

Natural Cool
Holdings Limited
NATURAL COOL HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200509967G)

LETTER TO SHAREHOLDERS

Directors

Mr. Joseph Ang Choon Cheng (Executive Chairman)
Mr. Tsng Joo Peng (Executive Director and Chief Executive Officer)
Mr. Eric Ang Choon Beng (Executive Director)
Mr. Lim Siang Kai (Lead Independent Director)
Dr. Wu Chiaw Ching (Independent Director)
Mr. William da Silva (Independent Director)

Registered Office

29 Tai Seng Avenue #07-01
Natural Cool Lifestyle Hub
Singapore 534119

27 January 2017

To: The Shareholders of Natural Cool Holdings Limited

Dear Shareholders,

THE CALLING FOR A MEETING OF THE SHAREHOLDERS PURSUANT TO SECTION 177 OF THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE, FOR:

- (1) THE PROPOSED REMOVAL OF JOSEPH ANG CHOON CHENG AS DIRECTOR OF THE COMPANY;**
- (2) THE PROPOSED REMOVAL OF ERIC ANG CHOON BENG AS DIRECTOR OF THE COMPANY;**
- (3) THE PROPOSED REMOVAL OF LIM SIANG KAI AS DIRECTOR OF THE COMPANY;**
- (4) THE PROPOSED REMOVAL OF WU CHIAW CHING AS DIRECTOR OF THE COMPANY;**
- (5) THE PROPOSED REMOVAL OF WILLIAM DA SILVA AS DIRECTOR OF THE COMPANY;**
- (6) THE PROPOSED APPOINTMENT OF LAU LEE HUA AS DIRECTOR OF THE COMPANY;**
- (7) THE PROPOSED APPOINTMENT OF TAN SIEW BIN RONNIE AS DIRECTOR OF THE COMPANY;**
- (8) THE PROPOSED APPOINTMENT OF GOH TECK SIA AS DIRECTOR OF THE COMPANY; AND**
- (9) THE PROPOSED APPOINTMENT OF WONG LEON KEAT AS DIRECTOR OF THE COMPANY.**

This Letter has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., 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 number: (65) 6229 8088.

LETTER TO SHAREHOLDERS

1. DEFINITIONS AND INTERPRETATION

In this Letter, the following definitions and interpretations apply throughout unless otherwise stated:

“25 November 2016 Circular”	: The circular to Shareholders dated 25 November 2016
“Act”	: The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
“Aircon Business”	: The business of trading and supplying air-conditioners and parts, including the manufacturing of air-conditioner ducts and the installation, repair and maintenance of air-conditioners
“Alternative Advisors”	: Alternative Advisors Pte. Ltd.
“Board”	: The board of directors of the Company for the time being
“Catalist Rules”	: The SGX-ST Listing Manual, Section B: Rules of Catalist, as may be amended, supplemented or revised from time to time
“CDP”	: The Central Depository (Pte) Limited
“Chairman”	: The chairman of the Board or the chairman of the Board committees, as the case may be
“Code of Corporate Governance”	: The Singapore Code of Corporate Governance 2012
“Company”	: Natural Cool Holdings Limited
“Company Secretary”	: The company secretary of the Company from time to time
“Constitution”	: The constitution of the Company, as may be amended from time to time
“Directors”	: The directors of the Company as at the Latest Practicable Date
“Dr. Wu”	: Dr. Wu Chiaw Ching, an Independent Director
“EGM”	: The extraordinary general meeting of the Company convened by the Relevant Members to be held on 8 February 2017 at 2:30 p.m. at Conference Room 2, TKP Conference Centre, 55 Market Street #03-01, Singapore 048941, notice of which is appended as Appendix A of this Letter
“Executive Director”	: An executive director of the Company for the time being
“FY”	: The financial year ended or ending 31 December
“Gathergates Group”	: Gathergates Group Pte. Ltd.
“Group”	: The Company and its subsidiaries
“HMKE”	: HMK Energy Pte. Ltd.
“Independent Director”	: An independent director of the Company for the time being and collectively the “Independent Directors”
“Latest Practicable Date”	: 20 January 2017, being the latest practicable date prior to the printing of this Letter

