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

PROPOSED DISPOSAL OF PROPERTY AT 38 LOK YANG WAY SINGAPORE 628642

1. INTRODUCTION

The Board of Directors (the "**Board**") of Natural Cool Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wish to announce that Hwee Metal Works Pte Ltd (the "**Purchaser**") has, on 23 November 2017, exercised an Option to Purchase ("**Option**") granted by the Company's subsidiary, Loh & Sons Paint Co (S) Pte. Ltd. ("**Vendor**" or "**L&S**") to purchase the property owned by the Vendor at 38 Lok Yang Way, Singapore 628642 (the "**Property**") for a consideration of S$4,200,000.

2. INFORMATION ON THE PROPERTY

The Property is located at 38 Lok Yang Way, Singapore 628642 with total land area of 2,091.5 square meters on a lease granted by the Jurong Town Corporation ("**JTC**") for a 30-year tenure commencing from 29 March 2012, with an option to extend for a further term of 7 years and 3 days.

The Property formed part of the assets of L&S when it was acquired by the Group in 2015, and was used to house the manufacturing, warehousing and administrative functions of the company at the time.

Based on a valuation report dated 15 November 2017 (the "**Valuation**") issued by Vantage Valuers & Property Consultants Pte Ltd and commissioned by the Company, the market value of the Property is S$4.2 million based on comparable sale method.

3. CONSIDERATION

The total consideration for the proposed disposal of the Property ("**Proposed Disposal**") is S$4.2 million (the "**Consideration**"). The Consideration was arrived at pursuant to arms' length negotiations between Purchaser and Vendor on a "willing-buyer willing-seller" basis, and after taking into consideration the Valuation as well as the rationale for the Proposed Disposal 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) a sum of S$42,000 (plus GST) in favour of the Vendor, being 1% of the Consideration ("**Option Fee**") has been paid when Vendor granted the Option to Purchaser; and

(b) S$360,000 (plus GST) upon the exercise of the Option (the "**Deposit**"), payable by the Purchaser to the Vendor in 12 equal monthly instalments; and

(c) the balance of the Consideration upon completion of the Proposed Disposal ("**Completion**").

4. OTHER CONDITIONS

The Proposed Disposal 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 Disposal shall be subject to conditions imposed by the relevant authorities on a transaction of this nature, including the approval of JTC to the sale and purchase of the Property and (if required), the approval of the Board or shareholders of the Company; and

(c) Sub-letting of up to 390 square metres of the Property to the Purchaser for a term of twelve (12) months with effect from 1 March 2018 or the date of the written JTC sublet approval, whichever is the later, at a monthly rental of S$1,000 (plus GST).

5. COMPLETION

Completion of the Proposed Disposal is expected to take place on the latest of:

(i) six (6) months from the date of exercise of this Option (the "**Exercise Date**");

(ii) at the request of the Purchaser, twelve (12) months from the Exercise Date; or

(iii) six (6) weeks from the date of JTC Approval.

6. RATIONALE FOR THE DISPOSAL OF PROPERTY AND USE OF PROCEEDS

Following its acquisition in 2015, L&S has relocated almost all of its paint manufacturing activities to rented premises in Malaysia to reduce production costs. The Property was then retained as warehousing and administrative office which the Company now deems in excess of its operational needs.

Having taken active steps to market the Property since June 2017, and after taking into consideration the financial and business performance of L&S, and the terms of other offers from prospective purchasers of the Property, the Company had decided to grant the Option to the Purchaser.

The Proposed Disposal will improve the L&S's overall cash flow position, strengthening its balance sheet and reduce interest expense.

The Company intends to utilize the proceeds from the Proposed Disposal to reduce its bank borrowings, and following Completion, the warehousing and administrative functions of L&S may be relocated to the Group's newly purchased premises at 87 Defu Lane 10, Singapore 539219.

7. FINANCIAL EFFECTS OF THE DISPOSAL

Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2016 ("**FY2016**"), the carrying amount of the Property as at 31 December 2016 was approximately S$5.76 million.

Assuming that Completion is on 31 December 2016, the Proposed Disposal will result in a loss on disposal of approximately $1.95 million, based on the net proceeds from the Proposed Disposal being approximately $4.08 million.

The table illustrates the financial effects of the Proposed Disposal on the net tangible assets ("**NTA**") per share and the earnings per share ("**EPS**") of the Group based on the latest audited consolidated financial statements of the Group for FY2016 and assuming that the Proposed Disposal took place, in respect of the consolidated statement of comprehensive income on 1 January 2016, and in respect of the statement of financial position of the Group on 31 December 2016.

7.1 NTA per share

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S$'000)	**S$25,269**	**S$24,296**
Number of issued shares ordinary shares ('000)	**250,448**	**250,448**
NTA per share (cents)	**10.09**	**9.70**

Note:

(1) NTA per share is calculated based on the total number of issued ordinary shares as at 31 December 2016.

7.2. EPS

	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to shareholders (S$'000)	**(S$11,194)**	**(S$13,151)**
Weighted average number of shares ('000)	**219,120**	**219,120**
EPS (cents)	**(5.11)**	**(6.00)**

Note:

(1) EPS is calculated based on the weighted average number of ordinary shares in issue during FY2016.

(2) In arriving at the loss attributable to shareholders assuming the Proposed Disposal is effected at the beginning of the financial year, adjustment has been made for depreciation expense, sale transaction costs and the expensing of any related immovable plant and equipment attributable to the Property.

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

The relative figures for the Disposal computed on the bases set out in Rule 1006 of the Catalist Rules of the Singapore Exchange Securities Trading Limited 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)	22.42%
Rule 1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not applicable.
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)	19.10%
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.

Note:

(1) The net asset value of the Property and the net asset value of the Group as at 30 June 2017 were S$5,676,471 and S$25,324,288 respectively.

(2) The market capitalisation of the Company of S$21,989,333 is 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$0.0878 per share on 22 November 2017.

Having regard to the above, as the relative figure computed under Rule 1006 in respect of the Proposed Disposal exceeds 5% but does not exceed 50%, the Proposed Disposal constitutes a disclosable transaction within the meaning of Chapter 10 of the Listing Manual.

9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company or any of its subsidiaries in connection with the Proposed Disposal. 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 Disposal, other than through their shareholding interests in the Company.

11. 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 three (3) months from the date of this announcement.

12. UPDATES

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

BY ORDER OF THE BOARD

Wong Leon Keat
Managing Director
23 November 2017

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.

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*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 Lance Tan, Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).