

CIRCULAR DATED 15 DECEMBER 2016

THIS CIRCULAR (AS DEFINED HEREIN) IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF KPMG CORPORATE FINANCE PTE LTD (AS THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS) TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Vard Holdings Limited. If you are in any doubt in relation to this Circular or as to the 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, reports contained, opinions expressed or advice given in this Circular.



a **Fincantieri** company

VARD HOLDINGS LIMITED

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

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY CONDITIONAL CASH OFFER

by

CREDIT SUISSE (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 197702363D)

for and on behalf of

FINCANTIERI OIL & GAS S.p.A.

(Incorporated in Italy)
(Company Registration No.: 04795811001)

a direct wholly-owned subsidiary of

FINCANTIERI S.p.A.

(Incorporated in Italy)
(Company Registration No.: 00397130584)

Independent Financial Adviser to the Independent Directors



KPMG CORPORATE FINANCE PTE LTD

(Incorporated in Singapore)
(Company Registration No.: 198500417D)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY 5.30 PM. (SINGAPORE TIME) ON 29 DECEMBER 2016 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN).

CONTENTS

DEFINITIONS	1
CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS	5
INDICATIVE TIMETABLE	6
LETTER TO SHAREHOLDERS	7
1. BACKGROUND	7
2. THE OFFER	8
3. OTHER TERMS OF THE OFFER	9
4. INFORMATION ON THE OFFEROR AND FINCANTIERI	10
5. OFFEROR'S RATIONALE AND INTENTIONS	11
6. DIRECTORS' INTERESTS	13
7. ADVICE AND RECOMMENDATION ON THE OFFER	13
8. OVERSEAS SHAREHOLDERS	15
9. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS	16
10. ACTION TO BE TAKEN BY SHAREHOLDERS	16
11. DIRECTORS' RESPONSIBILITY STATEMENT	16
APPENDICES:	
APPENDIX I : LETTER FROM KPMG CF TO THE INDEPENDENT DIRECTORS	17
APPENDIX II : ADDITIONAL GENERAL INFORMATION	37
APPENDIX III : STATEMENTS OF PROSPECTS	44
APPENDIX IV : REPORT FROM PWC IN RELATION TO THE STATEMENTS OF PROSPECTS	46
APPENDIX V : LETTER FROM KPMG CF IN RELATION TO THE STATEMENTS OF PROSPECTS	49
APPENDIX VI : EXTRACTS OF THE CONSTITUTION	51

DEFINITIONS

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

GENERAL

"3Q2016"	: The nine (9)-month financial period ended 30 September 2016
"3Q2016 Results"	: The unaudited consolidated financial statements of the Vard Group for 3Q2016
"Acceptance Condition"	: Shall have the meaning ascribed to it in Section 2.5 of this Circular
"Acceptance Forms"	: FAA and/or FAT
"Accepting Shareholder"	: A Shareholder who validly tenders his Shares in acceptance of the Offer
"Board"	: The Board of Directors of the Company
"Business Day"	: A day other than Saturday, Sunday or a public holiday on which banks are open for business in Singapore
"Circular"	: This circular to Shareholders enclosing, <i>inter alia</i> , the IFA Letter
"Closing Date"	: 5.30 p.m. (Singapore time) on 29 December 2016 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 lodgement of acceptances of the Offer
"Code"	: The Singapore Code on Take-overs and Mergers, as amended from time to time
"Companies Act"	: The Companies Act, Chapter 50 of Singapore
"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
"CPF"	: The Central Provident Fund
"CPF Agent Banks"	: Agent banks included under the CPFIS
"CPFIS"	: Central Provident Fund Investment Scheme
"CPFIS Investors"	: Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
"Despatch Date"	: 1 December 2016, being the date of despatch of the Offer Document
"Directors"	: The directors of the Company as at the Latest Practicable Date
"Distributions"	: In respect of the Offer Shares, all dividends, rights, other distributions and return of capital
"Encumbrance"	: Any claim, charge, lien, mortgage, encumbrance, hypothecation, retention of title, power of sale, equity, option, right of pre-emption, right of first refusal or other third party right or interest of any nature whatsoever
"FAA"	: The Form of Acceptance and Authorisation for Offer Shares in respect of the Offer, which is applicable to Shareholders whose Offer Shares are deposited with CDP and which forms part of the Offer Document

"FAT"	: The Form of Acceptance and Transfer for Offer Shares in respect of the Offer, which is applicable to Shareholders whose Offer Shares are registered in their own names in the Register and are not deposited with CDP and which forms part of the Offer Document
"Forecasts and Projections"	: Shall have the meaning ascribed to it in paragraph 2 of Appendix III to this Circular
"FY"	: Financial year ended or ending, as the case may be, 31 December
"IFA Letter"	: The letter dated 15 December 2016 from KPMG CF to the Independent Directors in respect of the Offer as set out in Appendix I to this Circular
"Interested Person"	: As defined in the Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: (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
"Latest Practicable Date"	: 7 December 2016, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	: The listing manual of the SGX-ST, as amended from time to time
"Management"	: The management of the Company
"NOK"	: Norwegian Kroner, being the lawful currency of Norway
"Offer"	: The voluntary conditional cash offer made by Credit Suisse, for and on behalf of the Offeror, for all of the Offer Shares on the terms and subject to the conditions set out in the Offer Document, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
"Offer Announcement"	: The announcement of the Offer released by Credit Suisse, for and on behalf of the Offeror, on the Offer Announcement Date
"Offer Announcement Date"	: 13 November 2016, being the date of the Offer Announcement
"Offer Document"	: The offer document dated 1 December 2016, including the Acceptance Forms, and any other document(s) which may be issued by or on behalf of the Offeror, to amend, revise, supplement or update the document(s) from time to time
"Offer Document LPD"	: 18 November 2016 (being the latest practicable date prior to the printing of the Offer Document)
"Offer Price"	: The offer price for each Offer Share validly tendered in acceptance of the Offer, as more particularly described in Section 2.3 of this Circular

"Offer Shares"	: Shall have the meaning ascribed to it in Section 2.2 of this Circular
"Offeror Securities"	: (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 capital of the Offeror
"Option Scheme"	: Shall have the meaning ascribed to it in Section 2.2(b) of this Circular
"Overseas Shareholders"	: Shareholders whose addresses as shown in the Register of the Company or in the records of CDP (as the case may be) are outside Singapore
"Register"	: The register of Shareholders, as maintained by the Registrar
"RR Service Agreement"	: Shall have the meaning ascribed to it in paragraph 5.1 of Appendix II to this Circular
"Rule 22.6 Period"	: Shall have the meaning ascribed to it in Section 3.1(c) of this Circular
"S\$" and "cents"	: Singapore dollars and cents respectively, being the lawful currency of Singapore
"SFA"	: The Securities and Futures Act, Chapter 289 of Singapore
"SGXNET"	: Singapore Exchange Network, a system network used by listed companies when sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"Shareholders"	: Holders of the Shares as indicated on the Register and Depositors who have Shares entered against their names in the Depository Register
"Shares"	: Issued ordinary shares in the capital of the Company
"Shut-Off Notice"	: Shall have the meaning ascribed to it in Section 3.1(c) of this Circular
"SRS"	: The Supplementary Retirement Scheme
"SRS Agent Banks"	: Agent banks included under the SRS
"SRS Investors"	: Investors who have purchased Shares pursuant to SRS
"Statements of Prospects"	: Shall have the meaning ascribed to it in paragraph 1 of Appendix III to this Circular
"%" or "per cent."	: Percentage or per centum

COMPANIES / ORGANISATIONS / PERSONS

"CDP"	: The Central Depository (Pte) Limited
"Company"	: Vard Holdings Limited
"Credit Suisse"	: Credit Suisse (Singapore) Limited
"Fincantieri"	: Fincantieri S.p.A.
"Fincantieri Group"	: Collectively, Fincantieri and its subsidiaries
"Independent Directors"	: The Directors who are considered independent for the purposes of the Offer, namely, Mr Roy Reite, Mr Sok Sung Hyon and Mr Lee Keen Whye

"KPMG CF"	: KPMG Corporate Finance Pte Ltd, the independent financial adviser to the Independent Directors in respect of the Offer
"Offeror"	: Fincantieri Oil & Gas S.p.A.
"PwC"	: PricewaterhouseCoopers LLP
"Registrar"	: RHT Corporate Advisory Pte. Ltd., the share registrar of the Company
"SGX-ST"	: Singapore Exchange Securities Trading Limited
"SIC"	: Securities Industry Council of Singapore
"Vard Group"	: The Company and its subsidiaries and associated companies

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

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**" shall have the meanings ascribed to them respectively in Section 5 and Section 6 of the Companies Act.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

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

Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision 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 statutory modification thereof and not otherwise defined 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 statutory 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 respectively, unless otherwise stated.

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

Statements which are reproduced in their entirety from the Offer Document, 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 Offer Document, the IFA Letter and the Constitution respectively.

In this Circular, any reference to the total number of issued Shares is a reference to 1,180,000,000 Shares as at the Latest Practicable Date.

CAUTIONARY NOTE ON 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 “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies 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 should not place undue reliance on such forward-looking statements, and neither the Company nor KPMG CF guarantees any future performance or event or assumes any obligation to update publicly or revise any forward-looking statement.

INDICATIVE TIMETABLE⁽¹⁾

Despatch Date ⁽²⁾	: 1 December 2016
Closing Date in respect of the Offer ^{(3),(4)}	: 5.30 p.m. (Singapore time) on 29 December 2016 or such later date(s) as may be announced from time to time by or on behalf of the Offeror
Date of settlement in respect of the Offer Price	: In respect of valid and complete acceptances received on or before the date the Offer has become or is declared unconditional, within seven (7) Business Days after the date the Offer has become or is declared unconditional In respect of valid and complete acceptances received after the date the Offer has become or is declared unconditional but on or before the Closing Date, within seven (7) Business Days after the date of receipt of each such acceptance
Final date of settlement in respect of the Offer Price	: Within seven (7) Business Days after the Closing Date

Notes:

- (1) This indicative timetable has been extracted from page 8 of the Offer Document. Please also refer to Appendix 1 to the Offer Document for further details.
- (2) Other than the Despatch Date and the date of settlement in respect of the Offer, the other dates set out in the timetable above are indicative only and the actual dates of such events will be announced in due course by or on behalf of the Offeror on SGXNET.
- (3) The Offer must initially be open for 28 days after the Despatch Date.
- (4) CPFIS Investors, SRS Investors and other investors who hold Shares through finance companies or Depository Agents will receive notification letter(s) from their respective CPF Agent Banks, SRS Agent Banks, finance companies and Depository Agents. Such investors should refer to those notification letter(s) for details of the last date and time (which may be earlier than the Closing Date) to reply to their respective CPF Agent Banks, SRS Agent Banks, finance companies and Depository Agents in order to accept the Offer.

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

LETTER TO SHAREHOLDERS

Board of Directors:

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

Registered Office:

Six Battery Road #10-01
Singapore 049909

15 December 2016

To : Shareholders of the Company

Dear Sir/Madam

VOLUNTARY CONDITIONAL CASH OFFER BY CREDIT SUISSE, FOR AND ON BEHALF OF THE OFFEROR, FOR ALL THE ISSUED ORDINARY 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

1. BACKGROUND

1.1 Offer Announcement

On 13 November 2016, Credit Suisse announced, for and on behalf of the Offeror, that the Offeror intends to make the Offer.

