

CIRCULAR DATED 9 JULY 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your Shares (as defined herein) held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made or reports contained or opinions expressed in this Circular.

This Circular, the Exit Offer Letter and the Acceptance Forms (all as defined herein) shall not be construed as, may not be used for the purpose of, and do not constitute, a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstance in which such a notice or proposal or advertisement or an offer or invitation or solicitation is unlawful or not authorised, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation.



a **Fincantieri** company

VARD HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201012504K)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**THE PROPOSED VOLUNTARY DELISTING OF VARD HOLDINGS LIMITED
PURSUANT TO RULES 1307 AND 1309 OF THE SGX-ST LISTING MANUAL**

Independent Financial Adviser to the Independent Directors of Vard Holdings Limited



CIMB BANK BERHAD (13491-P)

Singapore Branch

(Incorporated in Malaysia)

IMPORTANT DATES, TIMES AND VENUE

Last date and time for lodgment of Proxy Form	:	21 July 2018 at 1.00 p.m.
Date and time of Extraordinary General Meeting	:	24 July 2018 at 1.00 p.m.
Venue of Extraordinary General Meeting	:	Shine Auditorium, 100 Beach Road #03-01 Shaw Tower, Singapore 189702

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

- “13 April Circular”** : The circular dated 13 April 2018 issued by the Company to Shareholders
- “1Q2018”** : The three (3)-month financial period ended 31 March 2018
- “1Q2018 Results”** : The unaudited condensed consolidated interim financial information as at and for the three (3) months ended 31 March 2018, as announced on 4 June 2018
- “2013 IFA”** : Shall have the meaning ascribed to it in paragraph 2 of **Appendix VIII** to this Circular
- “2013 Offer”** : Shall have the meaning ascribed to it in paragraph 2 of **Appendix VIII** to this Circular
- “2013 Offeree Circular”** : The circular dated 27 February 2013 issued by the Company to Shareholders, a copy of which is available at http://vard.listedcompany.com/newsroom/20130227_171541_MS7_A6DD62C32C8CD52748257B1E002C5BB1.2.pdf
- “2016 Offer”** : Shall have the meaning ascribed to it in paragraph 1 of **Appendix VIII** to this Circular
- “2016 Offeree Circular”** : The circular dated 15 December 2016 issued by the Company to Shareholders, a copy of which is available at http://vard.listedcompany.com/newsroom/20161215_080857_MS7_BZPAISWEXZO7HO3X.2.pdf
- “30 April EGM”** : The extraordinary general meeting held by the Company on 30 April 2018
- “Acceptance Forms”** : FAA and/or FAT, as the case may be
- “Additional Conditions”** : Shall have the meaning ascribed to it in Section 1.4 of this Circular
- “Board”** : The board of Directors
- “Business Day”** : A day other than Saturday, Sunday or a public holiday on which banks are open for business in Singapore
- “CDP”** : The Central Depository (Pte) Limited
- “CIMB”** : CIMB Bank Berhad, Singapore Branch, the independent financial adviser to the Independent Directors in relation to the Exit Offer
- “Circular”** : This circular to Shareholders dated 9 July 2018 issued by the Company for the purpose of convening the EGM to obtain Shareholders’ approval for the Delisting
- “Citigroup”** : Citigroup Global Markets Singapore Pte. Ltd., the financial adviser to the Offeror in connection with the Delisting and the Exit Offer

“Closing Date”	:	5.30 p.m. (Singapore time) on 7 August 2018, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgment of acceptances of the Exit Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	Companies Act (Chapter 50 of Singapore)
“Company”	:	Vard Holdings Limited
“Company Securities”	:	(a) Shares; (b) other securities which carry voting rights in the Company; and (c) convertible securities, warrants, options and derivatives in respect of the Shares or securities which carry voting rights in the Company
“Constitution”	:	The constitution of the Company
“Controlling Shareholders”	:	Shareholders who: (a) hold directly or indirectly 15% or more of the total number of the issued Shares; or (b) in fact exercise control over the Company
“CPF”	:	Central Provident Fund
“CPF Agent Banks”	:	The banks approved by the CPF to be its agent banks, being DBS Bank Ltd, Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited
“CPFIS”	:	The Central Provident Fund (Investment Schemes)
“CPFIS Investors”	:	Investors who purchased Shares using their CPF contributions pursuant to the CPFIS
“Delisting”	:	The voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual
“Delisting Materials”	:	The Exit Offer Letter, Acceptance Forms and any related documents
“Delisting Proposal”	:	The proposal dated 10 November 2017 presented by the Offeror to the Board to seek the Delisting
“Delisting Resolution”	:	The resolution to be proposed at the EGM to approve the Delisting
“Despatch Date”	:	13 April 2018, being the date of despatch of the Exit Offer Letter
“Directors”	:	Directors of the Company as at the Latest Practicable Date
“Dissenting Shareholders”	:	The Shareholders who have not accepted the Exit Offer as at the final Closing Date

“Distributions”	:	Dividends, rights, other distributions and return of capital
“ECL”	:	Expected-loss model
“EGM”	:	The extraordinary general meeting of the Company to be held on 24 July 2018, notice of which is set out on page N-1 of this Circular, and any adjournment thereof
“Encumbrances”	:	Claims, charges, liens, mortgages, encumbrances, hypothecation, retention of title, power of sale, equity, options, rights of pre-emption, rights of first refusal or other third party rights or interests of any nature whatsoever
“Exit Offer”	:	The exit offer made by Citigroup, for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in the Exit Offer Letter and the Acceptance Forms
“Exit Offer Letter”	:	The letter dated 13 April 2018 from the Offeror to the Shareholders setting out the terms and conditions of the Exit Offer, including the FAA, the FAT and any other document(s) which may be issued by or on behalf of the Offeror to amend, revise, supplement or update this document(s) from time to time
“Exit Offer Price”	:	S\$0.25 in cash for each Offer Share
“FAA”	:	Form of Acceptance and Authorisation for Offer Shares in respect of the Exit Offer which forms part of the Exit Offer Letter and which is issued to Shareholders whose Shares are deposited with CDP
“FAT”	:	Form of Acceptance and Transfer for Offer Shares in respect of the Exit Offer which forms part of the Exit Offer Letter and which is issued to Shareholders whose Shares are not deposited with CDP
“Fincantieri”	:	Fincantieri S.p.A., being the holding company of the Offeror
“Fincantieri Group”	:	Collectively, Fincantieri and its subsidiaries
“FY”	:	Financial year ended or ending (as the case may be) on 31 December of a particular year as stated
“Group”	:	Collectively, the Company, its subsidiaries and associated companies
“IFA Letter”	:	The letter dated 9 July 2018 from CIMB to the Independent Directors in relation to the Exit Offer as set out in Appendix I to this Circular
“Independent Directors”	:	The Directors who are considered to be independent for the purposes of making recommendations to Shareholders in respect of the Exit Offer, namely Mr. Roy Reite, Mr. Sok Sung Hyon and Mr. Lee Keen Whye

“Interested Person”	:	As defined in the Note on Rule 23.12 of the Code, an Interested Person, in relation to a company, is: <ul style="list-style-type: none"> (a) a director, chief executive officer, or substantial shareholder of the company; (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary; (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more; (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
“Joint Announcement”	:	Joint announcement dated 13 November 2017 issued by the Offeror and the Company on the Delisting Proposal and the Exit Offer
“Joint Announcement Date”	:	13 November 2017, being the date of the Joint Announcement
“Latest Practicable Date”	:	29 June 2018, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST
“NOK”	:	Norwegian Krone, being the lawful currency of Norway
“NTA”	:	Net tangible assets
“Offer Shares”	:	Shall have the meaning ascribed to it in Section 3.1 of this Circular
“Offeror”	:	Fincantieri Oil & Gas S.p.A.
“Offeror Securities”	:	<ul style="list-style-type: none"> (a) Offeror Shares; (b) other securities which carry voting rights in the Offeror; and (c) convertible securities, warrants, options and derivatives in respect of the Offeror Shares or securities which carry voting rights in the Offeror
“Offeror Shares”	:	Existing ordinary shares in the share capital of the Offeror

“Option Scheme”	:	The Company’s share option scheme for employees
“PwC”	:	PricewaterhouseCoopers LLP
“Relevant Directors”	:	The Directors who are exempted from the requirement to make a recommendation on the Exit Offer to the Shareholders, namely Mr. Giuseppe Coronella, Mr. Vittorio Zane and Mr. Claudio Cisilino
“RR Service Agreement”	:	Shall have the meaning ascribed to it in paragraph 6.2(a) of Appendix III to this Circular
“Securities Account”	:	Securities account maintained by a Depositor with CDP, but does not include a securities sub-account
“SFA”	:	Securities and Futures Act (Chapter 289 of Singapore)
“SFRS(I)”	:	Singapore Financial Reporting Standards International
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGX RegCo”	:	Singapore Exchange Regulation Pte Ltd
“Shareholders”	:	Registered holders of the Shares, except that where the registered holder is CDP, the term “ Shareholders ” shall, where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Issued ordinary shares in the share capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“SRS”	:	The Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under the SRS
“SRS Investors”	:	Investors who purchased Shares pursuant to the SRS
“S\$”	:	Singapore dollars, being the lawful currency of the Republic of Singapore
“Unconditional Announcement”	:	An announcement by the Offeror that the Exit Offer has become or is declared unconditional in all respects in accordance with its terms
“Valuers”	:	(a) American Appraisal Serviços de Avaliação Ltda.;
		(b) Cushman & Wakefield VHS Pte. Ltd.;
		(c) Cushman & Wakefield Vietnam Limited; and
		(d) Cushman & Wakefield Realkapital AS
“VWAP”	:	Volume weighted average price
“%” or “per cent.”	:	Per centum or percentage

Unless otherwise defined, the term “**acting in concert**” shall have the meaning ascribed to it in the Code.

References to the making of an announcement or the giving of a notice by the Offeror shall include the release of an announcement by Citigroup or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms “**subsidiary**” and “**related corporation**” have the meanings ascribed to them respectively in Section 5 and Section 6 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall include the other gender. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Companies Act, the SFA, the Listing Manual or the Code or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or the Code or any modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Any discrepancies in this Circular between the listed amounts and the total thereof are due to rounding. Accordingly, figures shown as totals may not reflect an arithmetic aggregation of the figures that precede them.

Statements which are reproduced in their entirety from the Exit Offer Letter, the IFA Letter and the Constitution are set out in this Circular within quotes and in italics and capitalised terms used within these reproduced statements bear the meanings ascribed to them in the Exit Offer Letter, the IFA Letter and the Constitution, as the case may be.

In this Circular, the issued and paid-up share capital of the Company as at the Latest Practicable Date is S\$932,200,000 comprising 1,180,000,000 Shares.

Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “potential”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the current expectations, beliefs, hopes, intentions or strategies of the party making the statements regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor the Offeror undertake any obligation to update publicly or revise any forward-looking statements.

INDICATIVE TIMETABLE

Last date and time for lodgment of proxy forms for the EGM ⁽¹⁾	:	21 July 2018 at 1.00 p.m.
Date and time of the EGM	:	24 July 2018 at 1.00 p.m.
Expected Closing Date and time	:	7 August 2018 at 5.30 p.m., or such other date(s) as may be announced from time to time by or on behalf of the Offeror
Expected date and time of the suspension of trading of the Shares by the SGX-ST ⁽²⁾	:	1 August 2018 at 9.00 a.m., or such other date(s) as may be announced from time to time by or on behalf of the Company
Expected date for the Delisting of the Shares	:	Approximately two (2) to three (3) weeks after the Closing Date, or such other date as may be announced from time to time by or on behalf of the Company
Expected date(s) for the payment of the Exit Offer Price, in respect of valid acceptances of the Exit Offer	:	Within seven (7) Business Days: (a) after the Delisting Resolution has been passed at the EGM (where valid acceptances of the Exit Offer are tendered on or prior to the date of the Delisting Resolution being passed at the EGM); or (b) after the date of receipt of valid acceptances of the Exit Offer (where such acceptances are tendered after the Delisting Resolution has been passed at the EGM but before the close of the Exit Offer)

Shareholders should note that, save for the last date and time for lodgment of proxy forms for the EGM, the date and time of the EGM and the date(s) for the payment of the Exit Offer Price in respect of valid acceptances of the Exit Offer, the above timetable is indicative only and may be subject to change. For the events listed above which are described as “expected”, please refer to future announcement(s) by the Company for the exact dates and times of these events.

Note:

- (1) The instrument appointing a proxy must be deposited at the registered office of the Company’s share registrar, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619 not less than 72 hours before the time appointed for holding the EGM.
- (2) The current expected date of the suspension of trading of the Shares is based on an expected Closing Date of 7 August 2018.

PLEASE NOTE THAT THE EXIT OFFER IS CONDITIONAL UPON THE DELISTING RESOLUTION BEING PASSED AT THE EGM. PURSUANT TO RULE 1307 OF THE LISTING MANUAL, THE DELISTING RESOLUTION IS CONSIDERED PASSED IF IT IS APPROVED BY A MAJORITY OF AT LEAST 75 PER CENT. OF THE TOTAL NUMBER OF SHARES (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS) HELD BY THE SHAREHOLDERS PRESENT AND VOTING, ON A POLL, EITHER IN PERSON OR BY PROXY AT THE EGM, AND IF THE DELISTING RESOLUTION HAS NOT BEEN VOTED AGAINST BY 10 PER CENT. OR MORE OF THE TOTAL NUMBER OF SHARES (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS) HELD BY THE SHAREHOLDERS PRESENT AND VOTING, ON A POLL, EITHER IN PERSON OR BY PROXY, AT THE EGM. IF THIS CONDITION IS NOT SATISFIED AT THE EGM TO BE CONVENED, THE DELISTING WILL NOT PROCEED, AND THE COMPANY WILL REMAIN LISTED ON THE SGX-ST AND THE EXIT OFFER WILL LAPSE.

PLEASE ALSO NOTE THAT APPROVING THE DELISTING RESOLUTION AT THE EGM DOES NOT AUTOMATICALLY MEAN THAT YOU HAVE ACCEPTED THE EXIT OFFER. PLEASE REFER TO APPENDIX 1 TO THE EXIT OFFER LETTER IF YOU WISH TO ACCEPT THE EXIT OFFER.

VARD HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201012504K)

Board of Directors:

Mr. Giuseppe Coronella (Chairman and Non-Executive Director)
Mr. Roy Reite (Chief Executive Officer and Executive Director)
Mr. Vittorio Zane (Executive Vice President and Executive Director)
Mr. Claudio Cisilino (Non-Executive Director)
Mr. Sok Sung Hyon (Independent Director)
Mr. Lee Keen Whye (Lead Independent Director)

Registered Office:

6 Battery Road
#10-01
Singapore 049909

9 July 2018

To: The Shareholders of the Company

Dear Sir / Madam

PROPOSED VOLUNTARY DELISTING OF VARD HOLDINGS LIMITED PURSUANT TO RULES 1307 AND 1309 OF THE LISTING MANUAL

1. INTRODUCTION

1.1 On 13 November 2017, the Company and the Offeror jointly announced that the Offeror had presented to the Board the Delisting Proposal.

Under the Delisting Proposal, Citigroup, for and on behalf of the Offeror, will make an exit offer to acquire the Offer Shares at the Exit Offer Price of S\$0.25 in cash for each Offer Share. A copy of the Joint Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2 The Directors have reviewed the Delisting Proposal and resolved to seek an application to the SGX-ST for the Delisting and seek the approval of Shareholders for the Delisting.

1.3 On 13 April 2018, the Company issued the 13 April Circular in connection with the Delisting and on 30 April 2018, the Company held the 30 April EGM to seek the approval of Shareholders for the Delisting. On 1 May 2018, the Company announced the results of the 30 April EGM and that the SGX-ST was reviewing the conduct of the proceedings of the 30 April EGM and the issues raised regarding disclosures in the 13 April Circular.

1.4 On 10 May 2018, the SGX RegCo announced its assessment that its no-objection to the Delisting (set out in its letter dated 4 April 2018) will not be valid unless the Company fulfils the following conditions (the "**Additional Conditions**"):

(a) submitting an updated draft delisting circular to the SGX-ST for its review pursuant to Rule 1202 of the Listing Manual. In this regard, the updated draft delisting circular must include, *inter alia*:

(i) an updated IFA Letter with the inaccuracies corrected and reflecting the current developments of the Company; and

(ii) an updated Independent Directors' recommendation to Shareholders (taking into account the updated IFA Letter). The recommendation should state their assessment and the basis as to whether: (1) the Shareholders should vote for the Delisting Resolution; and (2) the Exit Offer Price is reasonable;

- (b) convening a general meeting in respect of the updated delisting circular in accordance with Rule 704(15) of the Listing Manual; and
 - (c) obtaining shareholder approval for the Delisting in accordance with Rule 1307 of the Listing Manual.
- 1.5 On 10 May 2018, the Company and the Offeror released a joint announcement which set out, *inter alia*, their intention to continue to undertake the Delisting in accordance with the Delisting Proposal and to take steps to fulfil the Additional Conditions, as well as the procedures for withdrawal of acceptances of the Exit Offer in light of the SGX RegCo's assessment, as described in Section 3.7 of this Circular.
- 1.6 This Circular has been prepared and the EGM will be held on 24 July 2018 to seek Shareholders' approval for the Delisting, to fulfil the Additional Conditions.

2. THE DELISTING PROPOSAL

Under the terms of the Delisting Proposal, the Offeror is making the Exit Offer to acquire the Offer Shares. The Delisting and Exit Offer are conditional on (a) the SGX-ST agreeing to the application by the Company to delist from the Official List of the SGX-ST; and (b) the Delisting Resolution being passed at the EGM. Pursuant to Rule 1307 of the Listing Manual, the Delisting Resolution is considered passed if it is approved by a majority of at least 75 per cent. of the total number of Shares (excluding treasury shares and subsidiary holdings) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, and if the Delisting Resolution has not been voted against by 10 per cent. or more of the total number of Shares (excluding treasury shares and subsidiary holdings) held by the Shareholders present and voting, on a poll, either in person or by proxy, at the EGM. The Delisting Resolution, if passed by Shareholders at the EGM, will result in the delisting of the Company from the Official List of the SGX-ST.

2.1 Rules 1307 and 1309 of the Listing Manual

Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application for the Company to delist from the Official List of the SGX-ST if:

- (a) the Company convenes the EGM to obtain Shareholders' approval for the Delisting;
- (b) the Delisting Resolution has been approved by a majority of at least 75 per cent. of the total number of issued Shares (excluding treasury shares and subsidiary holdings) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (the Directors and the Controlling Shareholder need not abstain from voting on the Delisting Resolution); and
- (c) the Delisting Resolution has not been voted against by 10 per cent. or more of the total number of issued Shares (excluding treasury shares and subsidiary holdings) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

In addition, under Rule 1309 of the Listing Manual, if the Company is seeking to delist from the SGX-ST:

- (i) a reasonable exit alternative, which should normally be in cash, should be offered to Shareholders; and
- (ii) the Company should normally appoint an independent financial adviser to advise on the Exit Offer.

2.2 Application to the SIC

As stated in the Exit Offer Letter, an application was made by the Offeror to the SIC to seek certain rulings in relation to the Delisting Proposal and the Exit Offer. The SIC ruled on 23 October 2017, *inter alia*, that:

- (a) the Exit Offer is exempted from compliance with the following provisions of the Code:
 - (i) Rule 20.1 on keeping the Exit Offer open for 14 days after it is revised;
 - (ii) Rule 22 on the offer timetable;
 - (iii) Rule 28 on acceptances; and
 - (iv) Rule 29 on the right of acceptors to withdraw their acceptances,subject to the following conditions:
 - (A) the Exit Offer remaining open for at least:
 - (1) 21 days after the date of the despatch of the Exit Offer Letter if the Exit Offer Letter is despatched after Shareholders' approval for the Delisting has been obtained; or
 - (2) 14 days after the date of the announcement of Shareholders' approval of the Delisting if the Exit Offer Letter is despatched on the same date as the Circular; and
 - (B) disclosure in the Circular of:
 - (1) the consolidated NTA per Share of the Group based on the latest published accounts prior to the date of the Circular; and
 - (2) particulars of all known material changes as of the Latest Practicable Date which may affect the consolidated NTA per Share referred to in paragraph 2.2(a)(B)(1) above or a statement that there are no such known material changes; and
- (b) the Relevant Directors are exempted from the requirement to make a recommendation on the Exit Offer to the Shareholders as the Relevant Directors face a conflict of interests in view of them being directors of the Offeror and employees of the Fincantieri Group. Nevertheless, each of the Relevant Directors must still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Exit Offer.

Please refer to paragraph 9 of the Exit Offer Letter for further details of the rulings of the SIC.

3. **THE EXIT OFFER**

3.1 The Exit Offer

As stated in the Exit Offer Letter, the Exit Offer is extended to:

- (a) all Shares held by the Shareholders, other than those Shares already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees; and
- (b) if applicable, all Shares issued or to be issued pursuant to the valid exercise, on or prior to the Closing Date, of any option to subscribe for new Shares under the Option Scheme,

(all such shares, the “**Offer Shares**”) on the terms and subject to the conditions set out in the Exit Offer Letter, the FAA and the FAT, as such Exit Offer may be amended, extended and revised from time to time by or on behalf of the Offeror.

3.2 Information on the Offeror

As stated in paragraph 4.1 of the Exit Offer Letter, the Offeror is incorporated in Italy and is a direct wholly-owned subsidiary of Fincantieri. The corporate purpose of the Offeror is the manufacturing (directly or through its subsidiaries) of highly technological equipment, systems and components for the oil & gas sector, including construction, maintenance and transformation of offshore vessels and/or rigs. The Offeror may also acquire, manage and sell participations in the industrial, real estate or services sectors, provide administrative and consulting services to its subsidiaries and affiliates, manage real estate property of any kind, and acquire, manage and develop intellectual property rights.

As at the Latest Practicable Date:

- (a) the Offeror is the majority shareholder of the Company, holding 985,448,310 Shares (representing approximately 83.51 per cent. of the issued Shares); and
- (b) the directors of the Offeror are Mr. Enrico Buschi, Mr. Giuseppe Dado, Mr. Vitaliano Pappaianni, Mr. Riccardo Bonalumi and Ms. Monica Polidori.

For more details on the Offeror, please refer to paragraph 4.1 of the Exit Offer Letter and Appendix 2 to the Exit Offer Letter.

3.3 Terms of the Exit Offer

As stated in the Exit Offer Letter, the price for each Offer Share will be as follows:

For each Offer Share: S\$0.25 in cash.

The Exit Offer Price shall be applicable to any number of Offer Shares that are tendered in acceptance of the Exit Offer.

The Offeror shall pay the Exit Offer Price in cash for the Offer Shares which are validly tendered in acceptance of the Exit Offer.

The Exit Offer is extended to all Offer Shares. The Shareholders may accept the Exit Offer in respect of all or part of their holdings of Offer Shares. **The Exit Offer is not conditional upon a minimum number of acceptances being received by the Offeror.**

The Offer Shares will be acquired (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain (if any) all Distributions announced, declared, paid or made by the Company on or after the Joint Announcement Date. If any Distribution is announced, declared, made or paid by the Company on or after the Joint Announcement Date to a Shareholder who accepts or has accepted the Exit Offer and the settlement date in respect of the Offer Shares accepted pursuant to the Exit Offer falls after the books closure date for the determination of entitlements to such Distribution, the Offeror reserves the right to reduce the Exit Offer Price payable to such accepting Shareholder by the amount of such Distribution.

Further details on the Exit Offer are set out in the Exit Offer Letter.

3.4 Conditions

- (a) As stated in the Exit Offer Letter, the Delisting and Exit Offer are conditional upon (i) the SGX-ST agreeing to the application by the Company to delist from the Official List of the SGX-ST; and (ii) the Delisting Resolution being passed at the EGM in the manner described in Section 2.1 of this Circular.

- (b) Shareholders should note that the Directors, the Offeror and its related corporations and their respective nominees are entitled to vote on the Delisting Resolution.

The Offeror, which owns 985,448,310 Shares as at the Latest Practicable Date, representing approximately 83.51 per cent. of the total number of issued Shares, intends to vote all of these Shares and any other Shares which may be acquired by the Offeror after the Latest Practicable Date in favour of the Delisting Resolution at the EGM.

On 20 February 2018, the Company submitted an application to the SGX-ST to delist the Company from the Official List of the SGX-ST. On 4 April 2018, the SGX RegCo responded to the Company that it has no objection to the Delisting, subject to, *inter alia*, the approval by the Company's shareholders in accordance with Rule 1307 of the Listing Manual. As set out in Section 1.4 of this Circular, the SGX RegCo had, pursuant to its review, ruled on 10 May 2018 that its no-objection to the Delisting (set out in its letter dated 4 April 2018) will not be valid unless the Company fulfils the Additional Conditions. On 5 June 2018, the Company submitted the updated draft delisting circular to the SGX-ST. On 29 June 2018, the SGX RegCo responded to the Company that it has completed its review of the updated delisting circular and it has no further comment on the updated delisting circular. In this regard, the SGX RegCo has requested that the Company responds to certain queries raised by Shareholders on the Delisting. Such queries, together with the Company's response on the same, is set out in **Appendix VIII** to this Circular.

Shareholders should note that the SGX RegCo's decision is not an indication of the merits of the Delisting.

Shareholders are to note that the Delisting and the Exit Offer will be conditional upon the Delisting Resolution being passed at the EGM. If this condition is not fulfilled, the Delisting will not proceed and the Company will remain listed on the Official List of the SGX-ST. The Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

Shareholders are to also note that approving the Delisting Resolution at the EGM does NOT automatically mean that you have accepted the Exit Offer. Please refer to Section 14 of this Circular entitled "Action to be taken by Shareholders" and Appendix 1 to the Exit Offer Letter entitled "Procedures for Acceptance and Settlement of the Exit Offer" for further details on the actions to take if you wish to accept the Exit Offer.

3.5 Warranty by Shareholders

As stated in the Exit Offer Letter, a Shareholder who tenders his Offer Shares in acceptance of the Exit Offer will be deemed to unconditionally and irrevocably warrant that the Offer Shares in respect of which the Offer is accepted will be (a) fully paid, (b) free from all Encumbrances, and (c) transferred together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain (if any) all Distributions announced, declared, paid or made by the Company on or after the Joint Announcement Date.

3.6 Duration

As stated in the Exit Offer Letter, the Exit Offer is open for acceptance by Shareholders from the Despatch Date. Shareholders may choose to accept the Exit Offer before the EGM. However, such acceptances are conditional and if the Delisting Resolution is not approved at the EGM, the condition to the Delisting and Exit Offer will not have been fulfilled and the Exit Offer will lapse, and both the Shareholders and the Offeror will cease to be bound by any prior acceptances of the Exit Offer by any Shareholder.

As stated in the Exit Offer Letter, if the Delisting Resolution is approved by the Shareholders at the EGM, the Exit Offer will be open for acceptance by the Shareholders for a period of at least 14 days after the date of the announcement of the Shareholders' approval of the Delisting Resolution at the EGM. Accordingly, if the Delisting Resolution is approved by the Shareholders at the EGM, the Exit Offer will close at 5.30 p.m. (Singapore time) on 7 August 2018 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

If the Exit Offer is extended, an announcement will be made of such extension and the Exit Offer will remain open for acceptance for such period as may be announced.

3.7 Withdrawal of Acceptances

In light of the SGX RegCo's assessment, Shareholders who have accepted or accept the Exit Offer in respect of some or all of their Shares are permitted to withdraw their acceptances at any time prior to (but excluding) the date on which the Offeror issues the Unconditional Announcement if such Shareholders comply with the procedures below.

To withdraw an acceptance under the Exit Offer:

- (a) a Shareholder holding Shares which are deposited with CDP must give written notice to the Offeror at Fincantieri Oil & Gas S.p.A. c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive #01-19/20 The Metropolis, Singapore 138588; and
- (b) a Shareholder holding Shares which are not deposited with CDP must give written notice to the Offeror at Fincantieri Oil & Gas S.p.A. c/o RHT Corporate Advisory Pte. Ltd., 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619.

The notice of withdrawal shall be effective only if it is:

- (i) received before 5.00 p.m. (Singapore time) on the Business Day immediately before the date on which the Unconditional Announcement is issued; and
- (ii) signed by the Shareholder who validly tenders his Shares in acceptance of the Exit Offer or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the same notice and when actually received by the Offeror.

For CPFIS Investors and SRS Investors, who wish to withdraw their acceptances under the Exit Offer, they are advised to consult their respective agent banks included under the CPFIS or agent banks included under the SRS (as the case may be) should they require information as to how their acceptances may be withdrawn. Similarly, for persons who hold Shares through depository agents, they are advised to consult their depository agents for further information on how their acceptances may be withdrawn.

4. **OPTIONS**

As at the Latest Practicable Date, there are no outstanding options exercisable in respect of the Shares under the Option Scheme.

The Exit Offer will be extended to, if applicable, all Shares issued or to be issued pursuant to the valid exercise, on or prior to the Closing Date, of any option to subscribe for new Shares under the Option Scheme.

5. **IMPLICATIONS OF COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS**

5.1 Delisting

Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies as a result of the lack of marketability. **Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares. If the Company is delisted, even if such Shareholders were able to sell their Shares, they may receive a lower price as compared to the Exit Offer Price.** Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

Shareholders should also note that, under the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six (6) months of the closure of the Exit Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Exit Offer.

As an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular the continuing corporate disclosure requirements under Chapter 7 and Appendices 7.1, 7.2, 7.4.1 and 7.4.2 of the Listing Manual. Nonetheless, the Company will still need to comply with the Companies Act and its Constitution, and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Companies Act.

If the Delisting Resolution is passed at the EGM and the Company is consequently delisted from the Official List of the SGX-ST, a Shareholder may continue to hold on to its Shares unless the Offeror exercises its right of compulsory acquisition, as set out in paragraph 5.2 of this Circular. Each Shareholder who holds Shares that are deposited with CDP and does not accept the Exit Offer will be entitled to one (1) share certificate representing his delisted Shares. The Company's share registrar, RHT Corporate Advisory Pte. Ltd., will arrange to forward the share certificates to such Shareholders who are not CPFIS Investors or SRS Investors, by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safekeeping. The share certificates belonging to CPFIS Investors and SRS Investors will be forwarded to their respective CPF/SRS Agent Banks for their safekeeping.

Shareholders who are in doubt of their position should seek independent professional advice.

5.2 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Exit Offer or acquires such number of Offer Shares from the Despatch Date otherwise than through valid acceptances of the Exit Offer in respect of not less than 90 per cent. of the total number of Shares (excluding treasury Shares) as at the final Closing Date (other than those already held by the Offeror, its related corporations and their respective nominees as at the Despatch Date), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of the Dissenting Shareholders on the same terms as those offered under the Exit Offer.

In the event that the Offeror becomes entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Offer Shares of the Dissenting Shareholders, the Offeror intends to exercise its right of compulsory acquisition. In such event, the Company will become a wholly-owned subsidiary of the Offeror pursuant to such compulsory acquisition.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90 per cent. or more of the total number of Shares, the Dissenting Shareholders have a right to require the Offeror to acquire their Shares at the Exit Offer Price. Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

Shareholders are advised to seek their own independent legal advice in relation to the compulsory acquisition provisions under the Companies Act.

Please refer to paragraphs 7.3 and 7.4 of the Exit Offer Letter for details on, *inter alia*, the rights of the Offeror and Shareholders under the Companies Act.

6. **INFORMATION ON THE OFFEROR AND THE PARTIES ACTING IN CONCERT WITH IT**

Please refer to paragraph 12 of the Exit Offer Letter and Appendix 9 to the Exit Offer Letter for information and further disclosures on the Offeror as well as the other parties acting in concert with the Offeror.

7. INFORMATION ON THE COMPANY AND THE GROUP

The Company is incorporated in Singapore and listed on the Main Board of the SGX-ST since 12 November 2010 and is the parent company of the Group. Headquartered in Norway and with approximately 9,000 employees, the Group operates nine (9) strategically located shipbuilding facilities, including five (5) in Norway, two (2) in Romania, one (1) in Brazil and one (1) in Vietnam. The core business of the Group is the design and construction of complex and highly customised specialised vessels. Through its specialised subsidiaries, the Group develops power and automation systems, deck handling equipment, and vessel accommodation solutions, and provides design and engineering services to the global maritime industry.

Additional information on the Company is set out in **Appendix III** to this Circular.

8. RATIONALE FOR THE DELISTING AND THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY AND THE GROUP

- 8.1 The following section on the rationale for the Exit Offer and the Offeror's intentions relating to the Company and the Group is reproduced from paragraphs 6 and 7.2 of the Exit Offer Letter, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

“6.1 Opportunity for Shareholders to Exit their Investment slightly above the NTA value of the Shares. *The Exit Offer represents a cash exit opportunity for Shareholders to liquidate and realise their entire investment slightly above the NTA value of the Shares as of the fourth quarter ended 31 December 2017, without incurring brokerage and other trading costs.*

Quarter	NTA per Share (S\$)⁽¹⁾
(a) <i>As of the fourth quarter ended 31 December 2017</i>	<i>0.23</i>
(b) <i>As of the third quarter ended 30 September 2017</i>	<i>0.25</i>
(c) <i>As of the second quarter ended 30 June 2017</i>	<i>0.25</i>
(d) <i>As of the first quarter ended 31 March 2017</i>	<i>0.25</i>
(e) <i>As of the fourth quarter ended 31 December 2016</i>	<i>0.25</i>

Note:

(1) *Assuming an exchange rate of NOK1 = S\$0.1676 as at the Latest Practicable Date.*

6.2 Low Free Float and Low Trading Liquidity of Shares. *Recent market data shows that the Shares have been generally thinly traded on the SGX-ST and with only sporadic trading volume.*

For the six-month period prior to and including the Last Trading Day, the average trading volume for the market days on which the Shares were traded was 675,277 Shares, representing approximately 0.28 per cent. of the Company's free float¹ of Shares. During this six-month period, the Offeror bought 57,481,500 Shares on the market at a price of S\$0.24. Excluding the Shares bought by the Offeror, the average trading volume for the market days on which the Shares were traded was 175,437 Shares, representing approximately 0.07 per cent. of the Company's free float of Shares.

¹ *The free float of Vard represents the total number of Shares which are held by the public, being 243,774,290 Shares as at the Joint Announcement Date.*

	Period prior to and including the Last Trading Day	Average daily trading volume⁽¹⁾	Approximate percentage of total number of free float Shares (%)	Average daily trading volume excluding Shares bought by the Offeror⁽¹⁾	Approximate percentage of total number of free float of Shares (%)
(a)	Last one-month	239,305	0.10	212,632	0.09
(b)	Last three-months	343,907	0.14	174,861	0.07
(c)	Last six-months	675,277	0.28	175,437	0.07

Note:

(1) Source: Bloomberg L.P. The average daily volume is computed based on the total trading volume of the Shares for all Market Days for the relevant parties immediately prior to and including the Last Trading Day, divided by the total number of Market Days during the respective periods.

The Exit Offer therefore represents a clean cash exit opportunity for Shareholders (without incurring any brokerage and other trading costs) to realise their entire investment in the Shares above the latest announced NTA value of the Shares as of the fourth quarter ended 31 December 2017, an opportunity that otherwise may not be available due to the low trading liquidity and low free float of the Shares.

6.3 Business Rationale and Greater Management Flexibility. As previously mentioned in the offer document dated 1 December 2016 issued by Credit Suisse (Singapore) Limited for and on behalf of the Offeror in relation to the Offeror's voluntary conditional cash offer for the Shares, the Offeror has long been convinced of a strong business rationale in fully integrating Vard within the Fincantieri Group. Since the acquisition of the majority stake in Vard in 2013, the Offeror's objective has been to delist Vard and to implement a series of synergies in engineering and production. Such industrial rationale has only become stronger in the context of the persisting unfavourable oil & gas market conditions. The Offeror believes that the delisting would provide the management of Vard with the flexibility to manage and develop its existing businesses while exploring further opportunities without the attendant cost, regulatory restrictions and compliance issues associated with its listed status on the SGX-ST. With the current backdrop of unfavourable oil & gas market conditions, such management flexibility is of paramount importance in order for Vard, with the support of the Fincantieri Group, to be able to develop industrial and commercial initiatives, optimise the use of their resources and generate mutual business opportunities to help secure Vard's future.

