

RESPONSE TO SGX-ST QUERIES

The Board of Directors (the “**Board**”) of Natural Cool Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refer to the queries received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 14 June 2022 in relation to the Company’s announcement dated 10 June 2022 (the “**Announcement**”) regarding the receipt of a letter of demand from Mapletree Logistic Trust (“**MLT**”) and wishes to respond to the queries as follows.

1 SGX-ST’s Query 1:

Please provide more details on why the Company is unable to pay the rent to MLT and how long is the rental owed for.

Company’s Response:

The tenancy agreement was entered into between MLT and Natural Cool Investments Pte. Ltd. (“**NCI**”), a wholly owned subsidiary of the Company based on a letter of offer in April 2019, but which is effective from August 2020. NCI’s principal business activities are in the subleasing of leased property. NCI substantially derives its income from rental and service fees from operating the property at 29 Tai Seng Avenue. NCI’s costs are principally rental to be paid to MLT, utilities and salary.

The main reasons as to why rent from February 2022 to May 2022 has not been paid are attributable to:

- a. Changes to the business prospects of NCI, when NCI was informed by MLT in July 2021 that it can no longer sublease any of the property at 29 Tai Seng Avenue due to change in applicable regulatory rules;
- b. The general weakening of the Singapore economy, NCI was unable to generate sufficient income (be it from rental or services) to service the rental payments to MLT; and
- c. NCI has been taking steps to engage with MLT since July 2021 and continues to take steps to resolve the various issues in respect of its continued occupation of the property at 29 Tai Seng Avenue.

2 **SGX-ST's Query 2:**

The rent is owed for the master tenancy at the Company's headquarters at 29 Tai Seng Avenue. Did MLT specify a deadline for the payment of the owed rental? What is the impact on the Group's operations?

Company's Response:

Based on the letter of demand received, NCI has been given up to 16 June 2022 to pay the outstanding rental. The Board would like to emphasise that discussions and negotiations between NCI and MLT remain on-going.

Apart from the operations of NCI, none of the Group's other subsidiaries operate at 29 Tai Seng Avenue. Accordingly, the Board does not believe that the letter of demand will have a significant impact on the Group's operations.

3 **SGX-ST's Query 3:**

Is there any material impact on the Group's financials?

Company's Response:

The outstanding rental payments have been accrued in full in NCI's financial statements for up to May 2022, and NCI continues to engage with MLT to amicably resolve the matter. Furthermore, NCI has cash security deposited with MLT, such security exceeding the amount claimed in the letter of demand.

Accordingly, the Board does not currently see the letter of demand having a material impact on the Group's financial position or financial performance in the current financial year.

4 **SGX-ST's Query 4:**

In view of the letter of demand, please provide the following:

- (i) The Board of Directors' assessment of the Group's ability to continue operating as a going concern and the bases for the said assessment;
- (ii) The Board of Directors' opinion as to whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3) (Going Concern) and the basis for such opinion.
- (iii) The Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.

Company's Response:

In assessing and concluding on the Group's ability to continue operating as a going concern, the Board has taken note of the following:

1. The Group's other business operations (such as its Aircon, Paint and Coatings, Food and Beverages and Technology Divisions) are unaffected by the receipt of this letter of demand;
2. The outstanding rental amounts are accrued in full in the financial statements of NCI, and NCI has a cash security deposited with MLT, such security exceeding the amount claimed in the letter of demand; and
3. NCI continues to engage with MLT to resolve this issue amicably.

Based on the above, the Board is of the view that the Group is able to continue operating 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 Company will update shareholders on a timely basis should there be any material updates on this matter.

5 **SGX-ST's Query 5:**

Please also provide the Sponsor's opinion on whether the Group is able to continue as a going concern. Please provide justifications.

Company's Response:

The Sponsor is of the view that the Group is able to continue as a going concern after taking into account the Board's basis for its opinion set out in the response to Question 4 above and the audited financial position, including cash position of the Group as at 31 December 2021.

BY ORDER OF THE BOARD

Tsng Joo Peng
Group Chief Executive Officer
16 June 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 beverages Division which manufactures, distributes and retails cooked dim sum and dumpling 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.