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2 Offer Document

Shareholders should have by now received a copy of the Offer Document setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in Section 2 of the Offer Document. **Shareholders are urged to read the terms and conditions of the Offer contained in the Offer Document carefully.**

A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com.

1.3 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the recommendation of the Independent Directors and the advice of KPMG CF to the Independent Directors on the Offer.

Shareholders should consider carefully the recommendation of the Independent Directors and the advice of KPMG CF to the Independent Directors on the Offer before deciding whether to accept or reject the Offer.

2. THE OFFER

2.1 Offer

Based on the information set out in the Offer Document, Credit Suisse has, for and on behalf of the Offeror, made the Offer in accordance with Section 139 of the SFA and the Code.

2.2 Shares

Section 2.3 of the Offer Document states that the Offer will be extended to:

- (a) all the Shares in issue, other than those 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 final Closing Date, of any option to subscribe for new Shares under the Company's share option scheme for employees (the "**Option Scheme**"),

(all such Shares, the "**Offer Shares**").

2.3 Offer Consideration

Section 2.2 of the Offer Document states that the price for each Offer Share (the "**Offer Price**") will be as follows:

For each Offer Share: S\$0.24 in cash.

2.4 No Encumbrances

Section 2.4 of the Offer Document states that the 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 Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain (if any) all Distributions announced, declared, paid or made by the Company on or after the Offer Announcement Date. **If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date to a Shareholder who accepts or has accepted the Offer and the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls after the books closure date for the determination of entitlements to such Distribution, the Offeror reserves the right to reduce the Offer Price payable to such Accepting Shareholder by the amount of such Distribution.**

2.5 Offer Condition

Section 2.5 of the Offer Document states that the Offer is subject to the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which will result in the Offeror and parties acting in concert with the Offeror holding more than 90 per cent. of the total number of Shares as at the close of the Offer (the "**Acceptance Condition**").

The Offeror reserves the right to reduce the Acceptance Condition to a lower level which is more than 50 per cent. of the total number of Shares. In the event that the Acceptance Condition is revised, the revised Offer will remain open for another 14 days following such revision and Shareholders who have accepted the initial Offer will be allowed to withdraw their acceptance within eight (8) days of the notification of such revision.

Section 2.5 of the Offer Document further states that the Offeror is the majority shareholder of the Company, holding 656,471,268 Shares (representing approximately 55.63 per cent. of the total number of Shares) as at the Offer Document LPD.

Save for the Acceptance Condition, the Offer is unconditional in all other respects.

2.6 No Undertakings

Section 2.7 of the Offer Document states that neither the Offeror nor any party acting in concert with the Offeror has received any irrevocable undertaking from any party to accept or reject the Offer as at the Offer Document LPD.

2.7 No Options

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

3. OTHER TERMS OF THE OFFER

3.1 Duration of the Offer

As set out in paragraph 1 of Appendix 1 to the Offer Document:

- (a) **First Closing Date.** The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 29 December 2016 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**
- (b) **Subsequent Closing Date(s).** The Offeror is not obliged to extend the Offer. However, if the Offer is extended and:
 - (i) is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; or
 - (ii) is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders who have not accepted the Offer at least 14 days' prior notice in writing before it may close the Offer.
- (c) **Offer to Remain Open for 14 Days after Being Declared Unconditional as to Acceptances.** In order to give Shareholders who have not accepted the Offer the opportunity to accept the Offer after the Offer has become or is declared unconditional as to acceptances, the Offer will remain open for a period (the "**Rule 22.6 Period**") of not less than 14 days after the date on which it would otherwise have closed.

This requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders at least 14 days' notice in writing (the "**Shut-Off Notice**") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:

- (i) the Offeror may not give a Shut-Off Notice in a competitive situation; and
- (ii) the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.

If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with paragraph 3.1 of Appendix 1 to the Offer Document, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later. For the purposes, a "competitive situation" shall be deemed to arise when either (A) a firm intention to make a competing offer for the Company is announced, whether or not subject to any preconditions or (B) the SIC determines that a competitive situation has arisen.

- (d) **Final Day Rule.** The Offer (whether revised or not) will not be capable:
 - (i) of becoming or being declared unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60th day after the Despatch Date; or
 - (ii) of being kept open after such 60-day period unless the Offer has previously become or been declared to be unconditional as to acceptances,

provided that the Offeror may extend the Offer beyond such 60-day period with the SIC's prior consent.

Except with the SIC's consent, all conditions must be fulfilled or the Offer must lapse within 21 days of the first Closing Date or of the date the Offer becomes or is declared unconditional as to acceptances, whichever is the later.

- (e) **Revision.** The Offeror reserves its right to revise the terms of the Offer at such time and in such manner as it may consider appropriate. If the Offer is revised, the Offer will remain open for acceptances for at least 14 days from the date of posting of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders who have previously accepted the Offer.

3.2 Further Details of the Offer

The Offer is made in accordance with the terms and conditions as set out in the Offer Document. Appendix 1 to the Offer Document sets out further details on (a) the duration of the Offer, (b) the settlement of the consideration for the Offer, (c) the requirements relating to the announcement of the level of acceptances of the Offer, and (d) the right of withdrawal of acceptances of the Offer.

3.3 Procedures for Acceptance

Appendix 2 to the Offer Document sets out the procedures for acceptance of the Offer by a Shareholder.

4. INFORMATION ON THE OFFEROR AND FINCANTIERI

Details on the Offeror and Fincantieri as set out in Section 5 of the Offer Document have been reproduced in italics below:

"5. DESCRIPTION OF THE OFFEROR AND FINCANTIERI

- 5.1 **The Offeror.** *The Offeror is a direct wholly-owned subsidiary of Fincantieri incorporated in Italy. 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.*

...

- 5.2 **Fincantieri.** *Fincantieri is incorporated in Italy and is a public limited company listed on the Italian stock market (Mercato Telematico Azionario) since 4 July 2014. The Fincantieri Group is one of the world's largest shipbuilding groups and one of the most diversified and innovative in the industry. The Fincantieri Group is focused on high value-added segments with significant engineering content and holds a leading position in each of these segments which makes it one of the most technologically complex industrial groups globally. The Fincantieri Group is a world leader in the design and construction of cruise ships, among the world leaders in the design and construction of combat, auxiliary, special naval vessels and submarines and one of the main global players in the design and construction of high-end offshore support vessels. The Fincantieri Group has built more than 7,000 vessels in over 230 years of maritime history. With approximately 19,000 employees and 20 shipyards in 4 continents, the Fincantieri Group is today the leading Western shipbuilder. It has among its clients leading cruise operators, the Italian and the U.S. Navy, in addition to several foreign navies, and it is partner to some of the main European defense companies within supranational programmes."*

Additional information on the Offeror is set out in Appendix 3 to the Offer Document and additional information on Fincantieri is set out in Appendix 4 to the Offer Document.

5. OFFEROR'S RATIONALE AND INTENTIONS

5.1 Rationale for the Offer

The rationale for the Offer is set out in Section 7 of the Offer Document which is reproduced in italics below:

"7. RATIONALE FOR THE OFFER

- 7.1 Opportunity for Shareholders to Exit their Investment in the Shares at a Premium.** *The Offer Price represents a premium of approximately 11.63 per cent., 24.35 per cent. and 29.73 per cent. over the VWAP per Share for the one-month, three-month and six-month periods up to and including the Last Trading Day, respectively. Amidst challenging market conditions in the oil & gas industry, the Offer therefore represents a cash exit opportunity for Shareholders to liquidate and realise their entire investment at a premium to the prevailing market prices, without incurring other brokerage and trading costs.*
- 7.2 Intention to Delist and Privatisise the Company.** *The Offeror is making the Offer with the objective of delisting the Company from the SGX-ST and fully integrating the Company into the Fincantieri Group.*
- 7.3 Business Rationale and Greater Management Flexibility.** *The Offeror has long been convinced of a strong business rationale in fully integrating the Company within the Fincantieri Group. Following the 2013 acquisition of a majority stake in the Company, the Offeror launched a mandatory unconditional general offer to acquire all the outstanding shares of the Company, with the objective of delisting the Company (if possible) and implementing a series of synergies in engineering and production. Such industrial rationale has only become stronger in the context of the current unfavourable oil & gas market conditions. The Offeror believes that privatising the Company will provide the Offeror and the Company with more flexibility to manage their respective businesses and optimise the use of their resources. With the current backdrop of unfavourable oil & gas market conditions, such management flexibility is of paramount importance in order for the Company and the Fincantieri Group to be able to develop industrial and commercial initiatives, and generate mutual business opportunities to help secure the Company's future.*
- 7.4 Costs of Maintaining Listing Status.** *In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses and costs relating to the maintenance of a listed status. Furthermore, for so long as the Company operates as a separate SGX-ST listed entity, efforts to fully integrate the Company's activities with those of the Fincantieri Group would remain subject to the Company's continuing compliance with the requirements of the Listing Manual.*
- 7.5 Funding Requirements.** *The Offeror believes that by delisting the Company and fully integrating the Company with the Fincantieri Group, the Company 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 the Company is not privatised and fully integrated with the Fincantieri Group, the Offeror believes that, in the event market conditions continue to deteriorate and the Company is unable to raise debt financing at terms consistent with its needs, the Company 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 the Company and its subsidiaries."*

5.2 Offeror's Intentions in relation to the Company

The Offeror's intentions for the Company are set out in Sections 8, 9 and 10 of the Offer Document which are reproduced in italics below:

"8. THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

The Offeror intends for the Company to continue its existing business activities and there are currently 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 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.

9. COMPULSORY ACQUISITION

- 9.1 Compulsory Acquisition Rights.** Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires Offer Shares during the Offer period otherwise than through valid acceptances of the Offer in respect of not less than 90 per cent. of the total number of Shares (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 Offer (the “**Dissenting Shareholders**”) on the same terms as those offered under the 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 and the Offeror will then proceed to delist VARD from the SGX-ST.

- 9.2 Dissenting Shareholders’ Right.** 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 Offer Price. Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

10. LISTING STATUS OF THE COMPANY

- 10.1 Listing Status of the Company.** Under Rule 723 of the Listing Manual, the Company must ensure that at least 10 per cent. of the total number of the Shares (excluding treasury shares) is at all times held by the public (the “**Shareholding Requirement**”).

Under Rule 1105 of the Listing Manual, in the event that the Offeror and parties acting in concert with the Offeror should, as a result of the Offer or otherwise, own or control more than 90 per cent. of the Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the Shares (excluding treasury shares) are held by at least 500 shareholders who are members of the public.

Further, under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the Shares (excluding treasury shares), thus causing the percentage of the Company’s total number of Shares (excluding treasury shares) in public hands to fall below 10 per cent., the SGX-ST will suspend trading of Shares at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the Shareholding Requirement is not complied with, the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, for the proportion of the Shares held by members of the public to be raised to at least 10 per cent., failing which the Company may be delisted from the SGX-ST.

- 10.2 Intention of the Offeror.** In the event the Offeror is unable to exercise the right to compulsorily acquire all the Shares not acquired under the Offer as set out in **Section 9** above and the Company does not meet the Shareholding Requirement under Rule 723 of the Listing Manual, **the Offeror and parties acting in concert with the Offeror do not intend to maintain or support any action taken or to be taken to meet the Shareholding Requirement or maintain the present listing status of the Company.**

Accordingly, the Offeror and parties acting in concert with the Offeror do not intend to place out any Shares held by the Offeror and parties acting in concert with the Offeror to members of the public to meet the Shareholding Requirement, and if the Company does not meet the requirements under Rule 723 of the Listing Manual, the SGX-ST may suspend trading of the Shares on the SGX-ST following the close of the Offer.