6.4 Costs of Maintaining Listing Status. In maintaining its listed status, Vard incurs compliance and associated costs. The Delisting would allow Vard to dispense with expenses relating to the maintenance of a listed status and focus its resources on its business operations. Furthermore, for so long as Vard operates as a separate SGX-ST listed entity, efforts to fully integrate Vard's activities with those of the Fincantieri Group would remain subject to Vard's continuing compliance with the requirements of the Listing Manual.

6.5 Funding Requirements. The Offeror believes that by delisting Vard and fully integrating Vard with the Fincantieri Group, Vard will have improved access to funding on terms consistent with its needs in the event market conditions continue to deteriorate and the Fincantieri Group will be in a better position to provide financial support to its wholly-owned subsidiary. If Vard is not privatised and fully integrated with the Fincantieri Group, the Offeror believes that, in the event market conditions continue to deteriorate and Vard is unable to raise debt financing at terms consistent with its needs, Vard may be required to seek alternative avenues of funding, including equity fund raising on the SGX-ST, in order to support current business operations and requirements of Vard and its subsidiaries.

...

7.2 Offeror's Future Plans for Vard. *The Offeror intends for Vard to continue its existing business activities and there are no plans to (i) introduce any major changes to the business of Vard or the operations of any of its subsidiaries, (ii) re-deploy any of the fixed assets of Vard or (iii) discontinue the employment of any of the existing employees of Vard and/or its subsidiaries, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to Vard which may present themselves and which the Offeror may regard to be in the best interests of Vard.*

8.2 The Directors note that the Offeror has stated its intentions in relation to the operations and businesses of the Company as well as the employees of the Group in paragraph 7.2 of the Exit Offer Letter.

SHAREHOLDERS ARE URGED TO READ PARAGRAPHS 6 AND 7 OF THE EXIT OFFER LETTER CAREFULLY.

9. OVERSEAS SHAREHOLDERS

The following section on Overseas Shareholders is reproduced from paragraph 13 of the Exit Offer Letter, and all terms and expressions used in the extract below shall bear the same meanings ascribed to them in the Exit Offer Letter unless otherwise stated:

13.1 Overseas Shareholders. *The Delisting Materials do not constitute an offer to sell or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in the Delisting Materials in any jurisdiction in contravention of applicable law.*

For the avoidance of doubt, the Exit Offer is open to all Shareholders, including those to whom the Delisting Materials may not be sent.

The availability of the Exit Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable requirements in their own jurisdictions.

13.2 Copies of the Delisting Materials. *Where there are potential restrictions on sending the Delisting Materials to any overseas jurisdiction, the Offeror and Citigroup each reserves the right not to send the Delisting Materials to the Shareholders in such overseas jurisdictions. Any affected Overseas Shareholder may nonetheless obtain copies of the Delisting Materials during normal business hours from (i) CDP (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or (ii) the office of the Receiving Agent (if he is holding Shares which are not deposited with CDP ("**in scrip form**") at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619. Alternatively, an affected Overseas Shareholder may write to the Offeror through the Receiving Agent (if he is holding Shares in scrip form) or CDP (if he is a Depositor) to request for the Delisting Materials to be sent to an address in Singapore by ordinary post at his own risk, up to five Market Days prior to the Closing Date.*

13.3 Overseas Jurisdiction. *It is the responsibility of any Overseas Shareholder who wishes to accept the Exit Offer to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable in such jurisdictions and the Offeror, its related corporations, Citigroup, CDP, the Receiving Agent and/or any other person acting on its behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, Citigroup, CDP, the Receiving Agent and/or any other person acting on its behalf may be required to pay. In (i) requesting for the Delisting Materials and (ii)*

accepting the Exit Offer, the Overseas Shareholder represents and warrants to the Offeror and Citigroup that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

13.4 Notice. The Offeror and Citigroup each reserves the right to notify any matter, including the fact that the Exit Offer has been made, to any or all of the Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including an Overseas Shareholder) to receive or see such announcement or advertisement.

Overseas Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions.”

10. INFORMATION IN RESPECT OF THE DIRECTORS

10.1 Independence of Directors

(a) The Independent Directors

The Independent Directors are independent for the purposes of the Exit Offer and are required to make a recommendation to Shareholders in relation to the Exit Offer. Whether a Director is independent for the purposes of making recommendations to Shareholders in respect of the Exit Offer is determined by reference to the Code.

Rule 24.1 of the Code requires the Board to indicate whether or not it recommends to Shareholders the acceptance or rejection of the Exit Offer and this places an obligation on each of the Directors to make a recommendation to the Shareholders, unless such Director has an irreconcilable conflict of interest and has been exempted by SIC from making a recommendation to Shareholders pursuant to Note 3 on Rule 24.1 of the Code.

Note 1 on Rule 8.3 of the Code states that SIC will normally exempt, *inter alia*, a director of the offeree company who is a director, employee or nominee of the offeror or a person acting in concert with the offeror from assuming responsibility for any recommendations on the offer that the board of the offeree company may make to its shareholders.

Each Independent Director does not consider himself to face an irreconcilable conflict of interest in the context of the Delisting and the Exit Offer for the following reasons:

- (i) none of them is a director, employee or nominee of the Offeror or a person acting in concert with the Offeror (other than in his capacity as a director or employee of a member of the Group); and
- (ii) there is no agreement or arrangement entered into between any Independent Director and any other person in connection with or conditional upon the outcome of the Exit Offer.

(b) The Relevant Directors

The SIC has ruled on 23 October 2017 that the Relevant Directors will be exempted from the requirement to make a recommendation on the Exit Offer to the Shareholders as they face a conflict of interests in view of them being directors of the Offeror and employees of the Fincantieri Group. Nevertheless, each of the Relevant Directors must still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Exit Offer.

10.2 Directors' Interests

As at the Latest Practicable Date, none of the Directors has any direct or deemed interests in any Company Securities.

Further details on the Directors including, *inter alia*, the Directors' direct and deemed interests in the Offeror Securities as at the Latest Practicable Date are set out in **Appendix III** to this Circular.

10.3 Intentions of the Directors in respect of their Shares

None of the Directors has any direct or indirect interests in the Offer Shares.

11. **ADVICE OF CIMB TO THE INDEPENDENT DIRECTORS**

11.1 CIMB has been appointed as the independent financial adviser pursuant to Rule 1309 of the Listing Manual, Rule 7.1 of the Code and also to advise the Independent Directors in respect of their recommendation on the actions to be taken by the Shareholders in relation to the Exit Offer. The opinion of CIMB pursuant to Rule 1309 of the Listing Manual as well as the advice of CIMB to the Independent Directors on the Exit Offer are set out in the IFA Letter annexed as **Appendix I** to this Circular. Shareholders are advised to read and consider carefully, in its entirety, the advice of CIMB contained in the IFA Letter. An extract of CIMB's advice in relation to the Exit Offer and the key factors it has taken into consideration are reproduced in italics below:

"8. SUMMARY OF OUR ANALYSIS

8.1 Key Factors

In arriving at our advice to the Independent Directors on the Exit Offer, we have considered, inter alia, the following factors which should be read in the context of the full text of this letter:

- (i) The Exit Offer Price represents a premium of between approximately 16.2% and 35.1% over the various VWAPs of the Shares in the 1-year period prior to the 2016 Vard Offer Announcement Date;*
- (ii) The Exit Offer Price represents a premium of approximately 2.9% over the VWAP of the Shares between the close of the 2016 Vard Offer and the Joint Announcement Date;*
- (iii) Between 27 March 2017 (being the market day immediately after the close of the 2016 Vard Offer) and the Latest Practicable Date, the Offeror made open market purchases of the Shares, amounting to approximately 9.1% of total share capital of the Company and which accounted for approximately 70.4% of all transactions in the Shares;*
- (iv) Save for the 1-month period prior to the Joint Announcement Date where the Exit Offer Price represents a discount of approximately 0.9% over the corresponding VWAP of the Shares, the Exit Offer Price generally represents a premium of up to approximately 3.6% over the various VWAPs of the Shares in the 6-month period prior to the Joint Announcement Date;*
- (v) The ADTV of the Shares ranged between approximately 0.1% and 0.2% of the Company's free float, over the various historical periods in the 6-month period prior to the Joint Announcement Date, with the Offeror accounting for approximately 75.1% of total Shares traded between 12 May 2017 and 10 November 2017;*
- (vi) Between the Last Trading Day and the Latest Practicable Date, the price of the Shares outperformed relative to the price performance of the FSSTI, SGXMA and the SGXOG over the same period;*

- (vii) *The Share prices as at the Last Trading Day and as at the Latest Practicable Date are likely supported by the Exit Offer and purchases by the Offeror and hence may not be sustained at these levels in the absence of or after the close of the Exit Offer or if the Offeror reduce the volume and/or the prices of its purchase of Shares;*
- (viii) *The Exit Offer Price represents a discount of approximately 9.2% to the NAV per Share and a premium of approximately 20.1% over the NTA per Share as at 31 March 2018;*
- (ix) *The Exit Offer Price is at a discount of approximately 14.4% to the RNAV per Share as at 31 March 2018;*
- (x) *The P/NAV multiple implied by the Exit Offer Price is higher than the average P/NAV multiples of the Shares for the 3-year and 1-year periods prior to the Last Trading Day;*
- (xi) *The P/NAV multiple implied by the Exit Offer Price is within the range of P/NAV multiple of Comparable Companies as at the Latest Practicable Date. The P/NAV multiple implied by the Exit Offer Price is above the corresponding median multiple but below the mean multiple of the Comparable Companies;*
- (xii) *The P/NAV multiple implied by the Exit Offer Price is above the corresponding mean and median multiples of the Precedent Transactions;*
- (xiii) *The P/RNAV multiple implied by the Exit Offer Price is similar to the corresponding mean and median multiples of the Precedent Transactions;*
- (xiv) *The market premium / (discount) implied by the Exit Offer Price over the last transacted price and 1-month VWAPs of the Shares prior to the Joint Announcement Date and the 2016 Vard Offer Announcement Date are below the corresponding premia in the takeover of Otto Marine Limited;*
- (xv) *The market price premium implied by the Exit Offer Price over the last transacted Share price, 1-month and 3-month VWAPs of the Shares prior to the Joint Announcement Date are below the corresponding range of premia of the Precedent Takeovers;*
- (xvi) *The market price premium implied by the Exit Offer Price over the last transacted Share price, 1-month and 3-month VWAPs of the Shares prior to the 2016 Vard Offer are below the corresponding overall mean and median premia of the Precedent Takeovers;*
- (xvii) *The P/NAV multiple of the Company implied by the Exit Offer Price is higher than that in the 2016 Vard Offer but is lower than that in the 2012 Vard Offer;*
- (xviii) *The market price premium / (discount) implied by the Exit Offer Price over the last transacted price and 1-month VWAPs of Shares prior to the Joint Announcement Date are below the corresponding range of premia in the 2016 Vard Offer, but above the corresponding range of premia in the 2012 Vard Offer;*
- (xix) *The Company has not paid any dividends since 2012;*
- (xx) *As at the Latest Practicable Date, the Offeror and its concert parties own approximately 83.51 per cent. of the total number of Shares which they are entitled and intends to vote in favour of the Delisting Resolution;*
- (xxi) *Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no existing arrangement for such Shareholders to exit their investment in the Shares in such a circumstance. They may also have to sell their Shares at a lower price;*

- (xxii) *In the event that the Offeror becomes entitled to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act, the Offeror intends to exercise such right;*
- (xxiii) *As at the Latest Practicable Date, there is no alternative or competing takeover offer for the Shares;*
- (xxiv) *General trend of improvements in the Group's recent financial performance and order book and the Group's diversification strategy; and*
- (xxv) *The Offeror currently has no intention to propose any major changes to the business of the Group.*

8.2 CIMB's Opinion

8.2.1 Practice Statement

*We wish to bring to the attention of Shareholders the Practice Statement issued by the Securities Industry Council on 25 June 2014 (as amended on 28 February 2017) on the opinion issued by an independent financial adviser in relation to offers, whitewash waivers and disposal of assets under the Code ("**Practice Statement**"). The Practice Statement stipulates that the independent financial adviser in a takeover must state whether an offer is "fair and reasonable", the term being regarded as two different concepts. An offer is "fair" if the price offered is equal to or greater than the value of the offeree securities while in determining whether an offer is "reasonable", the independent financial adviser should consider other matters as well as the value of the offeree securities. Such matters include, but are not limited to, the existing voting rights held by the offeror in the offeree and the market liquidity of the offeree securities. Where the independent financial adviser concludes that an offer is "not fair but reasonable", it is on the basis that the independent financial adviser is of the view that despite the offer being "not fair", the offer is "reasonable" after taking into consideration other matters as well as the value of the offeree securities. Consequently, if the independent financial adviser is to make a recommendation whether to accept or reject the offer, the recommendation in such cases would be to accept the offer.*

8.2.2 Opinion

Based upon, and having considered, inter alia, the factors described above and the information that has been made available to us as at the Latest Practicable Date, we are of the opinion that as of the Latest Practicable Date, the Exit Offer is NOT FAIR BUT REASONABLE.

8.2.2(A) *In determining that the Exit Offer is **NOT FAIR**, we have considered the following pertinent factors:*

- (i) *The market price premium implied by the Exit Offer Price is significantly lower than the corresponding mean and median premia in the Precedent Transactions and Precedent Takeovers;*
- (ii) *The Exit Offer Price is at a discount to NAV per Share;*
- (iii) *The Group's recent financial performance and position including the factors affecting them which have been highlighted in Sections 7.2, 7.9.1 and 7.9.3. In particular, the Group's financial performance in terms of revenue and EBITDA have seen improvements in FY2017. Further, the Group's revenue in 1Q2018 was significantly higher than that in 1Q2017;*
- (iv) *Developments in the Group's outlook and current order book which has grown between FY2015 and 2017 as highlighted in Sections 7.9.4 and 7.9.5; and*
- (v) *The Group's diversification strategy undertaken by the Group in recent years which has reduced its exposure to the offshore oil and gas sector as highlighted in Sections 7.1.2, 7.4 and 7.9.6.*

8.2.2(B) *In addition to our opinion and the factors set out in Section 8.2.2(A) above, in determining that the Exit Offer is **REASONABLE**, we have considered the following pertinent factors:*

- (a) The Offeror already owns 83.51 per cent. of all the Shares and has statutory control of the Company with the ability to pass all resolutions on matters which the Offeror and its concert parties do not have an interest at general meetings of Shareholders;*
- (b) The Company has not paid any dividends since 2012 and there is no assurance that dividends will be paid in the future;*
- (c) There is no alternative takeover offer for the Shares as at the Latest Practicable Date;*
- (d) The market price of the Shares since the close of the 2016 Vard Offer is likely to have been supported by market purchases by the Offeror and the Exit Offer and hence may not be sustained at current levels in the absence of or after the close of the Exit Offer or if the Offeror reduces its purchase price or purchase volumes for the Shares;*
- (e) The P/NAV implied in the Exit Offer Price is higher than the 1 and 3-year average P/NAV of the Shares;*
- (f) The P/NAV implied in the Exit Offer Price is within the corresponding range of ratios of the Comparable Companies and above that in the 2016 Vard Offer;*
- (g) The P/NAV and P/RNAV ratios implied in the Exit Offer Price are within the corresponding range of ratios of the Precedent Transactions; and*
- (h) The Exit Offer Price is equivalent to the analyst's target price of the Shares.*

8.3 CIMB's Recommendation

Accordingly, we advise the Independent Directors to recommend that Shareholders should either ACCEPT the Exit Offer or sell their Shares on the open market if they can obtain a price equal to or higher than the Exit Offer Price (after deducting related transaction expenses) in the event that the Delisting Resolution is passed. Shareholders that do not intend to accept the Exit Offer are advised to read Section 7.10.1 of this Letter and consider the implications of the Delisting and of holding unlisted Shares. Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will be maintained at current levels prevailing as at the Latest Practicable Date in the absence of or after the close of the Exit Offer.

We wish to highlight that the Delisting will not occur if the Delisting Resolution is voted against by 10% or more of the total number of issued Shares (excluding treasury shares and subsidiary holdings) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM. On the other hand, unless the Delisting Resolution is voted against by 10 per cent. or more of the total number of issued Shares (excluding treasury shares and subsidiary holdings) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, the Delisting Resolution is certain of being passed at the EGM.

In the event that the requirements of Delisting under Rules 1307 and 1309 of the Listing Manual are met, the Company will be delisted from the Official List of the SGX-ST.

We would also advise the Independent Directors to caution the Shareholders that they should not rely on our advice to the Independent Directors as the sole basis for deciding whether or not to accept the Exit Offer.

In rendering the advice above, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Shareholders should note that the opinion and advice of CIMB should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Exit Offer.”

- 11.2 An extract of the IFA Letter in relation to the valuation of certain assets of the Group are reproduced in italics below:

“7.2.1 NAV and NTA

Based on the Company’s unaudited condensed consolidated interim financial information for the quarter ended 31 March 2018, the unaudited consolidated NAV of the Group as at 31 March 2018 was approximately NOK 1,942 million (equivalent to approximately S\$325 million⁽¹⁾) or approximately S\$0.275 per Share, while the unaudited consolidated NTA of the Group as at 31 March 2018 was approximately NOK 1,468 million (equivalent to approximately S\$246 million⁽¹⁾) or approximately S\$0.208 per Share.

The table below sets out the premium / (discount) of the Exit Offer Price to / over the NAV per Share and NTA per Share as at 31 March 2018.

	NAV	NTA
<i>As at 31 March 2018 (S\$ million) ⁽¹⁾</i>	<i>325</i>	<i>246</i>
<i>NAV / NTA per Share (S\$) ⁽²⁾</i>	<i>0.275</i>	<i>0.208</i>
<i>Premium / (Discount) implied by the Exit Offer Price</i>	<i>(9.2%)</i>	<i>20.1%</i>

Notes:

- 1 *Converted at a SGD/NOK foreign exchange rate of 5.9775 as at the Latest Practicable Date.*
- 2 *Based on Vard’s issued and paid-up share capital comprising 1,180,000,000 Shares (excluding treasury shares) as at the Latest Practicable Date.*

Based on the analysis above, we note that the Exit Offer Price represents a discount of approximately 9.2% to the NAV per Share and a premium of approximately 20.1% over the NTA per Share as at 31 March 2018.

We note that the tangible assets of the Group as at 31 March 2018 comprise mainly: (i) contract assets (approximately 47.2% of total assets); (ii) property, plant and equipment (approximately 16.5% of total assets); (iii) inventories (approximately 13.6% of total assets); (iv) trade and other receivables (approximately 5.9% of total assets); (v) cash and cash equivalents (approximately 4.1% of total assets); and (vi) interest bearing receivables, non-current (approximately 3.8% of total assets). We further note that there are intangible assets of NOK 474 million comprising mainly of goodwill.

We also note that the Group accounts for revenue from construction contracts based on the stage-of-completion of the construction contract, which is measured generally by reference to contract costs incurred to date, as compared to the estimated costs for the contracts. Accordingly, the Group’s NAV/NTA, which comprise, inter alia, the construction work in progress, is based on the stage-of-completion method of revenue recognition.

7.2.2 RNAV

Given the asset-intensive nature of the Group's operations, we have also considered the RNAV of the Group taking into consideration the prevailing market value of the Group's significant properties. In connection with the Exit Offer, the significant properties of the Group, comprising its buildings, land and land leasehold improvements and quays in Brazil, Norway, Romania, and Vietnam (the "Revalued Properties") have been identified for independent valuation, given that as an asset class, they form a significant proportion of the Group's total assets (approximately 9.9% of the Group's total assets as at 31 March 2018). The Company has commissioned independent valuations to determine the market value of these significant properties to determine if there were significant revaluation surpluses or deficits over their respective book values that may affect the asset backing of the Group. A summary of the valuation figures for the Revalued Properties and the Company's effective share of the revaluation surplus/deficit is set out below.

Shipyards/Entities holding the Revalued Properties	Company's effective interest (%)	Valuation ⁽¹⁾ (NOK million)	Share of net revaluation surplus/(deficit) ⁽²⁾ (NOK million)	Percentage of NAV to total assets ⁽³⁾ (%)
Vard Promar SA (Brazil)	100.0	519	17	3.3%
Vard Vung Tau Ltd. (Vietnam)	100.0	111	(8)	0.8%
Vard Aukra (Norway)	100.0	79	26	0.3%
Vard Brattvaag (Norway)	100.0	46	(2)	0.3%
Vard Brevik (Norway)	100.0	12	6	<0.1%
Vard Langsten (Norway)	100.0	120	53	0.4%
Vard Søviknes (Norway)	100.0	104	3	0.7%
Vard Electro AS (Norway)	100.0	83	(20)	0.7%
Vard Tulcea SA (Romania)	100.0	424	(36)	3.0%
Vard Braila SA (Romania)	100.0	166	110	0.4%
Total net revaluation surplus / (deficit)			149	

Source: The Company's filings, the Valuation Reports and Management's computations

Notes:

- 1 Unless otherwise provided, the valuations reflect market values as at 31 December 2017 as indicated in the Valuation Reports and in respect of properties outside of Norway expressed in NOK terms based on the exchange rates as at end March 2018.
- 2 The net revaluation surplus/deficit for each of the Revalued Properties is computed by the Management after taking into consideration the net book value of such Revalued Properties as at 31 March 2018 and their respective current valuations as indicated in the Valuation Reports.
- 3 The Revalued Properties have no intangible assets.

The valuation of the Revalued Properties as set out above is based on the Valuation Reports issued by the Independent Valuers which were conducted based on International Valuation Standards (IVS). Further information on the Revalued Properties including the basis for such valuation is set out in the respective Valuation Reports which are set out in Appendix IV of the 13 April Circular.

We note that, based on information provided by the Company, the potential tax liabilities that may be incurred by the Group on the hypothetical disposal of the Revalued Properties amount to approximately NOK 31 million, comprising mainly income tax on the taxable profit from the sale of the Revalued Properties. The aforesaid tax liabilities will not crystallise if the Group does not dispose of its interests in the Revalued Properties. We also note the Company's confirmation that it has no current plans to dispose of its interests in the Revalued Properties.

Based on the above, the following adjustments have been made to determine the RNAV of the Group for the purpose of our analysis:

The Group's NAV as at 31 March 2018 (NOK million)	1,942
Add: Net revaluation surplus arising from Revalued Properties (NOK million)	149
Less: Potential tax liabilities on sale (NOK million)	(31)
RNAV as at 31 March 2018 (NOK million)	2,060
RNAV as at 31 March 2018 (S\$ million) ⁽¹⁾	345
RNAV per Share (S\$)	0.292
Discount to RNAV as implied by the Exit Offer Price	14.4%

Source: The Management's estimates, the Company's filings and CIMB's analysis

Note:

1 Converted at a SGD/NOK foreign exchange rate of 5.9775 as at the Latest Practicable Date.

We wish to highlight that the RNAV per Share shown above includes the net revaluation surpluses on the Revalued Properties. Shareholders should be aware that the Group has not earned or recorded such net revaluation surpluses as at the Latest Practicable Date. There is no assurance that any surpluses or income will eventually be recorded by the Group on the Revalued Properties, or if any surpluses or income are to be recorded by the Group on the Revalued Properties, the surpluses or income will be the same as those indicated in the table above. Save for the Revalued Properties, the other assets of the Group have not been revalued for the purpose of determining the RNAV of the Group. The Company has confirmed to us that to the best of their knowledge: (i) the Group's assets are primarily used in the core operations of the Group in the ordinary course of business and that as at the Latest Practicable Date, the Group does not have any current plan for an imminent material disposal and/or conversion of the use of the Group's assets and/or material change in the nature of the Group's business as at the Latest Practicable Date; (ii) save for the Revalued Properties, the Company does not expect any material differences between the realisable value of the Group's other assets and their respective book values as at 31 March 2018 which would have a material impact on the NAV of the Group; (iii) there have been no material acquisitions and/or disposals of assets by the Group between 31 March 2018 and the Latest Practicable Date; and (iv) there are no material contingent liabilities which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date.

In addition, the Company has confirmed to us that the Group's inventories as at 31 March 2018 of NOK 2,091 million comprise mainly work in progress for two (2) vessels under construction and one (1) completed vessel, which are measured at the lower of cost and net realisable value and there is no further impairment in the carrying value of these vessels as at the Latest Practicable Date.

We also note from the Exit Offer Letter that the Offeror presently intends for the Company to continue with its existing business activities and has no plans to (i) introduce any major changes to the business of Vard or the operations of any of its subsidiaries, (ii) re-deploy any of the fixed assets of Vard or (iii) discontinue the employment of any of the existing employees of Vard and/ or its subsidiaries, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to Vard which may present themselves and which the Offeror may regard to be in the best interests of Vard.

We note that the Exit Offer Price is at a discount of approximately 14.4% to the RNAV per Share of approximately S\$0.292 as at 31 March 2018."

12. INDEPENDENT DIRECTORS' RECOMMENDATION

Shareholders are advised by the Independent Directors to read and consider carefully the following recommendation of the Independent Directors and the advice of CIMB contained in the IFA Letter as reproduced in **Appendix I** to this Circular in its entirety. The Independent Directors advise the Shareholders to review paragraph 6 of the Exit Offer Letter carefully. The Independent Directors also draw the attention of the Shareholders to Section 5 of this Circular entitled "Implications of Compulsory Acquisition and Delisting for Shareholders".

In reaching the recommendation relating to the Exit Offer, the Independent Directors have considered carefully, amongst other things, the terms of the Delisting Proposal including the Exit Offer and the advice given by CIMB (including the factors set out in paragraph 8 of the IFA Letter) in totality. In particular, the Independent Directors have taken into account, *inter alia*, the following key reasons:

- (a) as at the Latest Practicable Date, the Offeror and its concert parties own approximately 83.51 per cent. of the total number of Shares;
- (b) as at the Latest Practicable Date, there is no alternative or competing takeover offer for the Shares;
- (c) the Company has not paid any dividends since 2012;
- (d) following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no existing arrangement for such Shareholders to exit their investment in the Shares in such a circumstance; and
- (e) the Exit Offer Price represents a premium of approximately 2.9% over the volume-weighted average transacted price of the Shares between the close of the 2016 Vard Offer (as defined in the IFA Letter) and the Joint Announcement Date.

Having taken the above matters into consideration, the Independent Directors concur with the advice of CIMB in relation to the Exit Offer and are of the opinion that the Exit Offer is NOT FAIR BUT REASONABLE and not prejudicial to the interests of Shareholders as a whole.

The Exit Offer is conditional upon, *inter alia*, the Delisting Resolution being passed. As set out in this Section 12, the Independent Directors have recommended that Shareholders accept the Exit Offer. However, if the Delisting Resolution is not passed, there will not be an Exit Offer for Shareholders to accept. Accordingly, the Independent Directors recommend Shareholders to vote in favour of the Delisting Resolution.

In view of the above, the Independent Directors recommend that Shareholders VOTE IN FAVOUR of the Delisting Resolution and either ACCEPT the Exit Offer or sell their Shares on the open market if they can obtain a price equal to or higher than the Exit Offer Price (after deducting related transaction expenses) in the event that the Delisting Resolution is passed and they do not intend or are not prepared to hold unlisted Shares. Shareholders should note that there is no assurance that the market prices and trading volume of the Shares will be maintained at current levels prevailing as at the Latest Practicable Date after the close of the Exit Offer.

Shareholders should note that they should not rely on the advice of CIMB to the Independent Directors as the **sole** basis for deciding whether or not to accept the Exit Offer.

In rendering the above advice and giving the above recommendations, the Independent Directors have not taken into consideration nor had regard to the general or specific investment objectives, financial situation, risk profiles, tax position and/or particular or unique needs and constraints of any individual Shareholder. As different Shareholders have different investment profiles and objectives, the Independent Directors recommend that any Shareholder who may require specific advice in relation to the Exit Offer consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

13. EXTRAORDINARY GENERAL MEETING

The EGM, as convened by the notice attached to this Circular, will be held at Shine Auditorium, 100 Beach Road, #03-01, Shaw Tower, Singapore 189702 on 24 July 2018 at 1.00 p.m.. The purpose of the EGM is for Shareholders to consider and, if thought fit, pass, on a poll, with or without amendments, the Delisting Resolution set out in the notice of EGM on page N-1 of this Circular.

14. ACTION TO BE TAKEN BY SHAREHOLDERS

14.1 Voting at the EGM

Shareholders will find enclosed with this Circular, the notice of EGM and a proxy form. If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's share registrar, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619, not later than 72 hours before the time of the EGM on 24 July 2018 at 1.00 p.m.. Completion and return of a proxy form by a Shareholder will not prevent him from attending and voting in person at the EGM if he so wishes, in place of his proxy.

14.2 Acceptance of the Exit Offer

The Exit Offer Letter and the Acceptance Forms have been despatched on 13 April 2018.

As stated in the Exit Offer Letter, if you have Offer Shares standing to the credit of the "Free Balance" of your Securities Account, you should receive the Exit Offer Letter together with the FAA. If you have not received the FAA, you may obtain a copy, upon production of satisfactory evidence that you are a Shareholder, from CDP at **9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588**.

If you hold Offer Shares in scrip form, you should receive the Exit Offer Letter together with the FAT. If you have not received a FAT, you may obtain a copy, upon production of satisfactory evidence that you are a Shareholder, from RHT Corporate Advisory Pte. Ltd., at **9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619**.

If you wish to accept the Exit Offer, you should complete, sign and deliver the relevant Acceptance Form in accordance with the provisions and instructions in the Exit Offer Letter and that Acceptance Form.

Shareholders may choose to accept the Exit Offer before the EGM. However, such acceptances are conditional and if the Delisting Resolution is not approved at the EGM, the condition to the Delisting and the Exit Offer will not have been fulfilled and the Exit Offer will lapse, and both the Shareholders and the Offeror will cease to be bound by any prior acceptances of the Exit Offer by any Shareholder.

Those Offer Shares in respect of which acceptances have been received shall be returned to the relevant Shareholders in accordance with the procedures set out in the Exit Offer Letter and the Acceptance Forms.

If you decide to accept the Exit Offer, you should complete, sign and deliver the relevant Acceptance Form in accordance with the provisions and instructions in the Exit Offer Letter and that Acceptance Form. If you hold Offer Shares in scrip form, the Offer Shares may not be credited to your Securities Account with CDP in time for you to accept the Exit Offer if you were to deposit your share certificate(s) with CDP after the Despatch Date. If you wish to accept the Exit Offer in respect of such Offer Shares, you should complete the FAT by following the procedures set out in the Exit Offer Letter.

If you decide not to accept the Exit Offer, you do not have to take any action. In the event that the Delisting Resolution is passed at the EGM, and the Company is delisted, you will continue to hold unlisted Shares in the Company as an unlisted company. If you hold Shares that are deposited with CDP, one (1) share certificate representing your delisted Shares will be sent, by ordinary post and at your own risk, to your address as such address appears in the records of CDP, for your physical safekeeping after the Company has been delisted from the Official List of the SGX-ST.

The detailed procedures for acceptance and additional information on settlement of the Exit Offer are set out in (a) Appendix 1 to the Exit Offer Letter entitled “Procedures for Acceptance and Settlement of the Exit Offer” and (b) **Appendix II** to this Circular entitled “Procedures for Acceptance of the Exit Offer” for your information.

14.3 Information pertaining to CPFIS Investors and SRS Investors

Information on the Exit Offer pertaining to CPFIS Investors and SRS Investors is set out in paragraph 14.2 of the Exit Offer Letter entitled “Information Pertaining to CPFIS Investors and SRS Investors”.

15. **DIRECTORS’ RESPONSIBILITY STATEMENT**

The recommendation of the Independent Directors to Shareholders set out in Section 12 of this Circular entitled “Independent Directors’ Recommendation” is the sole responsibility of the Independent Directors. Save for the foregoing, the Directors have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than those relating to the Offeror, the parties acting in concert with it, the Exit Offer, the Delisting Proposal and **Appendices I, II, VI and VII** to this Circular) are fair and accurate, and there are no other facts not contained in this Circular, the omission of which would make any statement in this Circular (other than those relating to the Offeror, the parties acting in concert with it, the Exit Offer, the Delisting Proposal and **Appendices I, II, VI and VII** to this Circular) misleading, and the Directors jointly and severally accept responsibility accordingly.

In respect of the IFA Letter (set out in **Appendix I** to this Circular), the report issued by PwC in respect of the 1Q2018 Results (set out in **Appendix VI** to this Circular) and the letter from CIMB in respect of the 1Q2018 Results (set out in **Appendix VII** to this Circular), the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the Company are, to the best of their knowledge and belief, fair and accurate in all material respects.

Where any information in this Circular has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including from the Delisting Proposal, the Offeror or the parties acting, or deemed to be acting, in concert with the Offeror), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from those sources and/or reflected or reproduced in this Circular in its proper form and context. The Directors do not accept any responsibility for any information relating to the Delisting Proposal, the Exit Offer, the rationale for the Delisting Proposal and the Exit Offer, the Offeror, Fincantieri and/or the Fincantieri Group or any opinion expressed by the Offeror.

16. **CONSENTS**

16.1 The independent financial adviser, CIMB, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, its advice to the Independent Directors set out in Section 11 of this Circular, the “Letter from CIMB to the Independent Directors in relation to the Exit Offer” set out in **Appendix I** to this Circular, its letter in respect of the 1Q2018 Results set out in **Appendix VII** to this Circular and all references thereto in the form and context in which they appear in this Circular.

16.2 Each of the Valuers has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular and all references thereto in the form and context in which they appear in this Circular.

- 16.3 The Company's share registrar, RHT Corporate Advisory Pte. Ltd., has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular and all references thereto in the form and context in which they appear in this Circular.
- 16.4 PwC has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, the report issued by PwC in respect of the 1Q2018 Results set out in **Appendix VI** to this Circular and all references thereto in the form and context in which they appear in this Circular.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company's share registrar, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619 during normal business hours, from the date of this Circular until the date of the EGM:

- (a) the Constitution;
- (b) the annual reports of the Company for FY2015, FY2016 and FY2017;
- (c) the letter from the Offeror to the Company dated 10 November 2017 in respect of the Delisting Proposal;
- (d) the Joint Announcement;
- (e) the Exit Offer Letter from the Offeror to the Company dated 13 April 2018 in respect of the Delisting Proposal;
- (f) the letters of consent referred to in Sections 16.1, 16.2, 16.3 and 16.4 of this Circular;
- (g) the IFA Letter as set out in **Appendix I** to this Circular;
- (h) the following valuation reports:
 - (i) valuation report dated 4 April 2018 from American Appraisal Serviços de Avaliação Ltda.;
 - (ii) valuation reports dated 4 April 2018 from Cushman & Wakefield VHS Pte. Ltd.;
 - (iii) valuation report dated 4 April 2018 from Cushman & Wakefield Vietnam Limited; and
 - (iv) valuation reports dated 4 April 2018 from Cushman & Wakefield Realkapital AS;
- (i) the joint announcement dated 10 May 2018 issued by the Offeror and the Company;
- (j) the Company's announcement on the 1Q2018 Results;
- (k) the report issued by PwC in respect of the 1Q2018 Results as set out in **Appendix VI** to this Circular;
- (l) the letter from CIMB in respect of the 1Q2018 Results as set out in **Appendix VII** to this Circular;
- (m) the 2013 Offeree Circular; and
- (n) the 2016 Offeree Circular.

18. ADDITIONAL INFORMATION

Your attention is drawn to the Appendices which form part of this Circular.

