
PROPOSED ACQUISITION OF PROPERTIES LOCATED AT 15 WOODLANDS LOOP #04-15 AND #04-16 SINGAPORE 738322

1. INTRODUCTION

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 80%-owned subsidiary, SFB Holdings Pte Ltd (“**SFB**”) has on 22 January 2021 exercised an Option (the “**Option**”) granted by a third party vendor, Leong Chai Kee Food Manufacturer Pte Ltd (the “**Vendor**”), to purchase the properties located at 15 Woodlands Loop #04-15 (“**#04-15**”) and #04-16 (“**#04-16**”) Singapore 738322 (the “**Properties**”)(the “**Proposed Acquisition**”).

2. INFORMATION ON THE PROPERTIES

The Properties are two adjoining food factory units located at the 4th storey of a 4-storey ramp-up food factory block comprising office and production spaces. The details of the Properties are as follows:

S/No.	Address	Strata Floor Area	Tenure	Consideration	Independent Valuation
1.	#04-15	289 square metres	30 years leasehold granted by Jurong Town Corporation commencing 1 June 1997 and its remaining lease period is 6.2 years	S\$425,000	S\$420,000
2.	#04-16	298 square metres	30 years leasehold granted by Jurong Town Corporation commencing 1 May 1997 and its remaining lease period is 6.1 years	S\$425,000	S\$430,000

Under Jurong Town Corporation’s lease extension scheme, SFB is entitled to apply, subject to certain conditions, for a lease extension of the tenure of the property up to 2037. It is the intention of SFB to apply for such extension at appropriate time.

The consideration for the Proposed Acquisition of the Properties of S\$850,000 (“**Consideration**”) was arrived at after arm’s length negotiations and on a willing seller willing buyer basis, after taking into consideration the valuation of the Properties carried out by an independent professional valuer, RHT Valuation Pte. Ltd. dated 2 November 2020, which was commissioned by SFB. The valuation was carried out based on the “Open Market Value” method of valuation.

The payment terms for the Proposed Acquisition of the Properties will be as follows:

- (a) 1% of the Consideration as the Option money before the date of the Option;
- (b) 4% of the Consideration upon the exercise of the Option; and
- (c) the balance 95% of the Consideration upon Completion (As defined herein) of the Proposed Acquisition.

For avoidance of doubt, the Consideration above is exclusive of the prevailing goods and services tax levied under the Goods and Services Tax Act, Cap. 117A and such charges shall be borne by SBF. The purchase consideration and related transaction cost will be satisfied in cash and funded via the Group's internal resources.

3. MATERIAL TERMS AND CONDITIONS OF THE PROPOSED ACQUISITION OF THE PROPERTIES

The Proposed Acquisition of the Properties are subject to, *inter alia*, the following terms:-

- (a) The terms and conditions ("**T&C**") set out in the Option and "The Law Society of Singapore's Conditions of Sale 2020" (the "**Conditions**") in so far as the Conditions:
 - (i) are applicable to a sale by private treaty and are not varied by or inconsistent with the T&C; and
 - (ii) are not contrary to or conflict with the Conveyancing & Law of Property (Conveyancing) Rules 2011 and Singapore Academy of Law (Conveyancing Money) Rules 2011, (if applicable).
- (b) The written in-principle approval from the Jurong Town Corporation ("**JTC Approval**") for the assignment/transfer of the Properties by the Vendor to the Purchaser and the compliance by the Vendor and the Purchaser of the terms and conditions imposed by JTC in the said approval.
- (c) Completion of the Proposed Acquisition of Properties ("**Completion**") shall take place on the latest of:-
 - (i) 22 March 2021; or
 - (ii) 2 weeks from the date of JTC's final approval and Jurong Town Corporation's written confirmation that the transfer/assignment instrument between the SFB and Vendor may be executed

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 Group following the Proposed Acquisition. The figures presented below are based on the Group's audited consolidated financial statement for the financial year 2019 ("**FY2019**").

(a) Net Tangible Assets ("**NTA**") per Share

Had the Proposed Acquisition been effected on 31 December 2019, the Proposed Acquisition would have had the following financial effects on the Group's NTA per share as at 31 December 2019:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net tangible assets (S\$'000)	16,862	16,862
Number of shares ('000)	250,448	250,448
Net tangible assets per share (cents)	6.73	6.73

(b) Earnings per Share (“EPS”)

Had the Proposed Acquisition been effected on 1 January 2019, the Proposed Acquisition would have had the following financial effects on the Group’s EPS for FY2019:

	Before the Proposed Acquisition	After the Proposed Acquisition⁽¹⁾
Loss after tax (S\$’000)	1,980	2,109
Weighted average number of shares (’000)	250,448	250,448
Loss per share (cents)	0.79	0.84

Note:

- 1) The proforma financial effects on the EPS of the Company for FY2019 are determined based on certain assumptions such as depreciation charges, stamp duty and professional cost incurred for the Proposed Acquisition.

5. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

The relative figures computed on the basis set out in Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) for the Proposed Acquisition of the Properties are as follows:-

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 or disposed of, compared with the Group’s net profits (loss)	Not applicable as there was no income to be derived from the Properties.
Rule 1006(c) – the aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	8.70% ⁽¹⁾
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 are 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.

Note:-

- (1) Computed based on the Consideration of S\$850,000 and the market capitalisation of S\$9,767,471, 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 Company's shares of approximately S\$0.039 per share on 18 January 2021, being the last market day of trading in the Company's share preceding the date of exercise of the Option.

Having regard to the above, as the relative figures computed under Catalist Rules 1006(c) in respect of the Proposed Acquisition exceed 5% but does not exceed 75%, the Proposed Acquisition constitutes a discloseable transaction as defined in Chapter 10 of the Catalist Rules. Accordingly, approval from shareholders is not required.

6. RATIONALE FOR THE PURCHASE OF THE PROPERTIES

SFB and its subsidiary currently leases the Properties from the third party Vendor and engages in the business of manufacturing, distribution and retail of cooked-food snack preparations and soy bean beverages. The Proposed Acquisition will enable SFB to own the properties on which its business is carried out to provide greater certainty of operational continuity and flexibility when planning for future business expansion.

7. DIRECTORS AND CONTROLLING SHAREHOLDERS' INTEREST

Save for their respective interests in the Company, none of the directors or controlling shareholders have any interest, direct or indirect in the Proposed Acquisition.

8. DOCUMENTS FOR INSPECTION

A copy of the Option and 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.

9. UPDATES

The Company will keep shareholders updated on the Proposed Acquisition as and when there are material developments.

BY ORDER OF THE BOARD

Tsng Joo Peng
Chief Executive Officer

22 January 2021

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.

In addition, the Group has a food and beverage division which manufactures, distributes and retails cooked dim sum and soya bean beverages in Singapore.

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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