



NORDIC GROUP LIMITED
(Company Registration Number: 201007399N)

PROPOSED ACQUISITION OF MULTIHEIGHT SCAFFOLDING PTE LTD, MULTIHEIGHT MARINE PTE LTD AND MULTIHEIGHT INTERNATIONAL CO. LLC

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 and its wholly-owned subsidiary, Nordic Flow Control Pte. Ltd. (“**NFC**”), had on 14 April 2011 entered into a sale and purchase agreement (the “**Agreement**”) with Ho Hee Han, Stella Ang Hui Ming, Fong Kwan Meng and Lim Wong Heng (collectively, the “**Vendors**”) to acquire (the “**Proposed Acquisition**”) 100% equity interest in each of Multiheight Scaffolding Pte Ltd (“**MHS**”) and Multiheight Marine Pte Ltd (“**MHM**”) and 49% equity interest in Multiheight International Co. LLC (“**MHI**”, and together with MHS and MHM, the “**Multiheight Group**”).

The completion of the Proposed Acquisition (the “**Completion**”) shall take place on 1 July 2011 or such other date as the parties may mutually agree in writing (the “**Completion Date**”).

2. INFORMATION ON MULTIHEIGHT GROUP

The Multiheight Group is principally engaged in the design, erection, modification and dismantling of scaffold and systems, servicing mainly the oil and gas and marine industries. MHS and MHM are incorporated in Singapore while MHI is incorporated in Qatar.

The remaining 51% equity interest of MHI is held by Abdulla Bin Nasser Al Thani Group (“**ABNATG**”).

3. RATIONALE

In line with the Company’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 oil and gas sector, thereby expanding its customer base. Through the Proposed Acquisition, the Group expects to be able to introduce its existing products and services to the customers of the Multiheight Group in the onshore oil and gas sector.

4. CONSIDERATION

The consideration for the Proposed Acquisition (the “**Consideration**”) shall be the aggregate amount of:

- (a) 60% x audited consolidated profit after tax of the Multiheight Group for the financial year ended 31 December 2010 (“**FY2010**”) x 3.8, payable as set out below (the “**First Payment**”);

- (b) 20% x audited consolidated profit after tax of the Multiheight Group for the financial year ending 31 December 2011 (“FY2011”) x 3.8, payable within 1 month from the date of adoption of the audited FY2011 accounts at the annual general meeting of MHS, which date of meeting shall not be later than 30 June 2012; and
- (c) 20% x audited consolidated profit after tax of the Multiheight Group for the financial year ending 31 December 2012 (“FY2012”) x 3.8, payable within 1 month from the date of adoption of the audited FY2012 accounts at the annual general meeting of MHS, which date of meeting shall not be later than 30 June 2013,

provided that the aggregate Consideration shall be capped at S\$47 million.

The First Payment shall be payable as follows:

- (a) Upon Completion, NFC shall pay 90% of the First Payment.
- (b) On the date falling 60 days after the Completion Date, the consolidated profit after tax of the Multiheight Group for FY2010 shall be determined, being adjusted to exclude all trade debts which are billed in FY2010 and which remain uncollected as at 60 days after the Completion Date (net of tax effect) (the “FY2010 Doubtful Debts”), and the First Payment shall be re-calculated based on such consolidated profit after tax. Provided that NFC is satisfied that the net tangible assets of the Multiheight Group as at the Completion Date (as adjusted to exclude the Relevant Doubtful Debts (as defined below) and any debts due and owing as at the Completion Date from certain trade debtors) is not less than S\$15 million or the Vendors have made payment in cash to MHS to make up such shortfall in the net tangible assets, NFC shall pay such re-calculated First Payment, less all sum previously paid towards the First Payment.

For the purpose of determining the Consideration, the audited consolidated profit after tax of the Multiheight Group shall be adjusted to exclude (i) non-operating income and expenses, (ii) credit notes and the tax impact of such credit notes issued by MHS subsequent to the issuance of its audited accounts for FY2010, (iii) the outstanding receivable (less any provision for doubtful debts) due from a particular customer to MHS in relation to work done for a particular project, net of 17% tax benefits in relation to the write-off of such amount, which remains unpaid or will not be paid, and (iv) any trade debts (net of tax effect) which are billed in FY2010 and outstanding for more than 180 days as at Completion Date and any FY2010 debts which are due and owing from certain trade debtors (the “**Relevant Doubtful Debts**”).

Based on the unaudited financial statements of the Multiheight Group for FY2010, the aggregate net tangible assets value of the Multiheight Group as at 31 December 2010 was S\$12.4 million. The Consideration was arrived at pursuant to negotiations between the Company and the Vendors on a willing-seller and willing-buyer basis.

There was no independent valuation conducted for the Proposed Acquisition.

The Consideration will be fully settled in cash. The Company will fund the Proposed Acquisition with a combination of the proceeds from the Company’s initial public offering, bank borrowings and internally generated funds.

5. PRINCIPAL TERMS AND CONDITIONS

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

- (a) the approval of the Company’s board of directors and shareholders 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 NFC in respect of the operations, business, management and affairs of the Multiheight Group and the results of such due diligence review being satisfactory to NFC in its sole and absolute discretion;
- (c) MHS having entered into service agreements on terms and conditions acceptable to the parties with key personnel identified by NFC;
- (d) there being no material adverse change in the business, operations, assets, financial condition or prospects of each of MHS, MHM and MHI since the date of signing of the Agreement; and
- (e) 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.

Pursuant to the Completion, the entire issued and paid-up share capital of MHS will be held by NFC while the entire issued and paid-up share capital of MHM will be held by MHS and 49% of the issued and paid-up share capital of MHI will be held by MHS.

