

PROPOSED SALE OF PROPERTY AT 42 TOH GUAN ROAD EAST #01-82 SINGAPORE 608583

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 Natural Cool Airconditioning & Engineering Pte Ltd (“**Vendor**”), the Company’s wholly-owned subsidiary has on 26 March 2018, granted an Option to Purchase (“**Option**”) to Wholesome (S) Pte. Ltd. (the “**Purchaser**”), to purchase the property owned by the Vendor at Toh Guan Road East (the “**Property**”) for a consideration of S\$1,820,000 (“**Proposed Sale**”). The Purchaser is an independent third party who is not related to the Company, its Directors and substantial shareholder.

2. INFORMATION ON THE PROPERTY

The Property is located at 42, Toh Guan Road East #01-82, Singapore 608583, and is a 2-storey semi-detached factory with mezzanine level and roof terrace with a strata floor area of about 7,459 square feet. The Property sits on leasehold land of 60 years with effect from 1 December 1997.

The Group purchased the Property as part of a pair of commercial property units (i.e., Units #01-81 and #01-82) in 2012 (“**Property Units**”). At the time it was envisaged that the Property Units would be combined into one and used as a distribution centre for the sale and distribution of the Group’s air conditioning and related products serving the market in the western part of Singapore, as well as a warehouse. However, the Property Units could not be combined due to structural constraints.

On 9 March 2018, the Company announced the proposed sale of Unit #01-81 (“**9 March Announcement**”).

Based on a valuation report dated 16 March 2018 (the “**Valuation**”) issued by AUG Valuers LLP and commissioned by the Company (the “**Valuation Report**”), the market value of the Property is S\$1.9 million based on comparable sale method.

3. CONSIDERATION

The total consideration for the Proposed Sale is S\$1.82 million (the “**Consideration**”). The Consideration was arrived at on a “willing-buyer willing-seller” basis, and after taking into consideration the Valuation as well as the rationale for the Proposed Sale as disclosed in paragraph 6 below.

Under the terms of Option, the Consideration shall be payable by the Purchaser to the Vendor as follows:

- (a) 1% of the Consideration has been paid when the Vendor granted the Option to the Purchaser;
- (b) 9% of the Consideration to be paid upon the exercise of the Option;
- (c) 90% of the Consideration to be paid upon completion of the Proposed Sale (“**Completion**”).

4. OTHER CONDITIONS

The Proposed Sale is 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 2012” (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 Proposed Sale shall be subject to conditions imposed by the relevant authorities on a transaction of this nature and the approval of the Board or shareholders of the Company (if required).

5. COMPLETION

Completion of the Proposed Sale is expected to take place on twelve (12) weeks from the date of exercise of the Option.

6. RATIONALE FOR THE SALE AND USE OF PROCEEDS

As explained in the 9 March Announcement, the Group’s sales volume generated by the pair of Property Units has outgrown its operational needs and therefore the Company has decided to source for a more suitable location in the western part of Singapore.

Notwithstanding it was mentioned in the 9 March Announcement that, barring any unforeseen circumstances, the Property will be used by the Company as temporary sales outlet or leased for rental income, the Company had subsequently received an interest from the Purchaser on the Property. Accordingly, taking into consideration the Company’s decision to relocate its premises in the western region of Singapore, the Proposed Sale will allow the Company to unlock the value of the Property. The Board considers it an appropriate time to dispose the Property and would be in the best interest of the Company to undertake the Proposed Sale. For the avoidance of doubt, the Purchaser is not related to the purchaser of Unit #01-81 of the Property Units, namely Connexity Pte. Ltd..

The Company has already located suitable premises to house its air conditioning sales and distribution business which will fulfill the operational needs for its sale and distribution of air conditioning and related products in the western part of Singapore and is currently negotiating lease terms and conditions with the landlord.

The net proceeds from the Proposed Sale will be approximately S\$1.74 million (after deducting related transaction and reinstatement costs) and shall be used to satisfy the Group’s working capital needs and general corporate expenses.