Yours faithfully
For and on behalf of the Board

Roy Reite
Chief Executive Officer and Executive Director
VARD HOLDINGS LIMITED

APPENDIX I

LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS IN RELATION TO THE EXIT OFFER

CIMB BANK BERHAD (13491-P)

Singapore Branch

(Incorporated in Malaysia)

50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623

9 July 2018

To: **The Independent Directors**
Vard Holdings Limited
6 Battery Road #10-01
Singapore 049909

Dear Sirs,

PROPOSED VOLUNTARY DELISTING OF VARD HOLDINGS LIMITED (“VARD” OR THE “COMPANY”) PURSUANT TO RULES 1307 AND 1309 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

1. INTRODUCTION

On 13 November 2017 (the “**Joint Announcement Date**”), the Company and Fincantieri Oil & Gas S.p.A. (the “**Offeror**”), jointly announced (the “**Joint Announcement**”) that the Offeror had presented to the board of directors of the Company (the “**Board**”) a proposal to seek the privatisation (the “**Delisting Proposal**”) of Vard by way of a voluntary delisting (the “**Delisting**”) from the Official List of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Delisting is proposed to be made pursuant to Rules 1307 and 1309 of the listing manual of the SGX-ST (“**Listing Manual**”).

Under the Delisting Proposal, Citigroup Global Markets Singapore Pte. Ltd. (“**Citigroup**”), for and on behalf of the Offeror, will make an exit offer (the “**Exit Offer**”) to acquire:

- (a) all the issued ordinary shares in Vard (“**Shares**”) held by the shareholders of Vard (the “**Shareholders**”), other than those Shares already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees; and
- (b) if applicable, all Shares issued or to be issued pursuant to the valid exercise, on or prior to the closing date of the Exit Offer, of any option to subscribe for new Shares under Vard’s share option scheme for employees (the “**Option Scheme**”),

on the terms and subject to the conditions set out in the letter dated 13 April 2018 from the Offeror to Shareholders (the “**Exit Offer Letter**”), the Form of Acceptance and Authorisation for Offer Shares in respect of the Exit Offer (“**FAA**”) and the Form of Acceptance and Transfer for Offer Shares in respect of the Exit Offer (“**FAT**”), as such Exit Offer may be amended, extended and revised from time to time by or on behalf of the Offeror.

The directors of the Company (“**Directors**”) have reviewed the Delisting Proposal and resolved to seek an application to the SGX-ST for approval of the Delisting and to convene an extraordinary general meeting (“**EGM**”) of the Company to seek the approval of the Shareholders in respect of the resolution for the Delisting (the “**Delisting Resolution**”).

On 13 April 2018, the Company issued a circular to Shareholders (the “**13 April Circular**”) in connection with the Delisting and on 30 April 2018, the Company held an extraordinary general meeting (the “**30 April EGM**”) to seek the approval of Shareholders for the Delisting. On 1 May 2018, the Company announced the results of the 30 April EGM and that the SGX-ST was reviewing the conduct of the proceedings of the 30 April EGM and the issues raised regarding disclosures in the 13 April Circular. On 10 May 2018, the Singapore Exchange Regulation Pte Ltd (“**SGX RegCo**”) announced its assessment that the SGX-ST’s no-objection to the Delisting (set out in its letter dated 4 April 2018) will not be valid unless the Company fulfils the following conditions (the “**Additional Conditions**”):

- (a) submitting an updated draft delisting circular to the SGX-ST for its review pursuant to Rule 1202 of the Listing Manual. In this regard, the updated draft delisting circular must include, *inter alia*:
 - (i) an updated IFA Letter with the inaccuracies corrected and reflecting the current developments of the Company; and
 - (ii) an updated Independent Directors’ recommendation to Shareholders (taking into account the updated IFA Letter). The recommendation should state their assessment and the basis as to whether: (1) the Shareholders should vote for the Delisting Resolution; and (2) the Exit Offer Price is reasonable;
- (b) convening a general meeting in respect of the updated delisting circular in accordance with Rule 704(15) of the Listing Manual; and
- (c) obtaining shareholder approval for the Delisting in accordance with Rule 1307 of the Listing Manual.

On 10 May 2018, the Company and the Offeror released a joint announcement which set out, *inter alia*, their intention to continue to undertake the Delisting in accordance with the Delisting Proposal and to take steps to fulfil the Additional Conditions, as well as the procedures for withdrawal of acceptances of the Exit Offer as set out in Section 3.7 of the Circular (as defined herein below).

The EGM will be held on 24 July 2018 to seek Shareholders’ approval for the Delisting, to fulfil the Additional Conditions.

In connection with the Exit Offer, CIMB Bank Berhad, Singapore Branch (“**CIMB**”) has been appointed as the independent financial adviser pursuant to Rule 1309 of the Listing Manual and Rule 7.1 of the Singapore Code on Take-overs and Mergers (the “**Code**”) and also to advise the Directors who are considered independent for the purposes of the Exit Offer (the “**Independent Directors**”) in respect of their recommendation on the actions to be taken by the Shareholders in relation to the Exit Offer.

This letter sets out, *inter alia*, our evaluation of the financial terms of the Exit Offer and our advice thereon. It forms part of the circular dated 9 July 2018 issued by the Company to its Shareholders setting out, *inter alia*, details of the Delisting Proposal and the Exit Offer, as well as the recommendation of the Independent Directors in respect thereof (the “**Circular**”).

Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meanings herein. Any differences between the amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

To ensure that this letter is comprehensive and concise, details contained in the Circular and Exit Offer Letter, where necessary or relevant are not wholly reproduced, but instead, are referenced to or summarised throughout this letter. We recommend that the Independent Directors advise Shareholders to read these contextual references and summaries with due care.

2. TERMS OF REFERENCE

We have been appointed as the Independent Financial Adviser pursuant to (i) Rule 1309 of the Listing Manual; and (ii) pursuant to Rule 7.1 of the Code, as well as to advise the Independent Directors in respect of their recommendation on the actions to be taken by the Shareholders in relation to the Exit Offer.

We have confined our evaluation to the financial terms of the Exit Offer and our terms of reference do not require us to evaluate or comment on the commercial risks and/or commercial merits of the Exit Offer or the future prospects of the Company and its subsidiaries (the “**Group**”) and we have not made such evaluation or comment. However, we may draw upon the views of the Directors and/or the management of the Company (the “**Management**”) (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter. We have not been requested, and we do not express any opinion on the relative merits of the Exit Offer as compared to any other alternative transaction. We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares.

We have held discussions with the Directors and the Management and have examined publicly available information collated by us as well as information, both written and verbal, provided to us by the Directors, the Management and the Company’s other professional advisers. We have not independently verified such information, whether written or verbal, and accordingly we cannot and do not warrant or make any representation (whether express or implied) regarding, or accept any responsibility for, the accuracy, completeness or adequacy of such information. However, we have made such enquiries and exercised our judgment as we deem necessary on such information and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors (including those who may have delegated supervision of the Circular) that they have taken all reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular are fair and accurate in all material respects. The Directors have confirmed to us, that to the best of their knowledge and belief, all material information relating to the Group, the Delisting Proposal and the Exit Offer have been disclosed to us, that such information is fair and accurate in all material respects and that there are no other material facts and circumstances the omission of which would make any statement in the Circular inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted such responsibility accordingly.

We have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, land and building) of the Group. We have not been furnished with any such evaluation or appraisal, except for the reports (“**Valuation Reports**”) from the valuers appointed by the Company in connection with the Exit Offer (the “**Independent Valuers**”) (which are set out in Appendix IV of the 13 April Circular) on which we have placed sole reliance in the evaluation or appraisal of the assets concerned. We have not made any independent verification of the contents of the Valuation Reports.

Our analysis and opinion is based upon market, economic, industry, monetary and other conditions prevailing as at 29 June 2018 (the “**Latest Practicable Date**”), as well as the information made available to us as at the Latest Practicable Date. Such conditions may change significantly over a short period of time. Accordingly, we do not express any opinion or view on the future prospects, financial performance and/or financial position of the Group. Shareholders should take note of any announcement and/or documents relevant to their consideration of the Exit Offer which may be released or published by or on behalf of the Company and/or the Offeror after the Latest Practicable Date.

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profile or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, any Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised in relation to the preparation of the Circular (other than this letter). We were not involved in and have not provided any advice in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for, and express no views (express or implied) on, the contents of the Circular (other than this letter).

3. THE EXIT OFFER

As set out in Section 3 of the Circular, *inter alia*, the key terms and conditions of the Exit Offer are as follows:

3.1 The Exit Offer

As stated in the Exit Offer Letter, the Exit Offer is extended to:

- (a) all Shares held by the Shareholders, other than those Shares already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees; and
- (b) if applicable, all Shares issued or to be issued pursuant to the valid exercise, on or prior to the Closing Date, of any option to subscribe for new Shares under the Option Scheme,

(all such Shares, the "**Offer Shares**"), on the terms and subject to the conditions set out in the Exit Offer Letter, the FAA and the FAT, as such Exit Offer may be amended, extended and revised from time to time by or on behalf of the Offeror.

3.2 Terms of the Exit Offer

As stated in the Exit Offer Letter, the price for each Offer Share will be as follows:

For each Offer Share : S\$0.25 in cash ("Exit Offer Price").

The Exit Offer Price shall be applicable to any number of Offer Shares that are tendered in acceptance of the Exit Offer.

The Offeror shall pay the Exit Offer Price in cash for the Offer Shares which are validly tendered in acceptance of the Exit Offer.

The Exit Offer is extended to all Offer Shares. The Shareholders may accept the Exit Offer in respect of all or part of their holdings of Offer Shares. **The Exit Offer is not conditional upon a minimum number of acceptances being received by the Offeror.**

The Offer Shares will be acquired (a) fully paid, (b) free from all claims, charges, liens, mortgages, encumbrances, hypothecation, retention of title, power of sale, equity, options, rights of pre-emption, rights of first refusal or other third party rights or interests of any nature whatsoever ("**Encumbrances**"), and (c) together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain (if any) all dividends, rights, other distributions and return of capital ("**Distributions**") announced, declared, paid or made by the Company on or after the Joint Announcement Date. If any Distribution is announced, declared, made or paid by the Company on or after the Joint Announcement Date to a Shareholder who accepts

or has accepted the Exit Offer and the settlement date in respect of the Offer Shares accepted pursuant to the Exit Offer falls after the books closure date for the determination of entitlements to such Distribution, the Offeror reserves the right to reduce the Exit Offer Price payable to such accepting Shareholder by the amount of such Distribution.

Further details on the Exit Offer are set out in the Exit Offer Letter.

3.3 Conditions

As stated in the Exit Offer Letter, the Delisting and Exit Offer are conditional upon (i) the SGX-ST agreeing to the application by the Company to delist from the Official List of the SGX-ST; and (ii) the Delisting Resolution being approved by a majority of at least 75 per cent. of the total number of issued Shares (excluding treasury shares and subsidiary holdings) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM, and the Delisting Resolution not being voted against by 10 per cent. or more of the total number of issued Shares (excluding treasury shares and subsidiary holdings) held by Shareholders present and voting, on a poll, either in person or by proxy, at the EGM.

Shareholders should note that the Directors, the Offeror and its related corporations and their respective nominees are entitled to vote on the Delisting Resolution. The Offeror, which owns 985,448,310 Shares as at the Latest Practicable Date, representing approximately 83.51 per cent. of the total number of issued Shares, intends to vote all of these Shares and any other Shares which may be acquired by the Offeror after the Latest Practicable Date in favour of the Delisting Resolution at the EGM.

On 20 February 2018, the Company submitted an application to the SGX-ST to delist the Company from the Official List of the SGX-ST. On 4 April 2018, the SGX RegCo responded to the Company that it has no objection to the Delisting, subject to, *inter alia*, the approval by the Company's shareholders in accordance with Rule 1307 of the Listing Manual. As set out in Section 1.4 of the Circular, the SGX RegCo had, pursuant to its review, ruled on 10 May 2018 that its no-objection to the Delisting (set out in its letter dated 4 April 2018) will not be valid unless the Company fulfils the Additional Conditions. On 5 June 2018, the Company submitted the updated draft delisting circular to the SGX-ST. On 29 June 2018, the SGX RegCo responded to the Company that it has completed its review of the updated delisting circular and it has no further comment on the updated delisting circular. In this regard, the SGX RegCo has requested that the Company responds to certain queries raised by Shareholders on the Delisting. Such queries, together with the Company's response on the same, is set out in Appendix VIII to the Circular.

Shareholders should note that the SGX RegCo's decision is not an indication of the merits of the Delisting.

Shareholders are to note that the Delisting and the Exit Offer will be conditional upon the Delisting Resolution being passed at the EGM. If this condition is not fulfilled, the Delisting will not proceed and the Company will remain listed on the Official List of the SGX-ST. The Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

Shareholders are to also note that approving the Delisting Resolution at the EGM does NOT automatically mean that you have accepted the Exit Offer. Please refer to Section 14 of the Circular entitled "Action to be taken by Shareholders" and Appendix 1 to the Exit Offer Letter entitled "Procedures for Acceptance and Settlement of the Exit Offer" for further details on the actions to take if you wish to accept the Exit Offer.

3.4 Warranty by Shareholders

As stated in the Exit Offer Letter, a Shareholder who tenders his Offer Shares in acceptance of the Exit Offer will be deemed to unconditionally and irrevocably warrant that the Offer Shares in respect of which the Offer is accepted will be (a) fully paid, (b) free from all Encumbrances, and (c) transferred together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain (if any) all Distributions announced, declared, paid or made by the Company on or after the Joint Announcement Date.

3.5 Duration

As stated in the Exit Offer Letter, the Exit Offer is open for acceptance by Shareholders from the Despatch Date. Shareholders may choose to accept the Exit Offer before the EGM. However, such acceptances are conditional and if the Delisting Resolution is not approved at the EGM, the condition to the Delisting and Exit Offer will not have been fulfilled and the Exit Offer will lapse, and both the Shareholders and the Offeror will cease to be bound by any prior acceptances of the Exit Offer by any Shareholder.

As stated in the Exit Offer Letter, if the Delisting Resolution is approved by the Shareholders at the EGM, the Exit Offer will be open for acceptance by the Shareholders for a period of at least 14 days after the date of the announcement of the Shareholders' approval of the Delisting Resolution at the EGM. Accordingly, if the Delisting Resolution is approved by the Shareholders at the EGM, the Exit Offer will close at 5.30 p.m. (Singapore time) on 7 August 2018 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

If the Exit Offer is extended, an announcement will be made of such extension and the Exit Offer will remain open for acceptance for such period as may be announced.

3.6 Withdrawal of Acceptances

In light of the SGX RegCo's assessment, Shareholders who have accepted or accept the Exit Offer in respect of some or all of their Shares are permitted to withdraw their acceptances at any time prior to (but excluding) the date on which the Offeror issues an announcement that the Exit Offer has become or is declared unconditional in all respects in accordance with its terms ("**Unconditional Announcement**"), if such Shareholders comply with the procedures below.

To withdraw an acceptance under the Exit Offer:

- (a) a Shareholder holding Shares which are deposited with CDP must give written notice to the Offeror at Fincantieri Oil & Gas S.p.A. c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive #01-19/20 The Metropolis, Singapore 138588; and
- (b) a Shareholder holding Shares which are not deposited with CDP must give written notice to the Offeror at Fincantieri Oil & Gas S.p.A. c/o RHT Corporate Advisory Pte. Ltd., 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619.

The notice of withdrawal shall be effective only if it is:

- (i) received before 5.00 p.m. (Singapore time) on the Business Day immediately before the date on which the Unconditional Announcement is issued; and
- (ii) signed by the Shareholder who validly tenders his Shares in acceptance of the Exit Offer or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the same notice and when actually received by the Offeror.

For CPFIS Investors and SRS Investors, who wish to withdraw their acceptances under the Exit Offer, they are advised to consult their respective agent banks included under the CPFIS or agent banks included under the SRS (as the case may be) should they require information as to how their acceptances may be withdrawn. Similarly, for persons who hold Shares through depository agents, they are advised to consult their depository agents for further information on how their acceptances may be withdrawn.

4. **RATIONALE FOR THE DELISTING AND THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY AND THE GROUP**

The full text on the rationale for the Exit Offer and the Offeror's intention relating to the Company and the Group is reproduced from paragraphs 6 and 7.2 of the Exit Offer Letter and is set out in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated. Shareholders are advised to read the extract below carefully.

“6.1 Opportunity for Shareholders to Exit their Investment slightly above the NTA value of the Shares. *The Exit Offer represents a cash exit opportunity for Shareholders to liquidate and realise their entire investment slightly above the NTA value of the Shares as of the fourth quarter ended 31 December 2017, without incurring brokerage and other trading costs.*

Quarter	NTA per Share (S\$)⁽¹⁾
(a) <i>As of the fourth quarter ended 31 December 2017</i>	<i>0.23</i>
(b) <i>As of the third quarter ended 30 September 2017</i>	<i>0.25</i>
(c) <i>As of the second quarter ended 30 June 2017</i>	<i>0.25</i>
(d) <i>As of the first quarter ended 31 March 2017</i>	<i>0.25</i>
(e) <i>As of the fourth quarter ended 31 December 2016</i>	<i>0.25</i>

Note:

(1) *Assuming an exchange rate of NOK1 = S\$0.1676 as at the Latest Practicable Date.*

6.2 Low Free Float and Low Trading Liquidity of Shares. *Recent market data shows that the Shares have been generally thinly traded on the SGX-ST and with only sporadic trading volume.*

For the six-month period prior to and including the Last Trading Day, the average trading volume for the market days on which the Shares were traded was 675,277 Shares, representing approximately 0.28 per cent. of the Company's free float¹ of Shares. During this six-month period, the Offeror bought 57,481,500 Shares on the market at a price of S\$0.24. Excluding the Shares bought by the Offeror, the average trading volume for the market days on which the Shares were traded was 175,437 Shares, representing approximately 0.07 per cent. of the Company's free float of Shares.

Period prior to and including the Last Trading Day	Average daily trading volume⁽¹⁾	Approximate percentage of total number of free float Shares (%)	Average daily trading volume excluding Shares bought by the Offeror⁽¹⁾	Approximate percentage of total number of free float of Shares (%)
(a) <i>Last one-month</i>	<i>239,305</i>	<i>0.10</i>	<i>212,632</i>	<i>0.09</i>
(b) <i>Last three-months</i>	<i>343,907</i>	<i>0.14</i>	<i>174,861</i>	<i>0.07</i>
(c) <i>Last six-months</i>	<i>675,277</i>	<i>0.28</i>	<i>175,437</i>	<i>0.07</i>

Note:

(1) *Source: Bloomberg L.P. The average daily volume is computed based on the total trading volume of the Shares for all Market Days for the relevant parties immediately prior to and including the Last Trading Day, divided by the total number of Market Days during the respective periods.*

The Exit Offer therefore represents a clean cash exit opportunity for Shareholders (without incurring any brokerage and other trading costs) to realise their entire investment in the Shares above the latest announced NTA value of the Shares as of the fourth quarter ended 31 December 2017, an opportunity that otherwise may not be available due to the low trading liquidity and low free float of the Shares.

1 The free float of Vard represents the total number of Shares which are held by the public, being 243,774,290 Shares as at the Joint Announcement Date.

6.3 Business Rationale and Greater Management Flexibility. *As previously mentioned in the offer document dated 1 December 2016 issued by Credit Suisse (Singapore) Limited for and on behalf of the Offeror in relation to the Offeror's voluntary conditional cash offer for the Shares, the Offeror has long been convinced of a strong business rationale in fully integrating Vard with the Fincantieri Group. Since the acquisition of the majority stake in Vard in 2013, the Offeror's objective has been to delist Vard and to implement a series of synergies in engineering and production. Such industrial rationale has only become stronger in the context of the persisting unfavourable oil & gas market conditions. The Offeror believes that the delisting would provide the management of Vard with the flexibility to manage and develop its existing businesses while exploring further opportunities without the attendant cost, regulatory restrictions and compliance issues associated with its listed status on the SGX-ST. With the current backdrop of unfavourable oil & gas market conditions, such management flexibility is of paramount importance in order for Vard, with the support of the Fincantieri Group, to be able to develop industrial and commercial initiatives, optimise the use of their resources and generate mutual business opportunities to help secure Vard's future.*

6.4 Costs of Maintaining Listing Status. *In maintaining its listed status, Vard incurs compliance and associated costs. The Delisting would allow Vard to dispense with expenses relating to the maintenance of a listed status and focus its resources on its business operations. Furthermore, for so long as Vard operates as a separate SGX-ST listed entity, efforts to fully integrate Vard's activities with those of the Fincantieri Group would remain subject to Vard's continuing compliance with the requirements of the Listing Manual.*

6.5 Funding Requirements. *The Offeror believes that by delisting Vard and fully integrating Vard with the Fincantieri Group, Vard will have improved access to funding on terms consistent with its needs in the event market conditions continue to deteriorate and the Fincantieri Group will be in a better position to provide financial support to its wholly-owned subsidiary. If Vard is not privatised and fully integrated with the Fincantieri Group, the Offeror believes that, in the event market conditions continue to deteriorate and Vard is unable to raise debt financing at terms consistent with its needs, Vard may be required to seek alternative avenues of funding, including equity fund raising on the SGX-ST, in order to support current business operations and requirements of Vard and its subsidiaries.*

...

7.2 Offeror's Future Plans for Vard. *The Offeror intends for Vard to continue its existing business activities and there are no plans to (i) introduce any major changes to the business of Vard or the operations of any of its subsidiaries, (ii) re-deploy any of the fixed assets of Vard or (iii) discontinue the employment of any of the existing employees of Vard and/or its subsidiaries, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to Vard which may present themselves and which the Offeror may regard to be in the best interests of Vard."*

5. **INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES**

Please refer to, *inter alia*, paragraphs 4 and 12 of the Exit Offer Letter as well as Appendices 2, 3 and 9 to the Exit Offer Letter for information on the Offeror as well as the other parties acting in concert with the Offeror.

6. **GENERAL INFORMATION ON THE COMPANY AND THE GROUP**

Please refer to Section 7 and Appendix III to the Circular for general information on the Company.

7. **FINANCIAL EVALUATION OF THE TERMS OF THE EXIT OFFER**

Methodology

In assessing the financial terms of the Exit Offer, we have considered the following:

- (i) Historical trading performance of the Shares on the SGX-ST;
- (ii) Net asset value (“NAV”), net tangible asset (“NTA”) and revalued net asset value (“RNAV”) of the Group;
- (iii) Historical trailing P/NAV multiples of the Shares;
- (iv) Valuation multiples of selected listed companies which are broadly comparable to the Company (the “Comparable Companies”);
- (v) Valuation multiples implied in selected transactions involving target companies which are in an industry similar to that of the Company (the “Precedent Transactions”);
- (vi) Premia / discounts paid in recent delistings or privatisations of listed companies on the SGX-ST (the “Precedent Takeovers”);
- (vii) Comparison with prior offers for the Company;
- (viii) Analyst’s price target for the Shares;
- (ix) The Group’s historical financial performance, financial position and outlook; and
- (x) Other relevant considerations which have a bearing on our assessment.

General bases and assumptions

We wish to highlight that unless specified otherwise, we have relied on the following general bases in our analysis:

- (i) As at the Latest Practicable Date, the issued and paid-up capital of the Company comprises 1,180,000,000 Shares, and the Company does not hold any treasury shares;
- (ii) As at the Latest Practicable Date, there are no outstanding options exercisable in respect of the Shares under the Option Scheme;
- (iii) The underlying figures, financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Bloomberg L.P., Mergermarket Limited, Thomson Reuters Eikon, SGXNET and/or other public filings as at the Latest Practicable Date or provided by the Company where relevant. CIMB makes no representations or warranties, express or implied, as to the accuracy or completeness of such information; and
- (iv) Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Where applicable, figures and percentages are rounded off.

Valuation multiples

We have applied the following valuation multiples in our analysis:

Valuation Multiples	General Description
P/E	<p>The “P/E” or “price-to-earnings” multiple illustrates the ratio of the company’s market capitalisation relative to its net earnings attributable to shareholders. The P/E multiple is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and amortisation.</p>
EV/EBITDA	<p>“EV” or “enterprise value” is the sum of a company’s market capitalisation, preferred equity, minority interest, short and long term debt less cash and cash equivalents. “EBITDA” stands for earnings before interest, tax, depreciation and amortisation expenses, inclusive of share of results of joint ventures and/or associates.</p> <p>The EV/EBITDA multiple illustrates the market value of a company’s business relative to its pre-tax operating cashflow performance, without regard to the company’s capital structure.</p>
P/NAV	<p>The “P/NAV” or “price-to-NAV” multiple illustrates the ratio of the market price of a company’s share relative to its historical NAV per share as recorded in its financial statements.</p> <p>The NAV of a company is defined as its total assets (including intangible assets) less its total liabilities, and excludes, where applicable, minority interests. The NAV figure provides an estimate of the value of a company assuming the sale of all its assets at book value, the proceeds of which are first used to settle liabilities and obligations with the balance available for distribution to shareholders. Comparisons of companies using their NAVs are affected by differences in accounting policies, in particular depreciation and amortisation policies.</p>
P/RNAV	<p>The “P/RNAV” or “price-to-RNAV” multiple illustrates the ratio of the market price of a company’s share relative to its revalued NAV per share.</p> <p>The RNAV approach is a common method of valuing a company’s net assets after restating its key assets at their market or realisable value, which may exceed their net book or carrying value. The market values would typically be determined by expert valuers on the basis of market benchmarks or by discounting future cash flows.</p>

7.1 Historical trading performance of the Shares on the SGX-ST

We have compared the Exit Offer Price to the historical price performance of the Shares and considered the historical trading volume of the Shares.

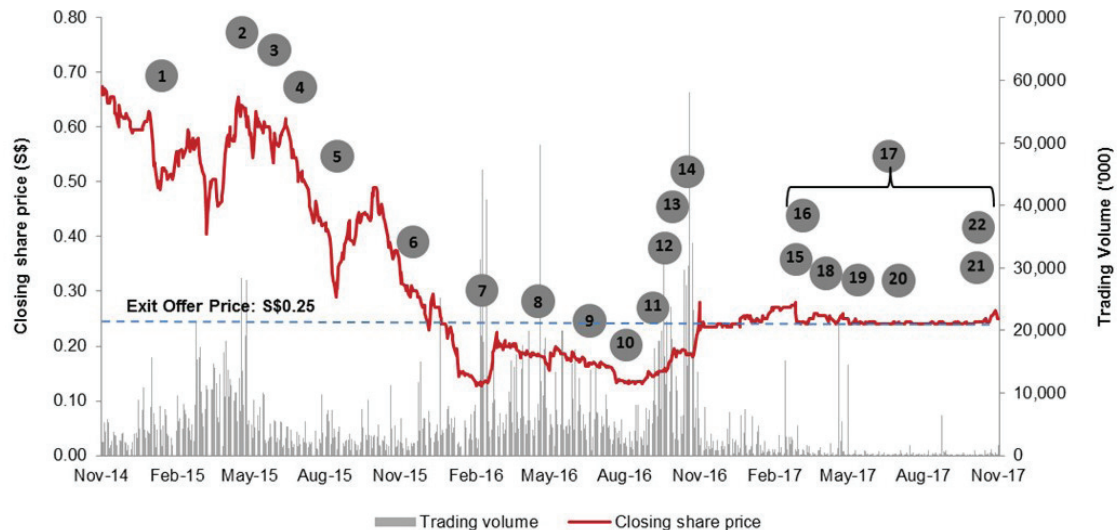
Shareholders should note that past trading performance of the Shares should not, in any way, be relied upon as an indication of its future trading performance. The price performance of the Shares may be due to market factors and other individual factors which may not be easily isolated and identified with certainty.

7.1.1 Price performance and trading activity of the Shares

In evaluating the Exit Offer Price, it is relevant to examine the price performance and trading volume of the Shares over a reasonable period, during which the market price of the Shares may ordinarily reflect public investors' valuation of the Shares, based on publicly available information.

Share price performance

We set out below the daily closing prices and trading volumes of the Shares for the 3-year period between 11 November 2014 and 10 November 2017 (being the last full trading day on which the Shares were traded prior to the release of the Joint Announcement) (the “**Last Trading Day**”) and highlight certain key events during this period.



Source: Bloomberg L.P. and the Company's filings

Notes:

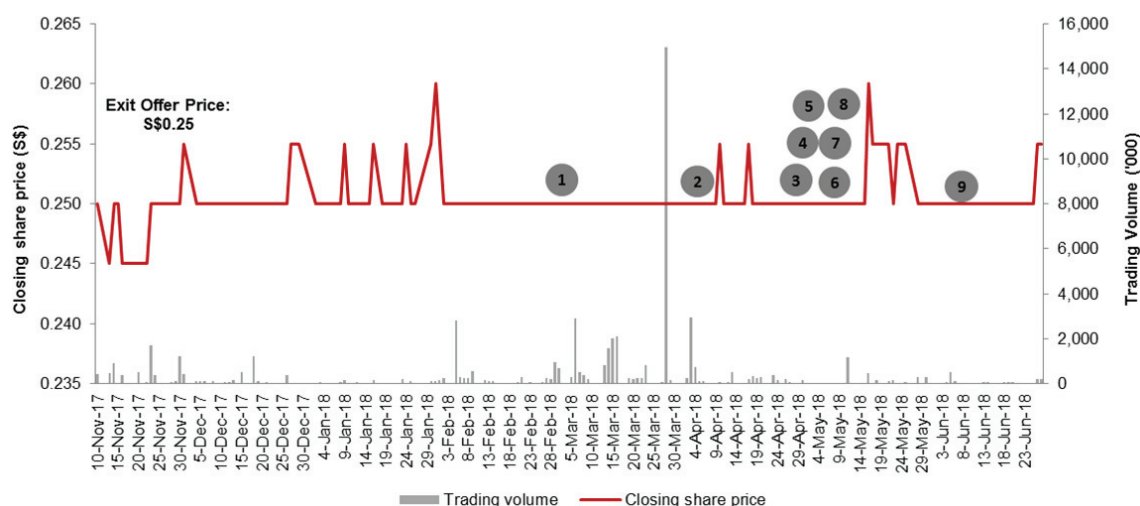
- (1) **27 February 2015:** The Company released its unaudited results for the financial year ended 31 December (“**FY**”) 2014 and reported a profit attributable to Shareholders (“**PAT**”) of NOK 349 million compared to a PAT in the previous corresponding period of NOK 357 million.
- (2) **13 May 2015:** The Company released its unaudited results for the three months ended 31 March (“**3M**”) 2015 and reported a loss attributable to Shareholders (“**LAT**”) of NOK 92 million compared to a PAT in the previous corresponding period of NOK 92 million.
- (3) **24 June 2015:** The Company announced the acquisition of the entire shareholding interest in ICD Software AS, a leading provider of automation and control system software for the offshore and marine sectors.
- (4) **22 July 2015:** The Company released its unaudited results for the six months ended 30 June (“**6M**”) 2015 and reported a LAT of NOK 34 million compared to a PAT in the previous corresponding period of NOK 232 million.
- (5) **22 September 2015:** The Company announced the incorporation of a new subsidiary, Vard Shipholding Singapore Pte. Ltd. which will initially own a platform supply vessel.
- (6) **11 November 2015:** The Company released its unaudited results for the nine months ended 30 September (“**9M**”) 2015 and reported a LAT of NOK 520 million compared to a PAT in the previous corresponding period of NOK 195 million and announced the appointment of its new Chief Financial Officer, Mr Geir Ingebrigtsen.
- (7) **29 February 2016:** The Company released its unaudited results for FY2015 and reported a LAT of NOK 603 million compared to a PAT in the previous corresponding period of NOK 349 million.
- (8) **12 May 2016:** The Company released its unaudited results for the 3M2016 and reported a PAT of NOK 37 million compared to a LAT in the previous corresponding period of NOK 92 million.
- (9) **21 July 2016:** The Company released its unaudited results for 6M2016 and reported a LAT of NOK 16 million compared to a LAT in the previous corresponding period of NOK 34 million.

- (10) **5 August 2016:** The Company announced that its wholly-owned subsidiary, Vard Group AS, has increased its shareholdings in the Company's indirect subsidiary, Vard Promar SA.
- (11) **3 October 2016:** The Company announced changes in its Board and the board committees.
- (12) **13 October 2016:** The Company announced the acquisition of the entire shareholding interest in Storvik Aqua AS, a leading equipment supplier within aquaculture known for equipment and systems such as feeding equipment, biomass measurement and oxygen optimization tools.
- (13) **11 November 2016:** The Company released its unaudited results for 9M2016 and reported a LAT of NOK 96 million compared to a LAT in the previous corresponding period of NOK 520 million.
- (14) **13 November 2016** (the "**2016 Vard Offer Announcement Date**"): The Offeror made a voluntary conditional cash offer for all of the issued Shares in the capital of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees (the "**2016 Vard Offer**").
- (15) **1 March 2017:** The Company released its unaudited results for FY2016 and reported a LAT of NOK 163 million compared to a LAT in the previous corresponding period of NOK 603 million.
- (16) **25 March 2017:** The Offeror announced that as at the close of the 2016 Vard Offer on 24 March 2017, the total number of Shares owned, controlled or agreed to be acquired by the Offeror and its concert parties (including valid acceptances of the 2016 Vard Offer) amounted to an aggregate of 878,523,910 Shares, representing approximately 74.45 per cent. of the total number of Shares.
- (17) **27 March 2017 to 10 November 2017:** The Offeror purchased a total of 57,701,800 Shares during this period.
- (18) **10 April 2017:** The Company announced that its wholly-owned subsidiary, Vard Group AS, had divested its entire shareholding stake in Multifag AS.
- (19) **12 May 2017:** The Company released its unaudited results for 3M2017 and reported a LAT of NOK 25 million compared to a PAT in the previous corresponding period of NOK 37 million.
- (20) **25 July 2017:** The Company released its unaudited results for 6M2017 and reported a LAT of NOK 94 million compared to a LAT in the previous corresponding period of NOK 16 million.
- (21) **10 November 2017:** The Company released its unaudited results for 9M2017 and reported a LAT of NOK 102 million compared to a LAT in the previous corresponding period of NOK 96 million.
- (22) **13 November 2017:** The Company released a joint announcement with the Offeror in relation to the Delisting Proposal.

We observed that the Share price declined significantly between November 2014 and August 2016, falling from a high of S\$0.675 to a low of S\$0.128. However, the Share price subsequently increased sharply leading up to the announcement of the 2016 Vard Offer in November 2016 and traded within a tight range of between S\$0.235 and S\$0.28 during the 2016 Vard Offer period. Following the close of the 2016 Vard Offer, we noted that the Offeror had continued to make significant market purchases of the Shares at prices ranging from S\$0.24 to S\$0.25 per Share, accounting for approximately 61.49% of total trading volume between 27 March 2017 (being the market day immediately after the close of the 2016 Vard Offer) and the Last Trading Day, which we believe had provided support for the Share prices during the said period.

In light of the above, we consider it appropriate to consider both the 2016 Vard Offer Announcement Date as well as the Joint Announcement Date as reference dates for the purpose of assessing the Exit Offer Price against the historical market price of the Shares.

