registered office at 29 Tai Seng Avenue #07-01 Natural cool Lifestyle Hub Singapore 534119 for 3 months from the date of this announcement.

By Order of the Board

Yun Chee Keen  
Company Secretary  
2 December 2008

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**About Natural Cool**

Established in 1989 and listed on Catalist (formerly known as SESAQ) 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.