In addition, the Offeror intends to, and hereby reserves its right, to take steps at an appropriate time, whether during or after the Offer, to seek a voluntary delisting of the Company from the SGX-ST, where permitted by, and in accordance with, the relevant requirements of the Listing Manual and the Code.

If, for any reason, the Company continues to meet the requirements under Rule 723 of the Listing Manual following the close of the Offer, the Company will remain listed, and trading of the Shares will be maintained, on the SGX-ST."

6. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Company Securities and Offeror Securities as at the Latest Practicable Date are set out in Appendix II to this Circular.

7. ADVICE AND RECOMMENDATION ON THE OFFER

7.1 Appointment of Independent Financial Adviser

KPMG CF has been appointed as the independent financial adviser to the Independent Directors in respect of the Offer.

7.2 Independent Directors

Mr Roy Reite, Mr Sok Sung Hyon and Mr Lee Keen Whye are considered independent for the purposes of the Offer and are required to make a recommendation to Shareholders on the Offer.

Pursuant to rulings given by the SIC on 7 November 2016, the Directors mentioned in sub-sections (a) to (c) below will be exempted from the requirement of making a recommendation to Shareholders on the Offer for the reasons set out below:

- (a) Mr Giuseppe Coronella is the Executive Vice President and Head of Fincantieri Offshore Business Unit of Fincantieri;
- (b) Mr Vittorio Zane is employed by Fincantieri, and is currently seconded to the Company pursuant to a secondment arrangement between Fincantieri and the Company; and
- (c) Mr Claudio Cisilino is the Vice President of Financial Planning and Control of Fincantieri.

Nonetheless, all the Directors are jointly and severally responsible for the accuracy of facts stated and the completeness of the information given by the Company to Shareholders, including information contained in announcements and documents issued by or on behalf of the Company in connection with the Offer.

7.3 KPMG CF's Advice to the Independent Directors

The advice of KPMG CF to the Independent Directors on the Offer is set out in the IFA Letter annexed as Appendix I to this Circular.

The conclusion and recommendation of KPMG CF on the Offer has been extracted from the IFA Letter and is reproduced in italics below:

"9 CONCLUSION AND RECOMMENDATION

In arriving at our opinion to the Independent Directors, we have carefully considered the financial information that has been made available to us, and the above factors set forth in this IFA Letter including, amongst other things, the following:

Comparison against the historical pricing of the Shares

The Offer Price implies premiums of between 4.35% to 29.03% to the VWAP for the assessed periods between the Last Trading Day and one-year prior to the Offer Announcement Date.

Comparison with recently completed successful transactions

The premiums of between 4.35% to 25.00% implied by the Offer Price for the assessed periods between the Last Trading Day and one-year period to the Offer Announcement Date are within the range of premiums, and lower than the mean and median of premiums for Precedent VGO Transactions. The exception is the premium of 29.03% implied by the Offer Price over the 6-month VWAP prior to the Offer Announcement Date, which is within the range of premiums, and higher than the mean and median of premiums for the Precedent VGO Transactions.

Comparable Companies analysis

The P/NAV multiple of the Company of 0.7 times as implied by the Offer Price is above the range for the P/NAV multiples for Comparable Companies.

The P/NTA multiple of the Company of 0.8 times implied by the Offer Price is above the range for the P/NTA multiples for Comparable Companies.

While we have considered the EV/EBITDA and P/E multiples, the Company and the Comparable Companies have been loss making therefore we believe that the P/NAV and P/NTA multiples are the most appropriate metrics to use.

Comparable Transactions analysis

The P/NAV multiple of the Company of 0.7 times as implied by the Offer Price is within the range of the Implied P/NAV for the Comparable Transactions, and is higher than the mean and median of the corresponding P/NAV multiple of the selected Comparable Transactions.

The P/NTA multiple of the Company of 0.8 times as implied by the Offer Price is within the range for the P/NTA multiples for Comparable Transactions, and higher than the mean and median P/NTA multiples for the Comparable Transactions.

While we have considered the EV/EBITDA and P/E multiples as implied by the Offer Price, the Company has been loss making, therefore we believe that the P/NAV and P/NTA multiples are the most appropriate metrics to use.

Having carefully considered the information available to us and based on our analysis as set out above, we are of the opinion that the Offer is fair and reasonable from a financial point of view.

Accordingly, we advise the Independent Directors to recommend Shareholders to ACCEPT the Offer.

In rendering the above opinion, we have not taken into consideration any general or specific investment objectives, financial situation, risk profile, tax position or particular needs and constraints of any individual shareholder. We advise the Independent Directors to advise any individual shareholder who may require specific advice in relation to their investment portfolio to consult their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

Our opinion is only based on a financial analysis and does not incorporate any assessment of commercial, legal tax, regulatory or other matters. Our opinion also does not incorporate an assessment of the price at which Shares may trade following close of the Offer. Such factors (including the aforesaid illustrations) are beyond the ambit of our review and do not fall within our terms of reference in connection with the Offer.

We wish to emphasise that we have been appointed to render our opinion as at the Latest Practicable Date. Our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects of the Company. This opinion is addressed to the Independent Directors solely for their benefit in connection with and for the purposes of their consideration of the Offer and should not be relied on by any other party or used for any other purpose. This IFA Letter does not constitute, and should not be relied on, as an opinion or a recommendation to, or confer any rights or remedies upon, any shareholder. Nothing herein shall confer or be deemed or is intended to confer any right or benefit to any third party and the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore shall not apply. The recommendation made by the Independent Directors to the Shareholders in relation to the Offer remains the sole responsibility of the Independent Directors."

Shareholders should read and consider carefully all the considerations relied upon by KPMG CF, in arriving at its advice to the Independent Directors, in conjunction with and in the context of the full text of the IFA Letter.

7.4 Recommendation of the Independent Directors

The Independent Directors, having considered carefully the terms of the Offer and the advice given by KPMG CF to the Independent Directors in the IFA Letter, have set out their recommendation on the Offer below:

The Independent Directors concur with KPMG CF's assessment of the Offer and its recommendation thereon, as set out in Section 7.3 of this Circular and in the IFA Letter. **Accordingly, the Independent Directors recommend that Shareholders ACCEPT the Offer.**

In making the above recommendation, the Independent Directors have not had regard to the general or specific investment objectives, financial situations, risk profiles, tax positions and/or particular needs and constraints of any specific Shareholder. As different Shareholders would have different investment profiles and objectives, the Independent Directors recommend that any specific Shareholder who may require specific advice in relation to his Shares should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

Shareholders should read and consider carefully the recommendation of the Independent Directors and the advice of KPMG CF to the Independent Directors on the Offer in their entirety before deciding whether to accept or reject the Offer. Shareholders are also urged to read the Offer Document carefully.

8. OVERSEAS SHAREHOLDERS

Overseas Shareholders should refer to Section 14 of the Offer Document which is reproduced in italics below:

"14. OVERSEAS SHAREHOLDERS

14.1 Overseas Shareholders. *This Offer Document, the relevant Acceptance Forms and/or any related documents 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 this Offer Document, the relevant Acceptance Forms and/or any related documents in any jurisdiction in contravention of applicable law.*

For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom this Offer Document, the relevant Acceptance Forms and/or any related documents may not be sent.

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

14.2 Copies of Documents. *Where there are potential restrictions on sending this Offer Document, the relevant Acceptance Forms and/or any related documents to any overseas jurisdictions, the Offeror and Credit Suisse each reserves the right not to send this Offer Document, the relevant Acceptance Forms and/or any related documents to such overseas jurisdictions. Any affected Overseas Shareholder may nonetheless obtain copies of this Offer Document, the relevant Acceptance Forms and/or any related documents 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 Receiving Agent (if he is holding Shares in scrip form) or CDP (if he is a Depositor) to request this Offer Document, the relevant Acceptance Forms and/or any related documents 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.*

14.3 Overseas Jurisdiction. *It is the responsibility of any Overseas Shareholder who wishes to accept the 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, Credit Suisse, 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, Credit Suisse, CDP, the Receiving Agent and/or any other person acting on its behalf may be required to pay. In (i) requesting for this Offer Document, the relevant Acceptance Forms and/or any related documents and (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror and Credit Suisse 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.*

14.4 Notice. *The Offeror and Credit Suisse each reserves the right to notify any matter, including the fact that the 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."*

9. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Section 15.2 of the Offer Document states that CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice. CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date.

CPFIS Investors and SRS Investors who validly accept the Offer through appropriate intermediaries will receive the Offer Price payable in respect of their Offer Shares in their respective CPF investment accounts and SRS investment accounts.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the Offer must do so not later than 5.30 p.m. (Singapore time) on 29 December 2016 or such later date(s) as may be announced from time to time by or on behalf of the Offeror. Please refer to Appendix 2 to the Offer Document for the procedures for acceptance of the Offer.

Shareholders who do not wish to accept the Offer need not take further action in respect of the Offer Document which has been sent to them.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The recommendation of the Independent Directors to Shareholders set out in Section 7.4 of this Circular 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 opinions expressed in this Circular (other than those relating to the Offeror, parties acting in concert or deemed to be acting in concert with the Offeror, the Offer, the IFA Letter and the report issued by PwC and the letter issued by KPMG CF relating to the Statements of Prospects) are fair and accurate and that there are no other material facts not contained in this Circular, the omission of which would make any statement in this Circular misleading.

In respect of the IFA Letter and the report issued by PwC and the letter issued by KPMG CF relating to the Statements of Prospects, 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 (including, without limitation, the Offer Announcement and the Offer Document) or obtained from the Offeror, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

The Directors jointly and severally accept full responsibility accordingly.

Yours faithfully
For and on behalf of the Board

Roy Reite
Chief Executive Officer and Executive Director

APPENDIX I

LETTER FROM KPMG CF TO THE INDEPENDENT DIRECTORS

KPMG Corporate Finance Pte. Ltd.
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Telephone +65 6213 3388
Fax +65 6225 0984
Internet kpmg.com.sg

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

15 December 2016

Dear Sirs

VOLUNTARY CONDITIONAL CASH OFFER BY CREDIT SUISSE (SINGAPORE) LIMITED, FOR AND ON BEHALF OF FINCANTIERI OIL & GAS S.p.A., FOR ALL THE ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY, OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY FINCANTIERI OIL & GAS S.p.A., ITS RELATED CORPORATIONS AND THEIR RESPECTIVE NOMINEES

Unless otherwise defined in this letter ("IFA Letter") or where the context otherwise requires, all terms defined in the shareholders' circular dated 15 December 2016 to shareholders of Vard Holdings Limited in connection with the voluntary conditional cash offer (the "Circular") shall have the same meaning when used in this IFA Letter.

*For the purpose of this IFA Letter, where applicable and unless otherwise stated, we have used the exchange rate of SGD 1 : NOK 5.920 on 7 December 2016 (the "**Latest Practicable Date**"). The above exchange rate is extracted from information published by Bloomberg L.P. and is provided solely for information.*

1 INTRODUCTION

1.1 Offer Announcement

On 13 November 2016 ("**Offer Announcement Date**"), Credit Suisse (Singapore) Limited ("**Credit Suisse**") announced, for and on behalf of Fincantieri Oil & Gas S.p.A. (the "**Offeror**"), which is a direct wholly-owned subsidiary of Fincantieri S.p.A. ("**Fincantieri**"), that the Offeror intends to make a voluntary conditional cash offer for all the issued ordinary shares in the capital of Vard Holdings Limited (the "**Shares**") (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**").

