



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 ENVIPURE 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 3 September 2019 (the “**Announcement**”) relating to the entry by the Company’s wholly-owned subsidiary, Nordic Flow Control Pte. Ltd., into a non-binding term sheet to acquire the entire issued and paid-up share capital of Envipure 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 21 November 2019 entered into a sale and purchase agreement (the “**Agreement**”) with the Vendor for the Proposed Acquisition and the Proposed Acquisition has been completed on the same day. The Company shall guarantee the performance by the Purchaser of its obligations under the Agreement.

Please refer to the Announcement for information on the Envipure Group 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\$14.8 million, to be paid fully in cash on Completion.

Based on the audited financial statements of the Envipure Group for FY2018, the net tangible assets of Envipure Group as at 31 December 2018 was approximately S\$11.1 million.

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

- (i) the net tangible assets of the Envipure Group as at 31 October 2019 shall not be less than S\$13.0 million; and
- (ii) Envipure shall have cash and cash equivalents of not less than S\$8.0 million as at 31 October 2019.

There was no independent valuation conducted for the Proposed Acquisition.

The Consideration was fully settled in cash and was 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):-

- (a) Envipure or such company as nominated by the Purchaser having entered into a service agreement on terms and conditions acceptable to the Purchaser with Vincent Wong Kam Wai (the Chief Executive Officer of Envipure), which terms shall be negotiated directly between the Purchaser and Mr Wong;
- (b) there being no material adverse change in the business, operations, assets, financial condition or prospects of each of the companies in the Envipure Group since the date of signing of the Agreement; and
- (c) 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 seven business days after the date on which all conditions have been fulfilled or such other date as the parties may agree in writing. As the conditions have been fulfilled as at the date of signing of the Agreement, the Completion has taken place on 21 November 2019 and Envipure 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 nine months ended 30 September 2019 (“9M2019”), the relative figures computed on the bases set out in Rule 1006 of the Listing Manual in relation to the Proposed Acquisitions 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 Envipure Group for 9M2019 ⁽¹⁾ (S\$'000)	1,429
Profit before income tax, minority interests and extraordinary items attributable to the owners of the parent of the Group for 9M2019 (S\$'000)	7,679
Size of relative figure	18.6%

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)	14,800
The Company's market capitalisation as at 20 November 2019, being the market day immediately preceding the date of the Agreement on which shares were traded (S\$'000) ⁽²⁾	105,800
Size of relative figure	14.0%

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

Size of relative figure

Not applicable

Not applicable

Rule 1006(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

Size of relative figure

Not applicable

Not applicable

Notes:

- (1) Based on the unaudited financial statements of the Envipure Group.
- (2) Based on the weighted average price of S\$0.27 per share on 20 November 2019 and 391,903,500 issued shares (excluding treasury shares).

As the relative figures under Rules 1006(b) and 1006(c) exceed 5% but do not exceed 20%, the Proposed Acquisition is a "discloseable transaction" under Rule 1010 of the Listing Manual and does not require the approval of the shareholders of the Company.

4. FINANCIAL EFFECTS

Based on the audited financial statements of the Group for FY2018:

- (i) assuming that the Proposed Acquisition had been effected at the end of FY2018, the net tangible assets per share of the Group as at 31 December 2018 would remain at 13.1 cents; and
- (ii) assuming that the Proposed Acquisition had been effected at the beginning of FY2018, the earnings per share of the Group for FY2018 would have been 2.91 cents instead of 2.88 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. 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 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
21 November 2019