



**NORDIC GROUP LIMITED**

(Company Registration Number: 201007399N)

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**TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF ENSURE ENGINEERING PTE LTD**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Nordic Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, Multiheight Scaffolding Pte Ltd (the “**Purchaser**”), has today entered into a non-binding term sheet (the “**Term Sheet**”) with Dr Han Meng Siew and Mr Wang Lai Suan (collectively, the “**Vendors**”) to acquire the entire issued and paid-up share capital of Ensure Engineering Pte Ltd (the “**Proposed Acquisition**”).

Ensure Engineering Pte Ltd (“**Ensure Engineering**”) is principally engaged in providing engineering repairs, maintenance, operations and plant turnaround services for public environment engineering installations, energy installations, marine and offshore industries, manufacturing industries, and oil and petrochemical industries.

**2. PRINCIPAL TERMS OF THE TERM SHEET**

**2.1 Purchase Consideration**

The purchase consideration for the Proposed Acquisition (the “**Consideration**”) shall be the aggregate of the following:-

- (a) S\$6,498,745 payable on the date of completion of the Proposed Acquisition (the “**Completion Date**”);
- (b) S\$3,500,000 payable within 6 months after the Completion Date;
- (c) 50% of the Adjusted Net Profit of Ensure Engineering for FY2017 (“**Deferred Payment 1**”), provided that Deferred Payment 1 shall be capped at S\$2,000,000;
- (d) 50% of the Adjusted Net Profit of Ensure Engineering for FY2018 (“**Deferred Payment 2**”), provided that Deferred Payment 2 shall be capped at S\$2,000,000;
- (e) 50% of the Adjusted Net Profit of Ensure Engineering for FY2019 (“**Deferred Payment 3**”), provided that Deferred Payment 3 shall be capped at S\$2,000,000; and
- (f) 50% of the Adjusted Net Profit of Ensure Engineering for FY2020 (“**Deferred Payment 4**”), provided that Deferred Payment 4 shall be capped at S\$2,000,000,

where:

- (a) “**FY**” means the financial year ended or ending 31 December; and

(b) **“Adjusted Net Profit”** means the audited total comprehensive income of Ensure Engineering for the relevant FY, as adjusted:

- (i) to exclude non-operating income and expense and its related tax impact;
- (ii) to include depreciation from revalued properties and other assets and its related tax impact;
- (iii) to include amortisation from intangible assets and its related tax impact;
- (iv) to exclude any reversal of agreed provisions made for specified inventories of S\$577,845 and its related tax impact; and
- (v) to exclude any gains or losses on disposal of properties and their related tax impact, if any,

and computed based on accounting policies consistent with those of the Group adopted for the respective FY.

Based on the above, the Consideration will not exceed S\$17,998,745. Deferred Payment 1, Deferred Payment 2, Deferred Payment 3 and Deferred Payment 4 will be payable within 1 week from the conclusion of the Company's annual general meeting.

Based on the unaudited financial statements of Ensure Engineering for FY2016, the net tangible assets of Ensure Engineering as at 31 December 2016 was approximately S\$9,345,169.

The Consideration was negotiated between the Purchaser and the Vendors, based on the net tangible assets of Ensure Engineering and taking into consideration the following conditions, amongst others:

- (i) Ensure Engineering shall not declare or pay any director's fees or dividends from 31 December 2016 to the Completion Date, other than the declaration of dividends for the purpose of settling the loans granted to the shareholders; and
- (ii) Ensure Engineering shall have cash and cash equivalents at bank of not less than S\$14,000,000 as at the Completion Date.

## **2.2 Material Conditions**

The completion of the Proposed Acquisition is conditional upon, *inter alia*:-

- (a) the Purchaser being satisfied with the results of the due diligence to be conducted by the Purchaser on the legal, financial and other affairs of Ensure Engineering;
- (b) the approval of the directors and shareholders of the Purchaser and the Company (where necessary);
- (c) the execution of definitive agreements, including but not limited to the sale and purchase agreement between the Purchaser and the Vendors; and
- (d) the receipt of all corporate, third party, governmental and regulatory approvals, where applicable.