The Offer will be made at the offer price of S\$0.24 in cash ("**Offer Price**") and will be extended to:

- all the Shares in issue, 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 final Closing Date, of any option to subscribe for new Shares under the Company's share option scheme for employees,
- (all such Shares, the "**Offer Shares**").

The Offer is conditional upon the Offeror acquiring more than 90% of the Company's total share capital.

In connection with the Offer, the Company has appointed KPMG Corporate Finance Pte Ltd ("**KPMG CF**") as the IFA to advise the Directors of the Company who are deemed independent ("**Independent Directors**") for the purpose of the Offer.

The Company has confirmed to us that three Directors of the Company, namely Mr Roy Reite, Mr Lee Keen Whye and Mr Sok Sung Hyon are deemed to be independent for the purpose of the Offer.

This IFA Letter is addressed to the Independent Directors and sets out, inter alia, our evaluation and advice on the financial terms of the Offer, and our recommendations to the Independent Directors on the Offer. This IFA Letter forms part of the Circular which provides, inter alia, the details of the Offer and the recommendation of the Independent Directors to the Shareholders in respect of the Offer.

2 TERMS OF REFERENCE

We were not a party to any negotiations in relation to the Offer or related transactions. We were not requested to, and did not provide advice or opinion concerning the structure, the specific amounts of the Offer or any other aspects of the Offer, or to provide services other than the delivery of this opinion. We were neither instructed nor authorised to, and did not solicit, any expressions of interest from any third party with respect to the Shares or the sale of all or any part of the Company or any other alternative transaction.

For the purposes of assessing the financial terms of the Offer, we have not relied upon any financial projections or forecasts in respect of the Company and the Group.

Our terms of reference do not require us to express and we do not express, an opinion on the growth prospects, financial position or earnings potential of the Company and/or the Group. We are therefore not expressing any opinion as to the price at which the Shares may trade upon completion of the Offer or on the financial performance of the Company.

It is also not within our terms of reference to comment on the merits of the Offer, or evaluate or comment on the legal, strategic, and/or commercial merits and risks of the Offer. We do not address the relative merits of the Offer as compared to any alternative transaction or other alternatives, or whether such alternatives are available or achievable.

Such evaluations or comments are, and remain, the sole responsibility of the Directors and/or the management of the Company (the "Management"), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter.

In the course of our evaluation of the financial terms of the Offer, we have held discussions with the Directors and the Management and have examined publicly available information as well as information, written and verbal, provided to us by the Directors, the Management and the other professional advisers of the Company. We have not independently verified (nor have we assumed responsibility or liability for independently verifying) such information, whether written or verbal, and accordingly cannot and do not warrant or make any representation (whether express or implied) regarding, or accept any responsibility for, or liability for, independently verifying the accuracy, completeness or adequacy of such information. However, we have made such enquiries and exercised our judgement 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 have delegated detailed 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 (excluding those expressed in this IFA Letter and excluding, in the case of the relevant Directors, the recommendation of the Independent Directors) in the Circular are fair and accurate in all material respects and that no material facts have been omitted. The Directors have confirmed to us that, having made all reasonable enquiries and to the best of their knowledge, information and belief, all material information available to them in connection with the Company, the Offer and the Circular has been disclosed to us, and that such information is true, complete and accurate in all material respects and there are no omissions which may cause any information disclosed to us to be inaccurate, incomplete or misleading. The Directors have jointly and severally accepted the responsibility for the accuracy and completeness of such information.

Where information relating to the Offer, the Offeror and parties acting in concert with it has been extracted from published or otherwise publicly available sources, the responsibility of the Directors has been to ensure that, having made reasonable enquiries, such information has been accurately and correctly extracted from the relevant sources.

We have not conducted any valuation or appraisal of any assets or liabilities, nor have we evaluated the solvency of the Company, or the Offeror and its concert parties under applicable laws relating to bankruptcy, insolvency or other similar matters. We are not legal, regulatory or tax experts. We are financial advisers only, and have relied on, without independent verification, the assessments made by the advisers to the Company with respect to such issues.

We have assumed that all governmental, regulatory or other approvals and consents required for the Offer will be obtained and that no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offer.

Unless as otherwise stated, the opinion set forth herein is based solely on publicly available information and information provided by the Directors and the Management, and is predicated upon the economic and market conditions prevailing as at the Latest Practicable Date. Events occurring after the date hereof may affect the contents of this IFA Letter and the assumptions used in preparing it. We assume no responsibility to update, revise or reaffirm the contents of this IFA Letter in the light of any subsequent development after the Latest Practicable Date, even if it might affect our opinion contained herein.

We have acted as IFA to the Independent Directors for the purposes of the Offer and will receive a fee for our services in connection with the delivery of this IFA Letter. KPMG may also seek to provide services to the Company or the Offeror and parties acting in concert with it in the future and expect to receive fees for rendering such services.

In expressing our opinion, we did not have regard to general or specific investment objectives, financial situation, risk profile, tax position or particular needs and constraints or other particular circumstances of any shareholder, nor hold ourselves out as advisers to, any person other than the Independent Directors. As different shareholders would have different investment profiles and objectives, we advise the Independent Directors to advise any individual shareholder who may require specific advice in relation to their investment portfolio to consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

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

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes at any time and in any manner, without the prior written consent of KPMG CF in each specific case.

Our opinion is addressed to the Independent Directors for their benefit and deliberation of the Offer. The recommendation made to the Shareholders in relation to the Offer, as the case may be, shall remain the sole responsibility of the Independent Directors.

Our recommendation to the Independent Directors in relation to the Offer should be considered in the context of the entirety of this IFA Letter and the Circular.

3 INFORMATION ON THE COMPANY

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 VARD group ("VARD Group"). Headquartered in Norway and with approximately 9,000 employees, the VARD Group operates nine strategically located shipbuilding facilities, including five in Norway, two in Romania, one in Brazil and one in Vietnam. The core business is the design and construction of complex and highly customized offshore and specialized vessels including platform supply vessels, anchor handling tug supply vessels and advanced offshore subsea construction vessels.

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

Save as disclosed in publicly available information on the Vard Group, as at the Latest Practicable Date, there has been no known material change in the financial position of the Vard Group since 31 December 2015, being the date of the Company's last published audited consolidated financial statements.

The last transacted price of the Shares on the SGX-ST on 11 November 2016, being the last Market Day on which the Shares were traded on the SGX-ST prior to the Offer Announcement Date (the "Last Trading Day"), was S\$0.23.

Based on the 1,180,000,000 issued Shares and the last transacted Share price of S\$0.23 on the Last Trading Day, the Company's market capitalisation was approximately S\$271.4 million.

Based on the Offer Price of S\$0.24 per Share and the 1,180,000,000 issued Shares as at the Latest Practicable Date, the market capitalisation of the Company, as implied by the Offer, is approximately S\$283.2 million.

4 INFORMATION ON THE OFFEROR AND FINCANTIERI

Details on the Offeror and Fincantieri as set out in Section 5 of the Offer Document have been reproduced in italics below:

"5. DESCRIPTION OF THE OFFEROR AND FINCANTIERI

- 5.1 The Offeror.** *The Offeror is a direct wholly-owned subsidiary of Fincantieri incorporated in Italy. 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.*
- 5.2 Fincantieri.** *Fincantieri is incorporated in Italy and is a public limited company listed on the Italian stock market (Mercato Telematico Azionario) since 4 July 2014. The Fincantieri Group is one of the world's largest shipbuilding groups and one of the most diversified and innovative in the industry. The Fincantieri Group is focused on high value-added segments with significant engineering content and holds a leading position in each of these segments which makes it one of the most technologically complex industrial groups globally. The Fincantieri Group is a world leader in the design and construction of cruise ships, among the world leaders in the design and construction of combat, auxiliary, special naval vessels and submarines and one of the main global players in the design and construction of high-end offshore support vessels. The Fincantieri Group has built more than 7,000 vessels in over 230 years of maritime history. With approximately 19,000 employees and 20 shipyards in 4 continents, the Fincantieri Group is today the leading Western shipbuilder. It has among its clients leading cruise operators, the Italian and the U.S. Navy, in addition to several foreign navies, and it is partner to some of the main European defense companies within supranational programmes."*

Additional information on the Offeror is set out in Appendix 3 to the Offer Document and additional information on Fincantieri is set out in Appendix 4 to the Offer Document.

5 RATIONALE FOR THE OFFER.

The rationale for the Offer, according to Section 7 of the Offer Document is reproduced in italics below:

"7. RATIONALE FOR THE OFFER

- 7.1 Opportunity for Shareholders to Exit their Investment in the Shares at a Premium.** *The Offer Price represents a premium of approximately 11.63 per cent., 24.35 per cent. and 29.73 per cent. over the VWAP per Share for the one-month, three-month and six-month periods up to and including the Last Trading Day, respectively. Amidst challenging market conditions in the oil & gas industry, the Offer therefore represents a cash exit opportunity for Shareholders to liquidate and realise their entire investment at a premium to the prevailing market prices, without incurring other brokerage and trading costs.*
- 7.2 Intention to Delist and Privatisise the Company.** *The Offeror is making the Offer with the objective of delisting the Company from the SGX-ST and fully integrating the Company into the Fincantieri Group.*
- 7.3 Business Rationale and Greater Management Flexibility.** *The Offeror has long been convinced of a strong business rationale in fully integrating the Company within the Fincantieri Group. Following the 2013 acquisition of a majority stake in the Company, the Offeror launched a mandatory unconditional general offer to acquire all the outstanding shares of the Company, with the objective of delisting the Company (if possible) and implementing a series of synergies in engineering and production. Such industrial rationale has only become stronger in the context of the current unfavourable oil & gas market conditions. The Offeror believes that privatising the Company will provide the Offeror and the Company with more flexibility to manage their respective businesses and optimise the use of their resources. With the current backdrop of unfavourable oil & gas market conditions, such management flexibility is of paramount importance in order for the Company and the Fincantieri Group to be able to develop industrial and commercial initiatives, and generate mutual business opportunities to help secure the Company's future.*

- 7.4 Costs of Maintaining Listing Status.** *In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses and costs relating to the maintenance of a listed status. Furthermore, for so long as the Company operates as a separate SGX-ST listed entity, efforts to fully integrate the Company's activities with those of the Fincantieri Group would remain subject to the Company's continuing compliance with the requirements of the Listing Manual.*
- 7.5 Funding Requirements.** *The Offeror believes that by delisting the Company and fully integrating the Company with the Fincantieri Group, the Company 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 the Company is not privatised and fully integrated with the Fincantieri Group, the Offeror believes that, in the event market conditions continue to deteriorate and the Company is unable to raise debt financing at terms consistent with its needs, the Company 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 the Company and its subsidiaries."*

6 THE OFFER

The detailed terms of the Offer are set out in Section 2 of the Offer Document. The key terms of the offer are as reproduced below:

"2.1 Offer. *Subject to the terms and conditions set out in this Offer Document, for and on behalf of the Offeror, Credit Suisse hereby makes the Offer for all the Offer Shares, in accordance with Section 139 of the SFA and the Code.*

2.2 Offer Price. *The price for each Offer Share (the "Offer Price") will be as follows:*

For each Offer Share: S\$0.24 in cash.

