

Natural Cool
Holdings Limited
NATURAL COOL HOLDINGS LIMITED
(Incorporated in Singapore on 19 July 2005)
(Company Registration No.: 200509967G)

16 December 2016

To: The Shareholders of Natural Cool Holdings Limited

Dear Shareholders,

**EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY TO BE HELD ON
22 DECEMBER 2016**

1. I, Joseph Ang Choon Cheng, for and on behalf of Natural Cool Holdings Limited (Company Registration No. 200509967G) (the “**Company**” and together with its subsidiaries, the “**Group**”) wish to thank all of you, shareholders of the Company (“**Shareholders**”), for your support at the extraordinary general meeting of Shareholders held on 12 December 2016 (the “**1st EGM**”). With your support, none of the ordinary resolutions proposed were passed at the 1st EGM. As a result, I am able to continue to serve you in my capacity as Executive Chairman of the Board and oversee the overall operations, management, strategic planning and business development of the Group. I will continue to work to the best of my abilities for the long-term growth of the Group and to uphold the interests of all Shareholders.
2. I refer to the extraordinary general meeting of Shareholders to be held on 22 December 2016 (the “**2nd EGM**”) at 10:00 a.m. at Meeting Room 333, International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 convened by Mr. Ong Mun Wah and Ms. Edi Ng (collectively, the “**2nd EGM Requisitioning Members**”) pursuant to Section 177 of the Companies Act (Cap. 50) of Singapore. The 2nd EGM Requisitioning Members are proposing to revoke the general share issue mandate (the “**Share Issue Mandate**”) approved by Shareholders at the annual general meeting of the Company held on 26 April 2016.
3. I further refer to the announcements released by the Company on 27 November 2016, 9 December 2016 and 15 December 2016 containing, amongst others, clarifications on the newspaper article published by The Straits Times on 26 November 2016, the notice of the 2nd EGM dated 6 December 2016, the letter dated 6 December 2016 issued by the 2nd EGM Requisitioning Members to Shareholders and the conduct of the 2nd EGM (including the deposit of proxy forms), and the views of the Board, save for Mr. Tsng Joo Peng, on the 2nd EGM (including the proposed resolution to revoke the Share Issue Mandate) (the “**Clarification Announcements**”). Copies of the Clarification Announcements are attached hereto as Appendix A.
4. For and on behalf of the Company, **I urge all Shareholders to read the Clarification Announcements in their entirety and give due consideration to the points therein prior to the 2nd EGM.**
5. Thank you for your kind attention to this letter and for your continued faith in the Company. I look forward to seeing you at the 2nd EGM.

Yours faithfully

For and on behalf of
NATURAL COOL HOLDINGS LIMITED

Joseph Ang Choon Cheng
Executive Chairman

This letter to shareholders (this “**Letter**”) 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 Catalyst. The Sponsor has not verified the contents of this Letter.

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

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.

APPENDIX A

**ANNOUNCEMENTS OF THE COMPANY DATED 27 NOVEMBER 2016,
9 DECEMBER 2016 AND 15 DECEMBER 2016**

*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 Catalyst. The Sponsor has not verified the contents of this announcement.*

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CLARIFICATION OF THE STRAITS TIMES ARTICLE ON 26 NOVEMBER 2016

1. INTRODUCTION

The Board of Directors (the "**Board**" and "**Directors**") of Natural Cool Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to its announcements dated 20 October 2016, 30 October 2016 and 24 November 2016 in relation to, amongst others, the Requisition Notice, the Proposed Subscription and the writ of summons in HC/S 1128/2016 and the summons for injunction in HC/SUM 5146/2016 filed against the Company and Mr. Joseph Ang Choon Cheng ("**Mr. Joseph Ang**"), the Executive Chairman of the Company (the "**Outstanding Claims**") (the "**Previous Announcements**"). Unless otherwise defined, capitalised terms and references used herein shall bear the same meaning ascribed to them in the Previous Announcements.

The Board further refers to the article published in The Straits Times on 26 November 2016 with the headline "Natural Cool tussle: SGX approves share placement" (the "**Article**"), which included a number of material inaccuracies which are clarified below.

2. CLARIFICATION OF THE ARTICLE

This clarification should be read in conjunction with the Previous Announcements and the Company's circular to Shareholders dated 25 November 2016 (the "**Circular**").

The Board wishes to clarify the following with respect to the Article:

- (A) ***The Subscriber was introduced to Mr. Joseph Ang by another Director and the Proposed Subscription was proposed before the Requisition Notice was received by the Company***

It is not true, as the Article suggests, that Mr. Joseph Ang introduced the Subscriber as a new investor to influence the outcome of the upcoming extraordinary general meeting of the Company (the "EGM") to be held on 12 December 2016¹.

