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## **SALE OF PROPERTY LOCATED AT 20 BENOI CRESCENT SINGAPORE 629983**

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The Board of Directors (the "Board") of Natural Cool Holdings Limited (the "Company" and together with its subsidiaries, the "Group") wishes to announce that the Company's wholly-owned subsidiary, Natural Cool Investments Pte. Ltd. ("NCI" or "Vendor") has entered into a Sale and Purchase Agreement (the "Agreement") with Super Steel Pte. Ltd. (the "Purchaser") in respect of the sale of the Group's property located at 20 Benoi Crescent Singapore 629983 (the "Property") (the "Proposed Sale of Property").

### **SALE PRICE**

Under the Agreement, the sale price for the Property is S\$ 26,508,888 (the "Sale Price"), arrived at after arm's length negotiations on a willing-buyer willing-seller basis based on valuation of S\$26.5 million done by Jones Lang LaSalle and CB Richard Ellis (Pte) Ltd on 8 April 2014 and 2 April 2014 commissioned by NCI and Toyochem Marketing Pte Ltd ("Toyochem"). The valuations were done based on "Open Market Value".

The Sale Price will be satisfied fully by cash in the form of cashier's orders as follows:

1. 10 % of the Sale Price (the "Deposit") together with 7% GST on the Deposit to be paid immediately; and
2. The balance of the Sale Price will be paid upon the completion date.

The Group is expected to make the following net gain on the Proposed Sale of Property:-

|  |                  |
|--|------------------|
|  | S\$              |
| Sale Proceeds                                    | 26,508,888       |
| Less : Net Book Value                            | 10,603,940       |
| Payout to Toyochem                               | 6,454,444        |
| Disposal Costs                                   | 3,000,000        |
| Professional Fees                                | 300,000          |
| <b>Net gain on the Proposed Sale of Property</b> | <b>6,150,504</b> |

## **RATIONALE AND USE OF SALE PROCEEDS**

The Proposed Sale of Property will enable the Group to unlock the value of the Property and re-deploy the resources as part of 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. No operational impact would be expected from the Proposed Sale of Property.

In addition and as announced recently, NCI had on 18 March 2014 entered into the a final and amicable settlement agreement with Toyochem wherein inter alia, the Property will be disposed and the proceeds less the original option price and disposal costs will be equally shared between NCI and Toyochem.

## **MATERIAL TERMS AND CONDITIONS**

The Proposed Sale of Property is subject to inter-alia, the following material terms:-

- a) the Central Building Plan Unit of the National Environmental Agency giving requisite approval if necessary and the lessor of the Property, Jurong Town Corporation ("JTC") giving its consent in writing ("JTC consent") for the Proposed Sale of Property and assignment to the Purchaser, pursuant to the Agreement, of the unexpired term of the lease, comprised in a lease of Property;
- b) compliance with all other relevant rules and regulations, which would include compliance with the requirements of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the "Catalist Rules");
- c) removal of Toyochem's Caveats currently lodged against the Property by Toyochem; and
- d) the sale is with vacant possession to be delivered on the legal completion date.

## **FINANCIAL EFFECTS**

The proforma financial effects of the Proposed Sale 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 Proposed Sale 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 Proposed Sale 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 2013, the financial effects of the Proposed Sale of Property are set out below:-

|  | <b>Before the Sale (cents)</b> | <b>After the Sale (cents)</b> |
|--|--------------------------------|-------------------------------|
| Net Tangible Asset per share (assuming the Proposed Sale of Property was effected on 31 December 2013) | 16.09                          | 19.21                         |
| Earnings per share (assuming the Proposed Sale of Property was effected on 1 January 2013).            | 24.77                          | 356.37                        |

## LISTING MANUAL COMPUTATION

The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules for the Proposed Sale 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 2013 (B).   | 10,347,940 | 40,231,550                | 25.72                         |
| Rule 1006(b) | Net profit attributable to the Property disposed (A) (based on the net rental income from the Property for the financial year ended 31 December 2013) compared with the Group's net profit for the financial year ended 31 December 2013 (B).  | 2,247,280  | 468,721                   | 479.45                        |
| Rule 1006(c) | The aggregate value of the consideration received (A) compared with the Company's market capitalization on 15 April 2014 (B).  | 26,508,888 | 35,337,053 <sup>(1)</sup> | 75.02                         |
| Rule 1006(d) | The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.   | NA         | NA                        | NA                            |
| Rule 1006(e) | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. | NA         | NA                        | NA                            |

<sup>(1)</sup> Based on the issued share capital of 205,447,985 ordinary shares and the weighted average price of S\$0.172 transacted on 15 April 2014, being the market day preceding the date of the sales and purchase agreement

As the figures set out in Rule 1006(b) and Rule 1006(c) exceed 50%, the Proposed Sale of Property constitutes a major transaction as defined in Chapter 10 of the Catalist Rules. A major transaction would require the approval of the Company's shareholders in a general meeting pursuant to Rule 1014(2) of the Catalist Rules.

The Company would be submitting an application for a waiver from complying with Rule 1014(2) of the Catalist Rules to seek approval by shareholders in a general meeting of Proposed Sale of Property as the Directors are of the view that:-

- i) The Property is a non-core asset which is not occupied by the Group and currently rented to third party and the Proposed Sale of Property will not affect the nature of the Group's main business.
- ii) The Proposed Sale of Property will enable the Group to unlock the value of the Property and re-deploy the resources as part of the net sale proceeds will be used to reduce the Group's bank borrowings thereby strengthening the balance sheet and reducing interest expense.
- iii) In this respect, shareholders are not expected to be overly concerned about the disposal.
- iv) Further, the Directors who are shareholders of the Company will be voting in favour of the Proposed Sale of Property as it is an expeditious manner to fulfil the final and amicable settlement agreement with Toyochem.

#### **DIRECTOR'S AND CONTROLLING SHAREHOLDER'S INTEREST**

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

#### **DOCUMENTS FOR INSPECTION**

A copy of the Agreement 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 a period of 3 months from the date of this announcement.

#### **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

Leaw Wei Siang  
Company Secretary

16 April 2014

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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.