2.3 Offer Shares. *The Offer will be extended to:*

- 2.3.1 *all the Shares in issue, other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees; and*
- 2.3.2 *if applicable, all Shares issued or to be issued pursuant to the valid exercise, on or prior to the final Closing Date, of any option to subscribe for new Shares under the Company's share option scheme for employees (the "Option Scheme"),*

(all such Shares, the "Offer Shares").

2.4 No Encumbrances. *The Offer Shares will be acquired:*

- 2.4.1 *fully paid;*
- 2.4.2 *free from all Encumbrances; and*
- 2.4.3 *together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain (if any) all Distributions announced, declared, paid or made by the Company on or after the Offer Announcement Date. If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date to a Shareholder who accepts or has accepted the Offer and the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls after the books closure date for the determination of entitlements to such Distribution, the Offeror reserves the right to reduce the Offer Price payable to such Accepting Shareholder by the amount of such Distribution.*

- 2.5 Offer Condition.** *The Offer is subject to the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which will result in the Offeror and parties acting in concert with the Offeror holding more than 90 per cent. of the total number of Shares as at the close of the Offer (the “Acceptance Condition”).*

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which will result in the Offeror meeting the Acceptance Condition.

The Offeror reserves the right to reduce the Acceptance Condition to a lower level which is more than 50 per cent. of the total number of Shares. In the event that the Acceptance Condition is revised, the revised Offer will remain open for another 14 days following such revision and Shareholders who have accepted the initial Offer will be allowed to withdraw their acceptance within eight days of the notification of such revision.

As at the Latest Practicable Date, the Offeror is the majority shareholder of the Company, holding 656,471,268 Shares (representing approximately 55.63 per cent. of the total number of Shares). Save for the Acceptance Condition, the Offer is unconditional in all other respects.

- 2.6 No Options.** *As at the Latest Practicable Date, based on the latest information available to the Offeror, there are no outstanding options exercisable in respect of the Shares under the Option Scheme.*
- 2.7 No Undertakings.** *As at the Latest Practicable Date, neither the Offeror nor any party acting in concert with the Offeror has received any irrevocable undertaking from any party to accept or reject the Offer.*
- 2.8 Warranty.** *A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof (i) fully paid, (ii) free from all Encumbrances, and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain (if any) all Distributions announced, declared, paid or made by the Company on or after the Offer Announcement Date.”*

7 FINANCIAL ASSESSMENT OF THE OFFER

We have confined our evaluation to the financial terms of the Offer. In evaluating the Offer, from a financial point of view, we have performed our analysis based on publicly available information or information made available to us by the Company as at the Latest Practicable Date. The figures and underlying financial data used in our analysis, including share prices and trading volumes have been extracted from various sources as noted herein. We make no representation or warranty, expressed or implied, on the accuracy or completeness of such information.

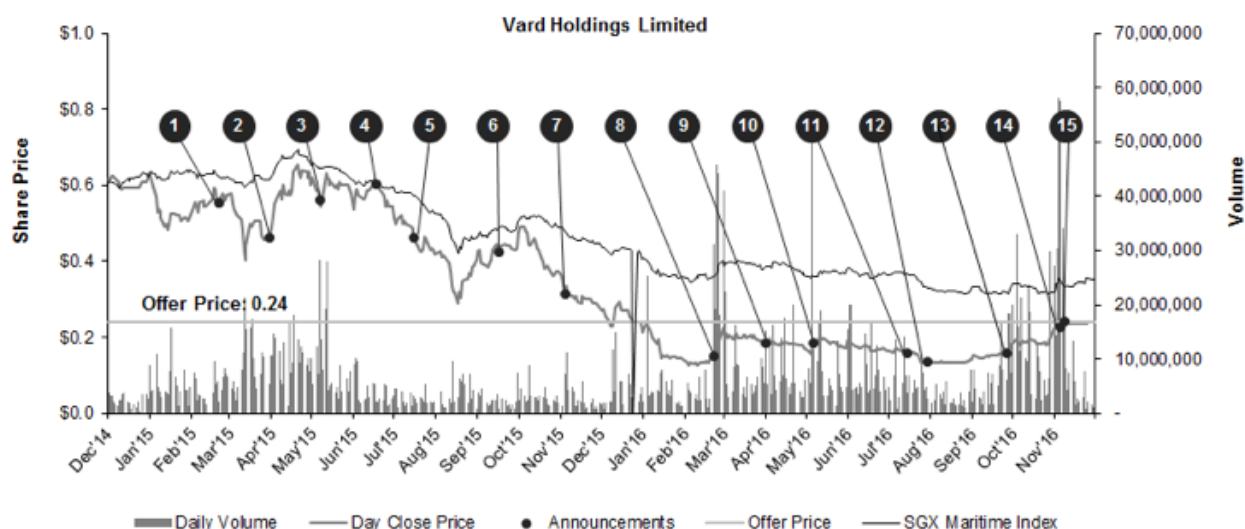
7.1 Share price performance

The market valuation of the shares of a company (traded on a recognised stock exchange) provides a perspective on its financial value. Accordingly, we have considered the current and historical price performance of the Shares.

We wish to highlight that under ordinary circumstances the market valuation of the shares of a company (traded on a recognised stock exchange) may be affected by, amongst other things, the relative liquidity, the size of the free float, the extent of applicable research coverage and investor interest, and the general market sentiment at a given point in time. Accordingly, this analysis serves as an illustrative guide only.

7.1.1 Share price chart

The chart below shows the Offer Price relative to the daily last transacted prices and trading volume of the Shares since 8 December 2014 and up to the Latest Practicable Date.



Note:

1. The SGX Maritime Index is a value weighted index based on stocks of 10 representative companies listed on the Mainboard of the SGX-ST.

No	Date	Announcement
1	27-Feb-15	Announcement of 4Q2014 Results
2	06-Apr-15	Release of Annual Reports and Related Documents (2014)
3	13-May-15	Announcement of 1Q2015 Results
4	24-Jun-15	Acquisition of ICD Software (Leading provider of automation and control system software for offshore and marine sectors)
5	22-Jul-15	Announcement of 2Q2015 Results
6	22-Sep-15	Incorporation of Subsidiary (Vard Shipholding Singapore)
7	11-Nov-15	Announcement of 3Q2015 Results
8	29-Feb-16	Announcement of 4Q2015 Results
9	07-Apr-16	Release of Annual Reports and Related Documents (2015)
10	12-May-16	Announcement of 1Q2016 Results
11	21-Jul-16	Announcement of 2Q2016 Results
12	05-Aug-16	Increase in shareholdings in Subsidiary (Vard Promar SA)
13	03-Oct-16	Changes in Board of Directors and the Committees
14	11-Nov-16	Announcement of 3Q2016 Results
15	13-Nov-16	Voluntary conditional cash offer for shares

Based on the chart above, we observed that the Shares traded:

- At a premium to the Offer Price for the period between 8 December 2014 and 30 December 2015, with the exception of 15 and 16 December 2015;
- At a discount to the Offer Price for the period between 6 January 2016 and 1 December 2016; and
- In the period under consideration, the highest traded price observed was S\$0.65 on 27 April 2015 and the lowest price was S\$0.13 on 11 February 2016 and 17 February 2016; and
- The Shares traded at S\$0.23 on the Last Trading Day, being a 4.35% premium to the Offer Price.

We note that when compared to the SGX Maritime Index:

- Over the two-year period leading up to the Last Trading Day, the Shares have underperformed the SGX Maritime Index; and
- Over the reference period, the Share price, and SGX Maritime Index have depreciated by 61.0%, and 42.8% respectively.

7.1.2 Liquidity analysis of the Shares

Ordinarily, share prices may be affected by different factors including but not limited to relative liquidity, free float and investor interest or market sentiment at a given point in time. In considering the Offer Price relative to the Company's historical Share price, we have considered the relative liquidity of the Company in comparison with a total of 20 companies listed on the SGX-ST Mainboard of similar market capitalisation, as of the Last Trading Day.

We note that as of the Last Trading Day the Company had a market capitalisation of S\$271.4 million. The 20 companies that we have used in our analysis had a market capitalisation ranging from S\$232.1 million to S\$297.0 million.

We note that for the 12 months leading up to the Last Trading Day, the Company had an average daily traded volume of 7.85 million Shares. When calculated as a percentage of total shares outstanding as of Last Trading Day, the average daily trading volume of the Shares was 0.665%. When compared with our selection of companies with similar market capitalizations, this lies within the range and higher than the mean and median of the 20 companies.

7.1.3 Comparison against the historical pricing of the Shares

We set out below the volume-weighted average price of the Shares ("VWAP") for varying time periods before and after the Offer Announcement Date compared to the premium/discount implied by the Offer Price over the respective VWAP:

Reference period	VWAP (S\$)	Premium to VWAP (%)	Average daily trading volume (mln)	Average daily trading volume as a percentage of free float (%)
VWAP Period				
Last Trading Day	0.23	4.35%	57.52	11.08%
One-month prior	0.22	10.60%	16.47	3.17%
Three-month prior	0.19	23.08%	9.90	1.91%
Six-month prior	0.19	29.03%	8.83	1.70%
One year prior	0.19	25.00%	7.85	1.51%
Periods after the Offer Announcement Date up to the Latest Practicable Date				
Between the Offer Announcement Date and the Latest Practicable Date	0.24	0.42%	6.93	1.34%
Latest transacted price of the Latest Practicable Date	0.24	0.00%	3.55	0.68%

Having benchmarked the Offer Price against the VWAP for varying periods preceding the Offer Announcement Date, we observe as follows:

- (a) the Offer Price is at a premium of 4.35% over the Last Trading Day VWAP prior to the Offer Announcement Date;
- (b) the Offer Price is at a premium of 10.60% over the one-month VWAP prior to the Offer Announcement Date;
- (c) the Offer Price is at a premium of 23.08% over the three-month VWAP prior to the Offer Announcement Date;
- (d) the Offer Price is at a premium of 29.03% over the six-month VWAP prior to the Offer Announcement Date; and
- (e) the Offer Price is at a premium of 25.00% over the one-year VWAP prior to the Offer Announcement Date.

Having benchmarked the Offer Price against the VWAP for varying periods post Offer Announcement Date, we observe as follows:

- (a) the Offer Price is at a premium of 0.42% to the VWAP for the period between the Offer Announcement Date and the Latest Practicable Date; and
- (b) the Offer Price is equal to the VWAP for the Latest Practicable Date.

There is no assurance that the price of the Shares will remain at current levels in the absence of the Offer. In addition, we note that our analysis of the past price performance of the Shares is not indicative of the future price levels of the Shares.

7.2 Financial analysis of the Group

7.2.1 Financial Performance of the Group

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 and 3Q2015 are 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.