The Board wishes clarify to the Shareholders that the Subscriber was introduced to Mr. Joseph Ang by another Director slightly more than three (3) months prior to the date of this announcement and discussions for the Subscriber's potential employment and

¹ Please refer to the Circular dated 25 November 2016 for more information on the EGM.

investment into the Company began from that point in time. The lawyers for the Proposed Subscription were appointed in early September 2016 to draft the subscription agreement and the Subscriber's service agreement, subject always to formal approval by the Board. The subscription agreement was finalised by 4 October 2016 and the service agreement was being prepared by the lawyers. Accordingly, the Proposed Subscription was not engineered as a response to the Requisition Notice dated 13 October 2016, which was received by the Company on 14 October 2016.

The Company notes that the Requisition Notice was received after the Board had, by way of majority resolutions on 29 September 2016, resolved to divest the Company's oil and gas business stake through its 16.0% shareholding interest in HMK Energy. Please refer to the Company's announcement dated 20 October 2016 on the Proposed Subscription and the letter dated 25 November 2016 from Mr. Joseph Ang to the Company setting out his representations with respect to, amongst others, his removal as Executive Chairman, a copy of which is appended as Appendix B to the Circular, for further information.

(B) Mr. Joseph Ang's remuneration was for FY2015² and his remuneration for FY2016 has not yet been published

The Article erroneously states that "Mr Ang had headed the group's switchgear business and continued to draw at least \$1.25 million in remuneration even after that business was sold off last year".

The Board would like to clarify that Mr Joseph Ang, as Executive Chairman (since November 2014), has oversight over the Group's overall operations, management, strategic planning and business development; not just the Group's switchgear operations. He has been with the Group for almost twelve (12) years, having joined Natural Cool Airconditioning & Engineering Pte. Ltd., a wholly-owned subsidiary of the Company ("**Natural Cool**") in January 2005 as Manufacturing Director, promoted to Managing Director of Natural Cool in March 2006 and was appointed to the Board as an Executive Director in June 2007. He served as Chief Executive Officer of the Company from September 2009 to November 2014, before assuming the role of Group Advisor to the Company from October 2013 to November 2014.

The Board wishes to further clarify that the sale of the Group's switchgear business was completed on 30 November 2015 and Mr. Joseph Ang's remuneration of between S\$1,250,000 to S\$1,499,999 was for FY2015. Mr. Joseph Ang's remuneration for FY2015 comprised a basic annual remuneration of below S\$600,000 and an incentive bonus of approximately 60.0% based on the Group's achievement of certain profit targets for FY2015. Mr. Tsng Joo Peng and Mr. Eric Ang Choon Beng, both Executive Directors of the Company, received similar remuneration as Mr. Joseph Ang for FY2015. Please refer to the annual report of the Company for FY2015 for further information.

(C) The trading price of the Shares was not S\$0.07 in the days before the Subscription Agreement was signed and was only S\$0.07 on 6 October 2016

The issue of the Subscription Shares and the Issue Price for each Subscription Share fell within the Share Issue Mandate approved by Shareholders at the 2016 AGM and was in compliance with the SGX Listing Manual Section B: Rules of Catalyst (the "Catalist Rules") for an issuance of shares under general mandate.

Under Rule 811(1) of the Catalyst Rules, an issue of shares under general mandate must not be priced at more than 10.0% discount to the volume weighted average price ("**VWAP**") for trades done on Catalyst for the full Market Day³ on which the subscription agreement is signed. The Issue Price of S\$0.065 for each Subscription Share was at a discount of approximately 7.14% to the VWAP of S\$0.07 for trades done on the Shares

² "**FY**" means the financial year ended or ending 31 December.

³ "**Market Day**" means a day on which the SGX-ST is open for trading in securities.

on 6 October 2016, being the last Market Day preceding the date on which the Subscription Agreement was signed on 20 October 2016.

The Board would like to highlight to Shareholders that the volume of trades done on the Shares on 6 October 2016 of 202,000 Shares was not reflective of how the Shares had been trading. The VWAP and trading volume for trades done on the Shares on 20 September 2016 and 14 September 2016 (being the 2 Market Days prior to 6 October 2016 on which trades were done on the Shares, with no trades on the Market Days in-between) were S\$0.065 and 6,000 Shares and S\$0.065 and 20,000 Shares, respectively.

(D) The Company does not currently sit on cash and cash equivalents of S\$31.6 million

The Article incompletely states that "... Natural Cool sits on \$31.6 million in cash and cash equivalents as at June 30..."

