



## INTER-ROLLER ENGINEERING LIMITED

(Company Registration No: 197900230M)

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### CONDITIONAL SALE OF LEASEHOLD PROPERTY AT 20 BENOI CRESCENT, SINGAPORE 629983

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#### 1. Introduction

The Board of Directors (the "Board") of Inter-Roller Engineering Limited (the "Company") wishes to announce that it has entered into a conditional sale and purchase agreement dated 8 April 2008 (the "Sale and Purchase Agreement") with Natural Cool Investments Pte Ltd (the "Purchaser") for the sale of leasehold property at 20 Benoi Crescent, Singapore 629983 (the "Leasehold Property") by the Company to the Purchaser (the "Proposed Disposal"). The Purchaser is a subsidiary of Natural Cool Holdings Limited ("Natural Cool"), a company listed on the Singapore Exchange Limited.

The Proposed Disposal is subject, *inter-alia*, to the Jurong Town Corporation ("JTC") granting its written approval ("JTC Approval") to an application to be made by the Company and the Purchaser for:

- a. the sale of the Leasehold Property;
- b. a sub-lease of the Leasehold Property for a term commencing of the date of completion of the sale to 31 December 2008 with an option to renew for a further term of up to six (6) months, by the Purchase to the Company (the "Sub-lease Term")
- c. the Purchaser's proposed use of the Leasehold Property after the expiry of the Sub-lease Term,

The Proposed Disposal is also subject the approval of the shareholders of Natural Cool Holdings Limited in a general meeting. In this regard, the majority shareholders holding more than 50% of the total number of issued shares of Natural Cool, namely Chen Choon Khee, Ang Choon Cheng, Ang Choon Beng, Tsng Joo Peng, Tsng Joo Wee, Tan Aik Kwong, Yeo Siew Leng and Yap Geok Khim (collective the "Natural Cool's Major Shareholders") have provided a written undertaking dated 31 March 2008 to the Company to, *inter-alia*,

- (1) procure the convening of the Extraordinary General Meeting / Annual General Meeting of the shareholders (of Natural Cool Holdings Limited) and the tabling of all the necessary resolutions to be passed by Natural Cool (collectively the "Resolutions") to facilitate the purchase of the Leasehold Property by the Purchaser; and
- (2) vote in favour of the Resolutions.

Natural Cool has also provided a written undertaking dated 31 March 2008 to the Company to, *inter-alia*, cause and procure:

- (1) the timely completion of the purchase of the Leasehold Property by the Purchaser and shall further cause and procure the Purchaser to perform and comply with all its payment and other obligations under the Sale and Purchase Agreement and shall take all such steps to that end; and
- (2) if for any reason whatsoever the Purchaser fails to do any of the aforesaid, Natural Cool shall assume and diligently carry out those aforesaid obligations of the Purchaser (including without limitations providing funding to the Purchaser for the purchase of the Leasehold Property).

## 2. Rule 1006 of the SGX-ST Listing Manual

The relative figures pursuant to Rule 1006, using the latest unaudited accounts of the Company and its subsidiaries (the "Group") as at 31 December 2007, are:-

	Relative figures
(a) net asset value of the assets to be disposed of compared to group's net asset value. This is not applicable to an acquisition of assets	11.9%
(b) net profits <sup>(1)</sup> attributable to the assets disposed of, compared with the group's net profits <sup>(1)</sup>	Not Applicable <sup>(2)</sup>
(c) aggregate value of the consideration received, compared with the issuer's market capitalisation	7.2% <sup>(3)</sup>
(d) number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not Applicable

As none of the relative figures as computed on the bases above exceed 20%, the Proposed Disposal does not constitute a major transaction under Rule 1013 of the Listing Manual and would not require the approval of the shareholders of the Company in a general meeting pursuant to Rule 1014.

### NOTES:

- (1) Under Rule 1002(3)(b), "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) No relative figure is computed as the leasehold property is not used to generate income by itself but used in conjunction with other assets of the Company to generate revenue. Hence, it is not meaningful to compute the relative figures in relation to the Group's profits.
- (3) Based on the aggregate value of the Consideration of approximately S\$11,500,000 and the market capitalisation of the Company of S\$158,882,442 as at 7 April 2008 (being the market day preceding the date of the Agreement). In accordance to Rule 1002(5), the market capitalisation of Company is determined by multiplying the number of shares in issue being 332,807,796 shares and S\$0.4774 being the weighted average price of the Company's shares transacted on 7 April 2008.

## 3. Information to be announced under Rules 1010

### (1) *Particulars of the assets disposed of including the name of any Company or business, where applicable;*

The Leasehold Property is located at 20 Benoi Crescent, Singapore 629983. The Company was granted a 30 plus 30 years lease from November 1989 by JTC Corporation for the current land of 16,388 square metres. The Leasehold Property was constructed back in November 1990 and currently houses the Company's production activities in Singapore as well as the Company's engineers, staff and management.

### (2) *A description of the trade carried on, if any.*

Not Applicable

(3) ***The aggregate value of consideration, stating the factors taken into account in arriving at it and how it will be satisfied, including the terms of payment;***

The sale price of S\$11,500,000 was arrived at a willing buyer willing seller basis and was negotiated on an arm's length basis. The Purchaser has paid the sum of S\$575,000, being a 5% deposit of the sale price and shall pay the remaining sum of S\$10,925,000 on completion of the Sale and Purchase Agreement.