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“Letter”	: This letter to Shareholders dated 27 January 2017
“Majority of the Board”	: Messrs Joseph Ang Choon Cheng, Eric Ang Choon Beng, Lim Siang Kai, Wu Chiaw Ching, and William da Silva, collectively comprising the Board (save for Mr. Tsng Joo Peng), and who are individually the subject of Ordinary Resolutions 1, 2, 3, 4 and 5 respectively as set out in the Notice of EGM
“Mr. da Silva”	: Mr. William da Silva, an Independent Director
“Mr. Eric Ang”	: Mr. Eric Ang Choon Beng, an Executive Director
“Mr. Joseph Ang”	: Mr. Joseph Ang Choon Cheng, an Executive Director and Chairman of the Board
“Mr. Lim”	: Mr. Lim Siang Kai, an Independent Director
“Nominating Committee”	: The nominating committee of the Company as at the Latest Practicable Date, comprising Dr. Wu Chiaw Ching, Mr. Lim Siang Kai and Mr. William da Silva
“Notice of EGM”	: The notice of EGM dated 23 January 2017, which was received by the Company on 19 January 2017, put forth the by the Relevant Members to the Shareholders, calling for the EGM pursuant to Section 177 of the Act, to consider, <i>inter alia</i> , the Ordinary Resolutions set out in the notice appended as Appendix A of this Letter
“Ordinary Resolutions”	: The ordinary resolutions set out in the Notice of EGM
“Paint Business”	: The business of manufacturing and trading of paint and basic chemicals
“Proposed Appointment of New Directors”	: Ordinary Resolutions 6, 7, 8 and 9, collectively, as set out in the Notice of EGM
“Proposed Divestment”	: The resolution of the Majority of the Board on 29 September 2016 to divest the Company’s entire interest in 160,000 ordinary shares in the share capital of HMKE representing 16.0% of the issued and paid-up share capital of HMKE
“Proposed New Directors”	: Mdm Lau Lee Hua, Mr. Tan Siew Bin Ronnie, Mr. Goh Teck Sia and Mr. Wong Leon Keat, collectively
“Proposed Removal of the Majority of the Board”	: Ordinary Resolutions 1, 2, 3, 4 and 5, collectively, as set out in the Notice of EGM
“Register of Members”	: Register of members of the Company
“Relevant Members”	: Mr. Ong Mun Wah and Ms. Edi Ng, who at the date of the Special Notice held collectively not less than 10.0% of the total number of issued and paid-up Shares carrying the right to vote at general meetings of the Company
“SGX-ST”	: Singapore Exchange Securities Trading Limited

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“Shareholders”	: Registered holders of Shares in the register of members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons named as Depositors in the depository register maintained by CDP and whose securities accounts maintained with CDP are credited with the Shares
“Shares”	: Ordinary shares in the capital of the Company
“Special Notice”	: The special notice from the Relevant Members dated 9 January 2017 received by the Company on the same day, constituting special notice under Section 152(2) read with Section 185 of the Act, a copy of which is attached in the Company’s announcement dated 10 January 2017
“Special Notice Letter”	: The letter from the Relevant Members dated 19 January 2017 received by the Company on the same day, setting out, <i>inter alia</i> , information relating to the Ordinary Resolutions. A copy of the Special Notice Letter is attached in the Company’s announcement dated 20 January 2017
“Sponsor”	: PrimePartners Corporate Finance Pte. Ltd.
“subsidiary”	: A company which is for the time being a subsidiary of the Company, as defined by Section 5 of the Act
“%” or “per cent.”	: Per centum or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the Catalist Rules or any modification thereof and not otherwise defined in this Letter shall have the meaning assigned to it under the Act, the Catalist Rules or any modification thereof, as the case may be.

The headings in this Letter are inserted for convenience only and shall be ignored in construing this Letter.

Any reference to a time of day in this Letter shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Letter between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an aggregation of the figures that precede them.

2. INTRODUCTION

- 2.1 On 10 January 2017, the Company announced that it had on 9 January 2017 received the Special Notice from the Relevant Members notifying the Company of their intention to convene the EGM. On 20 January 2017, the Company further announced that it had on 19 January 2017 received the Special Notice Letter from the Relevant Members, enclosing the Notice of EGM dated 23 January 2017, for the purposes of convening the EGM pursuant to Section 177 of the Act. The Relevant Members collectively held approximately 15.46% of the Shares as at 9 January 2017, 19 January 2017 and the Latest Practicable Date.

