



(Incorporated in the Republic of Singapore)
Company Registration No. 200509967G

- (1) **INCORPORATION OF A SUBSIDIARY COMPANY**
 - (2) **THE PROPOSED ACQUISITION OF CERTAIN ASSETS AND BUSINESS OF YUMMY YM PTE. LTD. AND SFB GLOBAL PTE. LTD.**
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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 the Company and Mr Leong Yew Meng (“**Mr Leong**”) had on 18 February 2019 incorporated a private company limited by shares in the Singapore under the name of “SFB Holdings Pte. Ltd.”

The Company has, through its newly incorporated subsidiary company, SFB Holdings Pte. Ltd. (“**Purchaser**” or “**SFB Holdings**”), entered into a conditional business transfer agreement (the “**BTA**”) with Mr Leong, Yummy YM Pte. Ltd. (“**Yummy**”), SFB Global Pte. Ltd. (“**SFB Global**”) (Yummy and SFB Global shall collectively be referred to as the “**Vendors**”) to acquire, the Sale Business (as defined below) as a going concern, together with the Assets (as defined below), from the Vendors, upon the terms and subject to the conditions in the BTA (the “**Proposed Acquisition**”).

For the purpose herein,

“**Assets**” means certain assets of the Vendors, as set out in detail in the BTA, including without limitation, certain Fixed Assets and Inventory, and all other assets that are ancillary or in connection with the Sale Business, including without limitation, kitchen appliances and utensils used for the conduct of the Sale Business;

“**Excluded Liabilities**” means all financial obligations, indebtedness, borrowings and liabilities of the Vendors relating to the Sale Business and Assets, including without limitation, bank borrowings and hire purchases;

“**Fixed Assets**” means the list of key physical assets owned by the Vendors which are used in the operation of the Sale Business and as set out in the BTA;

“**Inventory**” means all stocks of food supplies and/or equipment in furtherance of the Sale Business regardless they are classified as inventory and/or fixed assets and/or other assets categories in the Vendors’ financial statements; and

“**Sale Business**” means the business of manufacture, retail and distribution of food and beverages carried on by the Vendors in relation thereto as of the date of the BTA.

2 INFORMATION ON SFB HOLDINGS

The Directors wish to announce that SFB Holdings has been incorporated on 18 February 2019, as a private limited company, in the Republic of Singapore, for the purpose of undertaking the Proposed Acquisition from the Vendors. As at the date of this announcement, the total issued capital of SFB Holdings is S\$100,000, comprising 100,000 ordinary shares held by the Company and Mr Leong in the following proportions:

Shareholder	Number of Shares	Aggregate subscription price paid	Percentage
The Company	80,000	S\$80,000	80.0%
Mr Leong	20,000	S\$20,000	20.0%
Total	100,000	S\$100,000	100.0%

The Company and Mr Leong have also on 18 February 2019 entered into a shareholders' agreement to give effect to their intentions and to govern their rights and obligations, and regulate their relationship *inter se* in the conduct of SFB Holdings' business and related affairs ("**Shareholders' Agreement**"). SFB Holding will be a 80%-owned subsidiary of the Company.

Mr Leong is an independent third party and is not related to the Company, its Directors or its substantial shareholders. Upon completion of the Proposed Acquisition ("**Completion**"), Mr Leong will be a key management of SFB Holdings and assist with the running of the Sale Business.

3 INFORMATION ON THE VENDORS

3.1 Information on Yummy

Yummy is a private limited company incorporated in Singapore and is engaged in the business of manufacturing, distribution and retail of cooked-food snacks preparations, including pumpkin cakes, and traditional Chinese dumplings.

As at the date of this announcement, Mr Leong and Miss Te Lee Cheng are the directors of Yummy. As at the date of this announcement, Mr Leong holds 315,000 ordinary shares representing 70% shareholding interest in the capital of Yummy and Miss Te Lee Cheng holds 135,000 ordinary shares representing 30% shareholding interest in the capital of Yummy.