We set out below the daily closing prices and trading volumes of the Shares for the period from the Last Trading Day up to the Latest Practicable Date:



Source: Bloomberg L.P. and the Company's filings

The following are certain developments which occurred between the Last Trading Day and the Latest Practicable Date:

- (1) **1 March 2018:** The Company announced its unaudited full year results for FY2017 and reported a LAT of NOK 233 million compared to a LAT in the previous corresponding period of NOK 163 million.
- (2) **5 April 2018:** The Company announced that the SGX-ST has confirmed that it has no objection to the Delisting of the Company subject to the approval of the Delisting by the Shareholders in accordance with Rule 1307 of the Listing Manual and the fulfilment of all other conditions precedent to the Delisting.
- (3) **30 April 2018:** The Company held the 30 April EGM for the Delisting. Trading in the Shares was halted from noon.
- (4) **1 May 2018:** The Company announced that the Delisting Resolution was passed at the 30 April EGM and that the SGX-ST has received public feedback on, and is reviewing, the conduct of the proceedings of the 30 April EGM and the issues raised regarding disclosures in the 13 April Circular to determine whether Shareholders' approval for the Delisting Resolution was properly obtained.
- (5) **2 May 2018:** The Offeror announced that, in light of the SGX-ST undertaking a review to determine whether Shareholders' approval for the Delisting Resolution has been properly obtained which may affect the satisfaction of the conditions of the Delisting and upon consultation by the Offeror with the Securities Industry Council of Singapore ("SIC"), pending the outcome of the SGX-ST's review, the Exit Offer has not become and is not declared to be unconditional in all respects as at that date.
- (6) **10 May 2018:** The SGX-ST issued a regulatory announcement that given the inaccuracies in CIMB's first IFA Letter dated 13 April 2018, the SGX-ST's no objection to the Delisting will not be valid unless the Company fulfils the Additional Conditions. The Company and the Offeror jointly announced that they will continue to undertake the Delisting in accordance with the Delisting Proposal and will take steps to fulfil the Additional Conditions.
- (7) **10 May 2018:** The Company announced its unaudited results for the first quarter ended 31 March 2018 and reported a LAT of NOK 36 million compared to a LAT in the previous corresponding period of NOK 25 million.
- (8) **11 May 2018:** The Company announced the responses to the alleged issues mentioned in the Business Times' Article titled "SGX to review how Vard's delisting EGM was handled" dated 1 May 2018 (the "Article"). Trading halt in the Shares was lifted.
- (9) **4 June 2018:** The Company announced its condensed consolidated interim financial information as at and for the three months ended 31 March 2018 which was reviewed by its auditors. The Company reported a LAT of NOK 109 million for the period which was higher than the LAT of NOK 36 million reported earlier on 10 May 2018.

Between the Joint Announcement Date and the Latest Practicable Date, we note the following:

- (i) The Shares traded in a tight range with closing prices of between S\$0.245 and S\$0.260;
- (ii) The Shares closed above the Exit Offer Price on only 21 market days representing 15.2% of the total number of market days where there was trading in the Shares during this period; and
- (iii) There were no trades in the Shares on the Latest Practicable Date. The closing price of the Shares on 27 June 2018, being the last market day for which there were trades in the Shares prior to the Latest Practicable Date was S\$0.255.

Price premia and trading volume

We set out below (i) the premia implied by the Exit Offer Price over the historical volume-weighted average transacted price (“VWAP”); and (ii) historical average daily trading volume (“ADTV”) of the Shares for various historical periods up to the Latest Practicable Date.

	VWAP ⁽¹⁾ (S\$)	(Discount) / Premium of Exit Offer Price to VWAP (%)	Highest closing price (S\$)	Lowest closing price (S\$)	ADTV ⁽²⁾ (‘000)	ADTV as a percentage of free float ⁽³⁾ (%)
Periods up to the last trading day immediately preceding the 2016 Vard Offer Announcement Date						
Last 1 year	0.191	30.7%	0.360	0.124	7,851	1.51%
Last 6 months	0.185	35.1%	0.290	0.130	8,829	1.70%
Last 3 months	0.193	29.3%	0.290	0.130	9,902	1.91%
Last 1 month	0.215	16.2%	0.290	0.176	16,472	3.17%
Period between the close of 2016 Vard Offer and Joint Announcement Date						
Between close of 2016 Vard Offer and Joint Announcement Date	0.243	2.9%	0.265	0.240	647	0.23%
Periods up to the Last Trading Day immediately preceding the Joint Announcement Date						
Last 6 months	0.241	3.6%	0.265	0.240	675	0.24%
Last 3 months	0.244	2.5%	0.265	0.240	349	0.14%
Last 1 month	0.252	(0.9%)	0.265	0.240	241	0.10%
Last Trading Day	0.250	0.0%	0.260	0.250	413	0.17%
Periods after the Joint Announcement Date						
Between the Joint Announcement Date and the Latest Practicable Date	0.250	(0.1%)	0.260	0.245	424	0.19%
Last traded price on the Latest Practicable Date ⁽⁴⁾	0.255	(2.0%)	0.255	0.250	195	0.10%

Source: Bloomberg L.P.

Notes:

- 1 The historical VWAPs are rounded to the nearest three (3) decimal places for the purpose of calculating the corresponding premium.
- 2 The ADTV of the Shares is calculated based on the total volume of the Shares traded during the period divided by the number of market days during that period.
- 3 Based on the public float of the Shares during each relevant period as extracted from Bloomberg.
- 4 There were no trades in the Shares on the Latest Practicable Date. The figures reflected in the table above were based on the last traded price and trading volume on 27 June 2018.

Based on the above, we note the following:

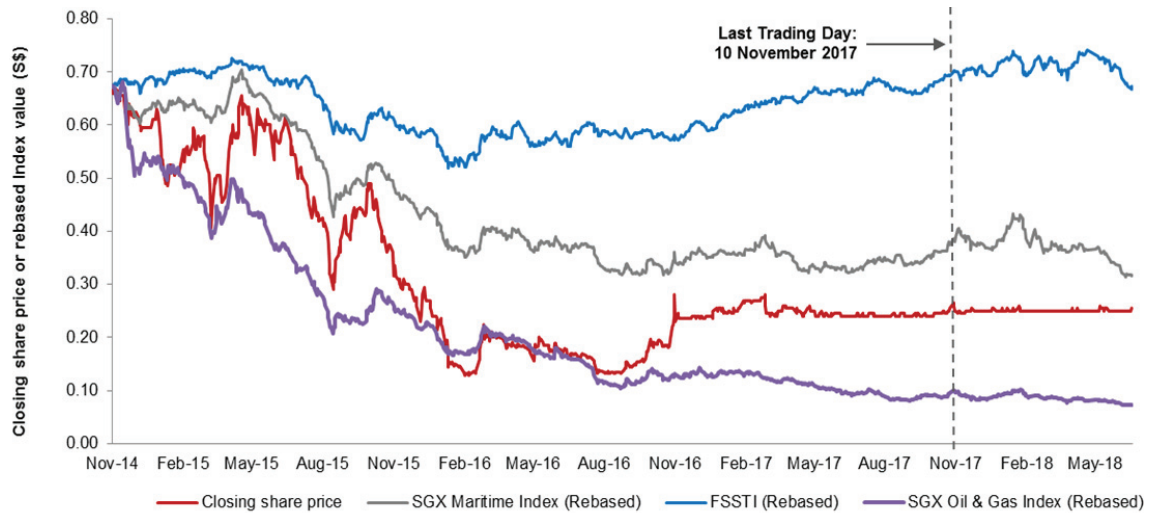
- (i) The Exit Offer Price represents a premium of between approximately 16.2% and 35.1% over the various VWAPs of the Shares in the 1-year period prior to the 2016 Vard Offer Announcement Date;
- (ii) Save for the 1-month period prior to the Joint Announcement Date where the Exit Offer Price represents a small discount of approximately 0.9% to the corresponding VWAP of the Shares, the Exit Offer Price was generally at a premium of up to approximately 3.6% over the various VWAPs of the Shares in the 6-month period prior to the Joint Announcement Date;
- (iii) The Exit Offer Price represents a premium of approximately 2.9% over the VWAP of the Shares between the close of the 2016 Vard Offer and the Joint Announcement Date;
- (iv) Between the 2016 Vard Offer Announcement Date and the Latest Practicable Date, the Shares traded between an intra-day high of S\$0.285 and an intra-day low of S\$0.230;
- (v) The Shares closed at the Exit Offer Price on the Last Trading Day;
- (vi) The Exit Offer Price is at a marginal discount to the VWAP of the Shares between the Joint Announcement Date and the Latest Practicable Date; and
- (vii) The Exit Offer Price is at a slight discount to the closing price of the Shares on 27 June 2018, being the last market day for which there were trades for the Shares prior to the Latest Practicable Date.

We further note that:

- (i) The ADTV of the Shares ranged between approximately 7.9 million Shares and approximately 16.5 million Shares, or between approximately 1.5% and 3.2% of the Company's free float, over the various historical periods in the 1-year period prior to the 2016 Vard Offer Announcement Date;
- (ii) The ADTV of the Shares ranged between 240,583 Shares and 675,279 Shares, or between approximately 0.1% and 0.2% of the Company's free float, over the various historical periods in the 6-month period prior to the Joint Announcement Date. The Offeror accounted for approximately 75.1% of market purchases of the Shares between 12 May 2017 and 10 November 2017;
- (iii) During the 3-year period prior to the Last Trading Day, trading in the Shares occurred on approximately 98% of all market days in that period; and
- (iv) While the trading volume of the Shares had declined following the close of the 2016 Vard Offer, the Shares continued to be traded regularly (i.e. 98% of all market days) with reasonable trading volumes (i.e. ADTV of approximately 647,000 Shares) between the close of the 2016 Vard Offer and the Joint Announcement Date.

7.1.2 Price performance of the Shares relative to broad market performance

To gauge the price performance of the Shares relative to the general price performance of the stock market, maritime, and oil and gas related companies listed on the SGX-ST, we set out below the market price movement of the Shares against the FTSE Straits Times Index (“FSSTI”), the SGX Maritime Index (“SGXMA”) and the SGX Oil & Gas Index (“SGXOG”) for the period between 11 November 2014 (being 3 years prior to the Last Trading Day) and the Latest Practicable Date.



Source: Bloomberg L.P.

Notes:

- 1 The FSSTI is a market capitalisation weighted index based on the stocks of 30 representative companies listed on the Mainboard of the SGX-ST.
- 2 The SGXMA is a free-float market capitalisation weighted index that measures the price performance of listed maritime companies in Singapore including shipyard operators and shipping companies.
- 3 The SGXOG is a free-float market capitalisation weighted index that measures the price performance of listed oil & gas companies in Singapore.

We note that:

- (i) For the past 3 years leading up to the Last Trading Day, the Shares has underperformed the FSSTI and the SGXMA, but had outperformed the SGXOG; and
- (ii) In contrast, between the Last Trading Day and the Latest Practicable Date, the Shares recorded a slight 2.0% increase in price, which outperformed relative to the price performance of the FSSTI, SGXMA and SGXOG which decreased by approximately 4.4%, 18.2% and 23.1% respectively, over the same period.

We note that the Company has since 2016 reduced its dependency on the offshore support and subsea construction vessels which currently accounts for less than 25% of its order book as at 31 December 2017 and has instead diversified into new markets in expedition cruise vessels and fishing vessels which are outside of the Company's traditional markets.

7.1.3 Purchases made by the Offeror after the announcement of the 2016 Vard Offer

We note that after the announcement of the 2016 Vard Offer on 13 November 2016, the Offeror had made significant open market purchases of the Shares, in addition to the acceptances received pursuant to the 2016 Vard Offer. We set out below the number of Shares acquired and the price paid by the Offeror, where available (i) from the 2016 Vard Offer Announcement Date till the Last Trading Day, and (ii) from the Joint Announcement Date till the Latest Practicable Date.

Date of acquisition	Description	Number of Shares acquired	As percentage of total Shares ⁽¹⁾ (%)	As percentage of total Shares traded (%)	Consideration paid per Share (S\$)
Between 13 November 2016 (being the 2016 Vard Offer Announcement Date) and 24 March 2017 (being the closing date of the 2016 Vard Offer)	Open market purchases	6,106,400	0.52	2.24	0.24
24 March 2017 (being the closing date of the 2016 Vard Offer)	Acceptances received by the Offeror as at the close of the 2016 Vard Offer	215,946,242	18.30	n.a.	0.24
Between 27 March 2017 and 11 May 2017	Open market purchases	220,300	0.02	1.27	n.a. ⁽²⁾
Between 12 May 2017 and 10 November 2017 (being the Last Trading Day)	Open market purchases	57,481,500	4.87	75.09	0.24
Between 13 November 2017 (being the Joint Announcement Date) and the Latest Practicable Date	Open market purchases	49,222,600	4.17	84.81	0.25
Total		328,977,042	27.88		
Between 27 March 2017 to Last Trading Day		57,701,800	4.89	61.49	
Between 27 March 2017 to Latest Practicable Date		106,924,400	9.06	70.41	

Source: SGXNET announcements

Notes:

"n.a." – Not applicable or not available, as the case may be.

- 1 Based on Vard's issued and paid-up share capital comprising 1,180,000,000 Shares (excluding treasury shares) as at the Latest Practicable Date.
- 2 There are no publicly available information or disclosures in relation to the Offeror's open market purchases between 27 March 2017 and 11 May 2017. Determination of the number of Shares acquired was based on the change in the Offeror's shareholding interest in the Company announced on 16 May 2017.

We note that the Offeror was able to increase its aggregate interest in the Company from 74.45 per cent. to 83.51 per cent. between 27 March 2017 (being the market day immediately after the close of the 2016 Vard Offer) to the Latest Practicable Date. During this period, purchases by the Offeror accounted for 70.41 per cent. of the total number of Shares traded on the SGX-ST.

Based on the above, it would appear that the Share prices as at the Last Trading Day and as at the Latest Practicable Date may be supported by the Exit Offer and purchases by the Offeror and may not be sustained at these levels in the absence of or after the close of the Exit Offer or if the Offeror reduces the volume and/or the prices of its purchase of Shares.

7.2 NAV, NTA, and RNAV of the Group

7.2.1 NAV and NTA

Based on the Company's unaudited condensed consolidated interim financial information for the quarter ended 31 March 2018, the unaudited consolidated NAV of the Group as at 31 March 2018 was approximately NOK 1,942 million (equivalent to approximately S\$325 million⁽¹⁾) or approximately S\$0.275 per Share, while the unaudited consolidated NTA of the Group as at 31 March 2018 was approximately NOK 1,468 million (equivalent to approximately S\$246 million⁽¹⁾) or approximately S\$0.208 per Share.

The table below sets out the premium / (discount) of the Exit Offer Price to / over the NAV per Share and NTA per Share as at 31 March 2018.

	NAV	NTA
As at 31 March 2018 (S\$ million) ⁽¹⁾	325	246
NAV / NTA per Share (S\$) ⁽²⁾	0.275	0.208
Premium / (Discount) implied by the Exit Offer Price	(9.2%)	20.1%

Notes:

- 1 Converted at a SGD/NOK foreign exchange rate of 5.9775 as at the Latest Practicable Date.
- 2 Based on Vard's issued and paid-up share capital comprising 1,180,000,000 Shares (excluding treasury shares) as at the Latest Practicable Date.

Based on the analysis above, we note that the Exit Offer Price represents a discount of approximately 9.2% to the NAV per Share and a premium of approximately 20.1% over the NTA per Share as at 31 March 2018.

We note that the tangible assets of the Group as at 31 March 2018 comprise mainly: (i) contract assets (approximately 47.2% of total assets); (ii) property, plant and equipment (approximately 16.5% of total assets); (iii) inventories (approximately 13.6% of total assets); (iv) trade and other receivables (approximately 5.9% of total assets); (v) cash and cash equivalents (approximately 4.1% of total assets); and (vi) interest bearing receivables, non-current (approximately 3.8% of total assets). We further note that there are intangible assets of NOK 474 million comprising mainly of goodwill.

We also note that the Group accounts for revenue from construction contracts based on the stage-of-completion of the construction contract, which is measured generally by reference to contract costs incurred to date, as compared to the estimated costs for the contracts. Accordingly, the Group's NAV/NTA, which comprise, *inter alia*, the construction work in progress, is based on the stage-of-completion method of revenue recognition.

7.2.2 RNAV

Given the asset-intensive nature of the Group's operations, we have also considered the RNAV of the Group taking into consideration the prevailing market value of the Group's significant properties. In connection with the Exit Offer, the significant properties of the Group, comprising its buildings, land and land leasehold improvements and quays in Brazil, Norway, Romania, and Vietnam (the "**Revalued Properties**") have been identified for independent valuation, given that as an asset class, they form a significant proportion of the Group's total assets (approximately 9.9% of the Group's total assets as at 31 March 2018). The Company has commissioned

independent valuations to determine the market value of these significant properties to determine if there were significant revaluation surpluses or deficits over their respective book values that may affect the asset backing of the Group. A summary of the valuation figures for the Revalued Properties and the Company's effective share of the revaluation surplus/deficit is set out below.

Shipyards/Entities holding the Revalued Properties	Company's effective interest (%)	Valuation ⁽¹⁾ (NOK million)	Share of net revaluation surplus/ (deficit) ⁽²⁾ (NOK million)	Percentage of NAV to total assets ⁽³⁾ (%)
Vard Promar SA (Brazil)	100.0	519	17	3.3%
Vard Vung Tau Ltd. (Vietnam)	100.0	111	(8)	0.8%
Vard Aukra (Norway)	100.0	79	26	0.3%
Vard Brattvaag (Norway)	100.0	46	(2)	0.3%
Vard Brevik (Norway)	100.0	12	6	<0.1%
Vard Langsten (Norway)	100.0	120	53	0.4%
Vard Søviknes (Norway)	100.0	104	3	0.7%
Vard Electro AS (Norway)	100.0	83	(20)	0.7%
Vard Tulcea SA (Romania)	100.0	424	(36)	3.0%
Vard Braila SA (Romania)	100.0	166	110	0.4%
Total net revaluation surplus / (deficit)			149	

Source: The Company's filings, the Valuation Reports and Management's computations

Notes:

- 1 Unless otherwise provided, the valuations reflect market values as at 31 December 2017 as indicated in the Valuation Reports and in respect of properties outside of Norway expressed in NOK terms based on the exchange rates as at end March 2018.
- 2 The net revaluation surplus/deficit for each of the Revalued Properties is computed by the Management after taking into consideration the net book value of such Revalued Properties as at 31 March 2018 and their respective current valuations as indicated in the Valuation Reports.
- 3 The Revalued Properties have no intangible assets.

The valuation of the Revalued Properties as set out above is based on the Valuation Reports issued by the Independent Valuers which were conducted based on International Valuation Standards (IVS). Further information on the Revalued Properties including the basis for such valuation is set out in the respective Valuation Reports which are set out in Appendix IV of the 13 April Circular.

We note that, based on information provided by the Company, the potential tax liabilities that may be incurred by the Group on the hypothetical disposal of the Revalued Properties amount to approximately NOK 31 million, comprising mainly income tax on the taxable profit from the sale of the Revalued Properties. The aforesaid tax liabilities will not crystallise if the Group does not dispose of its interests in the Revalued Properties. We also note the Company's confirmation that it has no current plans to dispose of its interests in the Revalued Properties.

Based on the above, the following adjustments have been made to determine the RNAV of the Group for the purpose of our analysis:

The Group's NAV as at 31 March 2018 (NOK million)	1,942
Add: Net revaluation surplus arising from Revalued Properties (NOK million)	149
Less: Potential tax liabilities on sale (NOK million)	(31)
RNAV as at 31 March 2018 (NOK million)	2,060
RNAV as at 31 March 2018 (S\$ million) ⁽¹⁾	345
RNAV per Share (S\$)	0.292
Discount to RNAV as implied by the Exit Offer Price	14.4%

Source: The Management's estimates, the Company's filings and CIMB's analysis

Note:

1 Converted at a SGD/NOK foreign exchange rate of 5.9775 as at the Latest Practicable Date.

We wish to highlight that the RNAV per Share shown above includes the net revaluation surpluses on the Revalued Properties. Shareholders should be aware that the Group has not earned or recorded such net revaluation surpluses as at the Latest Practicable Date. There is no assurance that any surpluses or income will eventually be recorded by the Group on the Revalued Properties, or if any surpluses or income are to be recorded by the Group on the Revalued Properties, the surpluses or income will be the same as those indicated in the table above. Save for the Revalued Properties, the other assets of the Group have not been revalued for the purpose of determining the RNAV of the Group. The Company has confirmed to us that to the best of their knowledge: (i) the Group's assets are primarily used in the core operations of the Group in the ordinary course of business and that as at the Latest Practicable Date, the Group does not have any current plan for an imminent material disposal and/or conversion of the use of the Group's assets and/or material change in the nature of the Group's business as at the Latest Practicable Date; (ii) save for the Revalued Properties, the Company does not expect any material differences between the realisable value of the Group's other assets and their respective book values as at 31 March 2018 which would have a material impact on the NAV of the Group; (iii) there have been no material acquisitions and/or disposals of assets by the Group between 31 March 2018 and the Latest Practicable Date; and (iv) there are no material contingent liabilities which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date.

In addition, the Company has confirmed to us that the Group's inventories as at 31 March 2018 of NOK 2,091 million comprise mainly work in progress for two (2) vessels under construction and one (1) completed vessel, which are measured at the lower of cost and net realisable value and there is no further impairment in the carrying value of these vessels as at the Latest Practicable Date.

We also note from the Exit Offer Letter that the Offeror presently intends for the Company to continue with its existing business activities and has no plans to (i) introduce any major changes to the business of Vard or the operations of any of its subsidiaries, (ii) re-deploy any of the fixed assets of Vard or (iii) discontinue the employment of any of the existing employees of Vard and/ or its subsidiaries, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to Vard which may present themselves and which the Offeror may regard to be in the best interests of Vard.

We note that the Exit Offer Price is at a discount of approximately 14.4% to the RNAV per Share of approximately S\$0.292 as at 31 March 2018.

7.2.3 Goodwill and other Intangible Assets

We understand from the Company that the Group's intangible assets as recorded in the Company's condensed consolidated interim financial information as at and for the three months ended 31 March 2018 announced on 4 June 2018 ("**1Q2018 Results**") amount to NOK 474 million, of which (i) NOK 344 million relates to goodwill which is predominantly related to the acquisition and consolidation of its Norwegian yards and Romanian yards, and (ii) NOK 130 million comprise sundry licenses and patents, as well as a beneficial lease agreement acquired through the acquisition of businesses. In accordance with financial reporting standards, the Company performs an impairment assessment of the recoverability of the carrying amount of goodwill once a year in connection with the statutory audit of its financial statements, or more frequently when there is an indication of possible impairment.

Based on our discussion with the Company, we understand that the Group's know-how, expertise and technology developed internally are necessary for the Group to be competitive in the market and to remain an attractive partner to its clients. The Group's technical solutions are developed in close cooperation with its clients when developing their vessels, as part of the shipbuilding contracts, with no separate payment for access to such intangible assets. The Group also do not derive material income from the separate sale or licensing of its intellectual property to third parties. These intangible assets are mainly deployed directly in the Group's shipbuilding operations and their values are ultimately tied to the Group's ability to use them to generate its revenues, profits and cashflows. The market value of the Shares are, to a large extent, determined by the Group's profitability and financial performance over time and as mentioned, this in turn is determined by the Group's assets (including such intangible assets) and how they are deployed by the Group in its core operations. As such, the Group's intangible assets form part of the value of the Company as reflected in the market value of the Shares based on their transacted prices on the SGX-ST.

In this regard, please refer to our analysis of the historical market prices of the Shares, the valuation multiples of the Company and the Comparable Companies implied in their respective historical market prices, and the Group's historical financial performance set out in this letter, including Sections 7.1, 7.3, 7.4 and 7.9.1.

7.3 Historical trailing P/NAV multiples of the Shares

We have compared the P/NAV of the Shares implied by the Exit Offer Price against the trailing P/NAV multiples of the Shares calculated based on the daily closing prices of the Shares and the trailing NAV per Share of the Group as announced in its quarterly results, over the 3-year period prior to the Last Trading Day, as well as till the Latest Practicable Date, as set out below.



Source: Bloomberg L.P., the Company's filings and CIMB's analysis

Notes:

- 1 The NAV per Share for the relevant historical periods is calculated using the equity attributable to owners of the Company and the issued capital of the Company on the respective dates.
- 2 The P/NAV multiple implied by the Exit Offer Price has been calculated using the issued share capital of the Company of 1,180,000,000 Shares.

Based on the above, we note the following:

- (i) The average P/NAV multiple for the 3-year and 1-year periods up to the Last Trading Day are 0.7x and 0.8x, respectively; and
- (ii) At 0.9x, the P/NAV multiple implied by the Exit Offer Price is higher than the average P/NAV multiples of the Shares for the 3-year and 1-year periods prior to the Last Trading Day.

7.4 Valuation multiples of Comparable Companies

We have compared the valuation multiples of the Company implied by the Exit Offer Price with those of selected listed companies, which we consider to be broadly comparable to the Company. These Comparable Companies are similarly involved in the business of shipbuilding and ship repair of various vessel types, including offshore support vessels, tankers, product carriers and passenger vessels. These Comparable Companies, like the Company, have varying exposures to the oil and gas sector in their businesses. As a whole, the Comparable Companies provides a reasonable representation of the Company's business activities, product mix, listing status and other characteristics for the purpose of comparison. In this regard, we note that the Company has since 2016 reduced its dependency on the offshore support and subsea construction vessels which currently accounts for less than 25% of its order book as at 31 December 2017 and has instead diversified into new markets in expedition cruise vessels and fishing vessels which are outside of the Company's traditional markets.

However, there are inherent limitations in the following comparative analysis. In particular, we wish to highlight that the Comparable Companies listed below are not exhaustive and they differ from the Company in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves as an illustrative guide.

A brief description of the Comparable Companies is set out below.

Comparable companies	Listing venue	Business description
Samsung Heavy Industries Co Ltd	Korea	A shipbuilder that principally manufactures crude oil tankers, container vessels, bulk carriers, cruisers, and passenger ferries and produces steel and bridge structures, and material handling equipment.
Sembcorp Marine Ltd	Singapore	Provides integrated marine and offshore engineering services with a focus on rig building, offshore conversion, repair and maintenance services, offshore platforms, vessel design and construction, LNG modules, and other related marine services.
Yangzijiang Shipbuilding (Holdings) Ltd	Singapore	A corporate group, with shipbuilding and offshore engineering as its core business and with four additional sections: financial investment, metal trading, real estate and shipping combined ship-leasing as supplementary business.
Fincantieri S.p.A.	Italy	A shipbuilder principally engaged in designing and building merchant and naval vessels, including ship repairs and conversion services, manufacturing systems and components and provides after-sales services.
Daewoo Shipbuilding & Marine Engineering Co Ltd	Korea	Manufactures naval and commercial ships, including products such as crude oil tankers, bulk carriers, container ships, gas carriers, multi-purpose cargo ships, chemical tankers, and other vessels.
Cochin Shipyard Limited	India	Operates as a shipbuilding company that offers ship repairs, offshore, testing, and marine engineering services and produces tankers, product carriers, vessels, bollard pull tugs, and air defense ships.
Kim Heng Offshore & Marine Holdings Limited	Singapore	An established integrated offshore and marine value chain services provider that offers offshore rig services and supply chain management, and focuses on the provision of marine engineering, installation of offshore systems, refurbishment of vessels and port operations.
ASL Marine Holdings Limited	Singapore	A vertically-integrated marine services group principally engaged in shipbuilding, ship repair and conversion, ship chartering, engineering and other marine related services.

Source: Bloomberg L.P., and Comparable Companies' websites and filings

The valuation multiples of the Comparable Companies set out below are based on their respective last transacted share prices as at the Latest Practicable Date. The valuation multiples of the Company (as implied by the Exit Offer Price) are also set out below for comparison.

The valuation multiples of the Comparable Companies do not incorporate the premium typically required to acquire control as they reflect the traded prices of non-controlling stakes.

	Market Capitalisation (\$ million)	Historical P/E ⁽¹⁾ (times)	Historical EV/EBITDA ^(2,3) (times)	Historical P/NAV ⁽⁴⁾ (times)
Samsung Heavy Industries Co Ltd	5,506	n.m.	n.m.	0.6 ⁽⁵⁾
Sembcorp Marine Ltd	4,260	n.m.	32.2	1.8
Yangzijiang Shipbuilding (Holdings) Ltd	3,580	6.1	4.2	0.7
Fincantieri SpA	3,145	34.6	11.2	1.6
Daewoo Shipbuilding & Marine Engineering Co Ltd	3,543	4.9	5.8	0.8
Cochin Shipyard Ltd	1,193	15.1	5.3	1.8
Kim Heng Offshore & Marine Holdings Ltd	67	n.m.	n.m.	0.9
ASL Marine Holdings Ltd	60	n.m.	55.6	0.2
High		34.6	55.6	1.8
Low		4.9	4.2	0.2
Median		10.6	8.5	0.8
Mean		15.2	19.1	1.0
Company	295.0	n.m. ⁽⁶⁾	n.m. ⁽⁶⁾	0.9
(implied in the Exit Offer Price)				

Source: Bloomberg L.P., companies' filings and CIMB's analysis

Notes:

"n.m." – Not meaningful

- 1 Based on earnings over the most recent twelve months as reported by each of the respective Comparable Companies and the Company.
- 2 The EV of the respective Comparable Companies and the Company are based on their market capitalisations as at the Latest Practicable Date as extracted from Bloomberg L.P. (except for the Company where its market capitalisation is based on the Exit Offer Price) and the consolidated net debt and minority interest figures set out in their latest available financial statements as at the Latest Practicable Date.
- 3 The EBITDA of the respective Comparable Companies and the Company are based over the most recent twelve months as reported by each respective company.
- 4 The P/NAV multiples of the Comparable Companies and the Company are based on their respective NAV values as set out in their latest available financial statements as at the Latest Practicable Date.
- 5 The P/NAV multiple of Samsung Heavy Industries Co Ltd is adjusted to include the effect of its rights issue completed in April 2018.
- 6 Not meaningful as the Company recorded a consolidated net loss attributable to Shareholders for the latest twelve months ended 31 March 2018 and due to the low EBITDA over the same period, the Company's EV/EBITDA (net of restructuring costs) implied by the Exit Offer Price is in excess of 80x.

Based on the above, we note that:

- (i) Due to low profitability of the Company in FY2017 and 1Q2018, it is not meaningful to compare the historical P/E and EV/EBITDA multiples of the Company implied in the Exit Offer with those of the Comparable Companies; and
- (ii) The P/NAV multiple implied by the Exit Offer Price is within the range of P/NAV multiples of the Comparable Companies as at the Latest Practicable Date. The P/NAV multiple of the Company implied by the Exit Offer Price is above the corresponding median multiple but below the mean multiple of the Comparable Companies.

7.5 Valuation multiples implied in Precedent Transactions

We have reviewed selected recent transactions involving the acquisition of companies (or their businesses and subsidiaries) listed on the SGX-ST that are broadly comparable to the Company, and for which information is publicly available. A comparison of the Exit Offer against the Precedent Transactions is set out below.

Announcement Date	Target	Historical P/E ⁽¹⁾ (times)	Historical EV/ EBITDA ⁽¹⁾ (times)	Historical P/NAV ⁽²⁾ (times)	Historical P/RNAV ⁽³⁾ (times)	Premium / (Discount) of offer price over / (to) ⁽⁴⁾ :	
						Last transacted price (%)	1 month VWAP (%)
05-May-17	Shipyards business of COSCO Shipping International (Singapore) Co., Ltd.	n.m.	n.m.	0.9	0.9	n.a.	n.a.
06-Jun-16	Otto Marine Limited	n.m.	17.5	0.3	0.8 ⁽⁵⁾	39.1	44.8
25-Feb-14	All subsidiaries of Jaya Holdings Limited	7.5	5.0	0.6	n.a.	n.a.	n.a.
High		7.5	17.5	0.9	0.9	39.1	44.8
Low		7.5	5.0	0.3	0.8	39.1	44.8
Median		7.5	11.2	0.6	0.9	39.1	44.8
Mean		7.5	11.2	0.6	0.9	39.1	44.8
Company (Implied by the Exit Offer Price)		n.m.	n.m.	0.9	0.9	0.0 ⁽⁶⁾	(0.9) ⁽⁶⁾
						8.7 ⁽⁷⁾	16.2 ⁽⁷⁾

Source: Bloomberg L.P., Mergermarket Limited and the companies' filings

Notes:

"n.a." – Not applicable in the case of Jaya Holdings Limited and COSCO Shipping International (Singapore) Co., Ltd., as the transactions relate to acquisitions of the business or subsidiaries of the listed companies, while RNAV figure was not available in the Jaya Holdings Limited transaction.

"n.m." – Not meaningful

- 1 Based on earnings or EBITDA over the most recent twelve months prior to the respective acquisition announcement as reported by the target company.
- 2 Based on the most recently available NAV as reported by the target company at the respective date.
- 3 Based on RNAV as highlighted in the IFA opinion letter for the relevant transaction, where applicable.
- 4 Market premium/(discount) is calculated based on the share price on either the last trading day or unaffected day for the given periods prior to the respective announcements, as defined in the respective circulars.
- 5 This is stated before excluding goodwill for the chartering business to reflect the downward adjustment in the values of the vessels as highlighted in the IFA opinion letter. If such goodwill is excluded, the P/RNAV would have been 0.9x.
- 6 Based on Share prices prior to the Joint Announcement Date.
- 7 Based on Share prices prior to the 2016 Vard Offer Announcement Date.

We wish to highlight that the Precedent Transactions differ from the Exit Offer in terms of, *inter alia*, the characteristics of the target companies, the nature of the respective transaction and other relevant criteria. In particular, the scale of business operations and geographical coverage of operations of the respective target companies may not be directly comparable to those of the Company. The Precedent Transactions are also not exhaustive and do not include transactions involving unlisted groups or companies listed on other stock exchanges. As such, any comparison made is necessarily limited and merely serves as an illustrative guide.

Based on the above, we note that:

- (i) The P/NAV multiple implied by the Exit Offer Price is above the corresponding mean and median multiples of the Precedent Transactions;
- (ii) The P/RNAV multiple implied by the Exit Offer Price is similar to the corresponding mean and median multiples of the Precedent Transactions; and
- (iii) The market premium implied by the Exit Offer Price, over the last transacted price and 1-month VWAPs of Shares prior to the Joint Announcement Date and the 2016 Vard Offer Announcement Date are below the corresponding premia for the takeover of Otto Marine Limited.

7.6 Premia / Discounts paid in Precedent Takeovers

We note that it is the intention of the Offeror to delist the Company from the Official List of the SGX-ST. In this regard and for the purpose of providing an illustrative guide as to how the financial terms of the Exit Offer compare relative to other delistings and successful privatisations, we have compared the financial terms of the Exit Offer with those of recent successful privatisations and delistings of companies listed on the SGX-ST over the period beginning 1 January 2016 to the Latest Practicable Date.

We wish to highlight that the premium that an offeror pays in any particular takeover depends on various factors such as the potential synergy that the offeror can gain by acquiring the target, the presence of competing bids for the target, prevailing market conditions and sentiments, attractiveness and profile of the target's business and assets, size of consideration and existing and desired level of control in the target. The comparison below is made without taking into consideration the underlying liquidity of the shares and the performance of the shares of the relevant companies below. Further, the list of target companies involved in the Precedent Takeovers set out in the analysis below are not directly comparable with the Company in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policies, financial performance, operating and financial leverage, future prospects and other relevant criteria. Hence, the comparison of the Exit Offer with the Precedent Takeovers set out below is for illustrative purposes only. Any conclusions drawn from the comparisons made may not reflect any perceived valuation of the Company.

A summary of the relevant financial terms of the Precedent Takeovers is set out below.

