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## **PROPOSED DISPOSAL OF PROPERTY AT 20 BENOI CRESCENT, SINGAPORE**

### **1. INTRODUCTION**

The Board of Directors of Natural Cool Holdings Limited (the "Company" or the "Group") wishes to announce that Toyochem Marketing Pte Ltd (Registration no. 199100160W) (the "Purchaser") has on 12 October 2009 been granted an option (the "Option") to purchase the Company's property at 20 Benoi Crescent, Singapore (the "Property"), held by Natural Cool Investments Pte. Ltd. ("NCI" or "Vendor"), the Company's wholly-owned subsidiary.

### **2. THE PROPERTY**

The Property is a 2-Storey Detached Factory with tenure of up to Sept 2049. It has an approximate land area of 16,388.1 square metres.

Under the Option, the consideration for the proposed disposal of the Property (the "Disposal of Property") is S\$11,800,000.00 ("the Sale Price"), arrived at after arm's length negotiations on a willing-buyer willing-seller basis taking into account prevailing market condition.

No valuation has been done and the Company is of the view that the Sale Price of S\$11,800,000.00 for the Property is fair and reasonable.

The consideration for the Disposal of Property is to be satisfied in the following manner:-

- (a) a deposit of 1% of the Sale Price is payable in cash upon signing of the Option and a deposit of 9% of the Sale Price is payable in cash on or before the expiry of the Option at 4:00pm on 26 October 2009; and
- (b) The balance 90% of the Sale Price is payable upon completion of the Disposal of Property.

The net book value of the Property as at 30 September 2009 is S\$11,575,300.00 and as such the excess of the proceeds over the net book value amounts to S\$224,700.00. The net profit attributable to the Disposal of Property amounts to S\$94,000.00.

The Company has appointed Aegis LLC as its conveyancing lawyers for the Disposal of Property.

### **3. MATERIAL TERMS AND CONDITIONS OF THE DISPOSAL OF PROPERTY**

The Disposal of Property is subject to the following terms:-

- a) The written approval granted by the Jurong Town Corporation to the sale and purchase transaction.
- b) The written consent of JTC to the existing tenancy
- c) The Vendor obtaining where necessary the consent of its shareholders and the shareholders of its parent company on or before Completion Date

#### 4. FINANCIAL EFFECTS OF THE DISPOSAL OF PROPERTY

The proforma financial effects of the Disposal of Property 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 Disposal of Property 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 Disposal of Property 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 2008, the financial effects of the Disposal of Property are set out below:-

	Before the Disposal	After the Disposal
Net tangible asset per share (assuming the Disposal of Property was effected as at 31 December 2008)	24.25	24.14
Earnings per share (assuming the Disposal of Property was effected on 1 January 2008)	2.16	2.16

#### 5. LISTING MANUAL COMPUTATION

The relative figures computed on the basis set out in Rule 1006 of the SGX-ST Listing Manual for the Disposal of Property 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 2008 (B).	11,575,300	26,820,400	43.16
Rule 1006(b) Net profit attributable to the Property disposed of (A) compared with the Group's net profits/(loss) (B).	94,000	-2,134,600	-4.40#
Rule 1006(c) The aggregate value of the consideration received (A) compared with the market capitalization (B)	11,800,000	24,792,300*	47.60
Rule 1006(d) The basis prescribed under this rule is not applicable to the Disposal of Property as there is no issue of the Company's shares in connection with the Disposal of Property	NA	NA	NA

*As the figures set out in 1006 (a) and (c) exceed 5% but less than 50%, the Disposal of Property constitutes a discloseable transaction as defined in Chapter 10 of the SGX-ST Listing Manual*

*#The negative is due to losses incurred in HY2009 result.*

*\*Based on average price on 9 Oct 2009, the market day preceding the date of the signing of the Option.*

**6. RATIONALE FOR THE DISPOSAL OF PROPERTY**

The Disposal of Property will enable the Group to unlock the value of the Property and enable it to re-deploy the resources as the net sale proceeds will be used to reduce the Group's bank borrowings thereby strengthening the balance sheet and reducing interest expense. The proceeds will also be used for working capital to generate future growth.

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

Mr William da Silva, who is an independent director of the Company, is a director of Aegis LLC.

Except as above, none of the directors or the controlling shareholders of the Company has any interest, direct or indirect in the above transaction.

**8. DOCUMENTS FOR INSPECTION**

A copy of the Option is 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.

**9. UPDATE**

The Company will be making the appropriate announcements in due course and will continue to keep shareholders updated on the above transaction.

By Order of the Board

Yun Chee Keen  
Company Secretary  
12 October 2009

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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.