The Board would like to highlight that the cash and cash equivalent of the Company as quoted in the Article did not reflect the dividend of S\$0.075 per Share for FY2015 declared by the Company on 12 May 2016 (the "FY2015 Dividends"). The Company had on 18 July 2016 paid out approximately S\$16.8 million in aggregate for the FY2015 Dividends. Please refer to the Company's announcements dated 12 May 2016, 8 June 2016 and 10 August 2016 and circular to Shareholders dated 24 May 2016 for further information on the FY2015 Dividends.

As at the date of this announcement, based on unaudited management accounts of the Group and taking into consideration the aggregate cash consideration of S\$1,755,000 from the Proposed Subscription (the "**Subscription Consideration**"), the cash and cash equivalent of the Group is approximately S\$16.9 million. Of the S\$16.9 million, approximately S\$6.5 million is earmarked for short term and/or long term investments to generate returns. This amount cannot be used for working capital purposes. Approximately S\$1.0 million is placed under fixed deposits which is not required for working capital. The cash balance of the Group as at the date of this announcement of approximately S\$7.6 million, excluding the Subscription Consideration, is for working capital for the Group.

(E) The Article fails to include Mr. Joseph Ang's reason for not providing his comments

When Mr. Joseph Ang was asked by the writer of the Article for certain comments and explanations which related to the subject matter of the Outstanding Claims, ***he had categorically informed her that he could not comment as the matter was before the High Court of Singapore and therefore, was sub judice. The Article did not include the reason provided by Mr. Joseph Ang for declining to comment.***

The Board would like to highlight that it is inappropriate for the Company and Shareholders to comment on on-going court proceedings with respect to the Outstanding Claims (the "**Court Proceedings**") which may be construed as *sub judice*. In this regard, the Board has refrained from providing any information in this announcement and to the press which may interfere with, or prejudice, the Court Proceedings.

(F) There was no injunction in place when the Proposed Subscription was completed

The Board would like to bring to the attention of Shareholders that as at 24 November 2016, being the date of completion of the Proposed Subscription, there was no injunction granted by the High Court of Singapore prohibiting the issuance of the Subscription Shares in accordance with the terms of the Subscription Agreement.

In view of the Outstanding Claims, the Subscriber has provided a moratorium undertaking to the Company confirming that the Subscription Shares when issued will be subject to a moratorium until the later of:

- (a) the date on which the High Court of Singapore makes any determination in respect of the Outstanding Claims; or
- (b) 12 weeks from the date of the Subscription Agreement.

Please refer to paragraph 3 of the Company's announcement dated 24 November 2016 on the Notice received from the SGX-ST entitled "Moratorium Undertaking" for further information on the moratorium with respect to the Subscription Shares.

The Board would like to reiterate that all procedural requirements prescribed under the relevant regulations, including the Catalist Rules, were followed in respect of the issue and allotment of the Subscription Shares to the Subscriber.

3. FURTHER INFORMATION

The Board will provide further updates to Shareholders on the above as and when there are material developments. In the meantime, 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

Leaw Wei Siang
Company Secretary
27 November 2016

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 include 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 airconditioning business.

*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 Catalyst (the "**Catalist Rules**"). The Sponsor has not verified the contents of this announcement.*

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- (1) **CORRIGENDUM TO THE CIRCULAR DATED 25 NOVEMBER 2016;**
 - (2) **CLARIFICATIONS OF THE NOTICE OF EXTRAORDINARY GENERAL MEETING DATED 6 DECEMBER 2016 PURSUANT TO SECTION 177 OF THE COMPANIES ACT (CAP. 50) OF SINGAPORE AND LETTER TO SHAREHOLDERS DATED 6 DECEMBER 2016; AND**
 - (3) **CLARIFICATION OF THE STRAITS TIMES ARTICLE PUBLISHED ON 9 DECEMBER 2016.**
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1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Natural Cool Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to its announcements dated 20 October 2016, 30 October 2016, 24 November 2016, 27 November 2016, 29 November 2016 and 9 December 2016 (the "**Previous Announcements**") and the Company's circular to the shareholders of the Company ("**Shareholders**") dated 25 November 2016 (the "**Circular**") in relation to, amongst others, the Requisition Notice and the Proposed Subscription. Unless otherwise defined, capitalised terms and references used herein shall bear the same meanings ascribed to them in the Previous Announcements.

