NORDIC GROUP LIMITED
(Company Registration Number: 201007399N)

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF AUSTIN ENERGY (ASIA) PTE LTD

1. INTRODUCTION

The Board of Directors (the "**Board**") of Nordic Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement on 12 March 2015 (the "**Announcement**") relating to the signing of a non-binding memorandum of understanding for the acquisition of the entire issued and paid-up share capital of Austin Energy (Asia) Pte Ltd. Unless otherwise defined herein or the context otherwise requires, all capitalised terms used herein shall bear the meanings ascribed thereto in the Announcement.

Further to the Announcement, the Company and the Purchaser have on 14 April 2015 entered into a sale and purchase agreement (the "**Agreement**") with the Vendors for the Proposed Acquisition. Please refer to the Announcement for information on the AE Group and the rationale for the Proposed Acquisition.

2. PRINCIPAL TERMS OF THE AGREEMENT

2.1 Consideration

The consideration for the Proposed Acquisition shall be S$26.0 million, payable as follows:-

(a) S$15.0 million upon completion of the Proposed Acquisition;

(b) S$5.5 million, within six months from Completion; and

(c) S$5.5 million, within twelve months from Completion.

The Consideration was arrived at pursuant to negotiations between the Purchaser and the Vendors on a willing-seller and willing-buyer basis, taking into consideration the conditions that (i) the net tangible assets ("**NTA**"), as adjusted for the fair value of property, motor vehicles and machineries, and any related tax effects, of the AE Group as at 30 April 2015 shall not be less than S$14.5 million, (ii) neither Austin Energy nor KKH shall declare or pay any dividends from 1 January 2015 up to Completion, save for any dividends already declared in respect of the financial year ended 31 December 2014 ("**FY2014**") prior to 12 March 2015, and (iii) neither Austin Energy nor KKH shall pay any director's fee from 1 January 2015 up to Completion.

Based on the unaudited management accounts of the AE Group, the NTA, as adjusted for the fair value of property, motor vehicles and machineries, and any related tax effects, of the AE Group as at 31 December 2014 was S$15.6 million.

There was no independent valuation conducted for the Proposed Acquisition.

The Consideration will be fully settled in cash and will be financed through a combination of internally generated funds and bank borrowings.

2.2 Conditions Precedent

The Completion is conditional upon, *inter alia*, the following conditions having been fulfilled (or waived in writing) on or prior to the date of Completion:-

(a) the approval of the Board and the shareholders of the Company being obtained for the entry into the Agreement and for the transactions contemplated therein;

(b) the completion of a legal, financial and business due diligence review by Nordic Flow Control in respect of the affairs of the AE Group and the results of such due diligence review being satisfactory to Nordic Flow Control;

(c) there being no material adverse change in the business, operations, assets, financial condition or prospects of each of Austin Energy and KKH since the date of signing of the Agreement; and

(d) all necessary governmental, regulatory and third party (if any) consents, approvals, clearances, releases and waivers in respect of the transactions contemplated in the Agreement having been obtained.

2.3 Completion

The Completion of the Proposed Acquisition shall take place on the date falling three business days after the date on which approval is obtained from the Company's shareholders for the Proposed Acquisition, which in any event shall not be later than 30 June 2015, or such other date as the parties may mutually agree in writing.

3. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

Based on the audited financial statements of the Group for FY2014, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual in relation to the Proposed Acquisition are as follows:

Rule 1006(a)	
Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
Size of relative figure	Not applicable
Rule 1006(b)	
Net profits attributable to the assets acquired, compared with the Group's net profits	
Profit before income tax, minority interests and extraordinary items of the AE Group for FY2014 (S$'000)	7,572[(1)]
Profit before income tax, minority interests and extraordinary items attributable to the owners of the parent of the Group for FY2014 (S$'000)	9,157
Size of relative figure	82.7%
Rule 1006(c)	
Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	
Value of the Consideration given (S$'000)	26,000
The Company's market capitalisation as at 13 April 2015, based on the total number of issued shares excluding treasury shares (S$'000)	68,760[(2)]

Size of relative figure	37.8%

Rule 1006(d)

Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	Not applicable
Size of relative figure	Not applicable

Notes:-

(1) Based on the unaudited financial statements of the AE Group for FY2014, as adjusted pursuant to the conduct of due diligence by Nordic Flow Control. The profit before income tax, minority interests and extraordinary items of the AE Group previously stated in the Announcement was before adjustments.

(2) The existing number of Shares is 400,000,000. Based on the volume weighted average price of the Shares of S$0.1719 traded on the SGX-ST on 13 April 2015, being the last market day preceding the date of the Agreement.

As the relative figures under Rule 1006(b) and Rule 1006(c) exceed 20% but do not exceed 100%, the Proposed Acquisition is deemed a "major transaction" under Rule 1014 of the Listing Manual and is subject to approval of the Company's shareholders at an extraordinary general meeting ("**EGM**") to be convened.

4. FINANCIAL EFFECTS

Based on the audited financial statements of the Group for FY2014:

(i) assuming that the Proposed Acquisition had been effected at the end of FY2014, the effect of the Proposed Acquisition on the NTA of the Group is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA as at 31 December 2014 (S$'000)	40,809	30,726 (1)
Number of shares in issue ('000)	400,000	400,000
NTA per Share as at 31 December 2014 (cents)	10.2	7.7

Note:-

(1) The NTA of the Group had decreased substantially due to the effects of recognising certain intangible assets and goodwill on acquisition.

(ii) assuming that the Proposed Acquisition had been effected at the beginning of FY2014, the effect of the Proposed Acquisition on the earnings per share ("**EPS**") of the Group for FY2014 is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit attributable to owners of the parent for FY2014 (S$'000)	7,854	14,135
Weighted average number of Shares - Basic/diluted ('000)	400,000	400,000
EPS for FY2014 – basic/diluted(1) (cents)	2.0	3.5

Note:-

(1) Both basic and diluted EPS are the same as there were no dilutive Share equivalents outstanding during FY2014.

The above pro forma financial effects presented are theoretical in nature and only for illustration purposes. They do not represent the actual financial position and/or results of the Group.

5. 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.

6. DOCUMENT FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours 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.

7. EXTRAORDINARY GENERAL MEETING

An EGM will be convened to seek shareholders' approval for the Proposed Acquisition. The notice of EGM, together with the circular containing further information on the Proposed Acquisition, will be sent to shareholders in due course.

BY ORDER OF THE BOARD

CHANG YEH HONG
EXECUTIVE CHAIRMAN
14 APRIL 2015