Name of Company	Announcement Date	Premium/(Discount) of Offer Price over / (to):		
		Last transacted price prior to announcement (%)	1 month VWAP prior to announcement (%)	3 month VWAP prior to announcement (%)
Tiger Airways Holdings Limited	04-Jan-16	45.2	48.5	56.3
HTL International Holdings Limited	07-Jan-16	46.0	69.2	98.4
Lantrovision (S) Ltd	27-Jan-16	47.7	42.8	46.2
China Yongsheng Limited	24-Feb-16	52.4	67.4	62.4
Xinren Aluminium Holdings Limited	25-Feb-16	25.0	49.6	50.0
OSIM International Ltd	07-Mar-16	27.0	40.9	42.5
Select Group Limited	23-Mar-16	23.5	37.9	43.4
Xyec Holdings Co., Ltd	29-Mar-16	50.0	49.3	49.3
Pteris Global Limited	21-Apr-16	33.9	38.0	44.1
Indiabulls Properties Investment Trust	27-Apr-16	25.0	26.9	26.3
China Merchants Holdings (Pacific) Limited	09-May-16	22.9	21.8	25.3
Eu Yan Sang International Ltd	16-May-16	2.6	8.5	16.5
Otto Marine Limited	08-Jun-16	39.1	44.8	43.5
SMRT Corporation Ltd	20-Jul-16	8.7	10.8	10.7
Sim Lian Group Limited	08-Aug-16	14.9	16.6	19.5
GMG Global Limited	23-Aug-16	10.8	25.2	39.9
China Mingzhong Food Corporation Limited	6-Sep-16	25.0	24.8	23.1
Aztech Group Ltd	20-Sep-16	29.2	38.6	21.0
China New Town Development Company Limited	18-Oct-16	18.6	20.5	27.0
China Auto Electronics Group Limited	24-Oct-16	23.1	50.9	65.0
Innovalues Limited	26-Oct-16	13.5	19.0	21.6
Super Group Ltd	03-Nov-16	62.5	60.5	62.5
ARA Asset Management Limited	08-Nov-16	26.2	29.6	30.3
Advanced Integrated Manufacturing Corp. Ltd.	24-Nov-16	22.8	20.7	20.7

Name of Company	Announcement Date	Premium/(Discount) of Offer Price over / (to):		
		Last transacted price prior to announcement (%)	1 month VWAP prior to announcement (%)	3 month VWAP prior to announcement (%)
Auric Pacific Group Limited	07-Feb-17	13.4	17.7	23.8
Global Premium Hotels Limited	23-Feb-17	14.1	18.1	21.7
Nobel Design Holdings Ltd	02-May-17	8.5	9.4	15.9
Changtian Plastic & Chemical Limited	29-May-17	45.3	46.6	48.2
China Flexible Packaging Holdings Limited	19-Jun-17	23.2	24.3	28.2
Croesus Retail Trust	28-Jun-17	24.5	26.2	32.0
Global Logistic Properties Limited ⁽²⁾	14-Jul-17	25.2	19.4	17.8
Fischer Tech Limited	27-Jul-17	31.3	46.9	63.6
CWT Limited	07-Sep-17	5.9	6.4	14.8
Poh Tiong Choon Logistics Limited	20-Sep-17	1.6	30.1	41.3
GP Batteries International Limited	22-Sep-17	62.5	62.9	62.7
Rotary Engineering Limited	02-Oct-17	20.1	21.9	25.1
Cogent Holdings Limited	03-Nov-17	5.2	6.2	12.7
CWG International Ltd.	28-Dec-17	27.5	29.5	29.2
Tat Hong Holdings Ltd	9-Mar-18	42.9	47.5	49.1
Overall - High		62.5	69.2	98.4
Overall - Low		1.6	6.2	10.7
Overall - Mean		26.8	32.7	36.7
Overall - Median		25.0	29.5	30.3

Company (implied by the Exit Offer Price and based on Share prices prior to the 2016 Vard Offer Announcement Date)	8.7	16.2	29.3
Company (implied by the Exit Offer Price and based on Share prices prior to the Joint Offer Announcement Date)	0.0	(0.9)	2.5

Source: Bloomberg L.P. and the companies' offer documents and circulars

Note:

- 1 Market premium/(discount) is calculated based on the share price on either the last trading day or unaffected day for the given periods, as defined in the respective circulars prior to offer announcement.
- 2 The premia shown in the table are based on Global Logistic Properties Limited's ("GLP") share prices prior to its joint announcement date of 14 July 2017 for its scheme of arrangement. If the unaffected share price date of 30 November 2016 is used as the reference date, then (i) the corresponding implied premia over the last transacted price, 1 month VWAP and 3 month VWAP of GLP's shares would have been 64.1%, 67.4% and 72.4%, respectively, (ii) the corresponding overall mean premia of the Precedent Takeovers would be 27.8%, 33.9% and 38.1% respectively, and (iii) the corresponding overall median premia of the Precedent Takeovers would be 25.0%, 29.6% and 32.0%, respectively.

Based on the above, we note that:

- (i) The market price premium / (discount) implied by the Exit Offer Price over the last transacted Share price, 1-month and 3-month VWAPs prior to the Joint Announcement Date are below the corresponding range of premia of the Precedent Takeovers; and
- (ii) The market price premium implied by the Exit Offer Price over the last transacted Share price, 1-month and 3-month VWAPs prior to the 2016 Vard Offer are below the corresponding overall mean and median premia of the Precedent Takeovers.

7.7 Comparison with prior offers for the Company

On 21 December 2012 (the “**2012 Vard Offer Date**”), the Offeror announced a pre-conditional mandatory cash offer for all the issued Shares in the capital of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees (the “**2012 Vard Offer**”). The offer price for each Share was S\$1.22 in cash.

In the 2016 Vard Offer announced on 13 November 2016, the Offeror made a voluntary conditional cash offer for all of the issued Shares in the capital of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees. The offer price for each Share was S\$0.24 in cash.

The table below sets out a comparison of the financial terms of the 2012 Vard Offer, 2016 Vard Offer and the Exit Offer.

Announcement Date	Target	Description (at the time of acquisition)	Offer Price (S\$)	Historical P/E ⁽¹⁾ (times)	Historical EV/ EBITDA ⁽¹⁾ (times)	Historical P/NAV ⁽²⁾ (times)	Premium / (Discount) of offer price over / (to) ⁽³⁾ :	
							Last transacted price (%)	1 month VWAP (%)
21-Dec-12	Vard	2012 Vard Offer	1.22	7.4	5.5	2.0	(12.9)	(12.9)
13-Nov-16	Vard	2016 Vard Offer	0.24	n.m.	n.m.	0.7	4.4	11.6
Company (Implied by the Exit Offer Price)			0.25	n.m.	n.m.	0.9	0.0	(0.9)

Source: The Company's announcements and CIMB's analysis

Notes:

“n.m.” – Not meaningful

- 1 Based on earnings or EBITDA over the most recent twelve months as reported by the Company at the respective dates.
- 2 Based on the most recently available NAV as reported by the Company at the respective dates.
- 3 Market premium/(discount) is calculated based on the share price on either the last trading day or unaffected day for the given periods prior to the respective announcements, as defined in the respective circulars.

Based on the above, we note that:

- (i) The Exit Offer Price is marginally higher than the offer price of the 2016 Vard Offer but is significantly lower than that in the 2012 Vard Offer;
- (ii) The P/E and EV/EBITDA multiples of the Company implied by the Exit Offer Price are not meaningful given the Company's low profitability over the most recent twelve months ended 31 March 2018 as reported;

- (iii) The P/NAV multiple of the Company implied by the Exit Offer Price is higher than that in the 2016 Vard Offer but is lower than that in the 2012 Vard Offer; and
- (iv) The market price premium / (discount) implied by the Exit Offer Price over the last transacted price and 1-month VWAPs of Shares prior to the Joint Announcement Date are below the corresponding range of premia in the 2016 Vard Offer, but above the corresponding range of premia in the 2012 Vard Offer.

7.8 Analyst's price target for the Shares

We have compared a recent research report by an analyst in relation to the Company, based on information on Bloomberg L.P.. The table below summarises the key points of the research report.

Analyst	Date of research report	Rating	Target Price (\$\$)
DBS Vickers	14-Nov-17	Hold	0.25

We note that the Exit Offer Price is the same as the target price indicated by DBS Vickers.

We wish to highlight that as research coverage of the Company is limited, the above target price may not be representative of market consensus. Further, the estimated target price for the Shares and other statements or opinions in the above research report represent the individual view of the analyst (and not those of CIMB in its capacity as independent financial adviser for the purposes of this letter) based on the circumstances (including, *inter alia*, market, economic, industry and monetary conditions as well as market sentiment and investor perceptions regarding the future prospects of the Company) prevailing at the date of the publication of the analyst's research report. The opinion of the analyst may change over time as a result of, *inter alia*, changes in market conditions, the Company's corporate developments and the emergence of new information relevant to the Company.

7.9 The Group's historical financial performance, financial position and outlook

7.9.1 Review of performance

A summary of the financial performance of the Group between FY2015 and FY2017 and between 1Q2018 and 1Q2017 is set out below.

(NOK million)	Audited FY2015	Audited FY2016	Audited FY2017	Unaudited 1Q2017	Unaudited 1Q2018
Revenue	11,307	7,894	8,603	1,777	2,266
EBITDA before restructuring costs ⁽¹⁾	(321)	168	163	40	1
Restructuring costs ⁽¹⁾	(77)	(105)	(33)	(6)	(11)
EBITDA after restructuring costs ⁽¹⁾	(398)	63	130	34	(10)
Depreciation, impairment and amortisation	(235)	(205)	(221)	(53)	(58)
Net financial income / (loss)	(571)	41	(106)	(4)	3
Share of results of associates, net of tax	–	(58)	(47)	–	–
Net loss attributable to Shareholders ("Net loss")	(603)	(163)	(233)	(25)	(109)
EBITDA margin ⁽²⁾	(2.8%)	2.1%	1.9%	2.3%	0.0%
Net loss margin ⁽³⁾	(5.3%)	(2.1%)	(2.7%)	(1.4%)	(4.8%)

A summary of the financial position of the Group as at 31 December 2015, 31 December 2016, 31 December 2017 and 31 March 2018 is set out below.

(NOK million)	Audited 31-Dec-15	Audited 31-Dec-16	Audited 31-Dec-17 Restated	Unaudited 31-Mar-18
Total assets	20,895	13,518	14,918 ⁽⁵⁾	15,359
Cash and cash equivalents	919	722	810	632
Borrowings and construction loans	11,469	6,740	7,569	8,152
Shareholders' funds	3,798	2,265	2,062 ⁽⁵⁾	1,942
NAV per share (NOK)	3.22	1.92	1.75	1.65
Return on equity ⁽⁴⁾ ("ROE")	n.m.	n.m.	n.m.	n.m.

Source: The Company's filings

Notes:

"n.m." – Not meaningful

- 1 Prior to the inclusion of share of results of associates.
- 2 EBITDA margin is calculated as earnings before interest (but after interest from construction loans), tax, depreciation and amortisation, restructuring costs and share of results of associates, divided by the revenue for the relevant financial year.
- 3 Net loss margin is calculated as Net loss divided by the revenue for the relevant financial year.
- 4 ROE is calculated as PATMI divided by the average NAV for the period.
- 5 Based on restated figures as reported in 1Q2018 Results.

Revenue

The Group's revenue decreased by approximately 30.2% from NOK 11.3 billion in FY2015 to NOK 7.9 billion in FY2016 mainly due to reduced activity at the European shipyards stemming from lower order intake.

Compared to FY2016, the Group's revenue in FY2017 rebounded and increased by approximately 9.0% from NOK 7.9 billion to NOK 8.6 billion. The revenue growth between FY2016 and FY2017 was largely attributable to the increase in order book and a higher level of activity in Romania and Vietnam during the second half of 2017.

Compared to 1Q2017, the Group's 1Q2018 revenue increased by approximately 27.5% from NOK 1,777 million to NOK 2,266 million. The growth compared to 1Q2017 is mainly due to the increased activity at the Romanian yards from the progress of the six expedition cruise vessels under construction.

EBITDA

The Group's EBITDA before restructuring costs and share of results of associates for FY2016 turned positive at NOK 168 million as compared to a deficit of NOK 321 million in FY2015 due to the positive contribution of certain projects under construction in Europe as well as the loss provisions accrued in 3Q2015 related to projects at the Brazilian yards.

Compared to FY2016, the Group's FY2017 EBITDA before restructuring costs and share of results of associates decreased slightly by approximately 3.0% from NOK 168 million to NOK 163 million. The decrease was largely due to a reassessment of the net realisable value ("NRV") of vessels held in inventory. This translates to an EBITDA margin of approximately 2.1% and 1.9% for FY2016 and FY2017, respectively. Excluding the effects of the NRV reassessment of vessels held in inventory of approximately NOK 54 million, the EBITDA before restructuring costs and share of results of associates in FY2017 would have been NOK 217 million, representing approximately 29.2% increase from FY2016.

Compared to 1Q2017, the Group's EBITDA before restructuring costs and share of results of associates for 1Q2018 were NOK 1 million compared to NOK 40 million, translating to a decrease in EBITDA margin from approximately 2.3% in 1Q2017 to nil in 1Q2018. Materials, subcontract costs and others increased by approximately 47% while salaries and related costs increased by approximately 8% between 1Q2017 and 1Q2018, which were primarily related to the high activity at the yards in Romania.

Restructuring costs

In an effort to turnaround the Company, restructuring costs related to termination benefits to employees and other cost incurred as a consequence of temporary or permanent reduction of capacity were incurred in FY2015 at NOK 77 million and in FY2016 at NOK 105 million. In FY2017, this has reduced to NOK 33 million. In 1Q2018, restructuring costs at NOK 11 million was higher than the NOK 6 million recorded in 1Q2017 but lower than the NOK 12 million recorded in the previous quarter in 4Q2017.

Profit attributable to the owners of the Company and net profit margin

Net loss decreased by approximately 73.0% from NOK 603 million in FY2015 to NOK 163 million in FY2016 due mainly to the improvement in EBITDA.

Compared to FY2016, the net loss in FY2017 increased by approximately 42.9% from a loss of NOK 163 million to a loss of NOK 233 million. This translates to net loss margins of approximately 2.1% and 2.7% for FY2016 and FY2017, respectively. The increase in net loss in FY2017 was mainly attributable to the increase in depreciation, impairment and amortisation of NOK 16 million arising from the gradual completion of ongoing investments, and increase in net financial cost of NOK 147 million primarily related to foreign exchange gains and losses.

Compared to 1Q2017, the net loss in 1Q2018 increased by approximately 336.0% from a loss of NOK 25 million in 1Q2017 to a loss of NOK 109 million. This translates to net loss margins of approximately 1.4% and 4.8% for 1Q2017 and 1Q2018, respectively. The increase in net loss in 1Q2018 was mainly attributable to the increase in material and subcontractor and headcount costs primarily related to the high activity at the yards located in Romania as well as the higher restructuring costs and depreciation, impairment and amortisation incurred.

NAV

The Group's NAV decreased by approximately 48.9% from NOK 3.8 billion as at 31 December 2015 to NOK 1.9 billion as at 31 March 2018, mainly due to (i) the increase in ownership stake in Vard Promar from 50.5% to 95.15% in FY2016 which contributed to a decrease of NOK 1.09 billion, and (ii) losses attributable to shareholders made in FY2016, FY2017 and 1Q2018 which amounted to NOK 505 million.

7.9.2 Impact of foreign exchange rate

We set out below the SGD/NOK exchange rate for the period between 11 November 2014 (being 3 years prior to the Last Trading Day) and the Latest Practicable Date:



Source: Bloomberg L.P.

SGD/NOK exchange rate as at various dates

Date	SGD/NOK exchange rate
31 December 2014	5.5973
31 December 2015	6.2287
30 December 2016	5.9640
Last Trading Day (10 November 2017)	5.9699
Joint Announcement Date (13 November 2017)	5.9821
29 December 2017	6.1344
Latest Practicable Date (29 June 2018)	5.9775

Source: Bloomberg L.P.

Shareholders should note that the underlying assets and liabilities of Vard are denominated in NOK while the Shares are traded in SGD. As such, the NAV of the Shares in Singapore Dollar (“SGD”) terms and the market price of the Shares will be subject to foreign exchange fluctuation between SGD and NOK.

We note that the SGD/NOK exchange rate has fluctuated from a low of 5.1807 on 19 November 2014 to a high of 6.3364 on 29 July 2016, with an average rate of 5.9584 from 11 November 2014 (being 3 years prior to the Last Trading Day) to the Latest Practicable Date. We note that during the same period, the NAV of the Group has decreased from NOK 3.8 billion as at 31 December 2015 to NOK 1.9 billion as at 31 March 2018, representing a decrease of approximately 48.9%. Applying the respective foreign exchange rates, the NAV of the Group has decreased from S\$609 million to S\$325 million, representing a decrease of approximately 46.7%. In this respect, we note that the NAV in NOK terms has underperformed the NAV of the Group in SGD terms during this period.

7.9.3 Past dividend track record of the Company

We wish to highlight that the Company has not paid any dividends since 2012. The Company confirmed to us that it does not have a fixed dividend policy. The form, frequency and amount of dividends in any period depend on various factors including but not limited to the financial performance of the Group, its working capital and capital expenditure needs as well as other considerations. Shareholders should note that the past dividend track record may not be indicative of the dividend policy of the Company under the control of the Offeror after the Delisting (if it occurs).

Apart from monetising their Shares through a sale, dividends represent the only other means which Shareholders are able to realise tangible financial returns on their investment in the Shares. As the Company has not paid dividends in the past six (6) years and given there is no outright assurance that Shareholders will receive dividends in the future, we are of the view that the Exit Offer represents a viable exit at which Shareholders may realise their investment in the Shares in the absence of any better offer for the Shares. Shareholders who accept the Exit Offer would be able to reinvest the proceeds in other comparable equity investments, including those that pays regular dividends.

7.9.4 Outlook of the Group

We would like to draw the attention of Shareholders to paragraph 10 of the Company's results announcement for 4Q2017 and note 18 of the 1Q2018 Results, which are reproduced in italics below.

Extract of paragraph 10 for 4Q2017

“At the end of 2017, the order book value amounted to NOK 13.23 billion, up from NOK 12.65 billion at the end of 2016. Aggregate order value at the end of the quarter was NOK 24.68 billion, and the order book comprised 48 vessels, of which 37 will be of VARD's own design. Order intake in the full year ended 31 December 2017 was NOK 8.28 billion whereof NOK 3.79 billion in 4Q 2017.

VARD is well positioned in the growing expedition cruise vessel market. In fisheries and aquaculture, the Group is strengthening its market position through valuable cooperation with clients.

The offshore market is still considered challenging, but there are positive signs of recovery in the medium to long term in the broader oil & gas industry. However, risks are still inherent in the Group's existing offshore project portfolio. The Group postponed delivery of some projects amid ongoing financial restructurings of clients in the offshore segment.

The difficult political and economic context and complex regulatory environment in Brazil, still represents a challenge to the Brazilian operation.

With its SeaQ™ Energy Storage System, Vard Electro is establishing a solid position within hybrid battery solutions.

Negotiations are continuing with the Norwegian Government for three Coast Guard vessels.”

Extract of note 18 of the 1Q2018 Results

“At the end of 1Q 2018, the order book value amounted to NOK 13.13 billion, stable compared to NOK 13.23 billion at the end of 2017. Aggregate order value at the end of the quarter was NOK 25.10 billion, and the order book comprised 46 vessels, of which 33 will be of VARD's own design. Order intake in the period was NOK 2.09 billion.

VARD is well positioned in the growing expedition cruise vessel market.

Risks are still inherent in the Group's existing offshore project portfolio. The Group has postponed delivery of some projects amid ongoing financial restructurings of clients in the offshore segment.

VARD would reiterate the difficult political and economic context and complex regulatory environment in Brazil, which still represents a challenge to the Brazilian operation.

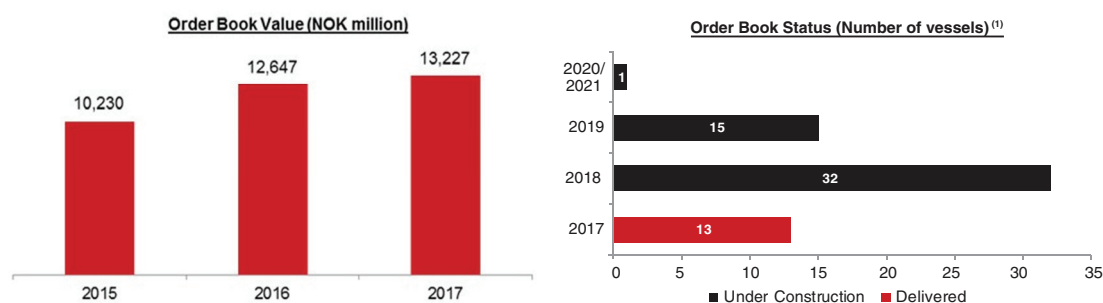
Negotiations are continuing with the Norwegian Government for the construction of three Coast Guard vessels.”

7.9.5 Order book

The Group secured 13 new contracts in 4Q2017 with order intake of approximately NOK 3.8 billion, bringing the full year order intake to approximately NOK 8.3 billion. The Group has 48 vessels in the order book, with a total order book value of approximately NOK 13.23 billion as at 31 December 2017, compared to 41 vessels in the order book with a total order book value of approximately NOK 12.65 billion as at 31 December 2016. New contracts secured in FY2017 comprised, *inter alia*, car and passenger ferries, fishing vessels, expedition cruise vessels, a research expedition vessel, freight-and-service vessels and offshore fish farming operation platforms. Based on the Company's results announcement for 4Q2017, we further note that

of the 48 vessels in the order book, 32 vessels are projected to be delivered in FY2018, 15 vessels are projected to be delivered in FY2019 while the remaining vessel is projected to be delivered in FY2020/2021. We wish to highlight that risks and uncertainties may cause the Group's actual future results, performance or achievements to be materially different from those expected, express or implied by the order book status, which are based on the circumstances prevailing as at the date of the 4Q2017 results announcement.

The charts below set out the status of the Company's order book in terms of value and number of vessels based on the 4Q2017 results presentation of the Company.



Note:

1 The chart reflects the order book status as at 31 December 2017.

Based on the above charts, the Company's order book value is on an upward trend with a compound annual growth rate ("CAGR") from FY2015 to FY2017 of 13.7%. In addition, in FY2018, the number of vessels under construction of 32 vessels is significantly higher than the 13 vessels delivered in FY2017.

Order intake in 1Q2018 was approximately NOK 2.09 billion. The Group has 46 vessels in the order book, with a total order book value of approximately NOK 13.13 billion as at 31 March 2018, compared to 48 vessels in the order book with a total order book value of approximately NOK 13.23 billion as at 31 December 2017.

Subsequent to 31 March 2018, the Company announced the following developments:

- (a) 4 April 2018 - The Company has signed a letter of intent for the design and construction of two (2) cruise vessels (potential contract value of approximately NOK 4.5 billion);
- (b) 10 April 2018 - The Company had secured a contract for the design and construction of one stern trawler (contract value of slightly below NOK 400 million);
- (c) 29 April 2018 – The Company had secured a contract for the design and construction of one cable laying vessel (contract value of approximately NOK 1.6 billion);
- (d) 24 May 2018 – The Company had secured a contract for the design and construction of one stern trawler (contract value of approximately NOK 400 million); and
- (e) 25 June 2018 - The Company had secured a new contract for the construction of three coast guard vessels for the Norwegian Defence Materiel Agency in Norway (contract value exceeds NOK 5 billion).

7.9.6 Diversification strategy of the Group

We note that the Company launched a diversification strategy in 2016 to reduce its dependency on the offshore business, diversifying into new markets from exploration cruise to fishing and aquaculture. In its results announcement for 4Q2017, the Company stated that it is well positioned in the growing expedition cruise vessel market. In fisheries and aquaculture, the Group has improved its position to take advantage of good prospects in those markets through valuable cooperation with clients.

In its annual report for FY2016, the Company gave an assessment on the progress of the diversification strategy, as follows:

“VARD’s new strategy launched at the beginning of 2016 has profoundly changed the Company over the course of less than a year. At year-end 2015, the order book was still dominated by offshore support and offshore subsea construction vessels, both in terms of number of vessels and value. Within twelve months, that picture has changed dramatically, with more than half of the order book value at year-end 2016 being attributable to exploration cruise vessels, and more than two-thirds of the vessels on order coming from segments outside VARD’s traditional core markets. The pace of change is even more remarkable taking into consideration that shipbuilding is an industry typically characterized by long lead times, high-value projects, and entrenched relationships between shipyards and clients.”

As at 31 December 2017, the Group has 48 vessels in the order book, with less than 25 per cent. of the vessels on order consisting of offshore support and offshore subsea construction vessels. In its 1Q2018 Results, the Company reiterated that it is well positioned in the growing its expedition cruise vessel market.

7.9.7 Offeror’s future plans

We note from the Exit Offer Letter that the Offeror currently has no intention to propose any major changes to the business of the Group.

7.10 Other relevant considerations which have a bearing on our assessment

7.10.1 Implication of Delisting for Shareholders

Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies as a result of the lack of marketability. **Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares as there is no existing arrangement for Shareholders to exit their investment in the Shares in such a circumstance. If the Company is delisted, even if such Shareholders were able to sell their Shares, they may receive a lower price as compared to the Exit Offer Price.** Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

As an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular the requirement to have independent directors and the continuing corporate disclosure requirements under Chapter 7 and Appendices 7.1, 7.2, 7.4.1 and 7.4.2 of the Listing Manual. Nonetheless, the Company will still need to comply with the Companies Act and its Constitution, and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Companies Act.

If the Delisting Resolution is passed at the EGM and the Company is consequently delisted from the Official List of the SGX-ST, a Shareholder may continue to hold on to its Shares unless the Offeror exercises its right of compulsory acquisition, as set out in paragraph 5.2 of the Circular. Each Shareholder who holds Shares that are deposited with CDP and does not accept the Exit Offer will be entitled to one (1) share certificate representing his delisted Shares. The Company’s share registrar, RHT Corporate Advisory Pte. Ltd., will arrange to forward the share certificates to such Shareholders who are not CPFIS Investors or SRS Investors, by ordinary post and at the Shareholders’ own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safekeeping. The share certificates belonging to CPFIS Investors and SRS Investors will be forwarded to their respective CPF/SRS Agent Banks for their safekeeping.

7.10.2 Restrictions following the close of the Exit Offer

Shareholders should also note that, under Rule 33.2 of the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six (6) months of the closure of the Exit Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Exit Offer.

7.10.3 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Exit Offer or acquires such number of Offer Shares from the Despatch Date otherwise than through valid acceptances of the Exit Offer in respect of not less than 90 per cent. of the total number of Shares (excluding treasury Shares) as at the final Closing Date (other than those already held by the Offeror, its related corporations and their respective nominees as at the Despatch Date), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Exit Offer (the “**Dissenting Shareholders**”) on the same terms as those offered under the Exit Offer.

In the event that the Offeror becomes entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Offer Shares of the Dissenting Shareholders, the Offeror intends to exercise its right of compulsory acquisition. In such event, the Company will become a wholly-owned subsidiary of the Offeror pursuant to such compulsory acquisition.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90 per cent. or more of the total number of Shares, being at least 1,062,000,000 Shares as at the Latest Practicable Date, the Dissenting Shareholders have a right to require the Offeror to acquire their Shares at the Exit Offer Price. Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

Shareholders are advised to seek their own independent legal advice in relation to the compulsory acquisition provisions under the Companies Act.

Please refer to paragraphs 7.3 and 7.4 of the Exit Offer Letter for details on, *inter alia*, the rights of the Offeror and Shareholders under the Companies Act.

7.10.4 No Alternative Offer

In assessing the Exit Offer Price, we are of the view that it is necessary to consider if Shareholders have any other options available to them to realise their investment in the Shares (whether from the Offeror or any other parties) apart from the Exit Offer as such alternative options could reflect on the relative attractiveness of the Exit Offer Price.

As at the Latest Practicable Date, there is no publicly available evidence of any alternative takeover offer for the Shares. Further, the Company has also confirmed that as at the Latest Practicable Date, apart from the Exit Offer, the Company has not received any other takeover offer from any other party.

7.10.5 Control of the Company

We are of the view that the premium which an offeror pays in a takeover should be commensurate with the extent of incremental control that the offeror would gain through the takeover of the target. This is consistent with what the Practice Statement (as defined herein below) stipulates. For example, an offeror that does not have any prior stake in a target would be expected to offer a bigger premium to gain statutory control of the target as compared to a situation where it already has majority control of the target and is only increasing its stake by a smaller margin which does not provide any significant incremental control over the policies and operations of the target.

As at the Latest Practicable Date, the Offeror and its concert parties own approximately 83.51 per cent. of all the Shares. Accordingly, the Offeror already possesses statutory control of the Company which entitles it to determine, *inter alia*, the financial and operating policies of the Group as well as its capital structure, management and strategy.

In addition, the Offeror and its concert parties also have the ability to pass all resolutions on matters in which the Offeror and its concert parties do not have an interest at general meetings of Shareholders. Shareholders should note the Offeror and its concert parties are not precluded from voting on the Delisting Resolution and that the Offeror intends to vote all of the Shares held by it as at the Latest Practicable Date and any other Shares which may be acquired by the Offeror after the Latest Practicable Date in favour of the Delisting Resolution at the EGM. Hence, unless the Delisting Resolution is voted against by 10 per cent. or more of the total number of issued Shares (excluding treasury shares and subsidiary holdings) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM, the Delisting Resolution is certain of being passed.

8. SUMMARY OF OUR ANALYSIS

8.1 Key Factors

In arriving at our advice to the Independent Directors on the Exit Offer, we have considered, *inter alia*, the following factors which should be read in the context of the full text of this letter:

- (i) The Exit Offer Price represents a premium of between approximately 16.2% and 35.1% over the various VWAPs of the Shares in the 1-year period prior to the 2016 Vard Offer Announcement Date;
- (ii) The Exit Offer Price represents a premium of approximately 2.9% over the VWAP of the Shares between the close of the 2016 Vard Offer and the Joint Announcement Date;
- (iii) Between 27 March 2017 (being the market day immediately after the close of the 2016 Vard Offer) and the Latest Practicable Date, the Offeror made open market purchases of the Shares, amounting to approximately 9.1% of total share capital of the Company and which accounted for approximately 70.4% of all transactions in the Shares;
- (iv) Save for the 1-month period prior to the Joint Announcement Date where the Exit Offer Price represents a discount of approximately 0.9% over the corresponding VWAP of the Shares, the Exit Offer Price generally represents a premium of up to approximately 3.6% over the various VWAPs of the Shares in the 6-month period prior to the Joint Announcement Date;
- (v) The ADTV of the Shares ranged between approximately 0.1% and 0.2% of the Company's free float, over the various historical periods in the 6-month period prior to the Joint Announcement Date, with the Offeror accounting for approximately 75.1% of total Shares traded between 12 May 2017 and 10 November 2017;
- (vi) Between the Last Trading Day and the Latest Practicable Date, the price of the Shares outperformed relative to the price performance of the FSSTI, SGXMA and the SGXOG over the same period;
- (vii) The Share prices as at the Last Trading Day and as at the Latest Practicable Date are likely supported by the Exit Offer and purchases by the Offeror and hence may not be sustained at these levels in absence of or after the close of the Exit Offer or if the Offeror reduce the volume and/or the prices of its purchase of Shares;
- (viii) The Exit Offer Price represents a discount of approximately 9.2% to the NAV per Share and a premium of approximately 20.1% over the NTA per Share as at 31 March 2018;
- (ix) The Exit Offer Price is at a discount of approximately 14.4% to the RNAV per Share as at 31 March 2018;
- (x) The P/NAV multiple implied by the Exit Offer Price is higher than the average P/NAV multiples of the Shares for the 3-year and 1-year periods prior to the Last Trading Day;

- (xi) The P/NAV multiple implied by the Exit Offer Price is within the range of P/NAV multiples of Comparable Companies as at the Latest Practicable Date. The P/NAV multiple implied by the Exit Offer Price is above the corresponding median multiple but below the mean multiple of the Comparable Companies;
- (xii) The P/NAV multiple implied by the Exit Offer Price is above the corresponding mean and median multiples of the Precedent Transactions;
- (xiii) The P/RNAV multiple implied by the Exit Offer Price is similar to the corresponding mean and median multiples of the Precedent Transactions;
- (xiv) The market premium / (discount) implied by the Exit Offer Price over the last transacted price and 1-month VWAPs of the Shares prior to the Joint Announcement Date and the 2016 Vard Offer Announcement Date are below the corresponding premia in the takeover of Otto Marine Limited;
- (xv) The market price premium implied by the Exit Offer Price over the last transacted Share price, 1-month and 3-month VWAPs of the Shares prior to the Joint Announcement Date are below the corresponding range of premia of the Precedent Takeovers;
- (xvi) The market price premium implied by the Exit Offer Price over the last transacted Share price, 1-month and 3-month VWAPs of the Shares prior to the 2016 Vard Offer are below the corresponding overall mean and median premia of the Precedent Takeovers;
- (xvii) The P/NAV multiple of the Company implied by the Exit Offer Price is higher than that in the 2016 Vard Offer but is lower than that in the 2012 Vard Offer;
- (xviii) The market price premium / (discount) implied by the Exit Offer Price over the last transacted price and 1-month VWAPs of Shares prior to the Joint Announcement Date are below the corresponding range of premia in the 2016 Vard Offer, but above the corresponding range of premia in the 2012 Vard Offer;
- (xix) The Company has not paid any dividends since 2012;
- (xx) As at the Latest Practicable Date, the Offeror and its concert parties own approximately 83.51 per cent. of the total number of Shares which they are entitled and intends to vote in favour of the Delisting Resolution;
- (xxi) Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no existing arrangement for such Shareholders to exit their investment in the Shares in such a circumstance. They may also have to sell their Shares at a lower price;
- (xxii) In the event that the Offeror becomes entitled to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act, the Offeror intends to exercise such right;
- (xxiii) As at the Latest Practicable Date, there is no alternative or competing takeover offer for the Shares;
- (xxiv) General trend of improvements in the Group's recent financial performance and order book and the Group's diversification strategy; and
- (xxv) The Offeror currently has no intention to propose any major changes to the business of the Group.

8.2 CIMB's Opinion

8.2.1 Practice Statement

We wish to bring to the attention of Shareholders the Practice Statement issued by the Securities Industry Council on 25 June 2014 (as amended on 28 February 2017) on the opinion issued by an independent financial adviser in relation to offers, whitewash waivers and disposal of assets under the Code ("**Practice Statement**"). The Practice Statement stipulates that the independent financial adviser in a takeover must state whether an offer is "fair and reasonable", the term being regarded as two different concepts. An offer is "fair" if the price offered is equal to or greater than the value of the offeree securities while in determining whether an offer is "reasonable", the independent financial adviser should consider other matters as well as the value of the offeree securities. Such matters include, but are not limited to, the existing voting rights held by the offeror in the offeree and the market liquidity of the offeree securities. Where the independent financial adviser concludes that an offer is "not fair but reasonable", it is on the basis that the independent financial adviser is of the view that despite the offer being "not fair", the offer is "reasonable" after taking into consideration other matters as well as the value of the offeree securities. Consequently, if the independent financial adviser is to make a recommendation whether to accept or reject the offer, the recommendation in such cases would be to accept the offer.

8.2.2 Opinion

Based upon, and having considered, *inter alia*, the factors described above and the information that has been made available to us as at the Latest Practicable Date, we are of the opinion that as of the Latest Practicable Date, the Exit Offer is NOT FAIR BUT REASONABLE.

8.2.2(A) In determining that the Exit Offer is **NOT FAIR**, we have considered the following pertinent factors:

- (i) The market price premium implied by the Exit Offer Price is significantly lower than the corresponding mean and median premia in the Precedent Transactions and Precedent Takeovers;
- (ii) The Exit Offer Price is at a discount to NAV per Share;
- (iii) The Group's recent financial performance and position including the factors affecting them which have been highlighted in Sections 7.2, 7.9.1 and 7.9.3. In particular, the Group's financial performance in terms of revenue and EBITDA have seen improvements in FY2017. Further, the Group's revenue in 1Q2018 was significantly higher than that in 1Q2017;
- (iv) Developments in the Group's outlook and current order book which has grown between FY2015 and 2017 as highlighted in Sections 7.9.4 and 7.9.5; and
- (v) The Group's diversification strategy undertaken by the Group in recent years which has reduced its exposure to the offshore oil and gas sector as highlighted in Sections 7.1.2, 7.4 and 7.9.6.