2. CORRIGENDUM TO THE CIRCULAR DATED 25 NOVEMBER 2016

The Board refers to paragraph 6.8.2 on page 19 of the Circular and wishes to announce that it has been informed by Mr. Joseph Ang Choon Cheng ("**Mr. Joseph Ang**"), the Executive Chairman of the Company, that due to an inadvertent error, the following paragraph should be read as follows (the correction has been underlined for easy reference):

"As at the date hereof, the Company has invested S\$6,018,240 in HMK Energy, which (i) includes the US\$1,680,000 in principal amount of zero coupon optional convertible bonds issued by HMK Energy to the Company on 18 August 2014, and (ii) excludes the basic annual remuneration of Mr. Choy as the Chief Investment Officer of the Company, which in FY2015 was between S\$300,000 to S\$350,000. Mr. Choy's main role and function in the Group was to manage the business of HMK Energy and to safeguard and monitor the Company's investment in HMK Energy. As announced by the Company on 4 November 2016, the Company has terminated Mr. Choy's employment as Chief Investment Officer of the Company."

Save as disclosed above, all the information in the Circular (including the appendices to the Circular) remains unchanged.

3. **CLARIFICATION OF THE NOTICE OF EXTRAORDINARY GENERAL MEETING DATED 6 DECEMBER 2016 PURSUANT TO SECTION 177 OF THE COMPANIES ACT (CAP. 50) OF SINGAPORE (THE “COMPANIES ACT”)**

The Board refers to its announcement dated 9 December 2016 in respect of the Notice of 2nd EGM issued by and the Letter from the 2nd EGM Requisitioning Members.

The Board now would like to further clarify the following with respect to the Notice of 2nd EGM:

(A) The Company did NOT issue the Notice of 2nd EGM and the Letter

As announced on 9 December 2016, the Board would like to emphasize to Shareholders that the 2nd EGM has been convened by the 2nd EGM Requisitioning Members pursuant to Section 177 of the Companies Act. The Company has not in any way verified or reviewed the contents of the Notice of 2nd EGM and the Letter. The Company assumes no responsibility for the contents of the Notice of 2nd EGM and the Letter, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in the Notice of 2nd EGM and the Letter.

Please refer to the Company's announcement dated 9 December 2016 which clarifies that two (2) separate EGMs of Shareholders will be held on 12 December 2016 and on 22 December 2016.

(B) The Company has NOT appointed or authorised Alternative Advisors Pte Ltd (“Alternative Advisers”) to act as the “Independent Scrutineer” for the 2nd EGM and assumes no responsibility or liability with respect to personal data submitted to Alternative Advisers

It is stated in the Notice of 2nd EGM that any submission of an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 2nd EGM will be collected, used and disclosed by the Company and Alternative Advisers as the “Independent Scrutineer” (or their agents).

The Board would like to clarify that it has not appointed or authorised Alternative Advisers (or any of their agents) to collect, process, administer and/or analyse any completed instruments appointing proxy(ies) and/or representative(s) for any of the purposes stipulated in the paragraph entitled “Personal Data Privacy” in the Notice of 2nd EGM or any other purposes.

The Company therefore disclaims any responsibility and liability under the Personal Data Protection Act 2012 of Singapore in respect of the collection, use and/or disclosure of personal data submitted to Alternative Advisers for the purposes of the 2nd EGM.

4. **CLARIFICATION OF LETTER TO SHAREHOLDERS DATED 6 DECEMBER 2016**

The Board notes that certain opinions expressed in the Letter have already been addressed by the Company in its announcement dated 27 November 2016 (the “Clarification Announcement”). Shareholders are advised to read the Clarification Announcement in its entirety. A copy of the Clarification Announcement is available on the website of the SGX-ST at www.sgx.com.

Notwithstanding that the opinions contained in the Letter are solely those of the 2nd EGM Requisitioning Members in their private capacities, the Board would like to clarify the following with respect to the Letter:

- (A) **The Shareholder with the largest shareholding percentage in the Company is not Mr. Ng Quek Peng (the “Subscriber”) but Mr. Joseph Ang**

It is incorrectly stated in the Letter that “As a result of this Placement, Mr Ng is now the biggest shareholder of Natural Cool, holding 10.8% of the enlarged issued capital...”

The Board wishes to clarify that the Shareholder holding the largest shareholding percentage in the Company as at the date of the Letter was Mr. Joseph Ang, holding 11.46% of the Company’s issued and paid-up share capital. Please refer to the announcement dated 27 November 2016 with respect to the shareholding interest of Mr. Joseph Ang after the completion of the Proposed Subscription, which had not changed as at the date of the Letter.

- (B) **The focus on the Company’s working capital distracts from the overarching rationale for the Proposed Subscription**

It is inaccurately suggested in the Letter that the rationale for the Proposed Subscription was to raise funds for the Company when the Company was not in need of funds.