NFC has agreed that:

- (a) prior to full settlement of the Consideration, the Vendors shall be given all reasonable power to carry on the business of the Multiheight Group in the usual and ordinary course so as to maximise shareholder value; and
- (b) it shall procure Chang Yeh Hong, the major shareholder of the Company, to undertake to vote in favour of the transactions contemplated under the Agreement in relation to all shareholders' approval required by the Company.

Under the terms of the Agreement, the parties agreed to use their respective best endeavours to procure the following as soon as practicable after Completion:

- (a) the parties shall carry out and execute all actions and documents necessary to register MHS as the holder of 49% equity interest in MHI currently held by one of the Vendors, Ho Hee Han, with the relevant authorities in the State of Qatar;
- (b) MHS shall enter into an option agreement with ABNATG pursuant to which MHS shall have the right to purchase, and ABNATG shall have the right to request MHS to purchase, the 51% equity interest in MHI held by ABNATG at the nominal value of the relevant shares;
- (c) MHS shall enter into a shareholder agreement with ABNATG pursuant to which their respective rights and obligations in respect of MHI are set out;
- (d) MHS shall enter into a guarantee agreement with ABNATG pursuant to which MHS shall indemnify ABNATG against all costs, liabilities, losses and/or damages resulting from or arising out of the business of MHI; and
- (e) to arrange for (i) the discharge of Ho Hee Han as a guarantor under the continuing guarantee in respect of certain banking facilities granted to MHS and (ii) NFC and/or the Company to be appointed as the new guarantor for such banking facilities, and the parties further agreed that from the Completion Date until the said discharge of Ho Hee Han, NFC shall undertake to indemnify Ho Hee Han from all and any liability he may have or suffer in respect of being a guarantor of such banking facilities whilst NFC is the holding company of MHS.

ABNATG has previously executed an irrevocable power of attorney appointing Ho Hee Han as its attorney to take all steps and execute, sign and do all documents, matters, acts and things for the purpose of selling all or any of the 51% equity interest in MHI held by ABNATG. Under a deed of trust executed by Ho Hee Han in favour of MHS, Ho Hee Han shall hold his rights, benefits and interests as the attorney under the said power of attorney in favour of MHS.

6. CHAPTER 10 OF THE LISTING MANUAL

Based on the audited financial statements of the Company for FY2010, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited in relation to the Proposed Acquisition are as follows:-

(a) <i>Rule 1006(a)</i>		
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
(b) <i>Rule 1006(b)</i>		
Net profits attributable to the assets acquired, being the net profits of the Multiheight Group for FY2010 (S\$'000)		11,508
Net profits of the Group for FY2010 (S\$'000)		7,053
Size of relative figure		163.2%
(c) <i>Rule 1006(c)</i>		
Aggregate value of the consideration given, being the maximum amount of the Consideration (S\$'000)		47,000
The Company's market capitalization ⁽¹⁾ as at 13 April 2011, based on the total number of issued shares excluding treasury shares (S\$'000)		74,880
Size of relative figure		62.8%
(d) <i>Rule 1006(d)</i>		
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

Note:

- (1) The Company's market capitalization used in the above computation is approximately S\$74.9 million determined by multiplying the 400,000,000 shares in issue as at the date of the announcement by the weighted average market price per share on 13 April 2011, being the last market day preceding the date of signing of the Agreement, of S\$0.1872.

Although the relative figure under Rule 1006(b) exceeds 100%, the relative figure under Rule 1006(c) exceeds 20% but does not exceed 100%. Rule 1015(7) of the Listing Manual provides that Rule 1015 does not apply in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b). Hence, the Proposed Acquisition is deemed a "major transaction" under Rule 1014 of the Listing Manual and is subject to the approval of the Company's shareholders.

7. FINANCIAL EFFECTS

Based on the audited financial statements of the Group for FY2010:-

- (a) assuming that the Proposed Acquisition had been effected at the end of FY2010, the effect of the Proposed Acquisition on the net tangible asset of the Group (“**Group NTA**”) is as follows:-

	Before the Proposed Acquisition	After the Proposed Acquisition
Group NTA as at 31 December 2010 (S\$'000)	37,481	16,385 ⁽¹⁾
Number of shares in issue ('000)	400,000	400,000
Group NTA per share as at 31 December 2010 (cents)	9.4	4.1

Note:

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

- (b) assuming that the Proposed Acquisition had been effected at the beginning of FY2010, the effect of the Proposed Acquisition on the earnings per share (“**EPS**”) of the Group is as follows:-

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit attributable to owners of the parent for FY2010 (S\$'000)	6,997	18,505
Weighted average number of shares – basic/diluted ('000)	305,671	305,671
EPS for FY2010 – basic/diluted ⁽¹⁾ (cents)	2.3	6.1

Note:

- (1) Both basic and diluted EPS are the same as there are no dilutive ordinary share equivalents outstanding during FY2010.

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.

The Proposed Acquisition is expected to be earnings accretive for the Group for FY2011.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors has any interest, direct or indirect, in the Proposed Acquisition, save through his shareholding in the Company (if any). The Directors are not aware of any controlling shareholder of the Company having any interest, direct or indirect, in the Proposed Acquisition, save through his shareholding in the Company.

9. DOCUMENTS FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 8 Teban Gardens Crescent Singapore 608922 for a period of 3 months from the date of this announcement.

10. EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting will be convened to seek shareholders' approval for the Proposed Acquisition (the "EGM"). The notice of EGM, together with a 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 AND CHIEF EXECUTIVE OFFICER
14 APRIL 2011**

The initial public offering of the Company was sponsored by Collins Stewart Pte. Limited (the "Issue Manager"). The Issue Manager assumes no responsibility for the contents of this announcement.