8.2.2(B) In addition to our opinion and the factors set out in Section 8.2.2(A) above, in determining that the Exit Offer is **REASONABLE**, we have considered the following pertinent factors:

- (a) The Offeror already owns 83.51 per cent. of all the Shares and has statutory control of the Company with the ability to pass all resolutions on matters which the Offeror and its concert parties do not have an interest at general meetings of Shareholders;
- (b) The Company has not paid any dividends since 2012 and there is no assurance that dividends will be paid in the future;
- (c) There is no alternative takeover offer for the Shares as at the Latest Practicable Date;

- (d) The market price of the Shares since the close of the 2016 Vard Offer is likely to have been supported by market purchases by the Offeror and the Exit Offer and hence may not be sustained at current levels in the absence of or after the close of the Exit Offer or if the Offeror reduces its purchase price or purchase volumes for the Shares;
- (e) The P/NAV implied in the Exit Offer Price is higher than the 1 and 3-year average P/NAV of the Shares;
- (f) The P/NAV implied in the Exit Offer Price is within the corresponding range of ratios of the Comparable Companies and above that in the 2016 Vard Offer;
- (g) The P/NAV and P/RNAV ratios implied in the Exit Offer Price are within the corresponding range of ratios of the Precedent Transactions; and
- (h) The Exit Offer Price is equivalent to the analyst's target price of the Shares.

8.3 CIMB's Recommendation

Accordingly, we advise the Independent Directors to recommend that Shareholders should either ACCEPT the Exit Offer or sell their Shares on the open market if they can obtain a price equal to or higher than the Exit Offer Price (after deducting related transaction expenses) in the event that the Delisting Resolution is passed. Shareholders that do not intend to accept the Exit Offer are advised to read Section 7.10.1 of this Letter and consider the implications of the Delisting and of holding unlisted Shares. Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will be maintained at current levels prevailing as at the Latest Practicable Date in the absence of or after the close of the Exit Offer.

We wish to highlight that the Delisting will not occur if the Delisting Resolution is voted against by 10% or more of the total number of issued Shares (excluding treasury shares and subsidiary holdings) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM. On the other hand, unless the Delisting Resolution is voted against by 10 per cent. or more of the total number of issued Shares (excluding treasury shares and subsidiary holdings) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, the Delisting Resolution is certain of being passed at the EGM.

In the event that the requirements of Delisting under Rules 1307 and 1309 of the Listing Manual are met, the Company will be delisted from the Official List of the SGX-ST.

We would also advise the Independent Directors to caution the Shareholders that they should not rely on our advice to the Independent Directors as the sole basis for deciding whether or not to accept the Exit Offer.

In rendering the advice above, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Shareholders should note that the opinion and advice of CIMB should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Exit Offer.

Yours faithfully
For and on behalf of
CIMB BANK BERHAD, SINGAPORE BRANCH

JASON CHIAN SIET HENG
MANAGING DIRECTOR
INVESTMENT BANKING, SINGAPORE

ERIC WONG
DIRECTOR
INVESTMENT BANKING, SINGAPORE

APPENDIX II

PROCEDURES FOR ACCEPTANCE OF THE EXIT OFFER

PLEASE TAKE NOTE THAT APPROVING THE DELISTING RESOLUTION AT THE EGM DOES NOT AUTOMATICALLY MEAN THAT YOU HAVE ACCEPTED THE EXIT OFFER.

The following section on the procedures for the acceptance of the Exit Offer is reproduced from Appendix 1 to the Exit Offer Letter, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

“1. THE EXIT OFFER

1.1 Depositors

1.1.1 Depositors whose Securities Accounts are credited with Offer Shares. *If you have Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you should receive this Exit Offer Letter together with a FAA. If you do not receive a FAA, you may obtain a copy, upon production of satisfactory evidence that you are a Shareholder, from CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.*

Acceptance. *If you wish to accept the Exit Offer in respect of all or any of your Offer Shares, you should:*

(i) *complete the FAA in accordance with this Exit Offer Letter and the instructions printed on the FAA. In particular, you must state in Part A on page 1 of the FAA the number of Offer Shares already standing to the credit of the “Free Balance” of your Securities Account in respect of which you wish to accept the Exit Offer. If you:*

(a) *do not specify such number; or*

(b) *specify a number which exceeds the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account **as at 5.00 p.m. (Singapore time) on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date,***

*you shall be deemed to have accepted the Exit Offer in respect of all the Offer Shares already standing to the credit of the “Free Balance” of your Securities Account **as at 5.00 p.m. (Singapore time) on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date);***

(ii) *sign the FAA in accordance with this **Appendix 1** and the instructions printed on the FAA; and*

(iii) *deliver the completed and signed FAA in its entirety (no part may be detached or otherwise mutilated):*

(a) *by post, in the enclosed pre-addressed envelope at your own risk, to **FINCANTIERI OIL & GAS S.p.A. c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934; or***

(b) *by hand to **FINCANTIERI OIL & GAS S.p.A. c/o The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588,***

in each case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAA. It is your responsibility to affix adequate postage on the said envelope.

Proof of posting is not proof of receipt by the Offeror at the above addresses.

If you have sold or transferred all your Offer Shares held through CDP, you need not forward this Exit Offer Letter and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Exit Offer Letter and FAA to be sent to the purchaser or transferee. Purchasers of the Offer Shares should note that CDP will, for and on behalf of the Offeror, send a copy of this Exit Offer Letter and the FAA by ordinary post at the purchasers' own risk to their respective addresses as they appear in the records of CDP.

If you are a Depository Agent, you may accept the Exit Offer via Electronic Acceptance. Such Electronic Acceptance must be submitted **not later than 5.30 p.m. (Singapore time) on the Closing Date.** CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf. Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Exit Offer Letter as if the FAA had been completed and delivered to CDP.

1.1.2 Depositors whose Securities Accounts will be credited with Offer Shares. If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the "Free Balance" of your Securities Account, this Exit Offer Letter and a FAA in respect of such Offer Shares bearing your name and Securities Account number will be sent to you by CDP. If you do not receive a FAA, you may obtain a copy, upon production of satisfactory evidence that you are a Shareholder or have purchased the Offer Shares on the SGX-ST (as the case may be) from **The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.**

Acceptance. If you wish to accept the Exit Offer in respect of all or any of your Offer Shares, you should, after the "Free Balance" of your Securities Account has been credited with such number of Offer Shares purchased:

- (i) complete and sign the FAA in accordance with this **Appendix 1** and the instructions printed on the FAA; and
- (ii) deliver the completed and signed FAA in its entirety (no part may be detached or otherwise mutilated):
 - (a) by post, in the enclosed pre-addressed envelope at your own risk, to **FINCANTIERI OIL & GAS S.p.A. c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934;** or
 - (b) by hand to **FINCANTIERI OIL & GAS S.p.A. c/o The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588,**

in each case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAA. It is your responsibility to affix adequate postage on the said envelope.

Proof of posting is not proof of receipt by the Offeror at the above addresses.

1.1.3 Depositors whose Securities Accounts are and will be credited with Offer Shares.

If you have Offer Shares credited to the “Free Balance” of your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to the “Free Balance” of your Securities Account, you may accept the Exit Offer in respect of the Offer Shares standing to the credit of the “Free Balance” of your Securities Account and may accept the Exit Offer in respect of the additional Offer Shares purchased which are in the process of being credited to the “Free Balance” of your Securities Account only after the “Free Balance” of your Securities Account has been credited with such additional number of Offer Shares purchased.

1.1.4 Rejection. *If upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been or will not be credited to the “Free Balance” of your Securities Account (for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected. None of CDP, Citigroup and the Offeror (or, for the avoidance of doubt, any of the Offeror’s related corporations) accepts any responsibility or liability in relation to such rejections, including the consequences thereof.*

If you purchase Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Offer Shares is liable to be rejected if the “Free Balance” of your Securities Account is not credited with such Offer Shares by 5.00 p.m. (Singapore time) on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date if the Date of Receipt is on the Closing Date. None of CDP, Citigroup and the Offeror (or, for the avoidance of doubt, any of the Offeror’s related corporations) accepts any responsibility or liability for such a rejection, including the consequences of such a rejection.

1.1.5 General. *No acknowledgement will be given by CDP for submissions of the FAA. All communications, notices, documents and remittances to be delivered or sent to you will be sent by ordinary post at your own risk to your address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify such number through CDP Online if you have registered for the CDP Internet Access Service, or through CDP Phone Service if you have a T-PIN.*

1.1.6 Suspense Account. *Upon receipt by CDP, for and on behalf of the Offeror, of the duly completed and signed original of the FAA, CDP will take such measures as it may consider necessary or expedient to prevent any trading of the Offer Shares in respect of which you have accepted the Exit Offer during the period commencing on the Date of Receipt and ending on the date of settlement of the consideration for such Offer Shares (including, without limitation, earmarking, blocking and/or transferring the relevant number of such Offer Shares from the “Free Balance” of your Securities Account to a “Suspense Account”), in the event of the Exit Offer becoming or being declared to be unconditional in all respects in accordance with its terms. Such Offer Shares will be held in the “Suspense Account” until the consideration for such Offer Shares has been despatched to you.*

1.1.7 Notification. *In the event that the Exit Offer becomes or is declared unconditional in all respects in accordance with its terms, upon the Offeror’s despatch of consideration for the Offer Shares in respect of which you have accepted the Exit Offer, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Exit Offer Price by way of a cheque drawn on a bank in Singapore for the appropriate amount, or in such other manner as you may have agreed with CDP for the payment of any cash distributions, in each case at your own risk.*

1.1.8 Return of Offer Shares. *In the event that the Exit Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, CDP will transfer the aggregate number of Offer Shares in respect of which you have accepted the Exit Offer and tendered for acceptance under the Exit Offer to the “Free Balance” of your Securities Account as soon as possible but, in any event, not later than 14 days from the lapse or withdrawal of the Exit Offer.*

1.1.9 No Securities Account. *If you do not have any existing Securities Account in your own name at the time of acceptance of the Exit Offer, your acceptance as contained in the FAA will be rejected.*

1.1.10 Acceptances received on Saturday, Sunday or public holiday. *For the avoidance of doubt, FAAs received by CDP on a Saturday, Sunday or public holiday will only be processed and validated on the next Business Day.*

1.2 Holders of Offer Shares in Scrip Form

1.2.1 Shareholders whose Offer Shares are not deposited with CDP. *If you hold Offer Shares in scrip form, you should receive this Exit Offer Letter together with a FAT. If you do not receive a FAT, you may obtain a copy, upon production of satisfactory evidence that you are a Shareholder, from RHT Corporate Advisory Pte. Ltd., at **9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619.***

1.2.2 Acceptance. *If you wish to accept the Exit Offer in respect of all or any of your Offer Shares, you should:*

(i) *complete the FAT in accordance with this Exit Offer Letter and the instructions printed on the FAT. In particular, you must state in Part (A) of the FAT the number of Offer Shares in respect of which you wish to accept the Exit Offer and state in Part (B) of the FAT the share certificate number(s) of the relevant share certificate(s). If you:*

(a) *do not specify such number in Part (A) of the FAT; or*

(b) *specify a number in Part (A) of the FAT which exceeds the number of Offer Shares represented by the attached share certificate(s) accompanying the FAT,*

you shall be deemed to have accepted the Exit Offer in respect of the total number of Offer Shares represented by the share certificate(s) accompanying the FAT;

(ii) *sign the FAT in accordance with this **Appendix 1** and the instructions printed on the FAT; and*

(iii) *deliver:*

(a) *the completed and signed FAT in its entirety (no part may be detached or otherwise mutilated);*

(b) *the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Receiving Agent relating to the Offer Shares in respect of which you wish to accept the Exit Offer. If you are recorded in the Register as holding Offer Shares but you do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the Constitution of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this Exit Offer Letter and the FAT;*

(c) *where such Offer Shares are not registered in your name, a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror, or any person nominated in writing by the Offeror or a person authorised by either); and*

(d) any other relevant document(s),

either:

- (1) by post, in the enclosed pre-addressed envelope at your own risk, to **FINCANTIERI OIL & GAS S.p.A. c/o RHT Corporate Advisory Pte. Ltd. at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619**; or
- (2) by hand to **FINCANTIERI OIL & GAS S.p.A. c/o RHT Corporate Advisory Pte. Ltd. at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619**,

in each case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAT is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAT. It is your responsibility to affix adequate postage on the said envelope.

Proof of posting is not proof of receipt by the Offeror at the above addresses.

1.2.3 Receipt. No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or any other document(s) required will be given by the Offeror, the Financial Adviser or the Receiving Agent.

1.2.4 Return of Offer Shares. In the event that the Exit Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, the FAT, share certificate(s) and/or any other accompanying document(s) will be returned to you by ordinary post to your address as it appears in the records of the Receiving Agent at your own risk as soon as possible but, in any event, within 14 days from the lapse or withdrawal of the Exit Offer.

1.2.5 Acceptances received on Saturday, Sunday or public holiday. For the avoidance of doubt, FATs received by the Receiving Agent on a Saturday, Sunday or public holiday will only be processed and validated on the next Business Day.

2. SETTLEMENT FOR THE EXIT OFFER

2.1 When Settlement of the Exit Offer Consideration is Due. Subject to the Exit Offer becoming or being declared unconditional in all respects in accordance with its terms and the receipt by the Offeror from Accepting Shareholders of all relevant documents required by the Offeror which are complete and valid in all respects and in accordance with such requirements as may be stated in this Exit Offer Letter and the relevant FAA or FAT (as the case may be) including, without limitation, (in the case of an Accepting Shareholder holding Offer Shares in scrip form) the receipt by the Offeror of share certificate(s) relating to the Offer Shares tendered by such Accepting Shareholder in acceptance of the Exit Offer and (in the case of a Depositor) the receipt by the Offeror of a confirmation satisfactory to it that the relevant number of Offer Shares tendered by the accepting Depositor in acceptance of the Exit Offer are standing to the credit of the "Free Balance" of the Depositor's Securities Account at the relevant time, then pursuant to Rule 30 of the Code, remittances in the form of S\$ cheques for the aggregate Exit Offer Price in respect of the Offer Shares validly tendered in acceptance of the Exit Offer will be despatched to the Accepting Shareholders (or, in the case of Accepting Shareholders holding Offer Shares tendered in acceptance in scrip form, their designated agents, as they may direct) by ordinary post, at the risk of the Accepting Shareholders or in such other manner as they may have agreed with CDP for payment of any cash distribution and as soon as practicable and in any event:

2.1.1 in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received **on or before** the date on which the Exit Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within seven Business Days of that date; or

2.1.2 *in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received **after** the date on which the Exit Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but on or before the Closing Date, within seven Business Days of the date of such receipt.*

3. GENERAL

- 3.1 Disclaimer.** *The Offeror, the Financial Adviser, CDP and/or the Receiving Agent will be authorised and entitled, at their sole and absolute discretion, to reject or treat as valid any acceptance of the Exit Offer through the FAA and/or FAT, as the case may be, which is not entirely in order or which does not comply with the terms of this Exit Offer Letter and the relevant Acceptance Forms or which is otherwise incomplete, incorrect, signed but not in its originality, or invalid in any respect. If you wish to accept the Exit Offer, it is your responsibility to ensure that the relevant Acceptance Forms are properly completed and executed in all respects and submitted with original signature(s) and that all required documents (where applicable) are provided. Any decision to reject or treat as valid any acceptance will be final and binding and none of the Offeror (or, for the avoidance of doubt, any of the Offeror's related corporations), the Financial Adviser, CDP and/or the Receiving Agent accepts any responsibility or liability for such a decision, including the consequences of such a decision.*
- 3.2 Discretion.** *The Offeror and the Financial Adviser each reserves the right to treat acceptances of the Exit Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated in this Exit Offer Letter or in the FAA and FAT, as the case may be, or if made otherwise than in accordance with the provisions of this Exit Offer Letter and in the FAA and FAT, as the case may be. Any decision to reject or treat such acceptances as valid will be final and binding and none of the Offeror (or, for the avoidance of doubt, any of the Offeror's related corporations), the Financial Adviser, CDP and/or the Receiving Agent accepts any responsibility or liability for such a decision, including the consequences of such a decision.*
- 3.3 Scripless and Scrip Offer Shares.** *If you hold some Offer Shares with CDP and others in scrip form, you should complete the FAA for the former and the FAT for the latter in accordance with the respective procedures set out in this **Appendix 1** and the respective Acceptance Forms if you wish to accept the Exit Offer in respect of such Offer Shares.*
- 3.4 Deposit Time.** *If you hold Offer Shares in scrip form, the Offer Shares may not be credited to your Securities Account with CDP in time for you to accept the Exit Offer if you were to deposit your share certificate(s) with CDP after the Despatch Date. If you wish to accept the Exit Offer in respect of such Offer Shares, you should complete the FAT and follow the procedures set out in **Paragraph 1.2** of this **Appendix 1** (Holders of Offer Shares in Scrip Form).*
- 3.5 Correspondences.** *All communications, certificates, notices, documents and remittances to be delivered or sent to you (or, in the case of scrip holders, your designated agent or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first named in the Register) will be sent by ordinary post to your respective addresses as they appear in the records of CDP or the Receiving Agent, as the case may be, at the risk of the person entitled thereto (or, for the purposes of remittances only, to such different name and addresses as may be specified by you in the FAA or FAT, as the case may be, at your own risk).*
- 3.6 Evidence of Title.** *Delivery of the duly completed and signed FAA and/or FAT, as the case may be, together with the relevant share certificate(s) and/or other document(s) of title and/or other relevant document(s) required by the Offeror, to the Offeror (or its nominee), CDP and/or the Receiving Agent, shall be conclusive evidence in favour of the Offeror (or its nominee), the Financial Adviser, CDP and the Receiving Agent of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.*
- 3.7 Loss in Transmission.** *The Offeror, the Financial Adviser, CDP and/or the Receiving Agent, as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.*

- 3.8 Acceptances Irrevocable.** *Except as expressly provided in this Exit Offer Letter and the Code, the acceptance of the Exit Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable and any instructions or subsequent FAA(s) and/or FAT(s) received by CDP and/or the Receiving Agent, as the case may be, after the FAA and/or FAT, as the case may be, has been received shall be disregarded.*
- 3.9 Personal Data Privacy.** *By completing and delivering a FAA and/or FAT, each person (i) consents to the collection, use and disclosure of his personal data by RHT Corporate Advisory Pte. Ltd., CDP, CPF Board, the SGX-ST, the Offeror, the Financial Adviser and the Company (collectively, the “Specified Persons”) for the purpose of facilitating his acceptance of the Exit Offer, and in order for the Specified Persons to comply with any applicable laws, listing rules, regulations and/or guidelines, (ii) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable law, and (iii) agrees that he will indemnify the Specified Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.”*

APPENDIX III

ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Designation
Mr. Giuseppe Coronella	Via Di Romagna 13 34134 Trieste Italy	Chairman and Non-Executive Director
Mr. Roy Reite	Skaathaugmarka 13 N-6010 Ålesund Norway	Chief Executive Officer and Executive Director
Mr. Vittorio Zane	Via Di Conconello 37 34151 Trieste Italy	Executive Vice President and Executive Director
Mr. Claudio Cisilino	Via Del Pucino 45/2 34151 Trieste Italy	Non-Executive Director
Mr. Sok Sung Hyon	22 Farrer Road #05-03 The Wilshire Singapore 268828	Independent Director
Mr. Lee Keen Whye	69 Dyson Road Singapore 309403	Lead Independent Director

2. REGISTERED OFFICE

The registered office of the Company is at 6 Battery Road #10-01, Singapore 049909.

3. PRINCIPAL ACTIVITIES

The Company is incorporated in Singapore and listed on the Main Board of the SGX-ST since 12 November 2010 and is the parent company of the Group. Headquartered in Norway and with approximately 9,000 employees, the Group operates nine (9) strategically located shipbuilding facilities, including five (5) in Norway, two (2) in Romania, one (1) in Brazil and one (1) in Vietnam. The core business of the Group is the design and construction of complex and highly customised specialised vessels. Through its specialised subsidiaries, the Group develops power and automation systems, deck handling equipment, and vessel accommodation solutions, and provides design and engineering services to the global maritime industry.

4. SHARE CAPITAL OF THE COMPANY

4.1 Issued Share Capital

The issued and paid-up share capital of the Company as at the Latest Practicable Date is S\$932,200,000 comprising 1,180,000,000 issued Shares.

4.2 Rights in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting is reproduced in **Appendix IV** to this Circular. The Constitution is available for inspection at the registered office of the Company's share registrar, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619. Capitalised terms and expressions not defined in the extract have the meanings ascribed to them in the Constitution and/or the Companies Act.

4.3 New Issues

As at the Latest Practicable Date, the Company has not issued any new Shares since the end of FY2017, being the last financial year of the Company.

4.4 Options and Convertible Instruments

As at the Latest Practicable Date, the Company has not issued any instruments convertible into, rights to subscribe for, or options in respect of, the Shares or securities which carry voting rights affecting Shares that are outstanding.

5. FINANCIAL INFORMATION

5.1 Consolidated Income Statements

Certain financial information extracted from the audited consolidated income statements of the Group for the last three (3) financial years (FY2017, FY2016 and FY2015) and the unaudited condensed consolidated income statements of the Group for 1Q2018 is summarised below. The summary set out below should be read together with the annual reports, the audited consolidated income statements of the Group for the relevant financial periods, the 1Q2018 Results and their respective accompanying notes, copies of which are available for inspection at the registered office of the Company's share registrar, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619.

<i>(All amounts in NOK millions unless otherwise stated)</i>	Group			
	Unaudited 1Q2018	Audited FY2017	Audited FY2016	Audited FY2015
	NOK	NOK	NOK	NOK
Revenue	2,266	8,603	7,894	11,307
Materials, subcontract costs and others	(1,550)	(5,601)	(5,049)	(8,561)
Salaries and related costs	(585)	(2,298)	(2,162)	(2,461)
Other operating expenses	(130)	(541)	(515)	(606)
EBITDA before restructuring cost	1	163	168	(321)
Restructuring cost	(11)	(33)	(105)	(77)
Depreciation, impairment and amortization	(58)	(221)	(205)	(235)
Operating profit/(loss)	(68)	(91)	(142)	(633)
Financial income	163	233	323	295
Financial costs	(160)	(339)	(282)	(866)
Net	3	(106)	41	(571)
Share of results of associates	–	(47)	(58)	–
Profit/(loss) before tax	(65)	(244)	(159)	(1,204)
Income tax expense	(31)	6	(38)	(88)
Profit/(loss) for the period	(96)	(238)	(197)	(1,292)
Profit/(loss) for the period attributable to:				
Equity holders of the Company	(109)	(233)	(163)	(603)
Non-controlling interest	13	(5)	(34)	(689)
Profit/(loss) for the period	(96)	(238)	(197)	(1,292)
Earnings (loss) per share (expressed in NOK)				
- Basic	(0.09)	(0.20)	(0.14)	(0.51)
- Diluted	(0.09)	(0.20)	(0.14)	(0.51)
Net dividends per share	–	–	–	–

5.2 Consolidated Statements of Financial Position

The audited consolidated statements of financial position of the Group for FY2016 and FY2017 and the unaudited condensed consolidated statement of financial position of the Group for 1Q2018 are summarised below. The summary set out below should be read together with the annual reports of the Group for FY2016 and FY2017, the 1Q2018 Results and their respective accompanying notes, copies of which are available for inspection at the registered office of the Company's share registrar, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619.

<i>(All amounts in NOK millions unless otherwise stated)</i>	Group		
	Unaudited as at	Audited as at	Audited as at
	31 March 2018	31 December 2017	31 December 2016
	NOK	NOK	NOK
ASSETS			
Non-current assets			
Property, plant and equipment	2,529	2,629	2,555
Intangible assets	474	477	475
Investment in subsidiary	–	–	–
Investment in associates	192	192	222
Other investments	12	12	19
Interest-bearing receivables, non-current	579	581	473
Non-current derivatives	2	–	28
Other non-current assets	155	158	38
Deferred tax assets	150	126	82
Total non-current assets	4,093	4,175	3,892
Current assets			
Inventories	2,091	2,100	1,949
Construction WIP in excess of prepayments	7,246	6,537	5,594
Trade and other receivables	913	834	801
Current derivatives	16	84	53
Other current assets	52	62	161
Interest-bearing receivables, current	316	322	289
Cash and cash equivalents	632	810	722
Assets classified as held for sale	–	–	57
Total current assets	11,266	10,749	9,626
Total assets	15,359	14,924	13,518
EQUITY			
Paid up capital	4,138	4,138	4,138
Restructuring reserve	(3,190)	(3,190)	(3,190)
Other reserves	(847)	(841)	(877)
Retained earnings	1,841	1,961	2,194
Total equity attributable to equity holders of the Company	1,942	2,068	2,265
Non-controlling interests	38	25	30
Total equity	1,980	2,093	2,295
LIABILITIES			
Non-current liabilities			
Loans and borrowings, non-current	967	1,045	1,049
Deferred tax liabilities	92	89	109
Non-current derivatives	137	168	32
Other non-current liabilities	817	831	582
Provisions, non-current	88	87	96
Total non-current liabilities	2,101	2,220	1,868
Current liabilities			
Loans and borrowings, current	1,054	872	443
Construction loans	6,131	5,652	5,248
Prepayments in excess of construction WIP	848	715	763
Trade and other payables	2,158	2,051	1,636
Current derivatives	258	363	591
Income tax payable	53	51	85
Provisions, current	98	98	141
Other current liabilities	678	809	404
Liabilities directly associated with assets classified as held for sale	–	–	44
Total current liabilities	11,278	10,611	9,355
Total liabilities	13,379	12,831	11,223
Total equity and liabilities	15,359	14,924	13,518

5.3 Consolidated NTA per Share

The consolidated NTA per Share of the Group based on the latest published accounts prior to the date of this Circular (being the 1Q2018 Results) is NOK 1.244 (approximately S\$0.208 per Share¹). As at the Latest Practicable Date, the Directors are not aware of any material changes which may affect the above stated consolidated NTA per Share.

5.4 Accounting Policies

Save as disclosed below and in the notes to the audited consolidated financial statements of the Group for FY2017 set out in the annual report for FY2017, which is available for inspection at the registered office of the Company's share registrar, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619:

- (a) there were no significant accounting policies or any matter from the notes of the financial statements of the Company which are of any major relevance for the interpretation of the financial statements of the Company; and
- (b) as at the Latest Practicable Date, there is no change in the accounting policies of the Company which will cause the financial statements of the Company not to be comparable to a material extent.

Notes 2(a) and 2(e) to the 1Q2018 Results state that the Group has applied the same accounting policies and methods of computation in the financial information for 1Q2018 compared with those in the audited consolidated financial statements of the Group for FY2017 set out in the annual report for FY2017, save that the Group has adopted a new financial reporting framework, SFRS(I), in January 2018 and has prepared its first set of financial information under SFRS(I)s for 1Q2018. The effects from the adoption of the new SFRS(I)s are as follows:

- (i) SFRS(I) 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. In addition, SFRS(I) 9 includes a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. Because of assessing the allowances for impairment of financial assets under the ECL introduced in SFRS(I) 9, the retained earnings as at 1 January 2018 has been decreased by a net amount of NOK 5 million, with a corresponding decrease by NOK 6 million of interest-bearing receivables, non-current and an increase of deferred tax assets by NOK 1 million. Due to the increased credit risk since the original inception, the allowances were assessed based on the lifetime ECLs. The adoption of SFRS(I) 9 had no impacts on the classification and measurement of the financial assets and liabilities; and
- (ii) according to SFRS(I) 15, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised when, or as, the customer obtains control of the goods or services. SFRS(I) 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. The retrospective adoption of SFRS(I) 15 resulted in a reduction of the restated retained earnings as at 31 December 2017 by a net amount of NOK 6 million because of the different timing of revenue recognition in certain contracts. Correspondingly the restated value as at 31 December 2017 of contract assets has been reduced by NOK 8 million while restated deferred tax assets has been increased by NOK 2 million.

A copy of the 1Q2018 Results is available for inspection at the registered office of the Company's share registrar, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619.

¹ Based on an exchange rate of NOK 1 = S\$0.1673 as at the Latest Practicable Date.

5.5 Material Changes in Financial Position

Save as set out in publicly available information on the Group or as set out in this Circular, as at the Latest Practicable Date, there has been no known material change in the financial position of the Group since 31 December 2017, being the date of the Company's last published audited consolidated financial statements.

6. **DISCLOSURE OF INTERESTS**

6.1 Shareholdings

(a) Interests of the Company in Offeror Securities

The Company does not have any direct or deemed interest in any Offeror Securities as at the Latest Practicable Date.

(b) Dealings in Offeror Securities by the Company

The Company has not dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

(c) Interests of the Directors in Offeror Securities

None of the Directors has any direct or deemed interest in any Offeror Securities as at the Latest Practicable Date.

(d) Dealings in Offeror Securities by the Directors

None of the Directors has dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

(e) Interests of the Directors in Company Securities

None of the Directors has any direct or deemed interest in any Company Securities as at the Latest Practicable Date.

(f) Dealings in Company Securities by the Directors

None of the Directors has dealt for value in any Company Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

(g) Company Securities owned or controlled by CIMB

Neither CIMB nor any of the funds whose investments are managed by CIMB on a discretionary basis owns or controls any Company Securities as at the Latest Practicable Date.

(h) Dealings by CIMB in Company Securities

Save as disclosed in this paragraph 6.1(h), neither CIMB nor any of the funds whose investments are managed by CIMB on a discretionary basis has dealt for value in any Company Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date:

Name	Date	Number of Shares bought	Number of Shares sold	Transaction price per Share (S\$)
CGS-CIMB Securities (Singapore) Pte. Ltd.	19 October 2017	20,000	–	0.245
CGS-CIMB Securities (Singapore) Pte. Ltd.	20 October 2017	–	20,000	0.245

(i) Intentions of the Directors in respect of their Shares

None of the Directors has any direct or indirect interests in the Offer Shares.

6.2 Other Disclosures

(a) Directors' Service Contracts

Mr. Roy Reite entered into a service agreement with Vard Group AS (formerly known as STX Norway Offshore AS) on 27 October 2010, effective from 1 October 2010, in relation to his employment with Vard Group AS (the "**RR Service Agreement**"). Pursuant to the RR Service Agreement, which does not have an expiry date, Mr. Roy Reite is entitled to be paid a fixed annual salary of NOK 3,935,000, effective from 1 January 2018. Under the RR Service Agreement, a variable discretionary bonus of up to 50% of Mr. Roy Reite's fixed annual salary as determined and approved by the board of directors of Vard Group AS may also be payable. The RR Service Agreement provides that his employment may be terminated by either Vard Group AS or Mr. Roy Reite giving six (6) months' written notice to the other. In the event that Vard Group AS demands Mr. Roy Reite's resignation out of concern for the affairs of Vard Group AS or there is a mutual understanding between Vard Group AS and Mr. Roy Reite to the effect that the employment shall terminate, Vard Group AS will be required to pay Mr. Roy Reite a severance payment corresponding to 12 months of his regular fixed monthly salary, payable monthly following the expiry of his notice period, and which is conditional upon (a) Mr. Roy Reite accepting such termination, and (b) Mr. Roy Reite neither initiating employment protection proceedings nor making any claims against Vard Group AS in connection with his employment or termination of his employment.

Save as disclosed above, as at the Latest Practicable Date:

- (i) there are no service contracts between any of the Directors or proposed directors with the Company or any of its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and
- (ii) there are no such contracts entered into or amended during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

(b) Arrangements affecting Directors

As at the Latest Practicable Date:

- (i) it is not proposed that any payment or other benefit be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Exit Offer; and
- (ii) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Exit Offer.

6.3 Material Contracts

None of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror as at the Latest Practicable Date.

7. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Save as disclosed in publicly available information on the Group, neither the Company nor any of its subsidiaries has entered into material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business) during the period commencing three (3) years prior to the Joint Announcement Date and ending on the Latest Practicable Date.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in publicly available information on the Group, the Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or any facts likely to give rise to any such material litigation, claims or proceedings, which might materially and adversely affect the financial position of the Group, taken as a whole.

9. MATERIAL CHANGE IN INFORMATION

Save as disclosed in this Circular and save for information relating to the Company, the Group or the Exit Offer and the Delisting that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Joint Announcement Date and ending on the Latest Practicable Date.

APPENDIX IV

PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution, which is available for inspection at the registered office of the Company's share registrar, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619. The relevant provisions have been extracted from the Constitution and reproduced below. Capitalised terms and expressions not defined below have the meanings ascribed to them in the Constitution.

(a) Rights in respect of Capital

"ISSUE OF SHARES

3. *Subject to the Statutes and the provisions of this Constitution, no shares may be issued by the Directors without the prior approval of the Company by Ordinary Resolution but subject thereto and to Regulation 7, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges, conditions, or restrictions whether as regards dividend, return of capital, participation in surplus assets and profits, conversion or otherwise, as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, PROVIDED THAT:*
 - (a) *(subject to any direction to the contrary that may be given by the Company in a General Meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Regulation 7(A) with such adaptations as are necessary shall apply; and*
 - (b) *the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same and in the provisions of this Constitution.*
4.
 - (A) *Preference shares may be issued subject to such limitation thereof as may be prescribed by any securities exchange upon which shares in the Company are listed, provided that the total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six Months in arrears.*
 - (B) *The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.*
 - (C) *The Company has power to issue different classes of shares.*
 - (D) *The Company may issue shares for which no consideration is payable to the Company.*

VARIATION OF RIGHTS

5. (A) *Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the Statutes, be varied or abrogated either with the consent in writing of holders who represent at least three-quarters of the total voting rights of all the shares of that class or by a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up.*

To every such separate General Meeting, all the provisions of this Constitution relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of all the shares of that class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, PROVIDED THAT where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from holders who represent at least three-quarters of the total voting rights of all the shares of that class concerned within two Months of such General Meeting shall be as valid and effectual as a Special Resolution passed at such General Meeting. The foregoing provisions of this Regulation shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

- (B) *The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED THAT where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from holders who represent at least three-quarters of the total voting rights of all the preference shares concerned within two Months of the General Meeting, shall be as valid and effectual as a Special Resolution carried at the General Meeting.*
- (C) *The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.*

ALTERATION OF SHARE CAPITAL

6. *The Company in General Meeting may from time to time by Ordinary Resolution increase its capital by the allotment and issue of new shares.*

7. (A) *Subject to the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed or to any direction to the contrary that may be given by the Company in a General Meeting, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation 7(A).*
- (B) *Notwithstanding Regulation 7(A), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:*
- (a) (i) *issue shares whether by way of rights, bonus or otherwise; and/or*
- (ii) *make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and*
- (b) *(notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,*
- provided that:-*
- (1) *the aggregate number of shares or other instruments convertible into shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the securities exchange upon which shares in the Company are listed;*
- (2) *in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the securities exchange upon which shares in the Company are listed, the time being in force (unless such compliance is waived by the securities exchange upon which shares in the Company are listed) and this Constitution; and*
- (3) *(unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).*
- (C) *Except so far as otherwise provided by the conditions of issue or by the provisions of this Constitution, all new shares shall be subject to the Statutes and the provisions of this Constitution with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*

8. *The Company may by Ordinary Resolution:*
- (a) *consolidate and divide all or any of its shares;*
 - (b) *cancel any shares which, at the date of the passing of the resolution, have been forfeited and diminish the amount of its capital by the number of shares so cancelled;*
 - (c) *sub-divide its shares, or any of them in accordance with the Statutes and the by-laws or listing rules of the securities exchange upon which shares in the Company are listed, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares; and*
 - (d) *subject to the Statutes and this Constitution, convert its share capital or any class of shares from one currency to another currency.*
- 8A. *The Company may, subject to the Statutes and this Constitution, convert any class of shares into any other class of shares by Special Resolution.*
9. (A) *The Company may reduce its share capital or any reserve in any manner and with and subject to any incident authorised and consent required by law.*
- (B) *Subject to the Statutes, the Company may purchase or otherwise acquire any of its issued shares on such terms and in such manner as the Company may from time to time think fit and in the manner prescribed by the Statutes. If required by the Statutes, any share which is so purchased or acquired by the Company, unless held as treasury shares in accordance with the Statutes, shall be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share (including treasury shares) which is so purchased or acquired by it in accordance with the Statutes.*
10. *Shares that the Company purchases or otherwise acquires may be held as treasury shares in accordance with the provisions of this Constitution and the Act.*
11. *Where the shares purchased or otherwise acquired are held as treasury shares by the Company, the Company shall be entered in the Register of Members as the Member holding the treasury shares.*
12. *The Company shall not exercise any right in respect of the treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.*

SHARES

13. *Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way (except by the Statutes or the provisions of this Constitution) to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee, as the case may be) entered in the Register of Members as the registered holder thereof or (as the case may be) a person whose name is entered in the Depository Register in respect of that share.*

14. *Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions (as regards dividend, return of capital, voting or otherwise) as the Company may from time to time by Ordinary Resolution or, if required by the Act, by Special Resolution determine (or, in the absence of any such determination, but subject to the Act, as the Directors may determine) and subject to the Statutes, the Company may issue preference shares which are, or at the option of the Company, are liable to be redeemed.*
15. *Subject to the Statutes and the provisions of this Constitution relating to authority, pre-emption rights and otherwise and of any resolution of the Company in a General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.*
16. *The Company may exercise the powers of paying commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly shares or partly in one way and partly in the other.*
17. *Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the securities exchange upon which shares in the Company are listed) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.*

STOCK

48. *The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares.*
49. *The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Regulations and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.*
50. *The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by any number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.*

CAPITALISATION OF PROFITS AND RESERVES

135A. *The Directors may, with the sanction of an Ordinary Resolution of the Company, including any Ordinary Resolution passed pursuant to Regulation 7(B) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:*

- (a) the date of the Ordinary Resolution (or such other dates as may be specified therein or determined as therein provided); or*
- (b) (in the case of an Ordinary Resolution passed pursuant to Regulation 7(B)), such other date as may be determined by the Directors,*

in proportion to their then holdings of shares.

