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

THE PROPOSED ACQUISITION OF 51.0% OF THE SHARES IN THE CAPITAL IN JAD SOLUTIONS PTE. LTD.

1 INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of Natural Cool Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, Natural Cool Airconditioning & Engineering Pte Ltd ("**Natural Cool**") has on 5 July 2018 entered into a conditional sale and purchase agreement (the "**Agreement**") with Lee Boon Ping (Li Wenbing) (the "**Vendor**"), pursuant to which, the Vendor has agreed to sell, and Natural Cool has agreed to purchase 272,850 ordinary shares ("**Sale Shares**"), representing 51% of the issued and paid-up share capital of JAD Solutions Pte. Ltd. (the "**Target**") (the "**Proposed Acquisition**"), upon the terms and subject to the conditions in the Agreement.

2 INFORMATION ON THE PROPOSED ACQUISITION

2.1 Information on the Target and the Vendor

The Target is a private company limited by shares incorporated in Singapore on 7 March 2007. It is a specialist mechanical and electrical systems contractor which is involved in providing consulting, design, construction, testing and certification of high containment facilities, and their maintenance. As at the date of this announcement, the Target has an issued and paid-up share capital of S$535,000 comprising 535,000 ordinary shares ("**Shares**").

The Vendor is the sole director and shareholder of the Target.

The Vendor is an independent third party and is not related to the Company, its subsidiaries, its Directors or its controlling shareholders.

Based on the audited financial statements of the Target for the financial year ended 31 December 2017 ("**FY2017**") and the unaudited management accounts of the Target for the three-month financial period ended 31 March 2018 ("**FP2018**"), the net tangible liability ("**NTL**") value of the Target as at 31 December 2017 was approximately S$54,000 and the net tangible asset value as at 31 March 2018 was approximately S$29,000. No independent valuation was conducted on the Target.

Based on the audited financial statements of the Target for FY2017, the Target reported net loss of approximately S$280,000, of which net loss attributable to the Sale Shares was approximately S$142,000. The Company understands from the Vendor that the reason for the losses reported by the Target for FY2017 was mainly due to increased costs arising from its overseas expansion plan. As a result of the expansion plan, the Vendor had also reduced his focus in the Singapore market which had resulted in reduction in the number of projects awarded and lower profit margin. The Vendor had subsequently ceased the Target's overseas expansion efforts and is now refocusing in Singapore market. For the FP2018 based on its unaudited management accounts, the Target reported a profit before tax of approximately S$84,000.

2.2 Rationale for and benefits of the Proposed Acquisition

The Proposed Acquisition is a strategic investment by the Group as the existing business of the Target is complementary to the Company's core air-conditioning business segment. The Group anticipates that the Proposed Acquisition will allow the Group to extend its existing air-conditioning business and penetrate into the related but specialised air-conditioning and mechanical ventilation market by leveraging on the Target's market access and technical knowledge.

The Proposed Acquisition is expected to lead to synergies that will result in better operational efficiency and increased cost savings.

Having considered the terms of the Proposed Acquisition and the benefits of the Proposed Acquisition to the Group, the Directors are of the view that the Proposed Acquisition is in the best interests of the Company.

2.3 Principal terms of the Proposed Acquisition

(a) Purchase Consideration

The purchase consideration payable for the Sale Shares is S$1,500,000 (the "**Purchase Consideration**"), which shall be satisfied wholly in cash on Completion Date (as defined herein).

The Purchase Consideration was determined based on arm's length negotiations between Natural Cool and the Vendor and arrived at on a willing-buyer and willing-seller basis, after taking into account, *inter alia*, the current and anticipated order books and the earnings potential of the Target.

(b) Conditions Precedent

Pursuant to the Agreement, completion of the Proposed Acquisition is conditional upon, *inter alia*,

(a) completion, on or before the Completion Date (as defined below and in the Agreement), of a business, financial and legal due diligence exercise by Natural Cool on the Target and its business, and the results of such due diligence exercise being satisfactory to Natural Cool in its sole and absolute discretion;

(b) there being no material adverse change in the business prospects, operations and financial conditions of the Target occurring on or before the Completion Date;

(c) all approvals and consents, if necessary, for the transactions contemplated under the Agreement being obtained, and not withdrawn or amended, on or before the Completion Date,

(d) the execution of the non-competition deed and service agreement with the Target by the Vendor in form and substance acceptable to Natural Cool, and the receipt of executed copies of the same by Natural Cool;

(e) the execution of a shareholders' agreement in relation to the Target to be entered into by Natural Cool, the Vendor and the Target to be effective on upon completion of the Proposed Acquisition;

(f) all amounts due from shareholder and/or director of the Target shall be

discharged and repaid in full;

(g) all balances and indebtedness with Natural Cool and/or any of its subsidiaries shall be discharged and repaid in full;

(h) all balances and indebtedness between the Target and its related parties shall be discharged and repaid in full; and

(i) all representations, warranties and undertakings of the Vendor under the Agreement being complied with, true, accurate and correct as at the Completion Date.