The Board had (by way of majority) approved the Proposed Subscription as it believed that the Subscriber will be able to add strategic value to the Group’s business and diversity of skills and expertise as an executive officer of the Company. The Board (by way of majority) also believes that the Company will be able to leverage on the Subscriber’s strong business networks and extensive experience in the corporate finance and securities industry, with the Subscriber spearheading the business development of the Group at the local and regional level.

Accordingly, to focus on the sufficiency of the Company’s working capital distracts from how the Subscriber can add strategic value to the Company and has demonstrated his confidence in the growth and prospects of the Company through the Proposed Subscription.

Please refer to paragraphs 2.4 and 2.5 of the Company’s announcement dated 20 October 2016 for further information on the rationale for the Proposed Subscription.

- (C) **The Proposed Subscription is to align the interests of the Subscriber with that of the Company for the purposes of his proposed appointment as Chief Corporate Officer of the Company**

It is inaccurately suggested in the Letter that the Subscription Shares were issued and allotted to the Subscriber as a performance incentive in advance of his appointment as an executive officer of the Company without an actual evaluation of his performance.

The Letter states as follows: “Alternatively, the Directors seem to be saying that the Placement was done so that Mr Ng will join Natural Cool’s employment, but the Placement itself did not impose any such obligation on Mr Ng. Also, would it not be better if Mr Ng was given share options based on his performance as is more commonly done? It is quite extraordinary that the Directors were prepared to give Mr Ng the benefit of the Placement at such a good price before he is employed and even before his performance can be assessed, and especially when the Placement has now made him the largest shareholder of Natural Cool!”

The Board wishes to clarify that the Proposed Subscription should not be confused with a performance incentive to the Subscriber as he has paid good and valuable consideration of S\$1,755,000 for the Subscription Shares in accordance with the terms of the Subscription Agreement. A service agreement dated 24 November 2016 has been

executed by the Company and the Subscriber to govern the Subscriber's appointment as the Chief Corporate Officer of the Company ("CCO"). The Subscriber's declaration in respect of such appointment (containing the information required under Appendix 7F of the Catalist Rules) will be announced on the SGXNET in due course. Accordingly, even prior to the Subscriber's commencement of employment as the CCO, his interests are aligned with that of the Company.

The Board would like to reiterate that all procedural requirements prescribed under the relevant regulations, including the Catalist Rules, were followed in respect of the issue and allotment of the Subscription Shares to the Subscriber.

Shareholders should refer to the Clarification Announcement for the Board's clarification on how the Issue Price for each Subscription Share fell within the Share Issue Mandate approved by Shareholders at the 2016 AGM and was in compliance with the Catalist Rules.

(D) Incorrect date references

The Board refers to paragraphs 10 and 14 of the Letter and wishes to clarify that the references to "24 October 2016" and "20 October 2016" respectively are incorrect and should be references to "20 October 2016" and "18 October 2016" respectively. For the avoidance of doubt, the announcement on the Proposed Subscription was released on 20 October 2016 and the Board meeting held to approve (by way of majority) the Proposed Subscription was held on 18 October 2016.

(E) The e-mail address "naturalcool.egm@gmail.com" does not belong to the Company

The Board refers to paragraph 22 of the Letter with respect to the e-mail address "naturalcool.egm@gmail.com" (the "E-mail Address"). The E-Mail Address is not owned, controlled or authorised by the Company or otherwise affiliated with the Group and the Company disclaims any responsibility and liability which may arise in connection with information (which may include personal data) sent to the E-Mail Address and the subsequent use and/or disclosure of such information (which may include personal data).

(F) Enclosure of the news article published by The Straits Times on 26 November 2016 with the headline "Natural Cool tussle: SGX approves share placement" (the "26 November 2016 Article")

The Board would like to clarify that it is unaware whether the 2nd EGM Requisitioning Members have obtained the prior consent of The Straits Times for the reproduction and circulation of the 26 November 2016 Article to the Shareholders. The Company disclaims any responsibility and liability which may arise in connection with the said reproduction and circulation of the 26 November 2016 Article to the Shareholders by the 2nd EGM Requisitioning Members.

Shareholders should refer to the Clarification Announcement for the Company's clarification of a number of material inaccuracies contained in the 26 November 2016 Article.

5. CLARIFICATION OF THE STRAITS TIMES ARTICLE PUBLISHED ON 9 DECEMBER 2016

The Board further refers to the article published in The Straits Times on 9 December 2016 with the headline "Natural Cool board faces more heat" (the "9 December 2016 Article"), which the Board notes is a mere summary of the contents of the Letter .

