

# Sesdaq-bound Natural Cool eyes China, India expansion

By **NANDE KHIN**

NATURAL Cool Holdings, an air-conditioning and switchgear specialist that is seeking a listing on Sesdaq, has set its sights on expansion in China and India.

It is selling 22 million new shares at 20 cents each in an initial public offering to raise net proceeds of about \$3.2 million.

The bulk of the proceeds will be used for the planned expansion, said its chief executive officer Steven Chen.

Of the shares available in the IPO, managed by Prime Partners Corporate Finance and underwritten by Westcomb Securities, one million units are for public subscription. The rest will be placed out.

Natural Cool plans to spend about \$1 million on its China expansion, which includes buying heavy machinery to produce air-con components and vehicles to enhance its service capabilities.

Mr Chen said his company aims to expand aggressively into China's Huadong region — which includes Shanghai, Suzhou and Nanjing to serve commercial customers there.

Another \$1 million is earmarked for the set-up of Natural Cool's first plant in India and the purchase of equipment for the plant. All these will be done through a joint venture — VNS India — in which Natural Cool has a 51 per cent stake, said Mr Chen.

He added that the company's factory in India will make switchgears.

"Our operations in India will also serve as a launchpad into the Middle Eastern market," said Mr Chen. He feels that there is great potential to serve commercial customers in cities like Dubai.

Another region that Natural Cool is looking at after India and China is Indochi-

na — namely, Vietnam, Cambodia and Myanmar. Mr Chen said that there is rising affluence in the region which will lead to air-conditioning becoming more of a necessity than a luxury.

Closer to home, Natural Cool wants to increase its recycling and reconditioning activities in Singapore, said Mr Chen. It therefore wants to use \$0.75 million of its IPO proceeds to develop technologies for the re-

covery, recycling and reclamation of refrigerators. The remainder of its net proceeds will be for working capital.

Natural Cool expects revenue to rise by 32.7 per cent to \$52.4 million and net profit by 17.9 per cent to \$3.3 million for the financial year ended Dec 31, 2005.

The IPO closes on May 8 and trading is expected to begin on May 10.