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- 2.2 A copy of the announcements dated 10 January 2017 and 20 January 2017 on the Special Notice and Special Notice Letter, respectively, are available on the website of the SGX-ST at <http://www.sgx.com>.
- 2.3 On 9 January 2017, the Relevant Members had, in the Special Notice, given special notice to the Company of its intention to convene an EGM to consider each of the following Ordinary Resolutions:
- (a) that Mr. Joseph Ang Choon Cheng be removed from his office as a Director of the Company with effect from the date of the EGM (Ordinary Resolution 1);
 - (b) that Mr. Eric Ang Choon Beng be removed from his office as a Director of the Company with effect from the date of the EGM (Ordinary Resolution 2);
 - (c) that Mr. Lim Siang Kai be removed from his office as a Director of the Company with effect from the date of the EGM (Ordinary Resolution 3);
 - (d) that Dr. Wu Chiaw Ching be removed from his office as a Director of the Company with effect from the date of the EGM (Ordinary Resolution 4);
 - (e) that Mr. William da Silva be removed from his office as a Director of the Company with effect from the date of the EGM (Ordinary Resolution 5) (collectively with Ordinary Resolutions 1, 2, 3 and 4, the **“Proposed Removal of the Majority of the Board”**);
 - (f) that Mdm. Lau Lee Hua be appointed as a Director of the Company with effect from the date of the EGM (Ordinary Resolution 6);
 - (g) that Mr. Tan Siew Bin Ronnie be appointed as a Director of the Company with effect from the date of the EGM (Ordinary Resolution 7);
 - (h) that Mr. Goh Teck Sia be appointed as a Director of the Company with effect from the date of the EGM (Ordinary Resolution 8); and
 - (i) that Mr. Wong Leon Keat be appointed as a Director of the Company with effect from the date of the EGM (Ordinary Resolution 9) (collectively with Ordinary Resolutions 6, 7 and 8, the **“Proposed Appointment of New Directors”**).
- 2.4 On 19 January 2017, the Company received the Special Notice Letter, and its enclosed Notice of EGM, from the Relevant Members convening the forthcoming EGM to be held on 8 February 2017, pursuant to Section 177 of the Act. The rationale of the Relevant Members for the proposed Ordinary Resolutions are set out in the Special Notice Letter.

2.5 Purpose of this Letter

The Relevant Members are convening the EGM pursuant to Section 177 of the Act, to be held on 8 February 2017 at 2:30 p.m. at Conference Room 2, TKP Conference Centre, 55 Market Street #03-01, Singapore 048941, to consider the Proposed Removal of the Majority of the Board and the Proposed Appointment of New Directors as contained in the Special Notice and the Special Notice Letter.

The purpose of this Letter is to provide Shareholders with information relating to the Proposed Removal of the Majority of the Board and the Proposed Appointment of New Directors as set out in Sections 3 and 4 of this Letter.

Shareholders are advised to read this Letter, the Special Notice and Special Notice Letter carefully and in their entirety before deciding whether to vote for or against the Ordinary Resolutions set out in the Notice of EGM.

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The Sponsor and the SGX-ST have not independently verified the contents of this Letter. Neither the Sponsor nor the SGX-ST assumes any responsibility for the contents of this Letter, including the correctness of any of the statements or opinions made or reports contained in this Letter.

2.6 Rationale for the Ordinary Resolutions

The rationale of the Relevant Members for the Proposed Removal of the Majority of the Board and the Proposed Appointment of New Directors is set out in the Special Notice Letter, a copy of which is attached in the Company's announcement on 20 January 2017.

2.7 Effect of Ordinary Resolutions

Pursuant to Section 145(1) of the Act, the Company shall have at least one director who is ordinarily resident in Singapore, and pursuant to Article 86 of the Constitution of the Company, the number of Directors shall be not less than two. In the event that the number of Directors is less than two, the Directors have the power to (i) appoint additional Directors pursuant to Article 87 of the Constitution, and/or (ii) fill casual vacancies in the Board pursuant to Article 105 read with Article 99(2) of the Constitution.

Shareholders should note that none of the Ordinary Resolutions are conditional upon each other.

