



**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 ENVIPURE 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, Nordic Flow Control Pte. Ltd. (the “**Purchaser**”), has today entered into a non-binding term sheet (the “**Term Sheet**”) with Sunalps Pte Ltd (the “**Vendor**”) to acquire the entire issued and paid-up share capital of Envipure Pte. Ltd. (the “**Proposed Acquisition**”).

Envipure Pte. Ltd. (“**Envipure**”) and its subsidiaries, Envipure Sdn. Bhd. and Pollution Control Asia Pte. Ltd. (collectively, the “**Envipure Group**”) are principally engaged in providing turnkey engineering solutions in process, industrial plant and environmental engineering services, air pollution control, odour abatement, and water and waste-water treatment.

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

**2.1 Purchase Consideration**

The purchase consideration for the Proposed Acquisition (the “**Consideration**”) shall be in the range of S\$14.0 million to S\$15.5 million, payable as follows:-

- (a) an amount equivalent to the cash and cash equivalent at bank of the Envipure Group on the date of completion of the Proposed Acquisition (the “**Completion Date**”), up to the maximum amount of S\$10 million but not lesser than S\$8 million, payable on completion of the Proposed Acquisition (the “**Completion**”); and
- (b) the remaining balance payable 6 months from the Completion.

Based on the audited financial statements of Envipure Group for the financial year ended 31 December 2018 (“**FY2018**”), the net tangible assets of Envipure as at 31 December 2018 was approximately S\$11,101,702.

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

- (i) the net tangible assets of the Envipure Group as at the Completion Date shall not be less than S\$13 million;
- (ii) there will be no declaration or payment of director’s fees or dividends by Envipure from 31 May 2019 to the Completion Date;

- (iii) any amount owing by or to directors, shareholders and related parties will be repaid before Completion; and
- (iv) the Envipure Group will have cash and cash equivalent at bank of not less than S\$8 million on the Completion Date.

## **2.2 Material Conditions**

The completion of the Proposed Acquisition is conditional upon, *inter alia*:-

- (a) the Purchaser being satisfied with the results of the due diligence to be conducted by the Purchaser on the legal, financial and other affairs of the Envipure Group;
- (b) the approval of the directors and shareholders of the Purchaser and the Company and of the Vendor (where necessary);
- (c) the execution of definitive agreements, such as the sale and purchase agreement between the Purchaser and the Vendor; and
- (d) the receipt of all corporate, third party, governmental and regulatory approvals, where applicable.

## **2.3 Exclusivity and Non-Solicitation**

Under the Term Sheet, the Purchaser shall be granted a period of three months or any such longer period as mutually agreed (the “**Exclusivity Period**”) to perform the formal due diligence, and to negotiate the definitive agreements for the Proposed Acquisition. During this period, the Vendor shall not solicit or initiate or enter into any negotiations or discussions with any other party for the disposal of any interest in Envipure 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 Vendor and notifies the Vendor accordingly.

The Purchaser has undertaken in favour of the Vendor that during the Exclusivity Period and for a period of 1 year afterwards, it shall not nor shall it attempt to, directly or indirectly, solicit, encourage to leave the employ of Envipure, engage, appoint or employ any director, officer or employee of Envipure who had access to any confidential information or trade secrets of Envipure and in relation to whom the Purchaser had come into contact with or had been given information, in connection with the Proposed Acquisition.

## **2.4 Non-Binding**

Except for certain provisions relating to exclusivity, non-solicitation 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 Envipure or by the Vendor to sell any interest in Envipure.

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

In line with the Group’s strategy to acquire new businesses in order to increase its product range as well as penetrate new markets, the Proposed Acquisition presents the opportunity for the Group to widen its range of products and services as well as to tap into new customers in the semiconductor and environmental engineering sectors, thereby expanding its customer base. Through the Proposed Acquisition, Envipure Group is also expected to provide the Group with a more stable income stream from their maintenance contracts which are typically of durations of 1 year.

#### 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 half year ended 30 June 2019 (“HY2019”), the relative figures relating to the Proposed Acquisition, computed on the bases set out in Rule 1006 of 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 HY2019 <sup>(1)</sup> (S\$'000)	813
Profit before income tax, minority interests and extraordinary items attributable to the owners of the parent of the Group for HY2019 (S\$'000)	4,711
Size of relative figure	17.3%
(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)	15.5
Company's market capitalisation as at 2 September 2019, being the market day immediately preceding the date of the Term Sheet on which shares were traded (S\$' million) <sup>(2)</sup>	110.8
Size of relative figure	14%
(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 financial statements of Envipure Group.

(2) Based on the weighted average price of S\$0.2828 per share and 391,903,500 issued shares (excluding treasury shares)

As the relative figures 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.

## **6. 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 have been 12.9 cents instead of 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 3.3 cents instead of 2.9 cents.

## **7. 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.

## **8. 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.**

## **9. 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  
3 SEPTEMBER 2019**