As set out in the Agreement, "Completion Date" shall mean the date falling eight (8) weeks after the date of the Agreement, being 30 August 2018, or such other date as may be agreed between the Vendor and Natural Cool in writing.

At completion and in accordance with the shareholders agreement to be entered into between Natural Cool and the Vendor, the Target will increase its paid-up capital by S$1 million. As part of the proposed shareholders agreement, both Natural Cool and the Vendor will subscribe for their proportional entitlement in the following manner: -

(a) Vendor to subscribe for his entitlement in cash;
(b) Natural Cool to subscribe for its entitlement through an injection of plant and equipment, and cash.

3 SOURCE OF FUNDS

The Proposed Acquisition will be funded by internal resources of the Group.

4 FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition are set out below strictly for illustrative purposes and do not necessarily reflect the actual financial performance and position of the Group following the Proposed Acquisition. The figures presented below are based on the Group's audited consolidated financial statements for FY2017 and the audited financial statements of the Target for FY2017.

(a) NTA per Share

Assuming the Proposed Acquisition been effected on 31 December 2017, the Proposed Acquisition would have had the following financial effects on the Group's NTA per share as at 31 December 2017:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Net tangible assets (S$'000)	20,079	20,051
Number of shares ('000)	250,448	250,448
Net tangible assets per share (cents)	8.02	8.01

(b) Earnings per Share ("**EPS**")

Assuming the Proposed Acquisition been effected on 1 January 2017, the Proposed Acquisition would have had the following financial effects on the Group's EPS for FY2017:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Loss after tax (S$'000)	(5,315)	(5,458)
Weighted average number of shares ('000)	250,448	250,448
Loss per share (cents)	(2.12)	(2.18)

5 RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

5.1 Relative figures under Rule 1006 of the Catalist Rules

The relative figures computed on the applicable bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") are set out below.

Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable as this is not a disposal.
Rule 1006(b) – the net profits (loss) attributable to the assets acquired, compared with the Group's net profits (loss)[(1)]	2.28%[(2)]
Rule 1006(c) – the aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	9.75%[(3)]
Rule 1006(d) – the number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	Not applicable as no equity securities was issued as consideration for the Proposed Acquisition.
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	Not applicable as the Company is not a mineral, oil and gas company.

Notes:

(1) Pursuant to Rule 1002(3)(b) of the Catalist Rules, net profits/loss mean profit or loss before income tax, minority interests and extraordinary items.

(2) Based on the Group's audited consolidated net loss for FY2017 of approximately $6.25 million, and 51% of the Target's net loss for FY2017 of S$143,000.

(3) Computed based on the Consideration of S$1.5 million and the market capitalisation of the Company of S$15,377,506, which was determined by multiplying 250,447,985 ordinary shares in issue as at the date of this announcement by the volume weighted average price of the shares of approximately S$0.0614 per share on 4 July 2018, being the market day preceding the date of the Agreement on which trading in the Company's shares were recorded.

5.2 Discloseable transaction

As the relative figures computed under Catalist Rules 1006 (c) in respect of the Proposed Acquisition exceeds 5% but does not exceed 75%, the Proposed Acquisition constitutes a discloseable transaction within the meaning of Chapter 10 of the Catalist Rules.

6 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

To the best knowledge of the Directors, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition (other than through their respective shareholding interests in the Company, if any).

7 SERVICE CONTRACTS

No new directors are proposed to be appointed to the Board in connection with the Proposed Acquisition. As such, no service agreements will be entered into with any new director of the Company in connection with the Proposed Acquisition.

8 DOCUMENTS AVAILABLE FOR INSPECTION

Shareholders should note that a copy of the Agreement will be available for inspection during normal business hours at the Company's registered office at 29 Tai Seng Avenue #07-01, Natural Cool Lifestyle Hub, 534119 for a period of three (3) months from the date of this Announcement.

9 FURTHER ANNOUNCEMENTS

The Company will make further announcements to keep shareholders informed, as and when there are further material updates and developments in respect of the Proposed Acquisition.

10 CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors should note that completion of the Proposed Acquisition is subject to fulfilment of various conditions as set out in the Agreement. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

By Order of the Board

Wong Leon Keat
Managing Director
5 July 2018

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 includes 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 is also engaged in manufacturing and sale of industrial paints and solvents, principally under the 'Cougar' brand.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Tan Pei Woon, Senior Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).
