Natural Cool Holdings Limited
(Incorporated in the Republic of Singapore)
Company Registration No. 200509967G

**BUSINESS UPDATE – COVID-19 OUTBREAK**

The board of directors ("**Board**" or "**Directors**") of Natural Cool Holdings Limited ("**Company**", and together with its subsidiaries, "**Group**") wishes to provide updates in respect of its business and operations amid the global Covid-19 outbreak.

When the outbreak was first reported in the Peoples' Republic of China ("**PRC**") in early January 2020, the Company had assessed the quickly evolving situation and made the decision at the end of that month to postpone its annual dinner and dance originally scheduled for 21 February 2020 and asking those employees who were in the PRC at the time to not return to Singapore until further notified.

Since then, the outbreak has caused many countries to implement increasingly stringent travel restrictions internationally, as well as within its own borders. Singapore, the Group's main market is no exception, and we are now operating under enhanced safe distancing measures announced by the government which are effective from 7 April 2020 to 4 May 2020 (the "**Circuit Breaker Period**").

In response to the pandemic management measures that have been gradually introduced by Singapore and other nations around the world since January 2020, the Company would like to provide the following updates:

1. The Company imposed calibrated Group-wide travel restrictions on its employees including mandatory stay at home requirements on returning staff since the middle of February 2020. When Malaysia announced its Movement Control Order in March 2020, the Group was able to retain and rehouse 17 employees who commute daily from Malaysia for work purposes in Singapore. This amounts to about 76% of the total of such employees belonging to this group.

2. Of the Group's foreign workforce living in Singapore, a large majority (about 98 or 83%) are now being housed in the Group's own dormitories, in temporary accommodations, or other outside accommodations, and no longer in commercial workers' accommodations.

3. The Group has 13 employees who are awaiting permission from the Ministry of Manpower to return to Singapore.

4. As of the date of this announcement, a number of the Group's subsidiaries have successfully applied, and received permission to operate as essential services and/or to support an essential services supply chain, these are:

    (i) Natural Cool Airconditioning and Engineering Pte Ltd

    (ii) JAD Solutions Pte Ltd

    (iii) Yummy (S) Pte Ltd

    (iv) SFB Holdings Pte Ltd

    (v) Natural Cool Investments Pte Ltd

    (vi) Loh & Sons Paint Co. (S) Pte Ltd

5. With the approval of the Singapore Ministry of Trade and Industry (the "**MTI**"), the Group will be able to engage in the following activities at approved locations (principally public infrastructural and essential supply chain installations) in respect of its Air Con Division:-

(i) Provision of goods and services for the supply, installation and maintenance of air conditioning and mechanical ventilation systems for buildings, and private and public infrastructure;

(ii) Provision of goods and services for the supply, installation and maintenance of fire protection systems for buildings, and private and public infrastructure;

(iii) Provision of goods and services for the supply, installation and maintenance of mechanical and electrical, and plumbing work for buildings and private and public infrastructure;

(iv) Sale and supply of air conditioning and mechanical ventilation equipment, chemicals, parts and materials to contractors and customers engaged in essential services on a wholesale basis;

(v) Sale and supply of building and maintenance related hardware equipment and materials (including chemicals) to contractors and customers engaged in essential services on a wholesale basis, and for distribution to retail hardware stores;

(vi) Fabrication and production of material and parts to support the activities in (iv) and (v) above;

(vii) Provision of goods and services for the supply, installation and maintenance of high containment air conditioning and mechanical ventilation systems for buildings, and private and public infrastructure; and

(viii) Provision of cleaning and disinfecting services

However, all of the Group's air conditioning and mechanical ventilation supply and installation activities that are contracted to on-going building construction projects have ceased.

6. In addition, MTI has also approved subsidiaries under the Group's Food Division to continue to operate, subject to the prevailing restrictions regarding dine-in business.

7. At the Group's Investment Division, Natural Cool Investments Pte Ltd has also received approval from MTI to continue certain facility management and information technology infrastructural operations, albeit subject to some restrictions.

8. With respect to the Group's Paint Division, the Group had made arrangements to increase the production of paint products from its Johor, Malaysia manufacturing subsidiary Cougar Paint Industries Sdn Bhd, and delivered to its Singapore warehouse ahead of Malaysia's Movement Control Order. The Company estimates that it has about one month's worth of inventory from which to fulfil any demand from entities engaged in essential services and/or entities who are part of the essential services supply chain.

9. The Paint Division's Singapore subsidiary has received approval from MTI to continue operations, but its Malaysian subsidiary has yet to receive any updates from the Malaysian Ministry of International Trade and Industry on the status of its application.

10. Further to the Singapore government's Unity, Resilience and Solidarity budgets proposed by the Finance Minister in Parliament, the Group has actively engaged with its principal bankers to seek additional loans, and also to discuss restructuring its existing loans. The Company notes that its principal bankers have expressed strong support for the Group's efforts.

11. In addition, the Group will also be reviewing all of its financial obligations and commitments against measures introduced by the various budgets proposed by the Finance Minister, as well

as the Covid-19 (Temporary Measures) Bill to avail itself of as many areas of business and financial relief as possible.

The Company is happy to note that (i) a substantial portion of the Group's workforce remains intact, (ii) MTI has approved for all business activities in Singapore (which includes the Air-Con, Food, Investment and Paint Divisions) to continue their operations and (iii) its principal bankers are supportive of the Group efforts.

However, given its unprecedented nature, uncertainty over how long the outbreak will last, and its unknown economic impact, the Group expects its revenue and financial performance to be adversely impacted to the extent where its relevant operations have ceased due to the Circuit Breaker Period. The Company will not be able to assess the actual extent of the business and financial impact at this juncture but will closely monitor the COVID-19 situation and provide further updates to shareholders as and when any material developments arise.

Shareholders and potential investors are advised to exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

**BY ORDER OF THE BOARD**

Tsng Joo Peng
Chief Executive Officer

10 April 2020

---

**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.

---

*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") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.*

*This announcement has not been examined or approved by the SGX-ST. The SGX-ST 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 Gillian Goh, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg)*

---