



**NORDIC**  
Group Limited

**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 AVON INDUSTRIES 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, Starburst Engineering Pte. Ltd. (the “**Purchaser**”), has today entered into a non-binding term sheet (the “**Term Sheet**”) with Goh Swee Hee, Ngiam Tee Hai and Wong Mun Kheong (the “**Vendors**”) to acquire the entire issued and paid-up share capital of Avon Industries Pte. Ltd. (the “**Proposed Acquisition**”).

Avon Industries Pte. Ltd. (“**Avon**”) is principally engaged in the provision of engineering and related services to support the aerospace and infrastructure industries. The Company designs, builds and maintains airport fuel hydrant, refuelling and dispensing systems for both commercial and military customers in and around the region.

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

**2.1 Purchase Consideration**

The purchase consideration for the Proposed Acquisition (the “**Consideration**”) will be about S\$5.0 million, payable as follows:

- (a) an amount equivalent to 50% of the Consideration, payable in cash on completion of the Proposed Acquisition (the “**Completion**”); and
- (b) the balance payable within 6 months from the Completion.

Based on the unaudited financial statements of Avon for the financial year ended 30 September 2022 (“**FY2022**”), the net tangible assets of Avon as at 30 September 2022 was approximately S\$5.1 million.

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

- (i) the net tangible assets of Avon as at the date of the Completion (the “**Completion Date**”) shall not be less than S\$4.5 million;
- (ii) the Consideration is subject to such downward or upward adjustment for impairment of trade and other receivables, work in progress, inventories and provisions for costs and accruals as may be mutually agreed; and
- (iii) Avon will have cash and cash equivalent at bank of not less than S\$2.0 million (with allowance for reduction of up to S\$500,000 for material purchase for existing projects) on the Completion Date.

## **2.2 Conditions Precedent**

The completion of the Proposed Acquisition is conditional upon, amongst others:

- (a) the Purchaser being satisfied with the results of the due diligence to be conducted by the Purchaser (as deemed necessary by the Purchaser) on the legal, financial and other affairs of Avon;
- (b) the approval of the directors and shareholders of the Purchaser and the Company (where necessary);
- (c) the execution of definitive agreements, such as 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 Avon 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 Effect**

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 by the Purchaser to invest in or acquire any interest in Avon or by the Vendors to sell any interest in Avon.

## **3. RATIONALE FOR THE PROPOSED ACQUISITION**

Avon's key strength lies in the construction, design and build, and maintenance of fuel dispensing systems for commercial and military airports. In line with the Group's strategy to acquire new businesses in order to increase its range of products and services as well as expand its customer base, the Proposed Acquisition presents the opportunity for the Group to extend its suite of operation and maintenance services to government agencies. In addition, the Proposed Acquisition will result in synergies as the Group's existing products and services, such as electrical and instrumentation services as well as fabrication, scaffolding and insulation services, could support Avon's business, and the Group could also cross-sell Avon's products and services to the Group's existing customers, including those in the process industry.

## **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 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 of Singapore Exchange Securities Trading Limited (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 HY2023 <sup>(1)</sup> (S\$'000)	561
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	5.6%
(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)	5.0
Company's market capitalisation as at 4 October 2023, being the market day immediately preceding the date of the Term Sheet on which shares were traded (S\$' million) <sup>(2)</sup>	159.9
Size of relative figure	3.1%
(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.
(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 management accounts of Avon for the 11-month period from 1 October 2022 to 31 August 2023 and pro-rated to 6 months.
- (2) Based on the weighted average price of S\$0.40 per share and 399,736,100 issued shares (excluding treasury shares).

The relative figure under Rule 1006(b) of the Listing Manual exceeds 5% but does not exceed 20% while the relative figure under Rule 1006(c) of the Listing Manual is less than 5%. Accordingly, the Proposed Acquisition will only constitute a "discloseable transaction" within the meaning of Rule 1010 of the Listing Manual and does not require the approval of shareholders of the Company.

## **6. 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 have been 5.4 cents instead of 5.3 cents.

## **7. 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, the Group may enter into service contracts with certain key management personnel of Avon in connection with the Proposed Acquisition.

## **8. 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.

## **9. 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.**

## **10. DOCUMENTS FOR INSPECTION**

A copy of the Term Sheet 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  
5 October 2023**