

RECEIPT OF NOTICE OF TERMINATION

The Board of Directors (the “**Board**”) of Natural Cool Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refer to earlier announcements dated 10 June 2022 and 16 June 2022 and wish to announce that the Company’s wholly-owned subsidiary, Natural Cool Investments Pte. Ltd. (“**NCI**”) had on 5 July 2022 received a Notice of Termination (the “**Notice**”) from MLT, the landlord of the premises at 29 Tai Seng Avenue, Singapore 534119 (“**Premises**”). Unless otherwise defined herein, all capitalised terms used in this announcement shall have the meaning ascribed to them in the Company’s previous announcements.

In the Notice, MLT has terminated the agreement entered into between MLT and NCI based on a letter of offer in April 2019 with effect from 5 July 2022 (“**Termination**”). After exercising their right to set off the outstanding rental arrears up to June 2022 against security deposit held, MLT is seeking to recover the remaining sum of S\$154,577.63 (“**Remaining Lease Sum**”) from NCI including late payment interest which will continue to accrue until date of full payment.

As disclosed in the Company’s previous announcement on 16 June 2022, the main reasons as to why the rental arrears remain outstanding are attributable to:

- (i) Changes to the business prospects of NCI, when NCI was informed by MLT in July 2021 that it could no longer sublease any of the Premises due to changes in applicable regulatory rules; and
- (ii) The general weakening of the Singapore economy, wherein NCI was unable to generate sufficient income (be it from rental or services) to service the rental payments to MLT.

Steps taken by NCI to engage with MLT to resolve the various issues in respect of the continued occupation of the Premises have, unfortunately, not been successful to date.

In the Notice, MLT also states that JTC has allegedly imposed on them, a sum of S\$5,452,544.99 as settlement fee in relation to the alleged unauthorised use of space and/or unauthorised sub-letting of the Premises. MLT has demanded this sum of \$5,452,544.99 from NCI (“**Settlement Claim**”) to be paid to them no later than 13 July 2022. NCI disputes this claim. This is the first time it has been notified of such alleged breaches. No details have been provided of the alleged breaches. NCI will be seeking more information about the same from both MLT and JTC.

In assessing the impact that the Termination and Settlement Claim may have on the Group, the Board has also taken into consideration:

- (i) that the outstanding rental payments have been accrued in full in NCI’s financial statements for up to June 2022, and that the Remaining Lease Sum is not significant compared to the Group’s current cash reserves;
- (ii) that none of the Group’s subsidiaries operate at the Premises, and that all of the Group’s other business operations (such as its Aircon, Paint and Coatings, Food and Beverages and Technology Divisions) continue to function normally;
- (iii) its belief that the Settlement Claim is made without legitimate basis; and
- (iv) that no legal proceedings have commenced at this stage.

The Board is also taking legal advice pertaining to the legitimacy of the Termination.

Accordingly, the Board is of the view that the Group is able to continue as a going concern and that trading should not be suspended. In addition, the Board confirms that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner.

The Board will make the necessary announcements to update Shareholders and investors on further material developments in connection with the above-mentioned matter.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Tsng Joo Peng
Group Chief Executive Officer
8 July 2022

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 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. The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.