

UPDATE ON CREDITORS' VOLUNTARY WINDING-UP OF NATURAL COOL INVESTMENTS PTE. LTD ("NCI") - ENTRY INTO SETTLEMENT AGREEMENT WITH THE JOINT AND SEVERAL LIQUIDATORS

Unless otherwise defined herein, all capitalised terms used in this announcement shall have the meaning ascribed to them in the Company's previous announcements.

The board of directors (the "**Board**" or the "**Directors**") of Natural Cool Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the earlier announcements dated 15 August 2022, 2 September 2022 and 6 January 2023 in relation to the status of the Creditors' Voluntary Winding Up of NCI.

BACKGROUND

NCI had since its incorporation been a wholly-owned subsidiary of the Company. As announced by the Company on 15 August 2022, the director of NCI had formed the opinion that NCI cannot by reason of its liabilities continue its business and accordingly NCI be wound up voluntarily pursuant to Section 161(1) of Insolvency, Restructuring and Dissolutions Act 2018. Mr Wong Joo Wan and Ms Tina Phan Mei Ting, both care of Alternative Advisors Pte Ltd, had been appointed as Joint and Several Liquidators of NCI (the "**Liquidators**") on 2 September 2022.

Cougar Paint Industries Sdn Bhd ("**CPISB**") is a private company limited by shares incorporated in Malaysia and a wholly-owned subsidiary of NCI. CPISB engages in the manufacturing and trading of paint and basic chemicals and mainly supplies its products to Loh & Sons Paint Co (S) Pte Ltd ("**LNS**"), a wholly-owned subsidiary of Cougar Paint Pte Ltd, which in turn is a wholly-owned subsidiary of the Company.

Following NCI being placed in Creditors' Voluntary Winding Up, the Company had been in negotiations with the Liquidators and the creditors' committee of inspection of NCI ("**COI**") to settle the intercompany balances (the "**Interco Owing**") due from LNS and CPISB to NCI. The Interco Owing comprises an aggregate amount of approximately S\$2.2 million, which as at the date of the commencement of NCI's liquidation on 15 August 2022, comprises approximately S\$0.6 million due from LNS to NCI and approximately S\$1.6 million due from CPISB to NCI. The amount of the Interco Owing remains unchanged as at the date hereof.

GRANT OF COURT ORDER FOR THE ENTRY INTO SETTLEMENT AGREEMENT

The Board wishes to update Shareholders that subsequent to the negotiations and discussions between the Company, the Liquidators and the COI, an application was made by the Liquidators to the High Court of Singapore in October 2023 pursuant to which the Court had in an Order of Court dated 1 July 2024 (the "**Court Order**") ordered that NCI may enter into a proposed settlement agreement with the Company in relation to the Interco Owing, and that the Liquidators be empowered and authorised to procure NCI to do so.

In furtherance of the Court Order, the Company has on 7 July 2024 entered into an agreement with NCI, acting through the Liquidators, to settle the Interco Owing (the “**Settlement Agreement**”). The Settlement Agreement also provides for the transfer of NCI’s entire shareholding interest of CPISB to the Company or its nominee(s).

The entry into the Settlement Agreement would allow the Group to extinguish the Interco Owing in the manner agreed with the Liquidators and with the authorisation of the High Court of Singapore, for a consideration that is substantially less than the face value of the Interco Owing.

CPISB was, prior to NCI being placed in liquidation, the manufacturing arm of the Group’s paints and coatings division and mainly supplies paint and basic chemicals to LNS. The transfer of the shares in CPISB to the Company or its nominee pursuant to the Proposed Settlement (as defined herein) would allow the Group’s paint and coating division to regain control of its manufacturing capacity and maintain its supply chain.

Having considered the terms of the Settlement Agreement and the benefits of the Proposed Settlement to the Group, the Directors are of the view that the entry into the Settlement Agreement is in the best interests of the Group.

KEY TERMS OF THE PROPOSED SETTLEMENT

(a) Proposed Settlement

Under the Settlement Agreement, NCI shall (i) transfer NCI’s entire shareholding in CPISB to the Company and/or its nominee(s) and (ii) assign the entire Interco Owing to the Company and/or its nominee(s).

Such settlement shall be effected in the following manner:

(i) Transfer of NCI’s entire shareholding in CPISB:

Concurrent with the signing of the Settlement Agreement, the Company has on 7 July 2024 entered into a sale and purchase agreement (the “**SPA**”) with NCI, acting through the Liquidators, pursuant to which the Company shall purchase or procure its nominee(s) to purchase from NCI 1,402,000 ordinary shares in the issued share capital of CPISB, comprising 100% of the issued and paid-up share capital of CPISB (the “**CPISB Shares**”); and

(ii) Assignment of the entire Interco Owing:

On completion of (a)(i), NCI shall assign the Interco Owing to the Company and/or its nominee(s). Such assignment will be effected pursuant to an assignment of debt agreement (the “**ADA**”) to be entered into between NCI and the Company and/or its nominee(s),

(collectively, the “**Proposed Settlement**”).