	Group				
(All amounts in NOK millions unless otherwise stated)	Unaudited 3Q2016 NOK	Unaudited 3Q2015 NOK	Audited FY2015 NOK	Audited FY2014 NOK	Audited FY2013 NOK
Revenue	5,744	7,823	11,307	12,923	11,155
Materials, subcontract costs and others	(3,633)	(5,861)	(8,561)	(9,457)	(7,778)
Salaries and related costs	(1,596)	(1,849)	(2,461)	(2,486)	(2,129)
Other operating expenses	(414)	(469)	(606)	(551)	(562)
EBITDA before restructuring cost	101	(356)	(321)	429	686
Restructuring cost	(76)	(56)	(77)	-	-
Depreciation, impairment and amortization	(153)	(154)	(235)	(189)	(206)
Operating profit/(loss)	(128)	(566)	(633)	240	480
Financial income	284	282	295	204	123
Financial costs	(240)	(761)	(866)	(241)	(115)
Net	44	(479)	(571)	(37)	8
Share of results of associates	(18)	4	-	35	9
Profit/(loss) before tax	(102)	(1,041)	(1,204)	238	497
Income tax expense	(26)	(81)	(88)	(188)	(197)
Profit/(loss) for the period	(128)	(1,122)	(1,292)	50	300
Profit/(loss) for the period attributable to:					
Equity holders of the Company	(96)	(520)	(603)	349	357
Non-controlling interest	(32)	(602)	(689)	(299)	(57)
Profit/(loss) for the period	(128)	(1,122)	(1,292)	50	300

The Company's profit has declined from FY2013 onwards, and the Company has posted a loss of NOK 1,292 million for FY2015. The loss for the period 3Q 2016 was reduced to NOK 128 million, compared to a loss of NOK 1,122 million for the period 3Q 2015.

The EBITDA before restructuring cost for the period 3Q 2016 was NOK 101 million, compared to a negative EBITDA before restructuring cost of NOK 356 million for the period 3Q 2015.

7.2.2 Financial Position of the Group

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.

(All amounts in NOK millions unless otherwise stated)	Group	
	Unaudited as at 30 September 2016 NOK	Audited as at 31 December 2015 NOK
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)

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

Total non-current assets for the period 3Q 2016 have been stable compared to the period 3Q 2015.

Total current assets for the period 3Q 2016 has decreased due to a decrease in construction WIP in excess of payments compared to the period 3Q 2015.

The increase in non-current liabilities is a result of the slot reservation fee received from Fincantieri related to the multi-year program with Fincantieri entered into during 1Q 2016

The decrease in total equity attributable to equity holders of the Company was related to the increase in ownership stake in Vard Promar.

7.3 Historical multiples analysis

Historical trading multiples are related to how the Company is perceived by the stock market and subject to market efficiency and rationality, reflect the information relevant to a company such as its business directions, plans and strategies, expected financial performance, future prospects and potential growth and are susceptible to, amongst other things, the degree of broker coverage of the company, trading liquidity, investor sentiment and market speculation.

7.3.1 EV/EBITDA

Enterprise Value (“**EV**”) is the sum of a company’s market capitalisation, preferred equity, minority interests, short and long term debt less its investments in associated companies, other long term investments and cash and cash equivalents. “**EBITDA**” stands for earnings before interest, tax, depreciation and amortisation expenses. The EV/EBITDA multiple illustrates the market value of a company’s business relative to its historical pre-tax operating cash flow performance, without regard to the company’s capital structure.

For our analysis, we have calculated the implied EV/EBITDA of the Group as follows:

- (a) EV, which is calculated based on market capitalisation implied by the Offer Price and relevant financial information of the Company as at 30 September 2016, divided by;
- (b) Trailing twelve months (“**T12M**”) EBITDA based on the following:
 - i. of EBITDA for FY2015; and
 - ii. the Group’s relevant financial performance for T12M, for the period from 1 October 2015 to 30 September 2016, for the calculation of T12M EBITDA.

The EV/EBITDA of the Group as implied by the Offer Price are as follows:

	Based on FY2015	Based on T12M for the period from 1 October 2015 to 30 September 2016
EV/EBITDA	NM	188.1x

Source: The Company’s annual report for FY2015 and the unaudited results of the Group for 9M2015 and 9M2016

The EV of the Group as implied by the Offer Price and based on the Group’s relevant financial information as at 30 September 2016 is S\$1,753 million.

The Group’s negative EBITDA for FY2015 of S\$63.8 million results in a multiple that is not meaningful (“NM”).

The Group’s T12M EBITDA of S\$9.3 million results in a multiple that is not meaningful.

7.3.2 Price-to-Earnings

The Price-to-Earnings (“**P/E**”) multiple is the ratio of the market price of a company’s shares relative to its earnings per share.

For our analysis, we have evaluated the P/E of the Group as implied by the Offer Price divided by:

- (a) The Group’s FY2015 basic earnings per Share (“**EPS**”); and
- (b) The Group’s T12M basic EPS for the period from 1 October 2015 to 30 September 2016;

The P/E of the Group as implied by the Offer Price are as follows:

	Based on FY2015	Based on T12M for the period from 1 October 2015 to 30 September 2016
P/E	NM	NM

Source: The Company's annual report for FY2015 and the unaudited results of the Group for 9M2015 and 9M2016

The losses in FY2015 and T12M result in multiples that are not meaningful.

7.3.3 Price-to-Net Asset Value and Price-to-Net Tangible Assets

The Price-to-Net Asset Value ("**P/NAV**") and Price-to-Net Tangible Assets ("**P/NTA**") multiple is the ratio of the market capitalisation of a company relative to its net asset value and net tangible assets value respectively. The NAV and NTA per share of a company shows the extent to which the value of each share is backed by total assets net of liabilities and tangible assets net of liabilities respectively.

For our analysis, we have evaluated the P/NAV and P/NTA of the Group as implied by the Offer Price and the following:

- (a) the Group's audited financial position as at 31 December 2015; and
- (b) the Group's unaudited financial position as at 30 September 2016.

The P/NAV and P/NTA of the Group as implied by the Offer Price are as follows:

	As at 31 December 2015	As at 30 September 2016
P/NAV	0.5x	0.7x
P/NTA	0.5x	0.8x

Source: The Company's annual report for FY2015 and the unaudited results of the Group for 9M2016

The Group's audited NAV per Share as at 31 December 2015 and unaudited NAV per share as at 30 September 2016 was S\$0.52 and S\$0.36, respectively. The Offer Price thus values the Group P/NAV as at 31 December 2015 and 30 September 2016 at 0.5 times and 0.7 times, respectively.

The Group's audited NTA per share as at 31 December 2015 and unaudited NTA per share as at 30 September 2016 was S\$0.46 and S\$0.29, respectively. The Offer Price thus values the Group P/NTA as at 31 December 2015 and 30 September 2016 at 0.5 times and 0.8 times, respectively.

7.4 Comparison with recently completed transactions for companies listed on the SGX-ST

In assessing the reasonableness of the Offer Price, we have compared the financial terms of the Offer with those of the recently completed precedent transactions announced since October 2014 and up to the Latest Practicable Date ("**Precedent Transactions**").

This analysis serves as a general indication of the level of premium that other offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations. We have set out below the premiums implied by the offer prices compared to the respective VWAP of the respective targets for the one-day, one-month, three-month, six-month and twelve-month periods prior to the respective announcement dates of the offer price (except as otherwise noted).

We wish to highlight that the target companies as set out in the analysis below may not be directly comparable to the Company in terms of market capitalization, size of operations, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Moreover, the Company is not in the same industry and does not conduct the same business as other target companies, and hence it may not be directly comparable to the target companies. Each transaction should therefore be evaluated based on its own financial and commercial merits.

It should also be noted that the level of premium or discount that an offeror pays in any Precedent Transactions varies in different circumstances depending, amongst other things, on the attractiveness of the underlying business to be acquired, the potential synergies to be gained from integration with an existing business to be acquired, the possibility of significant revaluation of the assets to be acquired, the availability of cash reserves, the liquidity of the target company's traded shares, the presence of competing bids for the target company, the form of consideration offered by an acquirer, the extent of control the acquirer already had in the target company and the prevailing market expectations. The list of Precedent Transactions provided is by no means exhaustive and conclusions drawn from the comparisons may not necessarily provide a meaningful basis that reflects the perceived or implied market valuation of the Company, and conclusions drawn with respect to these transactions merely serves as an illustrative guide.

We have compared the financial terms of the Offer with:

- (a) Selected recently completed transactions for companies listed on the SGX-ST; and
- (b) Selected recently completed voluntary general offers ("VGO" or "Precedent VGO Transactions").

For all Precedent Transactions

Company	Announcement Date	Offer price (\$)	Premium of offer over ⁽¹⁾				
			Last transacted price prior to announcement	1-month VWAP prior to announcement	3-month VWAP prior to announcement	6-month VWAP prior to announcement	12-month VWAP prior to announcement
Lee Kim Tah Holdings	25-Sep-2014	1.08	6.4%	11.8%	12.3%	13.5%	15.0%
UE E&C Ltd	03-Oct-2014	1.25	-2.3%	2.7%	5.0%	-2.9%	6.9%
Forterra Trust	04-Nov-2014	2.25	32.4%	51.1%	49.7%	39.8%	25.1%
ECS Holdings Limited	14-Nov-2014	0.68	11.5%	9.0%	11.7%	9.2%	7.3%
CH Offshore Ltd	11-Dec-2014	0.55	18.3%	20.4%	17.0%	16.8%	20.1%
Hafary Holdings Limited	30-Dec-2014	0.24	9.1%	11.1%	11.1%	14.8%	16.5%
LCD Global Investments Limited	12-Jan-2015	0.33	10.0%	10.4%	13.0%	14.6%	32.0%
Popular Holdings Limited	14-Jan-2015	0.32	39.1%	39.7%	37.3%	32.2%	28.5%
Keppel Land Limited	23-Jan-2015	4.38	20.0%	25.0%	28.8%	28.2%	29.6%
Action Asia Limited	27-Feb-2015	0.19	69.6%	68.1%	66.7%	65.2%	54.5%
United Envirotech Ltd.	05-Mar-2015	1.65	1.9%	2.1%	2.4%	8.4%	13.7%
Sinotel Technologies Ltd	12-Mar-2015	0.128	33.3%	30.6%	45.5%	-4.5%	29.3%
Neptune Orient Lines Limited	19-Jul-2015	1.30	48.6%	51.0%	32.9%	30.7%	35.1%
Lizhong Wheel Group Ltd.	17-Aug-2015	0.50	96.1%	90.8%	74.8%	87.3%	92.3%
Chosen Holdings Limited	01-Sep-2015	0.24	21.2%	25.7%	27.0%	32.6%	37.9%
Eastern Holdings Ltd	22-Sep-2015	0.425	41.7%	41.7%	26.8%	21.8%	5.1%
Novo Group Ltd.	24-Sep-2015	0.681	161.5%	188.1%	151.9%	163.6%	191.8%
Jacks International Limited	06-Oct-2015	0.80	90.5%	103.5%	103.5%	121.8%	124.1%
Biosensors International Group, Ltd.	04-Nov-2015	0.84	23.5%	23.0%	21.0%	12.9%	19.8%
Tiger Airways Holdings Limited	06-Nov-2015	0.41	32.0%	35.0%	42.0%	37.0%	33.0%
Li Heng Chemical Fibre Technologies Limited	22-Dec-2015	1.00	115.1%	100.8%	104.5%	60.3%	58.7%
Interplex Holdings Ltd.	23-Dec-2015	0.82	15.5%	10.8%	12.9%	16.3%	19.4%
HTL International Holdings Limited	07-Jan-2016	1.00	46.0%	71.5%	101.2%	108.3%	116.0%
Lantrovision (S) Ltd	27-Jan-2016	3.25	47.7%	42.8%	46.2%	56.6%	42.1%
Xinren Aluminium Holdings	25-Feb-2016	0.60	66.7%	63.9%	63.5%	57.9%	35.7%
Osim International Ltd	07-Mar-2016	1.41	27.0%	40.9%	42.5%	16.7%	-2.2%
Pteris Global Limited	21-Apr-2016	0.735	15.8%	19.3%	24.6%	29.4%	25.6%
China Merchants Holdings (Pacific) Limited	09-May-2016	1.02	22.9%	21.9%	25.5%	20.1%	8.0%
Eu Yan Sang International Limited	16-May-2016	0.60	2.6%	8.5%	16.5%	24.7%	22.5%
Otto Marine Limited	08-Jun-2016	0.32	39.1%	44.8%	43.5%	42.9%	-13.5%
Ellipsiz Ltd	07-Jul-2016	0.38	5.6%	7.7%	9.6%	15.7%	13.5%
China Hongcheng Holdings Limited	15-Jul-2016	0.01	-32.5%	35.0%	-61.4%	-58.5%	-58.5%
Sim Lian Group Limited	08-Aug-2016	1.08	14.9%	16.8%	19.5%	26.5%	28.0%
Min			-32.5%	2.1%	-61.4%	-58.5%	-58.5%
Mean			34.9%	40.2%	37.2%	34.5%	33.7%
Median			23.5%	30.6%	27.0%	25.6%	25.6%
Max			161.5%	188.1%	151.9%	163.6%	191.8%
Vard Holdings Limited	13-Nov-2016	0.24	4.35%	10.60%	23.08%	29.03%	25.00%

Source: Capital IQ, company filings, and KPMG CF analysis

Note:

- (1) Market premia/discounts calculated relative to the closing price of the respective target companies one day prior to the respective announcement dates and VWAP of the 1-month, 3-month, 6-month and 12-month period prior to the respective announcement dates, as stated in the respective offer documents.