3. PROPOSED REMOVAL OF DIRECTORS

- 3.1 The Directors proposed to be removed by the Relevant Members are Messrs Joseph Ang Choon Cheng, Eric Ang Choon Beng, Lim Siang Kai, Wu Chiaw Ching, and William da Silva, being all the Directors of the Company (save for Mr. Tsng Joo Peng) as at the date of the Special Notice and the Special Notice Letter. The Company had, upon receipt of the Special Notice, informed the above Directors of the proposals put forth by the Relevant Members to remove each of them as a Director of the Company, subject to approval by the Shareholders at the EGM. A brief overview on the experience and capabilities of each of the Directors who are the subject of the Proposed Removal of the Majority of the Board are included below.

3.2 Joseph Ang Choon Cheng

Shareholders should note that Mr. Joseph Ang was the subject of one of the ordinary resolutions proposed at the extraordinary general meeting of the Company held on 12 December 2016 for his removal as the Executive Chairman of the Board, and that the Shareholders had at that EGM voted against the removal of Mr. Joseph Ang.

Please refer to the 25 November 2016 Circular (and in particular Section 2.2 therein) and the Company's announcement on the results of the extraordinary general meeting of the Company held on 12 December 2016 for more information on Mr. Joseph Ang.

3.3 Eric Ang Choon Beng

Mr. Eric Ang was appointed to the Board on 1 August 2005 and his most recent date of re-appointment as a Director was 23 April 2014. As an Executive Director, he is responsible for the strategic planning and management of the Group's Business operations. He is also the Chief Operating Officer of Loh & Sons Paint Co (S) Pte Ltd, a wholly-owned subsidiary of the Company, whose primary role is to oversee the business expansion and operations of the company. Mr. Eric Ang has substantial years of experience in management and operation roles. Over the last 20 years, he has held several management positions, from factory manager to Assistant Vice President in various manufacturing companies.

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3.4 Lim Siang Kai

Mr. Lim was appointed to the Board as an Independent Director on 7 March 2006 and his most recent date of re-appointment as an Independent Director was 23 April 2015. Mr. Lim is currently the Non-Executive Chairman and Independent Director of ISDN Holdings Limited, the Non-Executive Chairman and Lead Independent Director of Samurai 2K Aerosol Limited, and an Independent Director of Blue Sky Power Holdings Limited (formerly known as China Print Power Group Limited) and Joyas International Holdings Limited, all of which are public companies listed in Singapore. He has over 30 years of experience in securities, private and investment banking and fund management. Mr. Lim has a Bachelor of Arts degree and a Bachelor of Social Sciences (Honours) degree from the National University of Singapore obtained in 1980 and 1981 respectively. He also has a Master of Arts in Economics degree from the University of Canterbury, New Zealand, obtained in 1984.

3.5 Wu Chiaw Ching

Dr. Wu was appointed to the Board on 7 March 2006 and his most recent date of re-appointment as an Independent Director was 23 April 2014. Dr. Wu is currently a partner at Wu Chiaw Ching & Company. He is a fellow member of the Institute of Singapore Chartered Accountants, the Association of Chartered Certified Accountants, United Kingdom and Certified Public Accountants, Australia, as well as a member of the Singapore Institute of Directors. Dr. Wu is presently an independent director of LHT Holdings Limited and Goodland Group Limited listed on the Mainboard of the SGX-ST and GDS Global Limited listed on Catalist. He holds a Bachelor of Commerce (Accountancy) Singapore from Nanyang University, Singapore, a Post-graduate Diploma in Business and Administration from Massey University, New Zealand, a Diploma in Management Consultancy from the National Productivity Board, Singapore and a Master of Art (Finance and Accounting) from Leeds Metropolitan University, United Kingdom.

3.6 William da Silva

Mr. da Silva was appointed to the Board on 7 March 2006 and his most recent date of re-appointment as an Independent Director was 23 April 2015. He also holds a directorship in Aegis LLC. Mr. da Silva is an advocate and solicitor of the Supreme Court of the Republic of Singapore and has been in private practice since 1990. He is a member of the Singapore Institute of Directors. Mr. da Silva was also the Honorary Secretary and later Executive Council member of the Association of Small & Medium Enterprises, and a past President of the Rotary Club of Singapore North. He has served on the Ministry of Manpower's Tripartite Committee for Employment of Older Workers and subcommittee on Operational Safety & Health and also on the Ministry of Education's Compulsory Education Board. He is currently legal adviser to the Thekchen Choling Buddhist Centre and sits on the Legal Panel of the Eurasian Association. Mr. da Silva holds a Bachelor of Laws from the National University of Singapore.