The Board urges Shareholders to refer to the Clarification Announcement, to be read carefully in conjunction with paragraph 4 of this announcement, for the Company's clarification in respect of points highlighted in the Letter.

6. FURTHER INFORMATION

The Board will provide further updates to Shareholders on the above as and when there are material developments. In the meantime, 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

Leaw Wei Siang
Company Secretary

9 December 2016

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 include 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 airconditioning business.

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- (1) **CONDUCT OF THE 2ND EGM TO BE HELD ON 22 DECEMBER 2016 PURSUANT TO SECTION 177 OF THE COMPANIES ACT (CAP. 50) OF SINGAPORE;**
 - (2) **THE 2ND EGM REQUISITIONING MEMBERS AND THE PROPOSED RESOLUTION; AND**
 - (3) **UNAUTHORISED USE OF PERSONAL DATA AND REPRESENTATIONS OF ACTING FOR THE COMPANY.**
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1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Natural Cool Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to its announcements dated 9 December 2016 (the "**Previous Announcements**") in relation to, amongst others, the 2nd EGM. Unless otherwise defined, capitalised terms and references used herein shall bear the same meanings ascribed to them in the Previous Announcements.

2. CONDUCT OF THE 2ND EGM TO BE HELD ON 22 DECEMBER 2016 PURSUANT TO SECTION 177 OF THE COMPANIES ACT (CAP. 50) OF SINGAPORE (THE "COMPANIES ACT")

Pursuant to Section 177(1) of the Companies Act, two (2) or more shareholders of the Company ("**Shareholders**") holding not less than 10.0% of the Company's issued share capital (excluding treasury shares) may call a meeting of the Company. Under Section 177(2) of the Companies Act, a meeting of the Company, other than a meeting for the passing of a special resolution, called pursuant to Section 177(1) of the Companies Act shall be called by notice in writing of not less than 14 days or such longer period as is provided in the constitution of the Company (the "**Constitution**").

The Board has verified that, as at the date of the Notice of 2nd EGM, the 2nd EGM Requisitioning Members collectively held not less than 10.0% of the total number of issued shares of the Company ("**Shares**") (excluding treasury shares). The Notice of 2nd EGM called for the 2nd EGM to be not less than 14 days from the date of the Notice of 2nd EGM.

The solicitors for the 2nd EGM Requisitioning Members have confirmed in writing to the solicitors for the Company that, amongst others, the 2nd EGM Requisitioning Members have complied with all necessary procedural requirements prescribed by law and the Constitution in convening the 2nd EGM.

2.1 Chair of the 2nd EGM

The Board wishes to highlight to Shareholders that in accordance with the Constitution, Mr. Joseph Ang Choon Cheng (“**Mr. Joseph Ang**”), the Executive Chairman of the Company, will chair the 2nd EGM. Mr. Joseph Ang’s role will be to ensure that the 2nd EGM is properly run and that order is maintained.

2.2 Deposit of proxy forms

The Company wishes to highlight to Shareholders that the 2nd EGM Requisitioning Members have sent out their own form of proxy to Shareholders together with the Notice of 2nd EGM dated 6 December 2016, to be completed and deposited at the office of Alternative Advisors, who have been appointed by the 2nd EGM Requisitioning Members as the “Independent Scrutineers”. According to the Constitution, proxy forms may be left at the registered office of the Company or such other place as is specified for the purpose in the notice convening the meeting not less than 48 hours before the time appointed for the holding of the meeting. Accordingly, Shareholders are free to deposit proxy forms for the 2nd EGM at:

- (a) the registered office of the Company at 29 Tai Seng Avenue #07-01, Natural Cool Lifestyle Hub, Singapore 534119; or
- (b) the office of Alternative Advisors at 1 Commonwealth Lane, #06-21, One Commonwealth, Singapore 149544,

not less than 48 hours before the time appointed for the 2nd EGM.

The Company has instructed its share registrar, M & C Services Private Limited (the “**Share Registrar**”), to coordinate with Alternative Advisors to assist with the registration of Shareholders and valid proxies for the 2nd EGM.

The Share Registrar will request a copy of the Company’s Depository Register¹ 72 hours before the time fixed for the 2nd EGM, from The Central Depository (Pte) Limited. The Share Registrar will also receive the relevant proxy forms and listings of investors who have used their Central Provident Fund monies and/or Supplementary Retirement Scheme monies (as may be applicable) to buy Shares from the respective agent banks. The shareholding lists will be used by the Share Registrar to, amongst others, verify all proxy forms deposited for the 2nd EGM.

