

*All undefined capitalised terms used herein shall bear the meanings ascribed to them regarding the Proposed Disposal in the Circular (hereinafter defined).*

## **TERMINATION OF OPTION AGREEMENT – PROPERTY AT TAI SENG STREET/TAI SENG DRIVE**

At the Extraordinary General Meeting held on 9 November 2007 (**EGM**), the shareholders of Natural Cool Holdings Limited (**the Company or Group**) approved, among other things, (i) the Proposed Disposal by the Company's wholly-owned subsidiary, Natural Cool Investments Pte. Ltd (**NCI or Vendor**) to Cambridge Industrial Trust (**CIT**) through CIT's Trustee RBC Dexia Trust Services Singapore Limited (**RBC or Purchaser**) the Tai Seng Property (**Proposed Disposal**), being the leasehold interest for a term of 30 years with an option to renew for a further 30 years in respect of Private Lot A2261701 at Tai Seng Street/Tai Seng Avenue now known as the whole of Lot 6501T (**Shareholders' Approval**) (**the Tai Seng Property**); (ii) the lease back of the Tai Seng Property by NCI at a rental rate not exceeding 8.0% per annum of the Purchase Price (defined below).

CIT has given its written confirmation accepting NCI's offer on the Initial Offer Terms to purchase the Tai Seng Property. The details of the Shareholders' Approval have been disclosed in the Company's Circular dated 19 October 2007 (**Circular**).

In the Company's announcement dated 11 July 2008 it was announced that an Option Agreement had been entered into by the Vendor with the Purchaser under which the Vendor agreed to grant to the Purchaser the Call Option and the Purchaser agreed to grant to the Vendor the Put Option relating to the Tai Seng Property on the terms and subject to the conditions of the Option Agreement. In the same announcement, it was announced that the exercise of the Put/Call Option which shall be within 12 weeks from the date of signing the Option Agreement and subject to the terms of the Option Agreement, a Purchase Agreement (**Purchase Agreement**) for the disposal by the Vendor of the Tai Seng Property to the Purchaser at a purchase price of S\$55,200,000 (**Purchase Price**) shall be entered into between the Vendor and the Purchaser on the terms and conditions of the Purchase Agreement.

In a subsequent announcement made on 10 December 2008 the Company announced that the Vendor had reached an agreement with CIT that the Option Agreement be extended to 30 June 2009. The Vendor had entered into a Supplemental Deed with the Purchaser to vary certain terms and conditions of the Option Agreement. The material changes were announced in the said announcement.

The Board of Directors of the Company wishes to announce that pursuant to the terms & conditions of the Option Agreement as varied by the said Supplemental Deed being subject to the Purchaser having secured equity financing of not less than S\$55,200,000.00 by 30 June 2009 and the Purchaser having not done so, the Purchaser through its solicitors has informed the Company via the Company's solicitors' that it will not be proceeding with the purchase of the Tai Seng Property. Upon the advice by the Company's solicitors, the Board and the Vendor acknowledge and accept that the Option Agreement has lapsed in accordance with the terms stated therein.

## **FINANCIAL EFFECT**

The termination of the Option Agreement is not expected to have any material impact on the consolidated net tangible assets or earnings per share of the Company and its subsidiaries ("Group") for the financial year ending 31 December 2009.

## **DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST**

Mr William da Silva, an Independent Director of the Company, is a partner in Aegis LLC, a firm of advocates and solicitors which is advising the Company and the Vendor in connection with the legal conveyancing matters of the above transaction.

Except as disclosed above, none of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the above transaction.

By Order of the Board

Yun Chee Keen

Company Secretary

Submitted by Yun Chee Keen, Company Secretary on 17 July 2009 to the SGX-ST

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### **About Natural Cool Holdings Limited**

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. Its subsidiary, VNS Manufacturing (S) Pte Ltd, the Group's switchgear division that specialises in the design, manufacture and sale of switchgear products, was 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.