4. PROPOSED APPOINTMENT OF NEW DIRECTORS

- 4.1 The Proposed New Directors are Messrs Lau Lee Hua, Tan Siew Bin Ronnie, Goh Teck Sia and Wong Leon Keat. A brief overview of their experience and expertise and the rationale for the Proposed Appointment of New Directors have been provided by the Relevant Members in the Special Notice Letter.
- 4.2 The information relating to the Relevant Members, the Proposed New Directors, and their views and opinions (collectively and individually), was provided to the Company by the Relevant Members and is contained in the Special Notice and Special Notice Letter. The Majority of the Board and the Company have not conducted an independent review or verification of the accuracy of the opinions, statements and information relating to the Relevant Members and the Proposed New Directors as contained in this Letter, the Special Notice and the Special Notice Letter.

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5. RESPONSE BY THE MAJORITY OF THE BOARD

5.1 Response by the Majority of the Board

The Majority of the Board would like to inform Shareholders of its assessment of the rationale for the Ordinary Resolutions provided by the Relevant Members:

(a) Independence of the Independent Directors

Guideline 2.4 of the Code of Corporate Governance recommends that “the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.”

The Majority of the Board would like to highlight to Shareholders that the independence of each of the Independent Directors are subject to a rigorous annual review comprising a holistic assessment of their judgment and character. The Board has explained at page 93 of the Annual Report FY2015 that after taking into account, *inter alia*, that the Independent Directors have:

- (i) contributed constructively throughout their term on the Board;
- (ii) no relationship with the Company, its related corporations, substantial shareholders or its officers and are also independent of executive functions in the Company;
- (iii) sought clarification and amplification (including legal advice) as they deemed necessary, including through direct access to key management personnel; and
- (iv) provided impartial advice and insights, and have exercised their independent judgment in doing so,

the Majority of the Board is satisfied that Messrs Lim Siang Kai, Wu Chiaw Ching and William da Silva have remained independent in character and judgment, notwithstanding they have each served as Independent Directors on the Board for more than nine years since the date of their first appointment.

(b) Clear Strategy for the Group

The Board and the Company have, through its various continuous announcements, letters and circulars to Shareholders, provided Shareholders with a clear indication of the current strategic direction of the Company. For example, the Board had on 20 October 2016 announced its decision (by way of majority, excluding Mr. Tsng Joo Peng) in respect of the Proposed Divestment of the Company’s entire interest in 160,000 ordinary shares in the share capital of HMKE, representing 16.0% of the issued and paid-up share capital in HMKE. The existing Board and the Company have set out a strategy for the Group to focus on the development of its Aircon and Paint Businesses. The Proposed New Directors, however, have not provided or proposed any concrete plans or strategies for the Company going forward.

(c) Inconvenience and Unnecessary Expense to the Company

The Company and the Majority of the Board see little reason why there is a need for a drastic change in the Board composition and are of the view that the convening of the forthcoming EGM is an unnecessary cost and inconvenience to the business and operations of the Company at this juncture, with no real or material benefit to all Shareholders. The estimated costs and expenses of the Company in relation to convening the forthcoming EGM is approximately S\$60,000.

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(d) Potential Risks Associated with the Proposed Removal of the Majority of the Board

The Company and the Majority of the Board would like to highlight the potential risks that the Company may face as a result of the Proposed Removal of the Majority of the Board. Please refer to Section 6 of this Letter for an overview of these risk factors.

5.2 Shareholding Interests of the Proposed New Directors

For illustrative purposes only, as at the Latest Practicable Date, the interests of the Proposed New Directors, based on the Register of Members, are set out below:

	Direct Interest		Deemed Interest		Total	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Proposed New Directors						
Lau Lee Hua	—	—	—	—	—	—
Tan Siew Bin Ronnie	—	—	—	—	—	—
Goh Teck Sia	—	—	—	—	—	—
Wong Leon Keat	12,000,000	4.79	—	—	12,000,000	4.79
Total	12,000,000	4.79	—	—	12,000,000	4.79

Note(s):

(1) Based on 250,447,985 ordinary Shares in issue (excluding treasury shares) as at the Latest Practicable Date.