The Share Registrar has reached out to Alternative Advisors for their proxy verification procedures and has requested that Alternative Advisors serially number each valid and invalid proxy form received and thereafter pdf the proxy forms to the Share Registrar on a daily basis followed by the original forms. This is to enable the Share Registrar to check the proxy forms have been duly executed and enter the validly executed proxy forms in its system and similarly retain a set of the invalid forms with the reason(s) for rejection set out by Alternative Advisors,

¹ “**Depository Register**” shall have the meaning ascribed to it in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore.

in the event the proxy turns up for the meeting and is denied voting rights on account of a discrepancy in the proxy form.

3. THE 2ND EGM REQUISITIONING MEMBERS AND THE PROPOSED RESOLUTION

The 2nd EGM Requisitioning Members have called the 2nd EGM pursuant to Section 177 of the Companies Act to consider the following ordinary resolution (the “**Proposed Resolution**”):

‘That all authority given to the Directors of the Company by Resolution 8 passed by shareholders at the Annual General Meeting held on 26 April 2016 pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual (Section B: Rules of Catalyst) of the Singapore Exchange Securities Trading Limited and the Articles of Association of the Company, to:

“(A) (i) *issue shares in the capital of the Company (“Shares”) (whether by way of rights, bonus or otherwise); and/or*

(ii) make or grant offers, agreements, or options (collectively, “Instruments”) that might or require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force.”

be and is hereby revoked forthwith and shall no longer be in force with immediate effect.’

The 2nd EGM Requisitioning Members are proposing to revoke the general share issue mandate (the “**Share Issue Mandate**”) approved by Shareholders at the annual general meeting (“**AGM**”) of the Company held on 26 April 2016 (the “**2016 AGM**”). The Share Issue Mandate authorises the Directors to allot and issue new Shares not exceeding 100.0% of the total number of issued Shares (excluding treasury shares) as at the date of the 2016 AGM, of which the aggregate number of shares to be issued other than on a *pro rata* basis to existing Shareholders shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares) as at the date of the 2016 AGM.

The Share Issue Mandate is valid from the date of the 2016 AGM until the date of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held or such authority is revoked or varied by the Company in general meeting, whichever is earlier.

The Board, save for Mr. Tsng Joo Peng (the “**Board (by majority)**”), would like to highlight the following with respect to the 2nd EGM Requisitioning Members and the Proposed Resolution:

(A) Connection of the 2nd EGM Requisitioning Members to HMK Energy

The Board (by majority) refers to the Proposed Divestment of its 16.0% shareholding interest in HMK Energy as announced by the Company on 20 October 2016 and

paragraphs 6.12 to 6.21 of the representation letter from Mr. Joseph Ang dated 25 November 2016, as appended as Appendix B to its circular to Shareholders dated 25 November 2016.

The Board (by majority) would like to highlight that as at the date of this announcement, the remaining 48.0% and 36.0% shareholding interests of HMK Energy are held by Rhodus Capital Limited (“**Rhodus**”) and MW Holdings Pte Ltd, both companies incorporated in the BVI. As at the date of this announcement, both Mr. Omar Loebis (“**Omar**”) and Mr. Ong Mun Wah (“**Mr. Ong**”), one of the 2nd EGM Requisitioning Members, are directors of HMK Energy.

As at 22 November 2016, each of Omar and Mr. Wong Leon Keat (“**Mr. Wong**”) is a 50.0% shareholder and director of Rhodus. As at the date of this announcement, Ms. Edi Ng, one of the 2nd EGM Requisitioning Members, and Mr. Wong have the same address registered with the Accounting and Corporate Regulatory Authority of Singapore.

(B) The Board has NOT abused the Share Issue Mandate

As at the date of the 2016 AGM, the total number of Shares was 205,447,985. Accordingly, the total number of Shares that may be issued pursuant to the Share Issuance Mandate is 205,447,985 Shares, of which the maximum number of Shares to be issued other than on a *pro rata* basis is 102,723,992 Shares. On 25 May 2016, 18,000,000 Shares were issued by the Company pursuant to the conversion of the outstanding convertible loan notes of an aggregate principal amount of S\$2,700,000. As such, the number of Shares for the purposes of the Share Issue Mandate may be adjusted upwards under Rule 806(3) of the Catalist Rules to 223,447,985 Shares and the maximum number of Shares that may be issued other than on a *pro rata* basis under the Share Issue Mandate is 111,723,992 Shares.

