



NORDIC GROUP LIMITED
(Company Registration Number: 201007399N)

PROPOSED ACQUISITION OF 7.76% INTEREST IN PSL HOLDINGS LIMITED

Introduction

The Board of Directors of Nordic Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a sale and purchase agreement dated 28 February 2014 (the “**Purchase Agreement**”) to acquire from RES Holdings Pte. Ltd. (the “**Vendor**”) 30,000,000 ordinary shares (the “**Shares**”) representing approximately 7.76% of the issued share capital of PSL Holdings Limited (“**PSL**”) (the “**Proposed Acquisition**”).

Information on PSL

PSL is a public company limited by shares incorporated in Singapore and listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Through its operating subsidiaries, PSL is engaged in trading of hardware and repair of machinery parts, and earth moving works and excavation.

The Vendor is a controlling shareholder of PSL and holds approximately 19.4% of the issued share capital of PSL.

Rationale for Proposed Acquisition

The Company notes that PSL has been exploring the possibility of entering into the resource business and has disposed of its main operating business of providing specialised ground engineering services for the construction industry. Based on the unaudited financial statements of PSL for the financial year ended 31 December 2013 (“**FY2013**”), PSL had cash and cash equivalents of S\$42.9 million as at 31 December 2013.

The Company believes that the acquisition of a stake in PSL would enable the Company to benefit from PSL’s diversification into new industry sectors and the Company intends to assist PSL in its business diversification plans following the Proposed Acquisition.

Consideration

The aggregate consideration for the Proposed Acquisition is S\$9,000,000, being S\$0.30 per PSL share (the “**Consideration**”). The Consideration shall be fully paid in cash on completion of the Proposed Acquisition. The Company will fund the Proposed Acquisition with a combination of bank borrowings and the Company’s internal resources.

Based on the unaudited financial statements of PSL for FY2013, the net tangible asset value of PSL as at 31 December 2013 was S\$54.1 million. The weighted average price of the shares of PSL transacted on 27 February 2014, being the market day preceding the date of the Purchase Agreement, was S\$0.2941.

The Consideration was arrived at pursuant to negotiations between the parties on a “willing seller and willing buyer” basis, taking into account the net tangible asset value of PSL, the trading price of the shares of PSL and the diversification plans of PSL.

Condition of the Proposed Acquisition

Under the terms of the Purchase Agreement, the Proposed Acquisition is conditional upon, *inter alia*, the appointment of one director nominated by the Company to the board of directors of PSL.

Completion of the Proposed Acquisition shall take place on the third business day following the fulfilment of the conditions precedent.

Put Option

Contemporaneously with the signing of the Purchase Agreement, the Company has entered into a put option agreement dated 28 February 2014 (the “**Put Option Agreement**”) with Sudirman Kurniawan (the “**Grantor**”), pursuant to which the Grantor has granted to the Company the right to require the Grantor to purchase from the Company the Shares for the aggregate price of S\$9,000,000 (the “**Put Option**”). The Put Option may be exercised by the Company at any time within two months from the date of the Put Option Agreement, subject to extension for an additional two months if agreed to by the parties to the Put Option Agreement.

Under the terms of the Put Option Agreement, the Put Option shall be invalidated in the event that (i) PSL enters into a legally binding agreement for the acquisition of any company, business and/or asset, or (ii) PSL has incurred expenses of more than S\$1 million in connection with any activities undertaken in connection with any proposed acquisition of businesses, companies and/or assets by PSL since the date of the Put Option Agreement.

Relative Figures

The relative figures computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual in relation to the Proposed Acquisition are as follows:-

Net asset value of assets to be disposed of, compared with the Group's net asset value	Not applicable
Net profit attributable to the assets acquired, compared with the Group's net profit ⁽¹⁾	4.0%
Aggregate value of consideration given, compared with the Company's market capitalisation (as at 27 February 2014) ⁽²⁾	18.8%
Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable

Notes:

- (1) The net profit attributable to the assets acquired is S\$245,000, being 7.76% of the net profit of PSL for FY2013, based on the unaudited financial statements of PSL. The net profit of the Group for FY13 was S\$6.1 million, based on the unaudited financial statements of the Company.
- (2) The Company's market capitalisation of S\$47.9 million was computed based on the Company's existing issued share capital of 400,000,000 shares (excluding treasury shares) and the volume weighted average price of the Company's shares of S\$0.1198 traded on the SGX-ST on 27 February 2014 (being the market day preceding the date of the Purchase Agreement).

The Proposed Acquisition is thus a discloseable transaction under Rule 1010 of the SGX-ST Listing Manual.

Financial Effects

Assuming that the Proposed Acquisition had been effected on 31 December 2013, the net tangible assets per share of the Company as at 31 December 2013 would have been 7.4 cents instead of 8.3 cents.

Assuming that the Proposed Acquisition had been effected on 1 January 2013, the earnings per share of the Company for the financial year ended 31 December 2013 would have been 0.6 cents instead of 1.5 cents.

Interests of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, save through their shareholdings in the Company (if any).

Mr Chang Yeh Hong, the Executive Chairman and controlling shareholder of the Company, has also entered into a sale and purchase agreement, on substantially the same terms as the Purchase Agreement, to acquire 30,000,000 ordinary shares representing approximately 7.76% of the issued share capital of PSL from the Vendor, as well as a put option agreement, on substantially the same terms as the Put Option Agreement, with the Grantor.

Document Available for Inspection

A copy of the Purchase Agreement and the Put Option Agreement is available for inspection during normal business hours at the Company's registered office for a period of three months from the date hereof.

By Order of the Board

Chang Yeh Hong
Executive Chairman
28 February 2014