Having benchmarked the premiums implied by the Offer Price against the Precedent Transactions, other than the VGOs, we observe as follows:

- (a) the premium of 4.35% implied by the Offer Price over the last transacted market on the Last Trading Day is within the range of premiums, and lower than the mean and median of premiums for all Precedent Transactions;
- (b) the premium of 10.60% implied by the Offer Price over the 1-month VWAP prior to the Last Trading Day is within the range of premiums, and lower than the mean and median of premiums for all Precedent Transactions;
- (c) the premium of 23.08% implied by the Offer Price over the 3-month VWAP prior to the Last Trading Day is within the range of premiums, and lower than the mean and median of premiums for all Precedent Transactions;
- (d) the premium of 29.03% implied by the Offer Price over the 6-month VWAP prior to the Last Trading Day is within the range of premiums, and higher than the median but lower than the mean of premiums for all Precedent Transactions; and
- (e) the premium of 25.00% implied by the Offer Price over the 12-month VWAP prior to the Last Trading Day is within the range of premiums, and lower than the mean and median of premiums for all Precedent Transactions.

For all VGO transactions

Company	Announcement Date	Premium of offer over ⁽¹⁾					
		Offer price (\$)	Last transacted price prior to announcement	1-month VWAP prior to announcement	3-month VWAP prior to announcement	6-month VWAP prior to announcement	12-month VWAP prior to announcement
Lee KimTah Holdings	25-Sep-2014	1.08	6.4%	11.8%	12.3%	13.5%	15.0%
UE E&C Ltd	03-Oct-2014	1.25	-2.3%	2.7%	5.0%	-2.9%	6.9%
ECS Holdings Limited	14-Nov-2014	0.68	11.5%	9.0%	11.7%	9.2%	7.3%
CH Offshore Ltd	11-Dec-2014	0.55	18.3%	20.4%	17.0%	16.8%	20.1%
Hafary Holdings Limited	30-Dec-2014	0.24	9.1%	11.1%	11.1%	14.8%	16.5%
LCD Global Investments Limited	12-Jan-2015	0.33	10.0%	10.4%	13.0%	14.6%	32.0%
Popular Holdings Limited	14-Jan-2015	0.32	39.1%	39.7%	37.3%	32.2%	28.5%
Keppel Land Limited	23-Jan-2015	4.38	20.0%	25.0%	28.8%	28.2%	29.6%
United Envirotech Ltd.	05-Mar-2015	1.65	1.9%	2.1%	2.4%	8.4%	13.7%
Neptune Orient Lines Limited	19-Jul-2015	1.30	48.6%	51.0%	32.9%	30.7%	35.1%
Lizhong Wheel Group Ltd.	17-Aug-2015	0.50	96.1%	90.8%	74.8%	87.3%	92.3%
Chosen Holdings Limited	01-Sep-2015	0.24	21.2%	25.7%	27.0%	32.6%	37.9%
Tiger Airways Holdings Limited	06-Nov-2015	0.41	32.0%	35.0%	42.0%	37.0%	33.0%
Li Heng Chemical Fibre Technologies Limited	22-Dec-2015	1.00	115.1%	100.8%	104.5%	60.3%	58.7%
Interplex Holdings Ltd.	23-Dec-2015	0.82	15.5%	10.8%	12.9%	16.3%	19.4%
Xinren Aluminium Holdings	25-Feb-2016	0.60	66.7%	63.9%	63.5%	57.9%	35.7%
Osim International Ltd	07-Mar-2016	1.41	27.0%	40.9%	42.5%	16.7%	-2.2%
Pteris Global Limited	21-Apr-2016	0.735	15.8%	19.3%	24.6%	29.4%	25.6%
China Merchants Holdings (Pacific) Limited	09-May-2016	1.02	22.9%	21.9%	25.5%	20.1%	8.0%
Eu Yan Sang International Limited	16-May-2016	0.60	2.6%	8.5%	16.5%	24.7%	22.5%
Sim Lian Group Limited	08-Aug-2016	1.08	14.9%	16.8%	19.5%	26.5%	28.0%
Min			-2.3%	2.1%	2.4%	-2.9%	-2.2%
Mean			28.2%	29.4%	29.8%	27.3%	26.8%
Median			18.3%	20.4%	24.6%	24.7%	25.6%
Max			115.1%	100.8%	104.5%	87.3%	92.3%
Vard Holdings Limited	13-Nov-2016	0.24	4.35%	10.60%	23.08%	29.03%	25.00%

Source: Capital IQ, company filings, and KPMG CF analysis

Note:

(1) Market premia/discounts calculated relative to the closing price of the respective target companies one day prior to the respective announcement dates and VWAP of the 1-month, 3-month, 6-month and 12-month period prior to the respective announcement dates, as stated in the respective offer documents.

Having benchmarked the premiums implied by the Offer Price against the Precedent Transactions, specifically for the VGOs, we observe as follows:

- the premium of 4.35% implied by the Offer Price over the last transacted market price on the Last Trading Day is within the range of premiums, and lower than the mean and median of premiums for the VGOs;
- the premium of 10.60% implied by the Offer Price over the 1-month VWAP prior to the Last Trading Day is within the range of premiums, and lower than the mean and median of premiums for the VGOs;
- the premium of 23.08% implied by the Offer Price over the 3-month VWAP prior to the Last Trading Day is within the range of premiums, and lower than the mean and median of premiums for the VGOs;
- the premium of 29.03% implied by the Offer Price over the 6-month VWAP prior to the Last Trading Day is within the range of premiums, and higher than the mean and median of premiums for the VGOs; and
- the premium of 25.00% implied by the Offer Price over the 12-month VWAP prior to the Last Trading Day is within the range of premiums, and lower than the mean and median of premiums for the VGOs.

7.5 Comparable companies analysis

The Company is one of the major global designer and shipbuilders of specialized vessels and operates nine strategically located shipbuilding facilities, including five in Norway, two in Romania, one in Brazil and one in Vietnam. The core business is the design and construction of complex and highly customized offshore and specialized vessels including platform supply vessels, anchor handling tug supply vessels and advanced offshore subsea construction vessels.

For the purposes of assessing the financial terms of the Offer, it is meaningful to compare the valuation statistics of the Company implied by the Offer Price, with those of select companies that are predominately engaged in designing and shipbuilding of specialized vessels and which are, in our opinion, broadly comparable to the Company ("**Comparable Companies**").

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

Comparable Companies	Country	Business description
Nam Cheong Limited	Singapore	Specialisation in the building of offshore support vessels is complemented by its vessel chartering operations. Expertise lies in identification of in-demand and build-to-stock vessels ahead of time.
Triyards Holdings Limited	Singapore	Provides integrated full-service engineering, fabrication and ship construction solutions for the global offshore and marine industry, and focuses on ship building, ship conversions, medium to heavy fabrication works and ship repairs.
ASL Marine Holdings Ltd.	Singapore	A vertically-integrated marine services group that engages in shipbuilding, ship repair, conversion, engineering and other marine related services. The Company owns and operates shipyards in Singapore, Indonesia, and China.
Kim Heng Offshore & Marine Holdings Limited	Singapore	Operates in 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.
Marco Polo Marine Limited	Singapore	Engages in leasing, chartering, management and anchor handling of offshore supply vessels, tug boats and barges, as well as shipbuilding and repair services for customers from the mining, property development, and other industrial sectors.

Source: Capital IQ and company website

Our comparison with the Comparable Companies is for illustrative purposes only. We wish to highlight that the Comparable Companies do not form an exhaustive list and they may not be directly comparable with the Company and may vary with respect to, amongst other factors, market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Accordingly, the Comparable Companies may not provide a meaningful basis for valuation comparison.

The valuation statistics of the Comparable Companies set out below are based on their last transacted share prices and latest available financial figures as at the Latest Practicable Date:

Company	Listed in Country	Market capitalisation (\$million)	EV/ EBITDA	P/E	P/NAV	P/NTA
Nam Cheong Limited	Singapore	134.2	NM	NM	0.3x	0.3x
Triyards Holdings Limited	Singapore	94.1	5.4x	3.9x	0.3x	0.3x
ASL Marine Holdings Ltd. Kim Heng Offshore &	Singapore	65.4	7.6x	NM	0.1x	0.1x
Marine Holdings Limited	Singapore	51.1	NM	NM	0.6x	0.6x
Marco Polo Marine Ltd.	Singapore	17.2	40.2x	NM	0.1x	0.1x
Low			5.4x	3.9x	0.1x	0.1x
Mean			17.7x	3.9x	0.3x	0.3x
Median			7.6x	3.9x	0.3x	0.3x
High			40.2x	3.9x	0.6x	0.6x
Vard Holdings Limited						
Implied by Offer Price of S\$0.24	Singapore	283.2	188.1x	NM	0.7x	0.8x

Source: Capital IQ

Having benchmarked the valuation statistics of the Company as implied by the Offer Price against those of the Comparable Companies, we observe as follows:

- (a) The EV/EBITDA multiple of the Company implied by the Offer Price is not meaningful;
- (b) The P/E multiple of the Company implied by the Offer Price is not meaningful;
- (c) The P/NAV multiple of the Company implied by the Offer Price of 0.7 times respectively, is above the range for the P/NAV multiplies for Comparable Companies; and
- (d) The P/NTA multiple of the Company implied by the Offer Price of 0.8 times respectively, is above the range for the P/NTA multiplies for Comparable Companies.

While we have considered the EV/EBITDA and P/E multiples, the Company and the Comparable Companies have been loss making therefore we believe that the P/NAV and P/NTA multiples are the most appropriate metrics to use.

7.6 Comparable transactions analysis

We have compared the valuation statistics of the Company as implied by the Offer Price and the unaffected price with those of select completed transactions between February 2014 and the Latest Practicable Date, involving targets that are predominately engaged in designing and shipbuilding of specialized vessels in Singapore and which are, in our opinion, broadly comparable to the Company ("Comparable Transactions").