6. RISK FACTORS

6.1 The information relating to the Proposed New Directors, and their views and opinions (collectively and individually), was provided to the Company by the Relevant Members. The Majority of the Board and the Company have not conducted an independent review or verification of the accuracy of the opinions, statements and information relating to the Relevant Members and the Proposed New Directors as contained in this Letter.

6.2 Potential disruption to business operations

Given the limited details provided by the Proposed New Directors as to their future business plans and strategies for the Company, the removal and replacement of the Majority of the Board may result in a loss of continuity in the strategic direction of the Company. There is a risk that, for instance, the Majority of the Board's decision in respect of the Proposed Divestment will be revoked, which the Majority of the Board is of the opinion that it is not in the best interests of the Company.

In addition, it appears that the Proposed New Directors are also presently unsure as to the various roles that they would undertake as part of the Board or the Board Committees. This may lead to the instability of the management team, which may disrupt the business operations of the Company in the short and long term. In addition, the Company's dealings and relations with its subsidiaries may be affected. The Group may as a result face the risk of financial instability, disruption or delays to its business operations, which may have a material adverse effect on its prospects, business, operations and financial results.

6.3 Insufficient knowledge and technical capability of the Board

The success of the strategy of the Company is driven by the knowledge and technical capability of the Board and the management team, which has a proven track record within the Group. The Company's current Directors and management team comprises an experienced group of individuals with sound technical, corporate and financial skills. The Board has the required mix of experience and skills necessary to contribute to the Group's portfolio of businesses which includes

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the Aircon and Paint Businesses, in order to manage existing assets and increase shareholder value. To depart from the current strategy of the Board and the Company is to lose the potential value that may be created from current opportunities. The Proposed New Directors may not bring relevant expertise to manage the Company's portfolio.

6.4 No clear strategy for the Company

In contrast to the current Board's stated strategy for the Company, neither the Relevant Members nor the Proposed New Directors have set out to the Board, the Company or the market any plan or direction for the Group, or how the Group's operations and assets may be conducted and managed more efficiently and/or beneficially for Shareholders. The Majority of the Board presumes that the Proposed New Directors have a plan in respect of the strategy of the Group and its assets, but no such plan has been outlined or disclosed in detail to the Board, the Company or the market. Therefore, neither the existing Directors nor the Company are able to ascertain if any of the plans which the Proposed New Directors may have for the Group are in the best interests of all the Shareholders.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and substantial Shareholders, based on the Company's register of Directors' shareholdings and register of substantial Shareholders, are set out below:

	Direct Interest		Deemed Interest		Total	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors						
Mr. Joseph Ang ⁽²⁾	863,885	0.35	1	0.00	863,886	0.35
Mr. Tsng Joo Peng ⁽³⁾	16,300,000	6.51	1,048,426	0.42	17,348,426	6.93
Mr. Eric Ang Choon Beng ⁽⁴⁾	352	0.0001	1,000	0.0004	1,352	0.0005
Mr. Lim Siang Kai	—	—	—	—	—	—
Dr. Wu Chiaw Ching	—	—	—	—	—	—
Mr. William da Silva	—	—	—	—	—	—
Substantial Shareholders (other than Directors)						
Mr. Lim Teck Chuan	28,432,561	11.35	—	—	28,432,561	11.35
Mr. Ng Quek Peng	27,000,000	10.78	—	—	27,000,000	10.78
Mr. Ong Mun Wah	27,523,000	10.99	—	—	27,523,000	10.99

Notes:

(1) Based on 250,447,985 Shares as at the Latest Practicable Date.

(2) Mr. Joseph Ang is deemed to be interested in the 1 Share held by his spouse, Mdm Yap Geok Khim.

(3) Mr. Tsng Joo Peng is deemed to be interested in the 1,048,426 Shares pledged to Citibank Nominees Singapore Pte. Ltd.

(4) Mr. Eric Ang Choon Beng is deemed to be interested in the 1,000 Shares held by his spouse, Mdm Lee Poh Hong.

8. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 8 February 2017 at 2:30 p.m. at Conference Room 2, TKP Conference Centre, 55 Market Street #03-01, Singapore 048941 for the purpose of considering and, if thought fit, passing with or without any modifications the Ordinary Resolutions set out in the Notice of EGM.

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9. ACTION TO BE TAKEN BY SHAREHOLDERS

The Constitution of the Company provides that 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.

As such, Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend, speak and vote at the EGM on their behalf, may complete, sign and return the proxy form attached to the Special Notice Letter in accordance with the instructions printed thereon as soon as possible and in any event so as to reach either:

- (a) the registered office of the Company at 29 Tai Seng Avenue #07-01, Natural Cool Lifestyle Hub, Singapore 543119; or
- (b) the office of Alternative Advisors, the “independent scrutineers” appointed by the Relevant Members for the purposes of the EGM, at 1 Commonwealth Lane, #06-21, One Commonwealth, Singapore 149544,

not less than 48 hours before the time fixed for the EGM.

The Company has instructed its share registrar, M & C Services Private Limited, to coordinate with Alternative Advisors to assist with the registration of Shareholders and valid proxies for the EGM.

The completion and return of the proxy form by a Shareholder does not preclude him from attending and voting at the EGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register at least 72 hours before the time fixed for the EGM.

Shareholders should note that Alternative Advisors, who have been appointed by the Relevant Members for the purposes of the forthcoming EGM, or any of their agents, have not been appointed or authorised by the Company 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 EGM or any other purposes. The Company therefore disclaims any responsibility and liability under the Personal Data Protection Act 2012 in respect of the collection, use and/or disclosure of personal data submitted to Alternative Advisors for the purposes of the EGM and any subsequent use and/or disclosure of such information (which may include personal data).

10. NO ABSTENTION FROM VOTING

Mr. Joseph Ang, the Executive Chairman who is the subject matter of Ordinary Resolution 1 and has an aggregate interest (direct and deemed) in 863,886 Shares representing approximately 0.35% of the total issued Shares as at the Latest Practicable Date, is entitled to and intends to vote against Ordinary Resolution 1 of the Notice of EGM.

Mr. Eric Ang, the Executive Director who is the subject matter of Ordinary Resolution 2 and has an aggregate interest (direct and deemed) in 1,352 Shares representing approximately 0.0005% of the total issued Shares as at the Latest Practicable Date, is entitled to and intends to vote against Ordinary Resolution 2 of the Notice of EGM.

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11. DIRECTORS' RECOMMENDATION

11.1 Opinion of the Nominating Committee

Having fully considered, *inter alia*, the background and experience of the Majority of the Board and rationale for the Proposed Removal of the Majority of the Board as set out in the Special Notice Letter, the Nominating Committee is of the opinion that the Ordinary Resolutions 1, 2, 3, 4 and 5 relating to the proposed removal of Messrs Joseph Ang Choon Cheng, Eric Ang Choon Beng, Lim Siang Kai, Wu Chiaw Ching and William da Silva, and all matters relating thereto, are not in the best interests of the Company.

Due to the potential conflicts of interest, the Nominating Committee has neither conducted interviews nor reviewed the qualifications of the Proposed New Directors, and consequently, the Nominating Committee hereby abstains from making any recommendation to Shareholders in respect of the Ordinary Resolutions 6, 7, 8 and 9 in respect of the Proposed Appointment of New Directors.

11.2 Recommendation by the Majority of the Board

The Majority of the Board, taking into account the same considerations, agree with the Nominating Committee's opinion above that all the Ordinary Resolutions are not in the best interests of the Company, and accordingly recommend that Shareholders vote against all the Ordinary Resolutions.

12. DIRECTORS' RESPONSIBILITY STATEMENT

Save for the information and documents provided to the Company by the Relevant Members the Special Notice and the Special Notice Letter, the Directors comprising the Majority of the Board collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Ordinary Resolutions, the Company and/or its subsidiaries, and the Directors comprising the Majority of the Board are not aware of any facts the omission of which would make any statement in this Letter misleading.

Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors comprising the Majority of the Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

Yours faithfully

For and on behalf of the Board of Directors of
NATURAL COOL HOLDINGS LIMITED

Dr. Wu Chiaw Ching
Independent Director

APPENDIX A – NOTICE OF EXTRAORDINARY GENERAL MEETING

NATURAL COOL HOLDINGS LIMITED
Company Registration Number: 200509967G
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of the members of Natural Cool Holdings Limited (the "**Company**") called pursuant to Section 177 of the Companies Act (Cap. 50) will be held at Conference Room 2, TKP Conference Centre, 55 Market Street #03-01 Singapore 048941 on 8 February 2017 at 2.30pm, for the purposes of considering and if thought fit, passing the following resolutions and transacting the following businesses:

AS SPECIAL BUSINESS to consider and if thought fit, to pass the following Resolutions, which will be proposed as Ordinary Resolutions:

- (1) That Joseph Ang Choon Cheng be removed from his office as a Director of the Company with effect from the date of the EGM.

[Resolution 1]

- (2) That Eric Ang Choon Beng be removed from his office as a Director of the Company with effect from the date of the EGM.

[Resolution 2]

- (3) That Lim Siang Kai be removed from his office as a Director of the Company with effect from the date of the EGM.

[Resolution 3]

- (4) That Wu Chiaw Ching be removed from his office as a Director of the Company with effect from the date of the EGM.

[Resolution 4]

- (5) That William da Silva be removed from his office as a Director of the Company with effect from the date of the EGM.

[Resolution 5]

- (6) That Lau Lee Hua be appointed as a Director of the Company with effect from the date of the EGM.

[Resolution 6]

- (7) That Tan Siew Bin Ronnie be appointed as a Director of the Company with effect from the date of the EGM.

[Resolution 7]

- (8) That Goh Teck Sia be appointed as a Director of the Company with effect from the date of the EGM.

[Resolution 8]

- (9) That Wong Leon Keat be appointed as a Director of the Company with effect from the date of the EGM.

[Resolution 9]

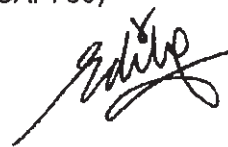
Dated this 23rd day of January 2017.

APPENDIX A – NOTICE OF EXTRAORDINARY GENERAL MEETING

PURSUANT TO AN EXERCISE OF RIGHTS BY THE UNDERMENTIONED MEMBERS OF THE COMPANY, UNDER SECTION 177 OF THE COMPANIES ACT (CAP. 50)



Name: Ong Mun Wah
Number of Shares: 27,523,000



Name: Edi Ng
Number of Shares: 11,200,000

Notes:

- (i) In relation to Resolutions 1 to 5 of the Notice, please place a mark in the "For" column should you wish to exercise all your votes in favour of the removal of the director in question and a mark in the "Against" column should you wish to vote against the removal of the director in question.
- (ii) In relation to Resolutions 6 to 9 of the Notice, please place a mark in the "For" column should you wish to exercise all your votes in favour of the appointment of the proposed director in question and a mark in the "Against" column should you wish to vote against the appointment of the proposed director in question.
- (iii) Pursuant to Section 152(2) of the Companies Act, Chapter 50 of Singapore, special notice shall be required of Ordinary Resolutions 1 to 9. Special notice of Ordinary Resolutions 1 to 9 was sent by the members calling for the EGM to the registered address of the Company on 9 January 2017.
- (iv) Except for a member who is a relevant intermediary as defined under Section 181(6) of the Act, a member entitled to attend, speak and vote at the EGM may appoint not more than two (2) proxies to attend, speak and vote at the EGM in his/her stead. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified in the proxy form.
- (v) Pursuant to Section 181(1C) of the Act, a member who is a relevant intermediary as defined under Section 181(6) of the Act is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
- (vi) A proxy need not be a member of the Company.
- (vii) The duly completed instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the office of the Independent Scrutineer for the EGM, Alternative Advisors Pte Ltd at 1 Commonwealth Lane, #06-21, One Commonwealth, Singapore 149544 not less than forty-eight (48) hours before the time appointed for the EGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company and the Independent Scrutineer(s) (or their agents) for the purpose of the processing, administration and analysis of the Company and the Independent Scrutineer(s) (or their agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for Company and the Independent Scrutineer(s) (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) for the collection, use and disclosure by Company and the Independent Scrutineer(s) (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify Company and the Independent Scrutineer(s) (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.