3.2 Information on SFB Global

SFB Global is a private limited company incorporated in Singapore and is engaged in the business of manufacturing, distribution and retail of soft drinks, bread, cakes, and confectionary, and producing mineral waters, including soy bean beverages.

As at the date of this announcement, Mr Leong is the sole director and shareholder of SFB Global. He holds 200,000 ordinary shares representing 100% shareholding interest in the capital of SFB Global.

3.3 Rationale for and benefits of the Proposed Acquisition

The Proposed Acquisition will allow the Group to foray into the food and beverage business as a means to build a potentially new source of revenue and profits.

3.4 Principal terms of the Proposed Acquisition

(a) Purchase Consideration

The aggregate purchase consideration payable for the Sale Business and the Assets is S\$980,000 (the “**Purchase Consideration**”), which shall be satisfied wholly in cash on Completion.

Under the terms of the Shareholders’ Agreement, as soon as practicable and in any event no later than three (3) months after the incorporation of SFB Holdings, the Company shall extend a shareholders’ loan to SFB Holdings on such terms and conditions acceptable to the Company, to finance SFB Holdings the purchase of the Sale Business from the Vendors and for SFB Holdings’ general working capital. For the avoidance of doubt, only the Company shall extend the said shareholder’s loan to SFB Holdings.

The Purchase Consideration was determined based on arm’s length negotiations between the Purchaser and the Vendors, and arrived at on a willing-buyer and willing-seller basis, after taking into account, *inter-alia*, the earnings potential of the Sale Business and the Assets including an independent valuation report dated 14 February 2019 (“**Independent Valuation Report**”) by Robert Khan & Co Pte Ltd, which has been appointed by the Purchaser, on the significant movable and immovable fixed assets to be purchased from the Vendors. Based on the Independent Valuation Report and using the depreciation replacement cost method, the valuation of the significant movable and immovable fixed assets to be purchased from the Vendors as at the 14 February 2019 was S\$762,200.

For avoidance of doubt, the Proposed Acquisition does not include the transfer of the Excluded Liabilities.

(b) Conditions Precedent

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

- (a) the Purchaser having received the requisite approval from its board of directors and, if required, the shareholders of the Company at an extraordinary general meeting to be convened by the Company, for the Proposed Acquisition;
- (b) the completion of the due diligence investigations by the Purchaser regarding the legal, financial, business, commercial, operational, contractual, tax and other affairs in respect of the Vendors and Mr Leong (collectively, the “**Warrantors**”), the Sale Business and the Assets, the results of which are satisfactory to the Purchaser in its sole discretion;
- (c) the approval of the board of directors and shareholders of each of the Vendors for the proposed transfer of the Sale Business and the Assets to the Purchaser and the transactions contemplated under the BTA having been obtained;
- (d) all necessary conveyances to convey the Sale Business and the Assets to the Purchaser being entered into and effective as at the completion of the Proposed Acquisition pursuant to the terms and conditions of the BTA (“**Completion**”);

- (e) the physical count (which shall be jointly conducted by the Purchaser and the Vendors in the manner set out in the BTA) and the delivery of the Inventories and the Fixed Assets by the Vendors to the Purchaser shall have been conducted and completed to the satisfaction of the Purchaser;
- (f) there being no material adverse change, or events, acts or omissions likely to lead to such a material adverse change, in the prospects, operations or financial position of the Sale Business between the date of the BTA and the Completion Date (as defined in the BTA and below);
- (g) the execution and performance of the BTA by the parties to the BTA not being prohibited, restricted, curtailed, hindered, impaired or otherwise adversely affected by any relevant statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority;
- (h) all of the representations, warranties, undertakings and covenants of the Warrantors according to the terms of the BTA provided by the Warrantors respectively under the BTA being complied with, true, accurate and correct as at the date of the BTA and each day up to and including the Completion Date, and the Warrantors having complied with all covenants and undertakings required by the BTA to be complied with on or before the Completion Date; and
- (i) all approvals and consents as may be necessary from any third party, governmental or regulatory body (including without limitation the Singapore Exchange Securities Trading Limited (“**SGX-ST**”)) or relevant competent authority having jurisdiction over the transactions contemplated under the BTA or to the entry into and completion of the BTA by the parties to the BTA, being granted or obtained, and being in full force and effect and not having been withdrawn, suspended, amended or revoked, and if such consents or approvals are granted or obtained subject to any conditions, and where such condition(s) affect any of the parties, such condition(s) being acceptable to the party concerned and if such condition(s) are required to be fulfilled before Completion, such condition(s) being fulfilled before Completion.