136. *Subject to Regulations 3, 4 and 7, the Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including any undistributable reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:*

- (a) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or*
- (b) (in the case of an Ordinary Resolution passed pursuant to regulation 7(B)) such other dates as may be determined by the Directors,*

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under Regulations 135A and 136, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter into an agreement with the Company on behalf of all the Members interested, providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

136A. *In addition and without prejudice to the powers provided for by Regulations 135A and 136, the Directors shall have power to issue shares for which no consideration is payable and/or capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full unissued shares on terms that such shares shall, upon issue:*

- (a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit; or*
- (b) be held by or for the benefit of non-executive Directors as part of their remuneration under Regulations 81 and/or 82A approved by Members in General Meeting in such manner and on such terms as the Directors shall think fit.*

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing."

(b) **Rights in respect of Dividends**

“RESERVES

123. *The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any part of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the Statutes.*

DIVIDENDS

124. *The Company may by Ordinary Resolution declare dividends but no such dividends shall exceed the amount recommended by the Directors. No dividends may be paid, unless otherwise provided in the Statutes, to the Company in respect of treasury shares.*
125. *If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.*
126. *Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide and except as otherwise permitted under the Statutes:*
- (a) *all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*
 - (b) *all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which dividend is paid.*

For the purposes of this Regulation, no amount paid on a share in advance of calls shall be treated as paid on the share.

127. *No dividend shall be paid otherwise than out of profits available for distribution under the Statutes.*
128. *No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.*
129. (A) *The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.*
- (B) *The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member, or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.*

- (C) *The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or moneys unclaimed after a period of six Years from the date they are first payable may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture.*
- (D) *A payment by the Company to the Depository of any dividend or other moneys payable to a depositor shall, to the extent of the payment made, discharge the Company from any liability in respect of that payment. If the Depository returns any such dividend or moneys to the Company, the relevant depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six Years has elapsed from the date on which such other moneys are first payable.*
130. *The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.*
131. *The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.*
132. (A) *Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:*
- (a) *the basis of any such allotment shall be determined by the Directors;*
- (b) *the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation;*
- (c) *the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded PROVIDED THAT the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and*

- (d) *the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the “elected ordinary shares”) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Regulation 136, the Directors shall (i) capitalise and apply the amount standing to the credit of any of the Company’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.*
- (B) (a) *The ordinary shares allotted pursuant to the provisions of paragraph (A) of this Regulation shall rank pari passu in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.*
- (b) *The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (A) of this Regulation, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down or whereby the benefit of the fractional entitlements accrues to the Company rather than the Members).*
- (C) *The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Regulation, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors may think fit, and in such event the provisions of this Regulation shall be read and construed subject to such determination.*
- (D) *The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Regulation, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.*
- (E) *Notwithstanding the foregoing provisions of this Regulation, if at any time after the Directors’ resolution to apply the provisions of paragraph (A) of this Regulation in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of paragraph (A) of this Regulation.*

133. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a Member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such Member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Regulation and the provisions of Regulation 135, the payment by the Company to the Depository of any dividend payable to a depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the depositor in respect of that payment.
134. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.
135. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in a General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.”

(c) **Rights in respect of Voting**

“GENERAL MEETINGS

51. Subject to the Statutes, an Annual General Meeting shall be held once in every Year and not more than fifteen Months after the holding of the last preceding Annual General Meeting, at such time and place as may be determined by the Directors. All other General Meetings shall be Extraordinary General Meetings.
52. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

NOTICE OF GENERAL MEETINGS

53. (A) Subject to the Statutes, any General Meeting at which it is proposed to pass a Special Resolution shall be called by twenty-one days' notice in writing at the least. An Annual General Meeting and any other Extraordinary General Meeting shall be called by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereafter mentioned to all Members other than those who are not under the provisions of this Constitution entitled to receive such notices from the Company, PROVIDED THAT a General Meeting which has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:
- (a) in the case of an Annual General Meeting, by all the Members entitled to attend and vote thereat; and

- (b) *in the case of an Extraordinary General Meeting, by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the Members having a right to vote at that meeting,*

except that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting.

- (B) *Where special notice is required of a resolution pursuant to the Statutes, notice of the intention to move the resolution shall be given to the Company and notice of any General Meeting shall be called in accordance with the Statutes and in particular, Section 185 of the Act.*
 - (C) *Subject to the Statutes or the bye-laws or listing rules of the securities exchange on which shares in the Company are listed, for so long as the shares in the Company are listed on the SGX-ST, notices convening any General Meeting at which it is proposed to pass a Special Resolution shall be sent to Members entitled to attend and vote at the meeting at least twenty-one calendar days before the meeting (excluding the date of notice and the date of meeting). Notices convening any other General Meeting must be sent to Members entitled to attend and vote at the meeting at least fourteen calendar days before the meeting (excluding the date of notice and the date of meeting). At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any securities exchange on which shares in the Company are listed.*
54. (A) *Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Member of the Company.*
- (B) *In the case of an Annual General Meeting, the notice shall also specify the meeting as such.*
- (C) *In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.*
55. *Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:*
- (a) *declaring dividends;*
 - (b) *receiving and adopting the financial statements, the Directors' statement, Auditor's report and other documents required to be attached or annexed to the financial statements;*
 - (c) *appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;*
 - (d) *appointing new Auditors, or re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);*
 - (e) *fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and*
 - (f) *fixing the fees of the Directors proposed to be passed under Regulation 81 and/or Regulation 82(A).*

56. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.

PROCEEDINGS AT GENERAL MEETINGS

57. The Chairman of the Board, failing whom the Deputy Chairman of the Board, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present and willing to act within five minutes after the time appointed for holding the meeting, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the Members present shall choose one of their number) to be chairman of the meeting.
58. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more Members present in person or by proxy, PROVIDED THAT where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.
59. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting, any one or more Members present in person or by proxy shall be a quorum.
60. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.
61. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
62. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
63. Subject to Regulation 63A, at any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
- (a) the chairman of the meeting;
 - (b) not less than five Members having the right to vote at the meeting;
 - (c) a Member or Members having the right to vote at the meeting representing not less than five per cent. of the total voting rights of all the Members having the right to vote at the meeting; or

- (d) a Member or Members having the right to vote at the meeting and holding shares on which an aggregate sum has been paid up equal to not less than five per cent. of the total sum paid-up on all shares of the Company conferring that right (excluding treasury shares),

PROVIDED THAT no poll shall be demanded on the choice of a chairman or on a question of adjournment.

- 63A. *If required by the listing rules of any stock exchange upon which the shares of the Company may be listed, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by such stock exchange).*
64. *A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if required by the listing rules of any stock exchange upon which the shares of the Company may be listed or if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.*
65. *In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.*
66. *A poll on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.*

VOTES OF MEMBERS

67. *Each Member who is a holder of ordinary shares in the capital of the Company shall be entitled to be present at any General Meeting. Subject and without prejudice to Regulation 12, each Member entitled to vote may vote in person or by proxy.*
- (a) *On a show of hands, every Member who is present in person or by proxy shall have one vote PROVIDED THAT (i) in the case of a Member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion, shall be entitled to vote; and (ii) in the case of a Member who is a relevant intermediary and who is represented by two (2) or more proxies, each proxy shall be entitled to vote on a show of hands.*
- (b) *On a poll, every Member who is present in person or by proxy shall have one vote for every share which he holds or represents.*

For the purpose of determining the number of votes which a Member, being a depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

68. *In the case of joint holders of a share, any one of such person may vote, and be reckoned in quorum at any General Meeting, either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto, but if more than one of such joint holders is so present at any meeting, then the person present whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of the share shall alone be entitled to vote in respect thereof.*
69. *Where in Singapore or elsewhere, a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such Member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.*
70. *Any Member shall be entitled to be present and to vote either personally or by proxy, at any General Meeting of the Company, in respect of any share or shares upon which all calls due to the Company have been paid.*
71. *No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.*
72. *On a poll, votes may be given personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.*
73. (A) *Save as otherwise provided in the Act:*
- (a) *a Member who is not a relevant intermediary may appoint not more than two (2) proxies to attend and vote at the same General Meeting. Where such Member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and*
 - (b) *a Member who is a relevant intermediary may appoint more than two (2) proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*
- (B) *If the Member is a depositor, the Company shall be entitled and bound:*
- (a) *to reject any instrument of proxy lodged if the depositor is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and*
 - (b) *to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that depositor in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that depositor.*

- (C) *The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.*
 - (D) *In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.*
 - (E) *A proxy need not be a Member of the Company.*
74. (A) *An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:*
- (a) *in the case of an individual shall be:*
 - (i) *signed by the appointor or his attorney; or*
 - (ii) *authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and*
 - (b) *in the case of a corporation shall be:*
 - (i) *either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation; or*
 - (ii) *authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.*
- (B) *The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor (which shall, for the purposes of this paragraph include a depositor) by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Regulation 75, failing which the instrument may be treated as invalid.*
- (C) *The Directors may, for the purposes of Regulations 74(A)(a)(ii) and 74(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.*
- (D) *The Directors may, in their absolute discretion:*
- (a) *approve the method and manner for an instrument appointing a proxy to be authorised; and*
 - (b) *designate the procedure for authenticating an instrument appointing a proxy,*
as contemplated in Regulations 74(A)(a)(ii) and 74(A)(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Regulation 74(A)(a)(i) and/or (as the case may be) Regulation 74(A)(b)(i) shall apply.

75. *An instrument appointing a proxy:*
- (A) *if sent personally or by post, must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the registered office of the Company); or*
 - (B) *if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting,*

and in either case not less than 72 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, PROVIDED THAT an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

- 75A. *The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Regulation 75(B). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), Regulation 75(A) shall apply.*
76. *An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.*
77. *A vote cast by proxy shall not be invalidated by the previous death or mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made PROVIDED THAT no intimation in writing of such death, mental disorder or revocation shall have been received by the Company at the registered office of the Company at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.*
- 77A. *Subject to this Constitution and the Statutes, the Board may, at its sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.*


CORPORATIONS ACTING BY REPRESENTATIVES

78. *Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member of the Company and such corporation shall for the purposes of the provisions of this Constitution, be deemed to be present in person at any such meeting if a person so authorised is present thereat."*

APPENDIX V

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
AS AT AND FOR THE THREE (3) MONTHS ENDED 31 MARCH 2018**

built on trust



CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION AS AT AND
FOR THE THREE MONTHS ENDED
31 MARCH 2018

VARDTM
a **Fincantieri** company

Vard Holdings Limited

Incorporated in Singapore | Company Registration No. 201012504K

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AS AT AND FOR THE THREE MONTHS ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

(All amounts in NOK millions unless otherwise stated)

	Note	Group		Company	
		As at 31/03/18	As at 31/12/17 <i>Restated</i>	As at 31/03/18	As at 31/12/17
ASSETS					
Non-current assets					
Property, plant and equipment	3	2,529	2,629	-	-
Intangible assets	4	474	477	-	-
Investment in subsidiary		-	-	3,518	3,518
Investment in associates		192	192	-	-
Other investments		12	12	-	-
Interest-bearing receivables, non-current		579	581	-	-
Non-current derivatives		2	-	-	-
Other non-current assets		155	158	-	-
Deferred tax assets		150	128	-	-
Total non-current assets		4,093	4,177	3,518	3,518
Current assets					
Inventories	5	2,091	2,100	-	-
Contract assets	6	7,246	6,529	-	-
Trade and other receivables		913	834	109	92
Current derivatives		16	84	-	-
Other current assets		52	62	-	-
Interest-bearing receivables, current		316	322	-	-
Cash and cash equivalents		632	810	1	1
Total current assets		11,266	10,741	110	93
Total assets		15,359	14,918	3,628	3,611
EQUITY AND LIABILITIES					
Equity					
Paid up capital		4,138	4,138	4,138	4,138
Restructuring reserve		(3,190)	(3,190)	(1,411)	(1,411)
Other reserves		(847)	(841)	-	-
Retained earnings		1,841	1,955	463	450
Total equity attributable to equity holders of the Company		1,942	2,062	3,190	3,177
Non-controlling interests		38	25	-	-
Total equity		1,980	2,087	3,190	3,177
Non-current liabilities					
Loans and borrowings, non-current	7	967	1,045	-	-
Deferred tax liabilities		92	89	-	-
Non-current derivatives		137	168	-	-
Other non-current liabilities		817	831	-	-
Provisions, non-current	9	88	87	-	-
Total non-current liabilities		2,101	2,220	-	-
Current liabilities					
Loans and borrowings, current	7	1,054	872	432	431
Construction loans	7	6,131	5,652	-	-
Contract liabilities	6	848	715	-	-
Trade and other payables		2,158	2,051	2	1
Current derivatives		258	363	-	-
Income tax payable		53	51	-	-
Provisions, current	9	98	98	-	-
Other current liabilities		678	809	4	2
Total current liabilities		11,278	10,611	438	434
Total liabilities		13,379	12,831	438	434
Total equity and liabilities		15,359	14,918	3,628	3,611

The accompanying notes form an integral part of the condensed consolidated interim financial information.

The Group has adopted 'Singapore Financial Reporting Standards International' (SFRS(I)s) on 1 January 2018. Please refer to note 2 (e) for the details on the impact from the adoption with respect to the restated full year ended 31 December 2017 financial statements.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AS AT AND FOR THE THREE MONTHS ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the first quarter ended 31 March 2018

(All amounts in NOK millions unless otherwise stated)

	Note	1Q-2018 ended 31/03/18	1Q-2017 ended 31/03/17
Revenue	10	2,266	1,777
Materials and subcontract costs		(1,550)	(1,057)
Salaries and related costs	11	(585)	(540)
Other operating expenses		(130)	(140)
Depreciation, impairment and amortization		(58)	(53)
Restructuring cost	18	(11)	(6)
Operating profit / (loss)		(68)	(19)
Financial income	8	163	96
Financial costs	8	(160)	(100)
Net		3	(4)
Share of results of associates, net of tax		-	-
Profit / (loss) before tax		(65)	(23)
Income tax expense		(31)	(4)
Profit / (loss) for the period		(96)	(27)
Other comprehensive income / (loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(62)	(4)
Net fair value change in cash flow hedge		58	6
Income tax on other comprehensive income		(2)	(9)
<i>Items that may not be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income in associated companies		-	-
Other comprehensive income for the period, net of income tax		(6)	(7)
Total comprehensive income / (loss) for the period		(102)	(34)
Profit / (loss) for the period attributable to:			
Equity holders of the Company		(109)	(25)
Non-controlling interests		13	(2)
Profit / (loss) for the period		(96)	(27)
Total comprehensive income / (loss) attributable to:			
Equity holders of the Company		(115)	(31)
Non-controlling interests		13	(3)
Total comprehensive income / (loss) for the period		(102)	(34)
Earnings / (loss) per share (expressed in NOK)			
<i>Attributable to Equity holders of the Company</i>			
Basic	12	(0.09)	(0.02)
Diluted	12	(0.09)	(0.02)

The accompanying notes form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AS AT AND FOR THE THREE MONTHS ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the first quarter ended 31 March 2018

(All amounts in NOK millions unless otherwise stated)

	Other reserves					Retained Earnings	Total Equity Attributable To Equity Holders of the Company	Non-controlling Interest	Total Equity
	Paid up Capital	Restructuring Reserve	Currency Translation Reserve	Fair Value Reserve	Other Reserves				
At 1 January 2017	4,138	(3,190)	159	2	(1,002)	1,961	2,068	25	2,093
Adoption of SFRS(I) 15 - note 2 (e)	-	-	-	-	-	(6)	(6)	-	(6)
At 31 December 2017 (as restated)	4,138	(3,190)	159	2	(1,002)	1,955	2,062	25	2,087
Adoption of SFRS(I) 9 - note 2 (e)	-	-	-	-	-	(5)	(5)	-	(5)
At 1 January 2018 (as restated)	4,138	(3,190)	159	2	(1,002)	1,950	2,057	25	2,082
Comprehensive income									
Loss for the period	-	-	-	-	-	(109)	(109)	13	(96)
Other comprehensive income / (loss)	-	-	(50)	44	-	-	(6)	-	(6)
Total comprehensive income / (loss)	-	-	(50)	44	-	(109)	(115)	13	(102)
At 31 March 2018	4,138	(3,190)	109	46	(1,002)	1,841	1,942	38	1,980

	Other reserves					Retained Earnings	Total Equity Attributable To Equity Holders of the Company	Non-controlling Interest	Total Equity
	Paid up Capital	Restructuring Reserve	Currency Translation Reserve	Fair Value Reserve	Other Reserves				
At 1 January 2017	4,138	(3,190)	163	(38)	(1,002)	2,194	2,265	30	2,295
Comprehensive income									
Loss for the period	-	-	-	-	-	(25)	(25)	(2)	(27)
Other comprehensive income / (loss)	-	-	(3)	(3)	-	-	(6)	(1)	(7)
Total comprehensive income / (loss)	-	-	(3)	(3)	-	(25)	(31)	(3)	(34)
At 31 March 2017	4,138	(3,190)	160	(41)	(1,002)	2,169	2,234	27	2,261

The accompanying notes form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AS AT AND FOR THE THREE MONTHS ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the first quarter ended 31 March 2018

(All amounts in NOK millions unless otherwise stated)

Note	1Q-2018 ended 31/03/18	1Q-2017 ended 31/03/17
Operating activities		
Profit (loss) before tax	(65)	(23)
<i>Adjustments for:</i>		
Net interest expense	14	5
Unrealised foreign exchange gain/loss	(52)	(13)
Depreciation, impairment and amortization	58	53
Operating cash flows before movements in working capital	(45)	22
Inventories	9	(103)
Contract assets and liabilities	(621)	520
Proceeds from construction loans	747	285
Repayment of construction loans	(160)	(129)
Other working capital assets	28	(233)
Other working capital liabilities	(174)	(90)
Provisions	1	(17)
Cash generated from / (used in) operations	(215)	255
Interest received	9	8
Interest paid	(15)	(11)
Income tax paid	(45)	(9)
Cash flows from/ (used in) operating activities	(266)	243
Investing activities		
Purchase of property, plant and equipment	(40)	(88)
Purchase of intangible assets	(2)	(4)
Issuance of new non-current interest bearing receivables	4	-
Acquisition of subsidiary, net of cash acquired	-	(1)
Cash flows used in investing activities	(38)	(93)
Financing activities		
Proceeds from loans and borrowings	444	103
Repayment of loans and borrowings	(284)	(47)
Cash flows from financing activities	7	56
Net increase in cash and cash equivalents	(144)	206
Effects of currency translation difference on cash and cash equivalents	(10)	3
Cash and cash equivalents at beginning of financial year	708	618
Cash and cash equivalents at end of the period	554	827
Restricted cash at end of the period	78	81
Cash and cash equivalents at end of the period including restricted cash	632	908

The accompanying notes form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AS AT AND FOR THE THREE MONTHS ENDED 31 MARCH 2018

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the first quarter ended 31 March 2018

(All amounts in NOK millions unless otherwise stated)

These notes form an integral part of and should be read in conjunction with the accompanying condensed consolidated interim financial information.

The condensed consolidated interim financial information were authorized for issue by the Board of Directors on 3 June 2018.

1. Corporate information

(a) General information

The Company (Registration No. 201012504K) is a company incorporated in Singapore. The address of its registered office is at 6 Battery Road, #10-01, Singapore 049909.

The condensed consolidated interim financial information of the Group as at and for the three months ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

The principal activities of the Company during the financial period are mainly that of an investment holding company. The Company also provides support services to its subsidiaries, including the provision of performance and repayment guarantees on the construction contracts.

2. Basis of preparation of condensed interim financial report

(a) Statement of compliance

The Condensed Consolidated Interim Financial Information have been prepared in accordance with SFRS(I) 1-34 - Interim Financial Reporting. SFRS(I) 1-34 allows the preparation of interim financial statements in a condensed format, therefore the Condensed Consolidated Interim Financial Information must be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2017.

Except for changes in accounting policies disclosed in note 2 (e) below, the Group has applied the same accounting policies and methods of computation in the financial information for the current financial period compared with those of the audited financial statements for the year ended 31 December 2017.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

Going concern basis

The financial statements have been prepared on a going concern basis, since the Directors have verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group's ability to meet its obligations in the foreseeable future and particularly within the 12 months from the end of the reporting period.

(c) Functional and presentation currency

The Company's functional currency is the Norwegian Kroner (NOK). The financial statements of the Group and the statement of financial position of the Company are presented in Norwegian Kroner (NOK) and all amounts have been rounded to the nearest million, unless otherwise stated.

(d) Use of estimates and judgements

A full description of the use of accounting estimates can be found in the Consolidated Financial Statements as at 31 December 2017. Certain valuation processes, particularly the more complex ones, such as the determination of any impairment of non-current assets, are generally carried out in full only at the time of preparing the annual financial statements when all the necessary information is available, unless there are indicators of impairment that require the immediate assessment of any impairment losses.

Construction contracts

The Group uses the percentage-of-completion (POC) method to account for construction work in progress. The use of this method requires the Group to estimate the stage of completion of contract activity and also estimate the outcome of a contract at each reporting date. Revenue recognition depends on variables such as development in steel prices, cost of other factor inputs, extent of calculated contingencies, developments in projects and shipyard capacity and efficiency.

The scope of variation orders and acceptance of claims by customers may affect revenue estimates. Uncertainties about revenue estimates will also be affected by the Group's previous experience from similar construction projects. Generally, there are greater uncertainties related to revenue estimates of new constructions, new designs and new yards. Events, changes in assumptions and management's judgement will affect recognition of revenue in the current period.

Based on the current ongoing work to reduce the significant counterparty risk in the offshore project portfolio, and the current status of negotiations ongoing, management's assessment as of 31 March 2018 is still that it is probable that the economic benefits from the construction contracts will flow to the Group. When arriving at this conclusion, management is also considering the possibilities of reconfiguring or rebuilding the vessels for other purposes.

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Impairment assessment of goodwill and property plant and equipment

In accordance with FRS, the recoverability of the carrying amount of goodwill is reviewed annually or more frequently when there is an indication of a possible impairment. Goodwill is tested for impairment at the lowest level (cash-generating unit "CGU") within the entity at which management assesses, directly or indirectly, the return on the investment that includes such goodwill. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows of the cash generating unit are discounted to their present value. The calculations require the use of estimates and assumptions relating to cash flows and discount rates.

Generally, there will be uncertainties related to cash flow estimates. The degree of uncertainty will depend on certainty of the order backlog and market development, uncertainties in prices related to different factor inputs and to what extent the prices are hedged. Events, changes in assumptions and the management's judgement will affect the evaluation of the recoverable amounts of the cash-generating units.

During the three months ended 31 March 2018 there was no changes in the key assumption on which management has based its cash flow projections and in the discount rates used for the impairment assessments of goodwill performed as at 31 December 2017. In the first quarter 2018 there was no changes in the assumptions based on which the recoverable amount of the property, plant and equipment at Vard Promar was assessed as at 31 December 2017.

Inventories

Following the termination of two shipbuilding contracts during 2015 and the reclassification of the vessel previously under construction for Harkand during 2016, the inventories includes two vessels within work in progress and one vessel within finished goods. The Group measures inventories at the lower of cost and net realizable value, where the net realizable value is the estimated selling price less the cost of completion and selling expenses. At 31 December 2017 the value of the vessels was reassessed to align the book value with the net realizable value and a loss of NOK 54 million was recognized. During first quarter 2018 no events occurred that would have required further reductions of the net realizable value.

(e) Changes in accounting policies

The Group has adopted a new financial reporting framework, 'Singapore Financial Reporting Standards International' ("SFRS(I)s"), on January 2018 and has prepared its first set of financial information under SFRS(I)s for the quarter ended 31 March 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I)s 1 First-time Adoption of Singapore Financial Reporting Standards (International). The current Group accounting policies under the Financial Reporting Standards ("FRSs") are already aligned with the new SFRS(I)s. The only effects from the adoption of the new SFRS(I)s stemming from the concurrent application of the new major SFRS(I)s equivalents of IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers. Further information on impacts from the adoption of the new SFRS(I)s are disclosed below.

Adoption of SFRS(I) equivalent of IFRS 9

SFRS(I) 9 is effective for financial years beginning on or after 1 January 2018. The Group has elected to apply the short-term exemption under SFRS(I) 1, which exempt the Group from applying SFRS(I) 9 to comparative information. Accordingly, requirements of FRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 December 2017. SFRS(I) 9 introduces new requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The classification and measurement portion of the standard determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The new standard introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. In addition, SFRS(I) 9 includes a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity.

Because of assessing the allowances for impairment of financial assets under the expected-loss model ("ECL") introduced in SFRS(I) 9, the retained earnings at 1 January 2018 has been decreased by a net amount of NOK 5 million, with a corresponding decrease by NOK 6 million of interest-bearing receivables, non-current and an increase of deferred tax assets by NOK 1 million. Due to the increased credit risk since the original inception, the allowances were assessed based on the lifetime ECLs. The adoption of SFRS(I) 9 had no impacts on the classification and measurement of the financial assets and liabilities.

SFRS(I) 9 Financial Instruments – Accounting policies applied from 1 January 2018

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

i. Classification and measurement of financial assets

Under SFRS(I) 9, on initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income ("FVOCI") – debt investment, FVOCI – equity investment, or fair value through profit or loss ("FVTPL"). The classification of financial assets under SFRS (I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

- Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
- Equity investments at FVOCI are subsequently measured at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

ii. Impairment of financial assets

Under SFRS(I) 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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iii. Hedge accounting

The Group has elected to adopt the new general hedge accounting model in SFRS (9). This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. The Group uses forward foreign exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency borrowings, receivables, sales and inventory purchases.

Adoption of SFRS(I) equivalent of IFRS 15

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively. According to SFRS(I) 15, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. SFRS(I) 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment.

The retrospective adoption of the SFRS(I) 15 resulted in a reduction of the restated retained earnings at 31 December 2017 by a net amount of NOK 6 million because of the different timing of revenue recognition in certain contracts. Correspondingly the restated value at 31 December 2017 of contract assets has been reduced by NOK 8 million while restated deferred tax assets has been increased by NOK 2 million. No material impacts were assessed on 1Q 2017, hence the Group's Statement of Comprehensive Income was not restated.

SFRS(I) 15 Revenue from Contracts with Customers – Accounting policies

Revenue is recognised upon the satisfaction of performance obligations, which occurs when control of the good or service transfers to the customer. Control can be transferred at a point in time or over time. The Group has determined that for construction-type contracts, the customer controls all of the work in progress as the products are being manufactured. This is because under those contracts the assets are made to a customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Therefore, revenue from these contracts and the associated costs are recognised over time – i.e. before the goods are delivered to the customers' premises.

The progress toward satisfaction of a performance obligation that is satisfied over time is measured generally by reference to the ratio of contract costs incurred to date to the estimated total costs for the contract.

Contracts that are entered into at or near the same time with the same customer are combined into a one single contract when at least one of the following criteria are met: (i) the contracts are negotiated as a package with a single commercial objective, (ii) the amount of consideration to be paid in one contract depends on the price or performance of the other contract, (iii) the goods or services promised in the contracts are a single performance obligation.

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3. Property, plant and equipment

Group	Machinery and vehicles	Buildings	Land and land leasehold improvements	Quays/ docks	Assets under construction	Total
Cost						
At 1 January 2018	1,695	1,914	121	537	116	4,383
Additions	32	2	-	-	-	34
Disposals	-	-	-	-	-	-
Reclassifications	50	1	-	-	(49)	2
Currency translation differences	(46)	(60)	(3)	(15)	1	(123)
At 31 March 2018	1,731	1,857	118	522	68	4,296
Accumulated depreciation and impairment						
At 1 January 2018	982	669	4	99	-	1,754
Depreciation	32	15	-	4	-	51
Impairment losses	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Currency translation differences	(22)	(15)	-	(1)	-	(38)
At 31 March 2018	992	669	4	102	-	1,767
Carrying amounts						
At 1 January 2018	713	1,245	117	438	116	2,629
At 31 March 2018	739	1,188	114	420	68	2,529

Because of the continued challenging market conditions and historical operating losses at Vard Promar an impairment test has been performed as of 31 December 2017 for the carrying amount of all property plant and equipment at the Brazilian yard. The recoverable amount has been estimated based on a fair value less costs of disposal. The fair value of the property, plant and equipment was determined by an external, independent valuation advisor. The recoverable amount assessed by the appraiser as of 31 December 2017 is higher than the book value of the property, plant and equipment as of 31 March 2018 by NOK 117 million. During first quarter 2018 no events occurred that would have affected the conclusions reached as of 31 December 2017.

4. Intangible assets

Group	Goodwill	Other intangibles	Total
Cost			
At 1 January 2018	524	209	733
Additions acquired separately	-	3	3
Acquisition of subsidiaries	-	-	-
Currency translation differences	(1)	(2)	(3)
At 31 March 2018	523	210	733
Accumulated amortization and impairment losses			
At 1 January 2018	179	77	256
Amortization for the year	-	7	7
Impairment	-	-	-
Currency translation differences	-	(4)	(4)
At 31 March 2018	179	80	259
Carrying amounts			
At 1 January 2018	345	132	477
At 31 March 2018	344	130	474

In accordance with the provisions of SFRS(I) 36 the value of goodwill has been tested for impairment at year-end 2017. The Group is of the opinion that no evidence of further impairment has emerged in the three months ended 31 March 2018 which would indicate a reduction in the recoverable value determined as of 31 December 2017.

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5. Inventories

Inventories comprise the following items:

	Group	
	31/03/18	31/12/17
Raw materials	558	561
Work in progress	1,325	1,324
Finished goods	208	215
Total	2,091	2,100

Raw materials comprise mainly steel plates and steel profiles, pipes and pipe fittings, tools and consumables which are used in the Group's construction projects. Work in progress includes one vessel under construction in Vietnam and the vessel previously under construction for Harkand. Finished goods includes one completed vessel. At 31 December 2017 the value of the vessels in inventories was reassessed to align the book value with the net realizable value and a loss of NOK 54 million was recognized. During first quarter 2018 no events occurred that would have required further reductions of the net realisable value.

6. Contract assets and liabilities

	Group	
	31/03/18	31/12/17 <i>Restated</i>
Aggregate costs incurred and attributable profits recognized (less losses recognized) to-date	10,544	10,190
Progress billings	(4,146)	(4,376)
Total	6,398	5,814
Contract assets	7,246	6,529
Contract liabilities	(848)	(715)
Total	6,398	5,814
Advances received on construction contracts	4,146	4,376
Provisions for loss on contracts	(412)	(308)

No retention sums are included in progress billings.

Contract assets as of 31.12.2017 was restated following the adoption of SFRS(I) 15. Further details of the impacts from the adoption of the new standard are disclosed in Note 2 (e).

Provisions for loss on contracts	Group
At 1 January 2018	308
Additional provisions	403
Amounts used	(106)
Unused amounts reversed during the period	(181)
Currency translation differences	(12)
At 31 March 2018	412

The contract assets (NOK 7,246 million) and contract liabilities (NOK 848 million) have been reduced by the provision for loss on onerous contracts.

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7. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

	Group	
	31/03/18	31/12/17
Current		
Current facilities (A)	889	705
First year installment non-current term loans (B)	165	167
Current loans and borrowings	1,054	872
Non-current		
Construction loans (C)	6,131	5,652
Total current loans and borrowings	7,185	6,524
Non-current		
Non-current term loans (B)	967	1,045
Total loans and borrowings	8,152	7,569

For the Company, current loans and borrowings consists of short-term interest bearing receivable towards Vard Group AS of NOK 432 million (FY2017: NOK 431 million).

Current facilities (A) increased during first quarter 2018 mainly due to the signing and draw down of a short term cash facility with Bayerische Landesbank for an overall amount of EUR 20 million (NOK 193 million).

The increase in the construction loan (C) balance in the same period is related to the drawdowns of existing facilities utilized to finance the working capital of the vessels under construction, while the reduction in the non-current loans (B) is due to the amortization plan of the outstanding facilities.

Net debt reconciliation of liabilities included in cash flows from financing activities

	Loans and borrowings
Current facilities(A) and term loans(B) at 1 January 2018	1,917
Cash Flows	160
Foreign exchange movements	(58)
Other non-cash changes	2
Current facilities(A) and term loans(B) at 31 March 2018	2,021

8. Financial income and financial costs

	Group	
	1Q-2018	1Q-2017
Financial income		
Interest income on loan and receivables, including bank deposits	9	8
Foreign exchange gain	153	88
Other financial income	1	-
Total	163	96
Financial costs		
Interest expense on loans and borrowings	(23)	(13)
Foreign exchange loss	(130)	(74)
Bank charges	(1)	(1)
Other financial expenses	(6)	(12)
Total	(160)	(100)
Net financial items	3	(4)

The change in net financial items from NOK 4 million negative in 1Q 2017 to NOK 3 million positive in 1Q 2018 is primarily related to foreign exchange gains and losses. For 1Q 2018 there is a net foreign exchange gain of NOK 23 million, of which NOK 3 million relates to the yard construction loan in Vard Promar denominated in USD. In the corresponding period last year, the group had a net foreign exchange gain of NOK 14 million.

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9. Provisions

Group	Warranties	Others	Total
At 1 January 2018	68	117	185
Provisions made during the period	18	1	19
Provisions utilized during the period	(7)	(3)	(10)
Provisions reversed during the period	-	(5)	(5)
Currency translation differences	(1)	(2)	(3)
At 31 March 2018	78	108	186
<i>Representing:</i>			
Non-current	5	83	88
Current	73	25	98
Total	78	108	186

Other provisions include environmental clean-up costs of NOK 74 million, legal claims of NOK 9 million, restructuring provisions of NOK 9 million, as well as several other liabilities faced during the normal course of business, and provided for according to FRS 37, totalling NOK 16 million.

Provisions for warranties relate to completed contracts and contractual guarantee work after vessel delivery. The warranty period is normally one to two years, but some of the provisions may relate to a longer period. Provisions for warranties are recognised based on past experience for corresponding projects.

Provision for losses on onerous contracts are presented as reduction of the contract assets and liabilities (note 6).