As at the date of this announcement, only 27,000,000 Subscription Shares have been issued to the Subscriber under the Share Issue Mandate pursuant to the Proposed Subscription. Please refer to paragraphs 2.4 and 2.5 of the Company’s announcement dated 20 October 2016 and paragraphs 4(B) and (C) of the Company’s announcement dated 9 December 2016 for information on the rationale for the Proposed Subscription. Accordingly, a balance of **84,723,992** Shares may be issued other than on a *pro rata* basis pursuant to the Share Issue Mandate.

The Board (by majority) would like to reiterate that all procedural requirements prescribed under the relevant regulations, including the Catalist Rules, were followed in respect of the issue and allotment of the Subscription Shares to the Subscriber.

(C) The Share Issue Mandate provides the Company with flexibility and promotes cost savings and administrative ease

The Board (by majority) is of the view that the Share Issue Mandate enables the Company to have greater flexibility when negotiating with third parties in respect of potential fund raising exercises or other arrangements or transactions involving the capital of the Company. Without the Share Issue Mandate in place, the Company would have to convene a general meeting of Shareholders to obtain Shareholders’ approval prior to every issue of Shares (whether by way of rights, bonus or otherwise), and/or making or granting of offers, agreements, or options (collectively, “**Instruments**”) that

might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares.

The Share Issue Mandate thus enables the Company to act quickly and take advantage of market conditions, and avoid the expense, delay and administrative hassle of otherwise having to convene a general meeting of Shareholders to approve every issue of Shares and/or making or granting of Instruments.

The Directors wish to highlight to Shareholders that they will only issue Shares and/or make or grant Instruments under the Share Issue Mandate when they consider such action to be in the best interests of the Company.

(D) The 2nd EGM is an unnecessary cost and inconvenience to the business and operations of the Company

The Board (by majority) is of the view that the 2nd EGM (including the Proposed Resolution) is an unnecessary cost and inconvenience to the business and operations of the Company at this juncture, with no real or material benefit to Shareholders, especially when the Board has only utilised the Share Issue Mandate to issue and allot 27,000,000 Subscription Shares to the Subscriber in compliance with all procedural requirements prescribed under the relevant regulations, including the Catalist Rules, and the Share Issue Mandate is subject to Shareholders' approval for renewal at the next AGM of the Company, which will be held sometime in or around April 2017.

The estimated costs and expenses incurred or to be incurred by the Company in relation to the 2nd EGM (including the Proposed Resolution) is approximately S\$50,000.

Based on the above, the Board (by majority) is of the opinion that the Proposed Resolution is not in the best interests of the Company, and accordingly recommends that Shareholders vote against the Proposed Resolution at the 2nd EGM.

4. UNAUTHORISED USE OF PERSONAL DATA AND REPRESENTATIONS OF ACTING FOR THE COMPANY

The Board (by majority) wishes to highlight that the Company has received several complaints from Shareholders that certain individuals have approached and/or contacted them with knowledge of where they live and, in some instances, their contact details. The complaints were in respect of where the physical contacts with the Shareholder were made, and suggestions or impressions given by the said individuals that they acted for the Company. This has caused confusion and concern amongst the Shareholders with respect to the collection, use and/or disclosure of their personal data.

The Company takes the concerns of its Shareholders seriously and recognises that it has obligations to safeguard personal data pursuant to the Personal Data Protection Act 2012 ("PDPA"), which includes an obligation to investigate and mitigate potential breaches of the PDPA. The Company has commenced an investigation to verify the aforementioned complaints, including whether and how (a) such information was obtained by the said individuals, and (b) such erroneous representations were made to Shareholders.

The Board (by majority) repeats its clarification to Shareholders contained in its announcement dated 9 December 2016 that it has not appointed or authorised Alternative Advisors (or any of

their agents) to collect, process, administer and/or analyse any completed instruments appointing proxy(ies) and/or representative(s) for any of the purposes stipulated in the paragraph entitled “Personal Data Privacy” in the Notice of 2nd EGM or any other purposes. The Board (by majority) further repeats its clarification to Shareholders that the e-mail address “naturalcool.egm@gmail.com” (the “**E-mail Address**”) is not owned, controlled or authorised by the Company or otherwise affiliated with the Group.

The Company therefore disclaims any responsibility and liability under the PDPA in respect of the collection, use and/or disclosure of personal data submitted to Alternative Advisers for the purposes of the 2nd EGM, and which may arise in connection with information (which may include personal data) sent to the E-mail Address and the subsequent use and/or disclosure of such information (which may include personal data).

5. FURTHER INFORMATION

The Board will provide further updates to Shareholders on the above as and when there are material developments. In the meantime, 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

Leaw Wei Siang
Company Secretary
15 December 2016

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 include 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 airconditioning business.