As set out in the BTA,

“Completion Date” shall mean 18 May 2019 or such other date as the Parties may mutually agree, on which all conditions precedent the BTA are satisfied or waived by the party entitled to waive such conditions precedent.

3.5 Principal terms of the Shareholders' Agreement

The Shareholders' Agreement contains customary provisions relating to the management and governance of SFB Holdings including without limitation, the voting rights of the shareholders and directors, constitution of the board of directors and pre-emptive rights.

Under the terms of the Shareholders' Agreement, the board of directors of SFB Holdings shall at all times consist of a maximum of three (3) directors, of which the Company shall be entitled to appoint up to two (2) directors and Mr Leong shall be entitled to appoint up to one (1) director.

Pursuant to the Shareholders' Agreement, Mr Leong shall also be granted options, exercisable at any time and from time to time during period commencing from the Completion Date and expiring on the fifth anniversary date of the Completion Date ("**Option Period**"), to require the Company to sell to Mr Leong certain number of shares in SFB Holdings held by the Company, on the terms and subject to the conditions set out in the Shareholders' Agreement. Mr Leong shall only be entitled to exercise the options if, amongst others, the retained earnings of SFB Holdings as reflected in the audited accounts of the Company for the financial year at the time of exercise of the option is equal or more than S\$1 million and provided always that the shareholding of the Company in SFB Holdings shall not at any time be less than 50% of the total number of shares of SFB Holdings in issue then as a result of the exercise of the options.

4 SOURCE OF FUNDS

The subscription of 80,000 ordinary shares in the SFB Holdings for S\$80,000 was funded by internal resources and is not expected to have any material impact on the net tangible or earnings per share of the Group for the financial year ending 31 December 2019.

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

5 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.

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

Had 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)	20,131	20,131
Number of shares ('000)	250,448	250,448
Net tangible assets per share (cents)	0.08	0.08

(b) Earnings per Share (“EPS”)

Had 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
Profit / (Loss) after tax (S\$’000)	(5,315)	(5,369)
Weighted average number of shares (’000)	250,448	250,448
Earnings / (Loss) per share (cents)	(2.12)	(2.14)

6 RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

6.1 Relative figures under Rule 1006 of the Catalist Rules

The relative figures computed on the applicable bases set out in Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) based on the Group’s latest announced half-year financial results 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⁾	Not meaningful as the Proposed Acquisition involves the purchase of selected assets of the Vendors and their business on a going concern basis and excludes the Excluded Liabilities, as opposed to the acquisition of equity interests of the Vendors.
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	6.52% ⁽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 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.

Note:

- (1) Computed based on the Purchase Consideration of S\$980,000 and the market capitalisation of the Company of S\$15,026,879, 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\$0.06 per share on 25 January 2019, being the last market day preceding the date of BTA on which trading in the Company's shares were recorded.

6.2 Discloseable transaction

Having regard to the above, as the relative figure computed under Catalist Rules 1006 (c) in respect of the Proposed Acquisition exceeds 5% but does not exceed 75%, the Proposed Acquisition constitutes a disclosable transaction within the meaning of Chapter 10 of the Catalist Rules.

7 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).

8 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 transactions.

9 DOCUMENTS AVAILABLE FOR INSPECTION

Shareholders should note that copies of the BTA and the SHA 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, Singapore 534119 for a period of three (3) months from the date hereof.

10 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.

11 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 BTA. 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
18 February 2019

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