(b) Settlement Consideration

Through an arms-length negotiation between the Company and the Liquidators, with due regard to the Liquidators’ independently derived range of expected recovery of the Interco Owing owed by LNS and CPISB to NCI and their expected return from the disposal of the CPISB Shares in connection with the liquidation of NCI, the Company and the Liquidators have agreed that a total settlement amount of S\$850,000 (“**Total Consideration**”) be paid by the Company or its nominee(s) to NCI, comprising (i) S\$1 for all the CPISB Shares and (ii) S\$849,999 for the Interco

Owing (“**Interco Consideration**”). The Total Consideration will be funded by internal resources of the Group.

The Total Consideration shall be paid in three (3) monthly instalments, by way of cheques made payable to NCI in accordance with the payment schedule set out below. The cheques for the second and third instalments shall be post-dated.

Instalment	Payment Date	Payment Amount
1 st Instalment	Day T	S\$283,000
2 nd Instalment	Day T + 30 days	S\$283,000
3 rd Instalment	Day T + 60 days	S\$284,000
Total		S\$850,000

Where Day T refers to the date falling within three (3) business days from the date of the Settlement Agreement.

(c) Completion of the Proposed Settlement

Completion of the transfer of the CPISB Shares and the assignment of the Interco Owing shall be effected within three (3) business days after the receipt by NCI of the payment of the third (3rd) instalment or such other date as may be agreed by the Company and NCI in writing (“**Completion**”). Upon Completion, NCI will no longer have any claims, benefits, rights, titles, advantages, or interests related to the CPISB Shares and the Interco Owing.

(d) Default in Payment

If any of the cheques delivered to NCI is not cleared (on or after the date of the cheque) when presented by NCI to its bank, NCI shall notify the Company and the Company and/or its nominee(s) shall have a period of thirty (30) business days to pay to NCI such relevant instalment payment, failing which:

- (i) the Settlement Agreement and the SPA will be deemed terminated with immediate effect and Completion will not be proceeded with;
- (ii) the Interco Owing due from LNS and CPISB to NCI will become immediately due and repayable;
- (iii) any instalment payments in respect of the Total Consideration already paid by the Company (or its nominee(s)) shall be set off first against the Interco Owing from LNS to NCI; and
- (iv) to the extent that the date for payment of any instalment in respect of the Total Consideration has not become due, NCI shall forthwith return to the Company the post-dated cheque(s) in respect of such instalment payment(s) for cancellation and the Company and/or its nominee(s) shall have no obligation whatsoever to make payment of such instalment payment(s) that have not become due.

FINANCIAL EFFECTS OF THE PROPOSED SETTLEMENT

The financial effects of the Proposed Settlement 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 Settlement. The figures presented below are based on the Group's audited consolidated financial statements for its financial year ended 31 December 2023 ("FY2023") and the audited financial statements of CPISB for FY2023.

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

Had the Proposed Settlement been effected on 31 December 2023, the Proposed Settlement would have had the following financial effects on the Group's NTA per share as at 31 December 2023:

	Before the Proposed Settlement	After the Proposed Settlement
NTA (S\$'000)	11,024	12,536
Number of shares ('000)	250,448	250,448
NTA per share (cents)	4.40	5.01

(b) Earnings per Share ("EPS")

Had the Proposed Settlement been effected on 1 January 2023, the Proposed Settlement would have had the following financial effects on the Group's EPS for FY2023:

	Before the Proposed Settlement	After the Proposed Settlement
Profit after tax (S\$'000)	607	2,127
Weighted average number of shares ('000)	250,448	250,448
EPS (cents)	0.24	0.85

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 Settlement (other than through their respective shareholding interests in the Company, if any).

DOCUMENTS AVAILABLE FOR INSPECTION

Shareholders should note that a copy of the Settlement Agreement, SPA and the form of the ADA will be available for inspection during normal business hours at the Company's registered office at 87, Defu Lane 10, #06-01, Singapore 539219 for a period of three (3) months from the date hereof.

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 Settlement is subject to fulfilment of various terms and conditions as set out in the Settlement Agreement and the SPA. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

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 Settlement.

By Order of the Board

Choy Bing Choong
Executive Chairman

7 July 2024

About Natural Cool Holdings Limited

Natural Cool's principal businesses are Airconditioning and Engineering, Paints and Coatings, Technology, and Food and Beverages.

Natural Cool's Airconditioning and Engineering Division distributes, supply and installs Air-Conditioning and Mechanical Ventilation systems ("**ACMV**") and provides ACMV services to customers in the retail, commercial and industrial sectors. In addition, the Division is also involved in providing facilities management, mechanical and electrical, fire protection, critical environment, and plumbing and sanitary products and services.

The Group's Paints and Coatings Division manufactures and sells industrial paints and solvents, principally under the 'Cougar' brand. Furthermore, the Division also represents a number of leading overseas brands in Singapore.

Natural Cool's Technology Division specialises in communications engineering and Internet of Things solutions. With its core engineering capabilities located in Singapore, the Division serves the train-borne communications market and the estate management market both domestically and overseas.

In addition, the Group has a Food and Beverages arm which manufactures, distributes and retails cooked snack food and dumplings in Singapore. It also operates a number of restaurant outlets.

*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 announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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