



NORDIC GROUP LIMITED

(Company Registration Number: 201007399N)

**RESPONSE TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES ON 12
JANUARY 2017**

The Board of Directors (the "Board") of Nordic Group Limited (the "Company") wishes to respond to queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 12 January 2017.

SGX-ST's queries

1. Please provide detailed descriptions of the "Guangdong and Shanghai Compliance Schemes", the "National Emissions Trading Scheme", the "Carbon Allowance", the "pilot allowances" and the "Guangdong and Shanghai Exchanges", as referred to in the Announcement, to enable a reasonable understanding by ordinary investors.
2. With reference to the agreement entered into 8 December 2016 (the "Agreement"), please disclose:
 - (i) the identity of the multinational company with whom the agreement was entered into;
 - (ii) the core businesses of the aforementioned multinational company;
 - (iii) who introduced the multinational company to the Company in respect of the Agreement;
 - (iv) the salient terms of the Agreement;
 - (v) whether Listing Rule 721 has been complied with; and
 - (vi) the reasons for the delay in the announcement of the Agreement in light of the fact that it was entered into as early as 8 December 2016.
3. Please:
 - (i) advise the rationale for entering into the Agreement and purchasing Carbon Allowances; and
 - (ii) confirm as to whether the Agreement and the purchasing of Carbon Allowances is in the ordinary business of the Company and also the bases for such opinion.
4. Please advise:
 - (i) what are the risks arising from the Agreement and purchasing of Carbon Allowance; and
 - (ii) whether the Board of the Company has established relevant policies and internal controls to manage risk arising from entering into the Agreement and purchasing the Carbon Allowance.

The Board's response

1. The definitions of the terms are as follows:-

Guangdong and Shanghai Compliance Schemes – the carbon emission reduction compliance schemes involving or contemplating the issuance and surrender of Pilot Allowances in accordance with the relevant Compliance Scheme Rules in the Guangdong or Shanghai Province

Compliance Scheme Rules – the rules of the relevant Compliance Scheme or the National Scheme, including relevant decision, guidelines, modalities and procedures, as made and amended by the legally empowered regulators and administrators of that Compliance Scheme

National Scheme – the national emissions trading scheme officially implemented, or to be officially implemented by the National Development and Reform Commission (“NDRC”) of the PRC

Carbon Allowance – Pilot Allowances under the Guangdong and Shanghai Compliance Schemes

Pilot Allowance – a unit equal to one tonne of carbon dioxide equivalent issued under the Guangdong or Shanghai Compliance Schemes

Guangdong and Shanghai Exchanges – such exchange that has been officially designated by the NDRC of the PRC or any other relevant government authority in the PRC to conduct carbon emissions trading in respect of the relevant Compliance Scheme or the National Scheme

- 2(i) The multinational company is one of the oil majors.
- 2(ii) The principal activities of the oil major consist of: (a) Crude, oil products and petrochemicals trading and supportive affreightment activities; (b) Trading in petroleum, petrochemicals and allied products, including marine products, baseoils, lubricants and bitumen; (c) Supply and trading of liquefied natural gas and related shipping activities in the Asia-Pacific region; and (d) Trading of emission products.
- 2(iii) The oil major approached the Company and did a presentation on this product.
- 2(iv) The salient terms namely, the amount, the details of product, the date of the agreement and the settlement date were disclosed in the announcement dated 10 January 2017.
- 2(v) Not applicable.
- 2(vi) Though the agreement was signed on 8 December 2016, the payment was on 21 December 2016 and this payment was a refundable advance. Subsequent confirmation of purchase of carbon allowances of USD3 million was only received on 4 January 2017.
- 3(i)(ii) The principal business activities of the Company and its subsidiaries are those of investment/investment holding, provision of engineering, design, procurement, construction, commission, machining, scaffolding works, insulation and passive fireproofing services and provision of maintenance, repair, and overhaul services to conversion works including trading and supply of material, spare parts and components. While carbon allowance as a product by its nature is not common at this point in time, the purchase is part of the ordinary and usual course of business of investment which is guided by the Company's investment risk policies. The specific parameters such as prices, amount and settlement date are pre-determined and agreed-upon with the oil major.

- 4(i) The risks of the transaction are foreign currency risk, credit risk, price risk, market risk and event risk. Event risk is dependent on the occurrence of implementation of the National Scheme by the NDRC of the PRC. If the National Scheme is not implemented, there will be an unfavorable impact on the return of the investment.
- 4(ii) This investment has been assessed and reviewed by the Board. The Board oversees the investment risk policies of the Company by reviewing, evaluating and approving the external investments of the Company.

BY ORDER OF THE BOARD

CHANG YEH HONG
EXECUTIVE CHAIRMAN
19 January 2017