(4) ***Whether there is any material conditions attaching to the transaction including a put, call or other option and details thereof;***

The Sale and Purchase Agreement provides, *inter-alia* as follows:

"4 Subject to Clauses 7.1 to 7.4 and 7A, the sale and purchase shall be completed at the office of the Vendor's Solicitors or at such other place as the Vendor shall designate **within six (6) weeks** from the date of receipt of JTC's Approval (as defined below) or **within four (4) weeks** from the date the Consent (as defined below) is obtained by the Purchaser, whichever is later (the "**Date of Completion**").

7.1 The sale and purchase for the Property is subject to JTC and relevant government authorities granting their respective written approvals (where applicable) (collectively, the "**Approval**") for:

- i the sale and purchase of the Property;
- ii a sub-lease of the Property for a term commencing on the day immediately after the Date of Completion and expiring on 31 December 2008, with an option to renew for a further term of up to six (6) months, by the Purchaser to the Vendor upon completion; and
- iii the Purchaser's proposed usage of the Property for steel fabrication after the expiry of the term or further term (as the case may be) under the aforesaid sub-lease.

7.2.2 In the event that the Approval **is not obtained** by a date falling **twenty (20) weeks** from the date the application is lodged with JTC and such relevant government authorities (or on the expiry of such other extended date as may be agreed mutually by the Vendor and Purchaser), the Vendor or the Purchaser (as the case may be) will be at liberty to rescind the sale and purchase herein by giving written notice thereof to the other party whereupon the sale and purchase herein shall be treated as rescinded forthwith, provided always that the following conditions shall apply:-

(a) If the said inability to obtain the Approval is attributable solely to the Purchaser's default in not completing and/or submitting the requisite forms and documents to, and all particulars information and details required by, the JTC and/or any of the relevant government authorities within the time provided for herein or is otherwise attributable to the action or omission or any default on the part of the Purchaser, then, the Vendor shall be entitled to rescind the sale and purchase herein and thereupon, without prejudice to any other rights or remedies available to the Vendor:-

- (i) the Deposit shall be forfeited and belong to the Vendor absolutely;



and neither party shall have any claim or demand against the other for damages costs or otherwise.

- (3) *If by 4 July 2008, the Purchaser is aware that the Consent cannot be obtained by 31 July 2008 due to the said delay by the SGX, then the Purchaser shall inform the Vendor in writing immediately.*

13. *The title shall be in order and free from encumbrances.”*

- (5) *The value (book value, net tangible assets value and the latest available open market value) of the assets being acquired or disposed of, and in respect of the latest available valuation, the value placed on the assets, the party who commissioned the valuation and the basis and date of such valuation;*

DTZ Debenham Tie Leung was commissioned the Company to carry out a valuation of the Leasehold Property in 2006. The valuation report by DTZ Debenham Tie Leung (SEA) Pte Ltd indicated that the open market value of the Leasehold Property as at 13 October 2006 was S\$8,900,000. As at 31 December 2007, the carrying value of the Leasehold Property was S\$8,765,796.

- (6) *In the case of a disposal, the excess or deficit of the proceeds over the book value, and the intended use of sale of proceeds. In the case of an acquisition, the source(s) of funds for the acquisition;*

The excess of the proceeds over the book value is S\$2,734,204.

As initially announced on 17 July 2007, the Company is currently constructing a new centre along Jalan Boon Lay and International Road. The proceeds from the sale of the Leasehold Property will go towards funding the construction of this new centre and additional working capital.

- (7) *The net profits attributable to the assets being acquired or disposed of. In the case of a disposal, the amount of any gain or loss on the disposal;*

The estimated gain on Proposed Disposal is approximately S\$2,734,204 before deducting expenses incurred directly in relation to the sale.

- (8) *The effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the end of the financial year;*

Assuming that the Proposed Disposal had been effected on 31 December 2007, the net tangible assets per share of the Company as at 31 December 2007 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net Tangible Asset per share (S\$ cents)	21.2	22.1

- (9) ***The effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of the financial year;***

The financial effect of the Proposed Disposal on the earnings per share of the Company for the financial year ended 31 December 2007 assuming that the Proposed Disposal had been effected on 1 January 2007 would be as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Earnings per share (S\$ cents)	5.22	6.05

- (10) ***The rationale for the transaction including the benefits which are expected to accrue to the issuer as a result of the transaction;***

As initially announced on 17 July 2007, the Company is currently constructing a new centre along Jalan Boon Lay and International Road. The new centre will have office facilities, manufacturing facilities and a dedicated space for research and development facilities. The proceeds from the Proposed Disposal will be used to fund construction of this new centre and additional working capital.

- (11) ***Whether any director or controlling shareholder has any interest, direct or indirect, in the transaction and the nature of such interests***

None of the Directors or controlling shareholders has any interest, direct or indirect, in the Proposed Disposal.

- (12) ***Details of any service contracts of the directors proposed to be appointed to the issuer in connection with the transaction***

Not Applicable

#### **4. Documents for Inspection**

The following documents are available for inspection during normal business hours at the Company's registered address at 20 Benoi Crescent, Singapore 629983 for three (3) months from the date hereof:

- (a) Sale & Purchase Agreement dated 8 April 2008;
- (b) Letter of Undertaking dated 31 March 2008 from Natural Cool;
- (c) Letter of Undertaking dated 31 March 2008 from Natural Cool's Major Shareholders; and
- (d) Valuation Report dated 13 October 2006 by DTZ Debenham Tie Leung (SEA) Pte Ltd.

By Order of the Board

Steven Lwi Tong Boon  
Company Secretary  
8 April 2008