7. FINANCIAL EFFECTS OF THE PROPOSED SALE

Based on the latest unaudited consolidated financial statements of the Group for FY2017, the carrying amount or net book value of the Property as at 31 December 2017 was approximately S\$1.876 million.

Assuming that Completion took place on 31 December 2017, the Proposed Sale will result in a loss on sale of approximately S\$0.14 million, based on the net proceeds from the Proposed Sale being approximately S\$1.74 million. The deficit of the net proceeds over the net book value of the Property as at 31 December 2017 is S\$0.056 million.

The table illustrates the financial effects of the Proposed Sale on the net tangible assets (“NTA”) per share and the loss per share (“LPS”) of the Group based on the latest unaudited consolidated financial statements of the Group for FY2017 and assuming that the Proposed Sale took place, in respect of the consolidated statement of comprehensive income, on 1 January 2017, and in respect of the statement of financial position of the Group, on 31 December 2017.

7.1 NTA per share

	Before the Proposed Sale	After the Proposed Sale
NTA ⁽¹⁾ (S\$'000)	20,079	18,203
Number of issued shares ordinary shares ('000)	250,448	250,448
NTA per share (cents) ⁽²⁾	8.02	7.27

Notes:

(1) NTA is determined based on the net assets value attributable to owners of the Company minus intangibles.

(2) NTA per share is calculated based on the total number of issued ordinary shares as at 31 December 2017.

7.2. LPS

	Before the Proposed Sale	After the Proposed Sale
Loss attributable to shareholders (S\$'000)	(5,315)	(5,401) ⁽²⁾
Weighted average number of shares ('000)	250,448	250,448
LPS (cents) ⁽¹⁾	(2.12)	(2.16)

Notes:

(1) LPS is calculated based on the weighted average number of ordinary shares in issue during FY2017.

(2) In arriving at the loss attributable to shareholders assuming the Proposed Sale is effected at the beginning of the financial year and adjustments made for depreciation expense, sale transaction costs and expected reinstatement costs.

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

The relative figures for the Proposed Sale computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited: Section B: Rules of Catalist (“Catalist Rules”) are set out below:-

Rule 1006	Bases	Relative Figures
Rule 1006 (a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value. ⁽¹⁾	9.05% ⁽¹⁾
Rule 1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits.	Not applicable. ⁽²⁾
Rule 1006 (c)	The aggregate value of the consideration given or received, compared with the market capitalisation of the Company based on the total number of issued shares excluding treasury shares. ⁽²⁾	9.26% ⁽³⁾
Rule 1006 (d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable.
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.

Notes:

- (1) The net asset value of the Property and the net asset value of the Group as at 31 December 2017 were S\$1,875,879 and S\$20,732,540 respectively.
- (2) The Property is used as a warehouse and sales and distribution outlet for the Group’s air conditioning division.
- (3) Computed based on the Consideration of S\$1.82 million and the market capitalisation of the Company of S\$19,660,167, 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\$0.0785 per share on 22 March 2018, being the market day preceding the date of the Option agreement on which transactions (with volume and price) in the Company’s shares were recorded, as extracted from Bloomberg.

Having regard to the above, as the relative figures computed under Catalist Rules 1006(a) and (c) in respect of the Proposed Sale exceeds 5% but does not exceed 50%, the Proposed Sale constitutes a disclosable transaction within the meaning of Chapter 10 of the Catalist Rules.

9. DIRECTORS’ SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Sale. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DIRECTORS AND CONTROLLING SHAREHOLDERS’ INTEREST

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Sale, other than through their shareholding interests in the Company.

11. DOCUMENTS FOR INSPECTION

A copy of the Option agreement 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 three (3) months from the date of this announcement.

12. UPDATES

The Company will make further announcements in relation to the Proposed Sale as and when there are material developments.

BY ORDER OF THE BOARD

Wong Leon Keat
Managing Director
26 March 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 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 airconditioning 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).
