



NORDIC
Group Limited

NORDIC GROUP LIMITED

(Company Registration Number: 201007399N)

SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF AVON INDUSTRIES 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 dated 5 October 2023 (the “**Announcement**”) relating to the entry by the Group’s wholly-owned subsidiary, Starburst Engineering Pte. Ltd. into a non-binding term sheet to acquire the entire issued and paid-up share capital of Avon Industries 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 Purchaser has on 22 December 2023 entered into a sale and purchase agreement (the “**Agreement**”) with the Vendors for the Proposed Acquisition and the Proposed Acquisition has been completed on the same day.

Please refer to the Announcement for information on Avon and the rationale for the Proposed Acquisition.

2. PRINCIPAL TERMS OF THE AGREEMENT

2.1 Consideration

The agreed Consideration for the Proposed Acquisition is S\$5.0 million, payable as follows:

- (a) S\$2.5 million, payable in cash on Completion; and
- (b) S\$2.5 million, payable in cash within 6 months from the Completion Date.

Based on the unaudited financial statements of Avon, the net tangible assets of Avon as at 31 October 2023 was approximately S\$4.3 million.

The Consideration was negotiated between the Purchaser and the Vendors, taking into consideration the net tangible assets and earnings of Avon and the following conditions, amongst others:

- (a) the net tangible assets of Avon as at the Completion Date shall not be less than S\$4.5 million; and
- (b) Avon shall have sufficient working capital comprising cash and cash equivalents at bank of not less than S\$2.0 million (with allowance for reduction of up to S\$0.5 million for purchase of materials, stock and inventory for projects undertaken or to be undertaken by Avon, as approved by the Purchaser) on the Completion Date, to operate its business, including but not limited to the payment of salaries, rental charges and all other operating expenses of the business, without further cash injection from the Purchaser.

There was no independent valuation conducted for the Proposed Acquisition.

The Consideration is financed through a combination of internally generated funds and bank borrowings.

2.2 Conditions Precedent

The Completion is conditional upon, amongst others, the following conditions having been fulfilled (or waived in writing):

- (a) the completion of legal, financial and business due diligence by the Purchaser in respect of the operations, business, management and affairs of Avon (as deemed necessary by the Purchaser) and the results of such due diligence review being satisfactory to the Purchaser;
- (b) there being no breach of any of the Warranties (as defined in the Agreement) and the Warranties remaining true and not misleading in any material respect;
- (c) each of the parties to the Agreement having performed all of the covenants and agreements required to be performed or caused to be performed by it under the Agreement on or before the Completion Date; 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 has taken place on the date of signing of the Agreement. Pursuant to the Completion, Avon has become a wholly-owned subsidiary of the Group.

3. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

Based on the latest announced consolidated financial statements of the Group for the six months ended 30 June 2023 (“HY2023”), the relative figures relating to the Proposed Acquisition, computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

(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 of Avon for HY2023 ⁽¹⁾ (S\$'000)	304
Profit before income tax, minority interests and extraordinary items attributable to the owners of the parent of the Group for HY2023 (S\$'000)	10,100
Size of relative figure	3.0%
(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\$' million)	5.0

The Company's market capitalisation as at 21 December 2023, being the market day immediately preceding the date of the Agreement on which shares were traded (S\$' million) ⁽²⁾	143.9
Size of relative figure	3.5%
(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	N.A.
(e) Aggregate volume of amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	N.A.

Notes:

- (1) Based on the unaudited financial statements of Avon for the financial year ended 30 September 2023 and pro-rated to 6 months.
- (2) Based on the weighted average price of S\$0.36 per share and 399,736,100 issued shares (excluding treasury shares).

The relative figures under Rule 1006(b) and Rule 1006(c) of the Listing Manual are less than 5%. Accordingly, the Proposed Acquisition constitutes a "non-discloseable transaction" within the meaning of Rule 1008 of the Listing Manual and does not require an announcement or the approval of shareholders of the Company.

4. FINANCIAL EFFECTS

Based on the audited financial statements of the Group for FY2022:

- (a) assuming that the Proposed Acquisition had been effected at the end of FY2022, the net tangible assets per share of the Group as at 31 December 2022 would have been the same at 28.9 cents; and
- (b) assuming that the Proposed Acquisition had been effected at the beginning of FY2022, the earnings per share of the Group for FY2022 would remain the same at 5.3 cents.

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. SERVICE CONTRACTS

No person will be appointed as a Director to the Board in connection with the Proposed Acquisition. Accordingly, no service contract in relation thereto will be entered into between the Company and any such person. However, Avon has entered into a service contract, which takes effect from Completion, with each of the Vendors.

6. 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.

7. DOCUMENTS FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 2 Tuas Avenue 10 Singapore 639126 for a period of three months from the date of this announcement.

BY ORDER OF THE BOARD

**CHANG YEH HONG
EXECUTIVE CHAIRMAN
22 DECEMBER 2023**