10. Revenue

	Group	
	1Q-2018	1Q-2017
Construction contract revenue	2,196	1,675
Sale of goods	13	14
Rendering of services	57	88
Total revenue	2,266	1,777

11. Salaries and related costs

	Group	
	1Q-2018	1Q-2017
Salaries and wages	526	454
Social security contributions	43	66
Pension costs	12	11
Other employee benefits	4	9
Total	585	540

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12. Earnings per share and diluted earnings per share

The Group's basic and diluted earnings per share are calculated as follows:

	Group	
	1Q-2018	1Q-2017
Net profit / (loss) attributable to ordinary shareholders of the Company (NOK million)	(109)	(25)
Net profit / (loss) attributable to ordinary shareholders of the Company (SGD million)	(18)	(4)
Weighted average number of shares (in millions)	1,180	1,180
Basic earnings / (loss) per share (NOK per share)	(0.09)	(0.02)
Basic earnings / (loss) per share (SGD cents per share)	(1.53)	(0.34)
Adjusted weighted average number of shares (million)	1,180	1,180
Diluted earnings per share (NOK per share)	(0.09)	(0.02)
Diluted earnings / (loss) per share (SGD cents per share)	(1.53)	(0.34)
Exchange rates:	1Q-2018	1Q-2017
SGD/NOK	5.9470	6.1370

There were no outstanding options to subscribe for shares as at 31 March 2018.

The SGD amounts are translated from NOK based on the exchange rates prevailing at the reporting date as shown above.

13. Operating segments

(a) Reportable segments

The CEO is considered as the chief operating decision maker. The CEO reviews the results of all projects related to design and construction of vessels as a basis for resource allocation decisions to the shipbuilding activities. The Group is not involved in any other significant activities. As the CODM reviews the shipbuilding activities as a whole, management is of the view that the activity of the group is considered as one reporting segment.

(b) Geographical information

The Group has activity in 14 countries and principally in Norway. In presenting geographical information, segmental revenue is based on the geographical location of companies within the Group. Segmental assets are based on the geographical location of the assets and the expenditure incurred.

Group	Revenue		Non-current assets	
	1Q-2018	1Q-2017	1Q-2018	2017
Norway	1,650	1,392	1,459	1,458
Romania*	440	102	1,403	1,405
Singapore	28	26	1	-
Vietnam**	-	-	227	243
Brazil	91	206	970	1,037
Canada	41	41	28	30
USA	7	5	1	1
Italy	-	1	1	1
Other countries	9	4	3	2
Total	2,266	1,777	4,093	4,177

* Revenue in Romania only relates to external revenues.

** Revenues from Singapore and Vietnam must be considered in total, as Vietnam operates principally as a subcontractor of the Singapore company.

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14. Financial risk management objectives and policies

Fair value hierarchy

The table below analyses financial instruments carried out at fair value, by valuation methods as at 31 March 2018.

Group	Level 1	Level 2	Level 3	Total
At 31 March 2018				
Assets				
Financial assets at fair value through profit an loss	6	-	6	12
Derivatives	-	18	-	18
Total assets	6	18	6	30
Liabilities				
Derivatives	-	(395)	-	(395)
Total liabilities	-	(395)	-	(395)
Total	6	(377)	6	(365)

See note 31 in the Financial Statements for the year ended 31 December 2017 for valuation methodologies.

15. Related parties

AGREEMENTS WITH RELATED PARTIES ENTERED INTO IN THE QUARTER

	Group	
	1Q-2018	1Q-2017
Secondment of personnel to VARD	3	2
Supply of consultancy service to VARD	-	2
Contract for delivery of electro package to FINCANTIERI	18	-
Total agreements entered into in the period	21	4

Subsequent to the period end, FINCANTIERI and VARD agreed a number of variation orders under the provisions of existing contracts due to technical scope changes resulting in cost overruns for deliveries completed and ongoing as of 31 March. The parties agreed to amend the contract prices in order to reflect the changed conditions and to maintain the margin of the contracts. The impact of the variation orders to Q1 revenue was an increase of NOK 302 million.

16. Contingencies and capital commitments

There are no material changes in contingencies disclosed as at 31 December 2017.

17. Post balance sheet events

The following events and transactions occurred subsequent to 31 March 2018:

1. In May 2018 the Company successfully completed negotiation of revised contract prices with FINCANTIERI for projects being developed by Vard Group AS, Vard Tulcea, Vard Electro and Seaonics. Refer to note 15 for further information.
2. In May 2018 the company successfully delivered an OSCV vessel . In order to ensure delivery and avoid potential cancellation exposure, the Group agreed a discount of USD 45 million (NOK 354 million). This amount affects revenue negatively in the first quarter in an amount of NOK 354 million as the settlement has been classified as variable consideration.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AS AT AND FOR THE THREE MONTHS ENDED 31 MARCH 2018

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the first quarter ended 31 March 2018

(All amounts in NOK millions unless otherwise stated)

18. Significant changes in the current reporting period

Condensed consolidated statement of comprehensive income

Revenue for 1Q 2018 were NOK 2.27 billion, up 28% from NOK 1.78 billion in 1Q 2017. The growth compared to the 1Q 2017 reflects the increased activity, especially at the Romanian yards, mainly due to the progress of the six expedition cruise vessels currently under construction.

Materials, subcontract costs and others were NOK 1.55 billion in 1Q 2018 up 47% from NOK 1.06 billion in 1Q 2017 while salaries and related costs were NOK 585 million in 1Q 2018 up 8% from NOK 540 in 1Q 2017. Thus reflecting the increase in subcontractor and headcounts, primarily related to the high activity at the yards located in Romania.

EBITDA before restructuring cost for the quarter were NOK 1 million, compared to NOK 40 million in the corresponding period last year. The EBITDA margin decreased from 2.3% in 1Q 2017 to nil in 1Q 2018.

For the Group's shipyards in Norway, while workload in engineering and procurement remained high, yard utilization is gradually increasing as hulls from Romania started to arrive in 1Q 2018. Vard Søviknes delivered one stern trawler to Havfisk in the beginning of the quarter and saw high activity as the first cruise hull for Ponant arrived in the beginning of the quarter. At Vard Langsten construction on the pelagic trawler which was contracted in 2017 is ongoing. Vard Brattvaag and Vard Electro have mounted and delivered all four upgrades to "Battery Power" on offshore vessels supplemented by conversion, repair and maintenance work on several vessels.

During the quarter, Vard Group AS has secured a contract for the design and construction of two additional luxury expedition cruise vessels for the French cruise company Ponant to be delivered from Vard Søviknes in 1Q and 2Q 2020 respectively. In addition, during the quarter VARD secured a contract for the construction of one fishing vessel for Remøybuen AS, and one fully electrical battery-powered car- and passenger ferry for Boreal. After the closing of Q1 Vard Group AS signed a Letter of Intent ("LOI") for the design and construction of two cruise vessels for the cruise company Viking and secured a new contract for the design and construction of one stern trawler for Havfisk.

Romanian yards continue to record a very high workload, and is improving the load situation by increase of headcount and adapting the organization. After delivering the hull of the second PONANT vessel to Vard Søviknes, Vard Tulcea is progressing with the construction of the other four expedition cruise vessels contracted in 2016. During the quarter, Vard Tulcea successfully launched and delivered a 8,900 tons hull section to Fincantieri and is progressing with the additional three hull sections under construction. During 1Q 2018 the Romanian yards successfully delivered four MCV vessels to Topaz Energy and Marine and one MCV vessel to Kazmortransflot.

Operations at the shipyard in Vung Tau remained stable as a result of good progress on the MCV projects. One MCV was delivered to Topaz Energy and Marine during 1Q 2018, while one more was delivered in April 2018. The last vessel in the series to be delivered from Vietnam is under construction, as well as the construction of the expedition cruise vessel for Coral Expeditions of Australia, contracted during 2017.

Vard Promar in Brazil registered good progress on the Pipelay Support Vessels (PLSV) under construction for Dofcon Navegação (DOF and TechnipFMC) and on the sixth LPG Carrier for Transpetro. Rightsizing of the organization continued during the quarter, reflective of the continuing lack of work in early stages of production.

The strengthened position in the fisheries and aquaculture market, yielded again results in 1Q 2018 with the already mentioned contract for the construction of one fishing vessel for Remøybuen AS. These achievements continue to strengthen the market position and reflective of the appreciation for VARD's innovative approach to these market segments.

The Group recognized restructuring cost of NOK 11 million during the quarter, related to termination benefits and statutory payments for temporary redundancies, mainly in Norway and Brazil.

Depreciations and amortization increased from NOK 53 million in 1Q 2017 to NOK 58 million in 1Q 2018 reflecting an increase of the amortization of capitalized development costs.

As a consequence of the items discussed above, the operating loss was equal to 68 million in 1Q 2018 compared to a loss of NOK 19 million in 1Q 2017.

The change in net financial items from NOK 4 million negative in 1Q 2017 to NOK 3 million positive in 1Q 2018 is primarily related to foreign exchange gains and losses. For the quarter there is a net foreign exchange gain of NOK 23 million, of which NOK 3 million relates to the yard construction loan in Vard Promar denominated in USD. In the corresponding period last year, the group had a net foreign exchange gain of NOK 14 million.

For the aforementioned reasons, the loss for the period was NOK 96 million in 1Q 2018 compared to a loss of NOK 27 million in 1Q 2017.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AS AT AND FOR THE THREE MONTHS ENDED 31 MARCH 2018

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the first quarter ended 31 March 2018

(All amounts in NOK millions unless otherwise stated)

18. Significant changes in the current reporting period

Condensed consolidated statement of financial position

Total assets were NOK 15.36 billion as of 31 March 2018, up from NOK 14.92 billion as of 31 December 2017.

Total non-current assets were NOK 4.09 billion as of 31 March 2018 marginally down from NOK 4.18 as of 31 December 2017 mainly due to reduction of book value of property, plant and equipment.

Total current assets were NOK 11.27 billion as of 31 March 2018, up from NOK 10.74 billion as of 31 December 2017, as a result of increase in construction WIP in excess of prepayments stemming from the progress of the vessel under construction, partially offset by decrease in the positive fair value of current derivatives and by decrease of cash and cash equivalents.

Total non-current liabilities were NOK 2.10 billion as of 31 March 2018 down from NOK 2.22 billion as of 31 December 2017 due to the effect of decrease in loans and borrowings, non-current.

Total current liabilities have increased from NOK 10.61 billion end of 31 December 2017 to NOK 11.28 billion end of 31 March 2018. The increase was mainly driven by the utilization of construction loans and current loans and borrowings, partially offset by the decrease in current derivatives and other current liabilities.

Condensed consolidated statement of cash flows

Cash flows from operating activities were NOK 266 million negative in 1Q 2018, compared to NOK 243 million positive in 1Q 2017. Cash flows from operating activities can fluctuate significantly from period to period due to changes in working capital.

Cash flows used in investing activities amounted to NOK 38 million in 1Q 2018, compared to NOK 93 million in 1Q 2017. Investments in property, plant and equipment during 1Q 2018 were mainly related to the expansion of facilities at Vard Tulcea.

Cash flows from financing activities were NOK 160 million positive in 1Q 2018, compared to NOK 56 million positive in 1Q 2017. The Group has not obtained any new non-current loans during the quarter. During 1Q 2018 the net proceeds from short-term facilities (NOK 194 million) were mainly related to a new cash line granted by Bayerische Landesbank for EUR 20 million. Out of NOK 284 million in repayments of loans and borrowings during the first quarter of 2018, NOK 34 million relate to instalments paid on non-current loans.

Because of the aforementioned reasons, the cash and cash equivalents at the end of the financial period were equal to NOK 632 million for the period ended 31 March 2018 (31 March 2017: NOK 908 million).

Prospects

At the end of 1Q 2018, the order book value amounted to NOK 13.13 billion, stable compared to NOK 13.23 billion at the end of 2017. Aggregate order value at the end of the quarter was NOK 25.10 billion, and the order book comprised 46 vessels, of which 33 will be of VARD's own design. Order intake in the period was NOK 2.09 billion.

VARD is well positioned in the growing expedition cruise vessel market.

Risks are still inherent in the Group's existing offshore project portfolio. The Group has postponed delivery of some projects amid ongoing financial restructurings of clients in the offshore segment.

VARD would reiterate the difficult political and economic context and complex regulatory environment in Brazil, which still represents a challenge to the Brazilian operation.

Negotiations are continuing with the Norwegian Government for the construction of three Coast Guard vessels.

APPENDIX VI

REPORT FROM PWC IN RESPECT OF THE 1Q2018 RESULTS



The Board of Directors
Vard Holdings Limited
Six Battery Road #10-01
Singapore 049909

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2018

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Vard Holdings Limited (the “Company”) and its subsidiaries (the “Group”) and the statement of financial position of the Company as at 31 March 2018, the related condensed consolidated interim statements of comprehensive income, consolidated changes in equity and consolidated cash flows of the Group for the three-month period then ended and other explanatory notes (the “condensed interim financial information”). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Singapore Financial Reporting Standard (International) 1-34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on the condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with Singapore Financial Reporting Standard (International) 1-34, “Interim Financial Reporting”.

Other matter

The comparative information for the statement of financial position is based on the audited financial statements as at 31 December 2017. The comparative information for the condensed consolidated statements of comprehensive income, consolidated changes in equity and consolidated cash flows, and related explanatory notes, for the period ended 31 March 2017 has not been audited or reviewed.

PricewaterhouseCoopers LLP, 7 Straits View Marina One, East Tower Level 12, Singapore 018936
T: (65) 6236 3388, www.pwc.com/sg GST No.: M90362193L Reg. No.: T09LL0001D

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Restriction on use

Our report is provided on the basis that it is solely for the information of the directors of the Company to enable the directors of the Company to fulfil their responsibilities under Rule 25 of the Singapore Code on Take-overs and Mergers and the requirements of the Listing Rules of the Singapore Exchange Securities Trading Limited. Our report should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purpose. We do not assume any responsibility or liabilities for losses occasioned to the directors of the Company or any other party as a result of the circulation, publication, reproduction or use of the report contrary to the provision of this paragraph.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers LLP'.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 3 June 2018

APPENDIX VII

LETTER FROM CIMB IN RESPECT OF THE REVIEW OF THE 1Q2018 RESULTS

9 July 2018

The Board of Directors
Vard Holdings Limited
6 Battery Road #10-01
Singapore 049909

Dear Sirs

VARD HOLDINGS LIMITED (THE “COMPANY”)

PROPOSED VOLUNTARY DELISTING OF VARD HOLDINGS LIMITED PURSUANT TO RULES 1307 AND 1309 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

On 13 November 2017, the Company and Fincantieri Oil & Gas S.p.A. (the “**Offeror**”), jointly announced that the Offeror had presented to the board of directors of the Company a proposal to seek the privatisation (the “**Delisting Proposal**”) of the Company by way of a voluntary delisting (the “**Delisting**”) from the Official List of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Delisting is proposed to be made pursuant to Rules 1307 and 1309 of the listing manual of the SGX-ST. Under the Delisting Proposal, Citigroup Global Markets Singapore Pte. Ltd., for and on behalf of the Offeror will make an exit offer (the “**Exit Offer**”) to acquire all the issued ordinary shares in the Company (“**Shares**”) held by the shareholders of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees; and if applicable, all Shares issued or to be issued pursuant to the valid exercise, on or prior to the closing date of the Exit Offer, of any option to subscribe for new Shares under the Company’s share option scheme for employees, (all such Shares, the “**Offer Shares**”), at the exit offer price of S\$0.25 in cash for each Offer Share.

On 4 June 2018, the Company announced the unaudited condensed consolidated interim financial information of the Company as at and for the three months ended 31 March 2018 (“**Financial Statements**”). The Financial Statements are solely the responsibility of the directors of the Company (the “**Directors**”).

We have reviewed and have held discussions with the management of the Company on the Financial Statements. We have also considered the letter from the Company’s auditors, PricewaterhouseCoopers LLP dated 3 June 2018 addressed to the Directors relating to their review of the Financial Statements.

Based on the above, we are of the opinion that the Financial Statements have been stated by the Directors after due and careful enquiry.

For the purpose of rendering our opinion on this letter, we have relied upon and assumed the accuracy and completeness of all information provided to, or discussed with us. Save as provided in this letter, we do not express any other opinion on the Financial Statements.

This letter is provided to the Directors solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose. We do not accept any responsibility to any person (other than the Directors) in respect of, arising out of, or in connection with this letter.

Yours faithfully
For and on behalf of
CIMB BANK BERHAD, SINGAPORE BRANCH

JASON CHIAN SIET HENG
MANAGING DIRECTOR
INVESTMENT BANKING, SINGAPORE

ERIC WONG
DIRECTOR
INVESTMENT BANKING, SINGAPORE

APPENDIX VIII

ADDITIONAL DISCLOSURES PURSUANT TO SGX QUERIES

The SGX RegCo has requested the Company to respond to certain queries raised by Shareholders on the Delisting. This Appendix sets out the Company's responses to such queries.

1. ***Please provide details of the Company's order book, net asset value and net profit/loss margin for the period commencing from 1 July 2016 (being the financial quarter immediately preceding the announcement of the voluntary conditional cash offer made by the Offeror for the Company in 2016 ("2016 Offer")) and ended on 31 March 2018.***

Company's Response:

Please refer to Section A below for details of the Company's order book, net asset value and net profit/loss margin as set out in the relevant financial statements for the period commencing from 1 July 2016 and ended on 31 March 2018.

2. ***Please substantiate the Independent Directors' assessment that the Exit Offer of \$0.25 is reasonable and in particular, address their previous recommendation that shareholders not accept the mandatory unconditional cash offer of \$1.22 made by the Offeror for the Company in 2013 ("2013 Offer").***

Company's Response:

The business environment and financials of the Company as well as market sentiment were markedly different in 2013 as compared to 2018. As such, the Independent Directors are of the view that it is not meaningful or accurate to make any comparison between the current Exit Offer and the 2013 Offer.

The Independent Directors had considered the terms of the 2013 Offer and together with the advice of the independent financial adviser appointed for the 2013 Offer ("**2013 IFA**"), concurred with the 2013 IFA that Shareholders should reject the 2013 Offer.

In the current Exit Offer, the Independent Directors have similarly considered the Exit Offer as well as the advice provided by CIMB (being the independent financial adviser) appointed for the Exit Offer that the Exit Offer is not fair but reasonable and concluded that the Shareholders vote in favour of the Delisting Resolution and accept the Exit Offer (in concurrence with CIMB).

For further details of the Independent Directors' recommendation on the Exit Offer (and their basis in reaching such recommendation), please refer to Section 12 of this Circular.

3. ***Please reproduce the relevant consolidated income statements and consolidated statements of financial position set out in the following:***
 - (a) ***the Company's circular to Shareholders dated 27 February 2013 in respect of the 2013 Offer; and***
 - (b) ***the Company's circular to Shareholders dated 15 December 2016 in respect of the 2016 Offer.***

Company's Response:

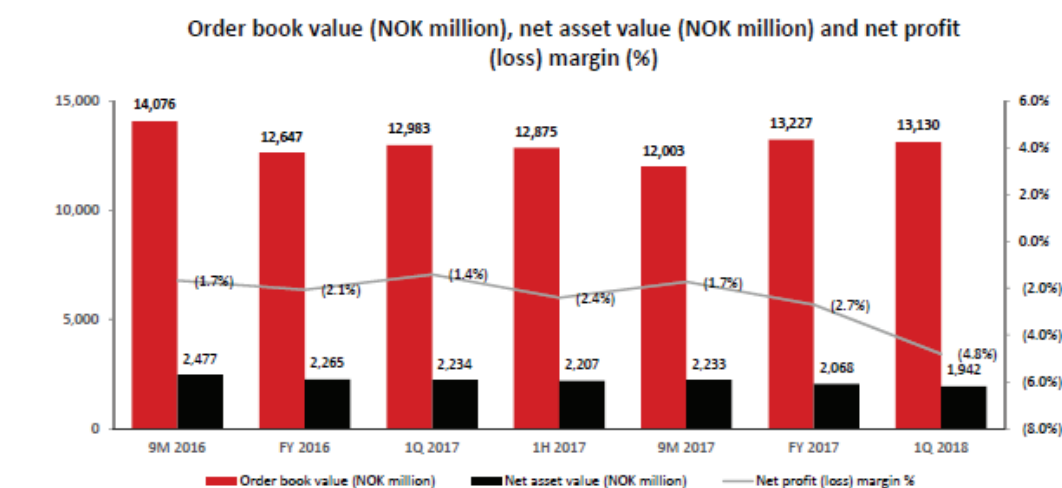
Please refer to Sections B and C below for the relevant financial information relating to the 2013 Offer and the 2016 Offer respectively.

4. **Please provide the Independent Directors' views on the Company's future business prospects (in particular, in view of the improvement in the Company's order book) and clarify if the Company's future business prospects have been taken into account in making their recommendations to shareholders.**

Company's Response:

The Independent Directors are of the view that it would not be appropriate for them to comment on the Company's future business prospects given the uncertainty as to whether such future business prospects will be realised. Furthermore, taking into account the Company's future business prospects would be speculative and may potentially be misleading. The Independent Directors' recommendation is arrived based on facts and circumstances existing as at the Latest Practicable Date. The Independent Directors wish to highlight that improvement in the order book values may not necessarily translate to corresponding proportionate improvement in the Group's financial performance as the Company's order book is only one of the various factors which impact the Group's financial performance. For an example, shareholders may wish to refer to Section A below (which sets out details of, *inter alia*, the Company's order book and corresponding net profit/loss margin as set out in the relevant financial statements for the period commencing from 1 July 2016 and ended on 31 March 2018).

(A) DETAILS OF THE COMPANY'S ORDER BOOKS, CONTRACTS, NET ASSET VALUE AND NET PROFIT/LOSS MARGIN FOR THE FINANCIAL PERIOD FROM 1 JULY 2016 TO 31 MARCH 2018



# Vessels	Date	Announcement description
2	10/1/2017	VARD Secures Contracts For Construction Of Two LNG Powered Car- And Passenger Ferries For Torghatten Nord
1	14/2/2017	VARD Secures Contract For The Design And Construction Of One Krill Fishing Vessel For Aker BioMarine
1	2/3/2017	VARD Secures Contract For The Construction Of One Pelagic Trawler For Research Fishing Company
1	7/4/2017	VARD Secures Contract For The Design And Construction Of One Live Fish Transportation Vessel For Fjordlaks Aqua
1	2/5/2017	VARD Secures Contract For The Design And Construction Of One Research Expedition Vessel
1	11/9/2017	VARD Secures Contract For One Expedition Cruise Vessel
1	3/11/2017	VARD Secures Contract For One Service Vessel For Midt-Norsk Havbruk In Norway
2	27/11/2017	VARD Secures Contracts For Two Offshore Fish Farming Operation Platforms For Cermaq Norway
7	3/12/2017	VARD Secures Contracts For The Design And Construction Of Seven Stern Trawlers
1	19/12/2017	VARD Secures Contract For The Design And Construction Of The First Electric Hybrid Cruise Icebreaker With LNG Propulsion For PONANT
2	22/12/2017	VARD Secures Contracts For Two Freight-And-Service Vessels For FSV Group
1	5/1/2018	VARD Secures Contract For The Construction Of One Fully Electrical Battery-Powered Car- And Passenger Ferry For Boreal
2	7/3/2018	VARD Secures Contract For Design And Construction Of Two Luxury Expedition Cruise Vessels For PONANT
1	15/3/2018	VARD Secures Contract For The Construction Of One Fishing Vessel For Rempybuen AS

(B) FINANCIAL INFORMATION OF THE GROUP IN CONNECTION WITH THE 2013 OFFER

The following section on the financial information of the Group disclosed in connection with the 2013 Offer is reproduced from paragraphs 9.1 and 9.2 of Appendix 2 to the 2013 Offeree Circular, and all terms and expressions used in the extract below shall bear the same meanings ascribed to them in the 2013 Offeree Circular unless otherwise stated:

9.1 Consolidated Income Statements

The audited consolidated income statements of the Group for the last two (2) financial years (FY2010 and FY2011) and the unaudited consolidated income statement of the Group for FY2012 are set forth below. The audited consolidated income statements should be read together with the annual reports and the audited financial statements of the Group for the relevant financial years, and the unaudited consolidated income statement of the Group for FY2012 should be read together with the unaudited consolidated financial statement of the Group for the fourth quarter and full year ended 31 December 2012 and its accompanying notes. Copies of all of the above are available for inspection at the Company's registered office at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 during normal business hours for the period during which the Offer remain open for acceptance.

Statement of Comprehensive Income	Group		
	Unaudited FY 2012	Audited FY 2011	Audited FY 2010
<i>(All amounts in NOK millions unless otherwise stated)</i>			
Revenue	11,129	12,401	11,881
Materials, subcontract costs and others	(7,154)	(7,597)	(8,318)
Salaries and related costs	(1,953)	(1,899)	(1,722)
Other operating expenses	(549)	(550)	(511)
EBITDA	1,473	2,355	1,330
Depreciation, impairment and amortization	(168)	(148)	(124)
Operating profit	1,305	2,207	1,206
Financial income	129	123	393
Financial costs	(111)	(127)	(73)
Net	18	(4)	320
Share of results of associates	–	10	8
Profit before tax	1,323	2,213	1,534
Income tax expense	(434)	(611)	(468)
Profit for the period	889	1,602	1,066
Exceptional items	–	–	–
Profit for the period attributable to:			
Equity holders of the Company	902	1,594	1,031
Non-controlling interest	(13)	8	35
Profit for the period	889	1,602	1,066
Earnings per share	NOK	NOK	NOK
Attributable to equity holders of the Company			
Basic	0.76	1.35	1.01
Diluted	0.76	1.35	1.01
Net dividends per share of the Company	S\$	S\$	S\$
Interim special dividend	0.13	0.05	–
Final ordinary dividend	–	0.10	0.03
Total	0.13	0.15	0.03

9.2 Consolidated Balance Sheets

The audited consolidated balance sheet of the Group as at 31 December 2011 and the unaudited consolidated balance sheet of the Group as at 31 December 2012 are set forth below. The audited consolidated balance sheet of the Group as at 31 December 2011 should be read together with the annual report and the audited financial statements of the Group for FY2011, and the unaudited consolidated balance sheet of the Group as at 31 December 2012 should be read together with the unaudited consolidated financial statement of the Group for the fourth quarter and full year ended 31 December 2012 and its accompanying notes. Copies of all of the above are available for inspection at the Company's registered office at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 during normal business hours for the period during which the Offer remain open for acceptance.

Statement of Financial Position	Group	
	Unaudited As at 31 December 2012	Audited As at 31 December 2011
<i>(All amounts in NOK millions)</i>		
<i>Property, plant and equipment</i>	1,384	1,011
<i>Intangible assets</i>	374	415
<i>Investment in subsidiary</i>	–	–
<i>Investment in associates</i>	114	98
<i>Other investments</i>	316	187
<i>Interest-bearing receivables</i>	82	1
<i>Other receivables</i>	18	5
<i>Deferred tax assets</i>	121	70
<i>Employee benefits</i>	1	1
NON-CURRENT ASSETS	2,410	1,788
<i>Inventories</i>	380	356
<i>Construction work in progress</i>	5,641	5,768
<i>Trade and other receivables</i>	1,920	1,830
<i>Interest-bearing receivables</i>	80	1
<i>Cash and cash equivalents</i>	2,437	3,064
CURRENT ASSETS	10,458	11,019
TOTAL ASSETS	12,868	12,807
<i>Paid up capital</i>	4,138	4,138
<i>Restructuring reserve</i>	(3,190)	(3,190)
<i>Other reserves</i>	(161)	(97)
<i>Retained earnings</i>	2,375	2,659
<i>Total equity attributable to equity holders of the Company</i>	3,162	3,510
<i>Non-controlling interest</i>	65	43
TOTAL EQUITY	3,227	3,553
<i>Loans and borrowings</i>	545	231
<i>Deferred tax liabilities</i>	85	122
<i>Employee benefits</i>	25	28
<i>Other payables</i>	5	4
<i>Provisions</i>	127	55
NON-CURRENT LIABILITIES	787	440
<i>Loans and borrowings</i>	34	28
<i>Construction loans</i>	3,351	2,379
<i>Construction work in progress</i>	1,518	1,480
<i>Trade and other payables</i>	2,801	3,391
<i>Income tax payable</i>	437	680
<i>Provisions</i>	706	693
<i>Other current liabilities</i>	7	163
CURRENT LIABILITIES	8,854	8,814
TOTAL LIABILITIES	9,641	9,254
TOTAL EQUITY AND LIABILITIES	12,868	12,807

(C) **FINANCIAL INFORMATION OF THE GROUP IN CONNECTION WITH THE 2016 OFFER**

The following section on the financial information of the Group disclosed in connection with the 2016 Offer is reproduced from paragraphs 8.1 and 8.2 of Appendix II to the 2016 Offeree Circular, and all terms and expressions used in the extract below shall bear the same meanings ascribed to them in the 2016 Offeree Circular unless otherwise stated:

“8.1 Consolidated Income Statements

Certain financial information extracted from the audited consolidated income statements of the Vard Group for the last three (3) financial years (FY2015, FY2014 and FY2013) and the unaudited consolidated income statements of the Vard Group for 3Q2016 is summarised below. The summary set out below should be read together with the annual reports, the audited consolidated income statements of the Vard Group for the relevant financial periods, the 3Q2016 Results and their respective accompanying notes.

(All amounts in NOK millions unless otherwise stated)	Group			
	Unaudited 3Q2016	Audited FY2015	Audited FY2014	Audited FY2013
	NOK	NOK	NOK	NOK
Revenue	5,744	11,307	12,923	11,155
Materials, subcontract costs and others	(3,633)	(8,561)	(9,457)	(7,778)
Salaries and related costs	(1,596)	(2,461)	(2,486)	(2,129)
Other operating expenses	(414)	(606)	(551)	(562)
EBITDA before restructuring cost	101	(321)	429	686
Restructuring cost	(76)	(77)	–	–
Depreciation, impairment and amortization	(153)	(235)	(189)	(206)
Operating profit/(loss)	(128)	(633)	240	480
Financial income	284	295	204	123
Financial costs	(240)	(866)	(241)	(115)
Net	44	(571)	(37)	8
Share of results of associates	(18)	–	35	9
Profit/(loss) before tax	(102)	(1,204)	238	497
Income tax expense	(26)	(88)	(188)	(197)
Profit/(loss) for the period	(128)	(1,292)	50	300
Profit/(loss) for the period attributable to:				
Equity holders of the Company	(96)	(603)	349	357
Non-controlling interest	(32)	(689)	(299)	(57)
Profit/(loss) for the period	(128)	(1,292)	50	300
Earnings (loss) per share (expressed in NOK)				
- Basic	(0.08)	(0.51)	0.30	0.30
- Diluted	(0.08)	(0.51)	0.30	0.30
Net dividends per share	Nil	Nil	Nil	Nil

8.2 Consolidated Statements of Financial Position

The audited consolidated statement of financial position of the Vard Group for FY2015 and the unaudited consolidated statement of financial position of the Vard Group for 3Q2016 are summarised below. The summary set out below should be read together with the annual report of the Vard Group for FY2015, the 3Q2016 Results and their respective accompanying notes.

	Group	
	Unaudited as at 30 September 2016	Audited as at 31 December 2015
	NOK	NOK
<i>(All amounts in NOK millions unless otherwise stated)</i>		
ASSETS		
Non-current assets		
Property, plant and equipment	2,429	2,382
Intangible assets	440	429
Investment in subsidiary	–	–
Investment in associates	310	341
Other investments	10	39
Interest-bearing receivables, non-current	481	492
Other non-current assets	28	35
Deferred tax assets	44	42
Total non-current assets	3,742	3,760
Current assets		
Inventories	1,834	752
Construction WIP in excess of prepayments	7,751	12,451
Trade and other receivables	1,390	878
Current derivatives	391	331
Other current assets	1,061	1,316
Interest-bearing receivables, current	595	488
Cash and cash equivalents	525	919
Total current assets	13,547	17,135
Total assets	17,289	20,895
EQUITY		
Paid up capital	4,138	4,138
Restructuring reserve	(3,190)	(3,190)
Other reserves	(694)	531
Retained earnings	2,223	2,319
Total equity attributable to equity holders of the Company	2,477	3,798
Non-controlling interests	32	(837)
Total equity	2,509	2,961

	Group	
	Unaudited as at 30 September 2016	Audited as at 31 December 2015
<i>(All amounts in NOK millions unless otherwise stated)</i>		
	NOK	NOK
LIABILITIES		
Non-current liabilities		
<i>Loans and borrowings, non-current</i>	1,056	1,200
<i>Deferred tax liabilities</i>	132	79
<i>Non-current derivatives</i>	–	12
<i>Other non-current liabilities</i>	380	22
<i>Provisions, non-current</i>	94	96
Total non-current liabilities	1,662	1,409
Current liabilities		
<i>Loans and borrowings, current</i>	625	834
<i>Construction loans</i>	7,483	9,435
<i>Prepayments in excess of construction WIP</i>	954	392
<i>Trade and other payables</i>	1,857	2,141
<i>Current derivatives</i>	1,383	3,238
<i>Income tax payable</i>	18	26
<i>Provisions, current</i>	114	116
<i>Other current liabilities</i>	684	343
Total current liabilities	13,118	16,525
Total liabilities	14,780	17,934
Total equity and liabilities	17,289	20,895

”

VARD HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201012504K)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Vard Holdings Limited (the “**Company**”) will be held at Shine Auditorium, 100 Beach Road, #03-01, Shaw Tower, Singapore 189702 on 24 July 2018 at 1.00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution (on a poll to be taken) in accordance with the requirements of the listing manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Delisting Resolution**”):

DELISTING RESOLUTION

Approval for the Voluntary Delisting of the Company

That:

- (a) the voluntary delisting of the Company from the Official List of the SGX-ST under Rules 1307 and 1309 of the Listing Manual (the “**Delisting Proposal**”), pursuant to which the Exit Offer (as defined in the circular to shareholders dated 9 July 2018 (the “**Circular**”)) would be made to the shareholders of the Company on the terms and conditions described in the Circular, be and is hereby approved; and
- (b) the directors of the Company and each of them be and is hereby authorised and empowered to complete and to do all such acts and things as they may consider necessary or expedient to give effect to the Delisting Proposal and/or this Delisting Resolution, with such modification thereto (if any) as they or he shall think fit in the interests of the Company.

By Order of the Board

Ms. Elizabeth Krishnan
Company Secretary
9 July 2018

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the above meeting (“Meeting”) is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
3. The instrument appointing a proxy must be deposited at c/o RHT Corporate Advisory Pte. Ltd., 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619 not less than 72 hours before the time appointed for holding the Meeting.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19 of Singapore) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289 of Singapore) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36 of Singapore), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Additional notes:

The Company will be distributing bottled water at the Meeting. No refreshments will be served.

A member of the Company and/or proxy/ies and/or representative(s) shall, upon registering their names, wear the designated identification bands for the purpose of admission. For security reasons, anyone without the official identification bands will not be allowed entry into the Meeting.

VARD HOLDINGS LIMITED

Company Registration No.: 201012504K
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF Investors and SRS Investors who are unable to attend the Meeting but would like to vote may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF Investors and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (Name) _____ (NRIC/Passport No.)

of _____

being a member/members of Vard Holdings Limited (the "Company"), hereby appoint:

Name	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting (the "Meeting") of the Company to be held on 24 July 2018 at 1.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolution proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

Delisting Resolution	No. of votes 'For' *	No. of votes 'Against' *
Approval for the voluntary delisting of the Company pursuant to Rules 1307 and 1309 of the Listing Manual		

* If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

*Delete where inapplicable



Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Extraordinary General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at c/o RHT Corporate Advisory Pte. Ltd., 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619 not less than 72 hours before the time appointed for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF Investors and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF Investors and SRS Investors shall be precluded from attending the Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 9 July 2018.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19 of Singapore) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289 of Singapore) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36 of Singapore), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.