

NATURAL COOL HOLDINGS LIMITED

Company Registration No.: 200509967G
(Incorporated in the Republic of Singapore)

*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**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B : Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

EMPHASIS OF MATTER BY INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Pursuant to Rule 704(4) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Section B: Rules of Catalist ("**Catalist Rules**"), the Board of directors ("**Board**") of Natural Cool Holdings Limited (the "**Company**") wishes to announce that its Independent Auditor, KPMG LLP, has issued its Independent Auditors' Report dated 31 March 2017 for the financial statements of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2016 ("**FY2016**") and included an Emphasis of Matter ("**Emphasis of Matter**") in respect of the Board's decision to form an internal investigation committee to review irregular transactions and activities of certain subsidiaries in the Paint Division as announced on 28 February 2017. The audit opinion of the Independent Auditors' Report, however, remains unqualified.

Please refer to a copy of the aforesaid Independent Auditors' Report, together with the extract of the relevant note to the financial statements, annexed to this announcement for further information.

The Independent Auditors' Report and a complete set of the Group's audited financial statements for FY2016 will form part of the Company's Annual Report for FY2016 ("**FY2016 Annual Report**") which will be released on SGXNET and dispatched to the Shareholders of the Company in due course. Shareholders of the Company are advised to read this announcement in conjunction with the FY2016 Annual Report.

BY ORDER OF THE BOARD

Leaw Wei Siang
Company Secretary

3 April 2017

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.

Extracted from the Independent Auditors' Report to the Audited Financial Statements of Natural Cool Holdings Limited for the financial year ended 31 December 2016

Emphasis of Matter

We draw attention to Note 32 to the financial statements. The Group has recently formed an internal investigation committee to review the alleged irregular transactions relating to certain subsidiaries in the Paint business. The ultimate outcome of the matter cannot presently be determined as the internal investigation is still in progress. The financial statements for the year ended 31 December 2016 has not been adjusted for the findings from the internal investigation. However, as the contributions from the Paint business are not material to the Group for the year ended 31 December 2016, our opinion on the financial statements is not modified in respect of this matter.

Extracted from Note 32 to the Audited Financial Statements of Natural Cool Holdings Limited for the financial year ended 31 December 2016

Internal investigation involving the Paint Segment

In February 2017, the Board formed an internal investigation committee to review the alleged irregular transactions and activities entered into and conducted by certain subsidiaries in the Paint segment. These transactions and activities relate mainly to companies set up by employees (including persons that may be connected to the Company's former directors) to operate a competing business using the assets and resources of these subsidiaries, and the incurrence and payment of unsupported expenses.

As at the date of this report, the investigation is still in progress. Accordingly, the Board is unable to quantify the actual financial impact, if any, on the Group's results for the financial year ended 31 December 2016.