## 2.3 Exclusivity

Under the Term Sheet, the Purchaser shall be granted a period of three months or any such longer period as mutually agreed to perform the formal due diligence, and to negotiate the definitive agreements for the Proposed Acquisition. During this period, the Vendors shall not solicit or initiate or enter into any negotiations or discussions with any other party for the disposal of any interest in Ensure Engineering unless the Purchaser concludes, at any time within the said period, that it no longer desires to pursue negotiations for the Proposed Acquisition with the Vendors and notifies the Vendors accordingly.

## 2.4 Non-Binding

Except for certain provisions relating to exclusivity and confidentiality, amongst others, the Term Sheet is not intended to be legally binding and it does not constitute any commitment to invest in or acquire any interest in Ensure Engineering.

## 3. RATIONALE FOR THE PROPOSED ACQUISITION

In line with the Group's strategy to acquire new businesses in order to increase its product range as well as penetrate new markets, the Proposed Acquisition presents the opportunity for the Group to widen its range of products and services as well as to tap into new customers in the government sectors, thereby expanding its customer base. Through the Proposed Acquisition, the Group expects to be able to introduce its existing products and services to the customers of Ensure Engineering in the waterworks, incinerators and petrochemical industries. Ensure Engineering is also expected to provide the Group with a more stable income stream as almost all of its revenue is derived from recurrent maintenance contracts which are typically of durations from 1 year to 5 years.

## 4. FINANCING

The Proposed Acquisition will be financed through internally generated funds and bank borrowings.

## 5. CHAPTER 10 OF THE LISTING MANUAL

Based on the latest announced consolidated financial statements of the Company for FY2016, the relative figures relating to the Proposed Acquisition, computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

### Relative Figures under Rule 1006

(a) Net asset value of the assets to be disposed of, compared with the group's net asset value	N.A.
(b) Net profits attributable to the assets acquired, compared with the group's net profits	
Profit before income tax, minority interests and extraordinary items attributable to the acquired assets for FY2016 <sup>(1)</sup> (S\$'000)	1,395
Profit before income tax, minority interests and extraordinary items attributable to the owners of the parent of the Group for FY2016 (S\$'000)	14,677
Size of relative figure	9.5%

(c) Aggregate value of the consideration given, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	
Value of the consideration given (S\$' million)	17,313
Company's market capitalisation as at 28 March 2017, being the market day immediately preceding the date of the Term Sheet on which shares were traded (S\$' million) <sup>(2)</sup>	129,748
Size of relative figure	13.3%
(d) Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	
	N.A.

**Notes:**

- (1) Based on the unaudited financial statements of Ensure Engineering.  
(2) Based on the weighted average price of S\$0.33 per share and 393,175,000 issued shares (excluding treasury shares)

As the relative figures exceed 5% but do not exceed 20%, the Proposed Acquisition is a "discloseable transaction" under Rule 1010 of the Listing Manual and does not require the approval of the shareholders of the Company.

## 6. FINANCIAL EFFECTS

Based on the latest announced financial statements of the Group for FY2016:

- (i) assuming that the Proposed Acquisition had been effected at the end of FY2016, the net tangible assets per share of the Group as at 31 December 2016 would have been 9.2 cents instead of 11.3 cents; and
- (ii) assuming that the Proposed Acquisition had been effected at the beginning of FY2016, the earnings per share of the Group for FY2016 would have been 3.6 cents instead of 3.2 cents.

## 7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors (other than in his capacity as Director or Shareholder of the Company) has any interest, direct or indirect, in the Proposed Acquisition. The Directors are not aware of any controlling shareholders of the Company having any direct or indirect interest in the Proposed Acquisition.

## 8. GENERAL

**Shareholders should note that there is no assurance that the Proposed Acquisition will be completed or will proceed at all as the Term Sheet is not legally binding.**

**The Company will make the necessary announcement upon the signing of the definitive agreement(s) relating to the Proposed Acquisition.**

**9. DOCUMENTS FOR INSPECTION**

A copy of the Term Sheet is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 5 Kwong Min Road Singapore 628708 for a period of three months from the date of this announcement.

**BY ORDER OF THE BOARD**

**CHANG YEH HONG  
EXECUTIVE CHAIRMAN  
29 MARCH 2017**