Our comparison with the Comparable Transactions is for illustrative purposes only. We wish to highlight that the Comparable Transactions do not form an exhaustive list and they may not be directly comparable with the Offer. The Comparable Transactions may have occurred over a reasonably long period of time, when conditions may have been different from those presently. Accordingly, the Comparable Transactions may not provide a meaningful basis for valuation comparison.

Announcement Date	Company	Country	Percent Sought %	Implied Equity Value (\$m)	Implied Enterprise Value (\$m)	Implied TEV/ EBITDA	Implied P/E	Implied P/NAV	Implied P/NTA
6/6/2016	Otto Marine Limited	Singapore	38.8	68.0	768.7	12.6x	NM	0.2x	0.3x
25/02/2014	Jaya Holdings Limited, Substantially All Assets	Singapore	100.0	462.2	434.5	7.4x	8.8x	0.7x	0.9x
	Low					7.4x	8.8x	0.2x	0.3x
	Mean					10.0x	8.8x	0.5x	0.6x
	Median					10.0x	8.8x	0.5x	0.6x
	High					12.6x	8.8x	0.7x	0.9x
	Vard Holdings Limited								
13/11/2016	Implied by Offer Price of S\$0.24					188.1x	NM	0.7x	0.8x

Source: Capital IQ

Based on the above, we note that:

- (a) The EV/EBITDA multiple of the Company implied by the Offer Price is not meaningful;
- (b) The P/E multiple of the Company as implied by the Offer Price is not meaningful;
- (c) The P/NAV multiple of the Company of 0.7 times as implied by the Offer is within the range of the Implied P/NAV for the Comparable Transactions, and is higher than the mean and median of the corresponding P/NAV multiple of the selected Comparable Transactions; and
- (d) The P/NTA multiple of the Company of 0.8 times as implied by the Offer Price is within the range for the P/NTA multiples for Comparable Transactions, and higher than the mean and median P/NTA multiples for the Comparable Transactions.

While we have considered the EV/EBITDA and P/E multiples as implied by the Offer Price, the Company has been loss making, therefore we believe that the P/NAV and P/NTA multiples are the most appropriate metrics to use.

7.7 Dividend analysis

We note that the Company has not distributed any dividends since 2011.

8 OTHER CONSIDERATIONS

8.1 Voluntary Conditional Cash Offer

The Offer is subject to the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which will result in the Offeror and parties acting in concert with the Offeror holding more than 90 per cent. of the total number of Shares as at the close of the Offer (the “**Acceptance Condition**”).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which will result in the Offeror meeting the Acceptance Condition.

The Offeror reserves the right to reduce the Acceptance Condition to a lower level which is more than 50 per cent. of the total number of Shares. In the event that the Acceptance Condition is revised, the revised Offer will remain open for another 14 days following such revision and Shareholders who have accepted the initial Offer will be allowed to withdraw their acceptance within eight days of the notification of such revision.

As at the Latest Practicable Date, the Offeror is the majority shareholder of the Company, holding 656,471,268 Shares (representing approximately 55.63 per cent. of the total number of Shares).

Save for the Acceptance Condition, the Offer is unconditional in all other respects.

8.2 Alternative offer from third parties

As at the Latest Practicable Date, the Directors have confirmed that, apart from the Offer made by the Offeror, the Company has not received any alternative offer from any other party.

8.3 Compulsory Acquisition Rights

Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires Offer Shares during the Offer period otherwise than through valid acceptances of the Offer in respect of not less than 90 per cent. of the total number of Shares (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 Offer (the “**Dissenting Shareholders**”) on the same terms as those offered under the 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 and the Offeror will then proceed to delist VARD from the SGX-ST.

8.4 Listing Status

Under Rule 723 of the Listing Manual, the Company must ensure that at least 10 per cent. of the total number of the Shares (excluding treasury shares) is at all times held by the public (the “**Shareholding Requirement**”).

Under Rule 1105 of the Listing Manual, in the event that the Offeror and parties acting in concert with the Offeror should, as a result of the Offer or otherwise, own or control more than 90 per cent. of the Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the Shares (excluding treasury shares) are held by at least 500 shareholders who are members of the public. Further, under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the Shares (excluding treasury shares), thus causing the percentage of the Company’s total number of Shares (excluding treasury shares) in public hands to fall below 10 per cent., the SGX-ST will suspend trading of Shares at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the Shareholding Requirement is not complied with, the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, for the proportion of the Shares held by members of the public to be raised to at least 10 per cent., failing which the Company may be delisted from the SGX-ST.

8.4.1 Implications 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 proposed delisting, it is likely to be difficult for Shareholders who do not accept the Offer to sell their company Shares in the absence of a public market for the company Shares as there is no arrangement for Shareholders to exit. If the Company is delisted, even if such Shareholders were able to sell their company Shares, they may receive a lower price as compared to the Offer Price. Further, any transfer or sale of company Shares represented by share certificates will be subject to stamp duty.

8.5 Offeror’s Intentions in Relation to the Company

The Offeror intends for the Company to continue its existing business activities and there are currently 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 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.

9 CONCLUSION AND RECOMMENDATION

In arriving at our opinion to the Independent Directors, we have carefully considered the financial information that has been made available to us, and the above factors set forth in this IFA Letter including, amongst other things, the following:

Comparison against the historical pricing of the Shares

The Offer Price implies premiums of between 4.35% to 29.03% to the VWAP for the assessed periods between the Last Trading Day and one-year prior to the Offer Announcement Date.

Comparison with recently completed successful transactions

The premiums of between 4.35% to 25.00% implied by the Offer Price for the assessed periods between the Last Trading Day and one-year period to the Offer Announcement Date are within the range of premiums, and lower than the mean and median of premiums for Precedent VGO Transactions. The exception is the premium of 29.03% implied by the Offer Price over the 6-month VWAP prior to the Offer Announcement Date, which is within the range of premiums, and higher than the mean and median of premiums for the Precedent VGO Transactions.

Comparable Companies analysis

The P/NAV multiple of the Company of 0.7 times as implied by the Offer Price is above the range for the P/NAV multiples for Comparable Companies.

The P/NTA multiple of the Company of 0.8 times implied by the Offer Price is above the range for the P/NTA multiples for Comparable Companies.

While we have considered the EV/EBITDA and P/E multiples, the Company and the Comparable Companies have been loss making therefore we believe that the P/NAV and P/NTA multiples are the most appropriate metrics to use.

Comparable Transactions analysis

The P/NAV multiple of the Company of 0.7 times as implied by the Offer Price is within the range of the Implied P/NAV for the Comparable Transactions, and is higher than the mean and median of the corresponding P/NAV multiple of the selected Comparable Transactions.

The P/NTA multiple of the Company of 0.8 times as implied by the Offer Price is within the range for the P/NTA multiples for Comparable Transactions, and higher than the mean and median P/NTA multiples for the Comparable Transactions.

While we have considered the EV/EBITDA and P/E multiples as implied by the Offer Price, the Company has been loss making, therefore we believe that the P/NAV and P/NTA multiples are the most appropriate metrics to use.

Having carefully considered the information available to us and based on our analysis as set out above, we are of the opinion that the Offer is fair and reasonable from a financial point of view.

Accordingly, we advise the Independent Directors to recommend Shareholders to ACCEPT the Offer.

In rendering the above opinion, we have not taken into consideration any general or specific investment objectives, financial situation, risk profile, tax position or particular needs and constraints of any individual shareholder. We advise the Independent Directors to advise any individual shareholder who may require specific advice in relation to their investment portfolio to consult their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

Our opinion is only based on a financial analysis and does not incorporate any assessment of commercial, legal tax, regulatory or other matters. Our opinion also does not incorporate an assessment of the price at which Shares may trade following close of the Offer. Such factors (including the aforesaid illustrations) are beyond the ambit of our review and do not fall within our terms of reference in connection with the Offer.

We wish to emphasise that we have been appointed to render our opinion as at the Latest Practicable Date. Our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects of the Company. This opinion is addressed to the Independent Directors solely for their benefit in connection with and for the purposes of their consideration of the Offer and should not be relied on by any other party or used for any other purpose. This IFA Letter does not constitute, and should not be relied on, as an opinion or a recommendation to, or confer any rights or remedies upon, any shareholder. Nothing herein shall confer or be deemed or is intended to confer any right or benefit to any third party and the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore shall not apply. The recommendation made by the Independent Directors to the Shareholders in relation to the Offer remains the sole responsibility of the Independent Directors.

Yours faithfully

Vishal Sharma
Executive Director

Jeremy Bogue
Director

APPENDIX II

ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

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

Name	Address	Designation
Mr Giuseppe Coronella	Via 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 Del Pucino 145 34151 Trieste Italy	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 Singapore 268828	Independent Director
Mr Lee Keen Whye	69 Dyson Road Singapore 309403	Independent Director

2. DESCRIPTION OF THE COMPANY

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 Vard Group, one of the major global designers and shipbuilders of specialised vessels. Headquartered in Norway and with approximately 10,000 employees, the Vard 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. Through its specialised subsidiaries, the Vard Group develops power and automation systems, deck handling equipment and vessel accommodation solutions, and provides design and engineering services to the global maritime industry.

3. SHARE CAPITAL

3.1 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.

3.2 Capital, Dividends and Voting Rights

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 VI to this Circular. The Constitution is available for inspection at the registered address of the Company at Six Battery Road #10-01, Singapore 049909. Capitalised terms and expressions not defined in the extract have the meanings ascribed to them in the Constitution and/or the Companies Act.

3.3 Number of Shares issued since the end of the last financial year

As at the Latest Practicable Date, the Company has not issued any new Shares since the end of FY2015, being the last financial year of the Company.

3.4 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 and securities which carry voting rights affecting Shares that are outstanding.

4. DISCLOSURE OF INTERESTS

4.1 Interests of the Company in Offeror Securities

As at the Latest Practicable Date, the Company does not have any direct or deemed interests in any Offeror Securities.

4.2 Dealings in Offeror Securities by the Company

As at the Latest Practicable Date, the Company has not dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date.

4.3 Interests of the Directors in Offeror Securities

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

4.4 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 Offer Announcement Date and ending on the Latest Practicable Date.

4.5 Interests of the Directors in Company Securities

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

4.6 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 Offer Announcement Date and ending on the Latest Practicable Date.

4.7 Company Securities owned or controlled by KPMG CF

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

4.8 Dealings in Company Securities by KPMG CF

Neither KPMG CF nor any of the funds whose investments are managed by KPMG CF on a discretionary basis has dealt for value in any Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.9 Intentions of the Directors in respect of their Shares

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

5. OTHER DISCLOSURES

5.1 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 3,770,000, effective from 1 January 2014. 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 Offer Announcement Date and ending on the Latest Practicable Date.

5.2 Arrangements affecting Directors

As at the Latest Practicable Date:

- (a) it is not proposed that any payment or other benefit shall 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 Offer;
- (b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

6. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in publicly available information on the Vard 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 beginning three (3) years before the Offer Announcement Date.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in publicly available information on the Vard 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 Vard Group, taken as a whole.

8. FINANCIAL INFORMATION

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.

	Group			
	Unaudited 3Q2016	Audited FY2015	Audited FY2014	Audited FY2013
	NOK	NOK	NOK	NOK
<i>(All amounts in NOK millions unless otherwise stated)</i>				
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

LIABILITIES**Non-current liabilities**

Loans and borrowings, non-current	1,056	1,200
Deferred tax liabilities	132	79
Non-current derivatives	-	12
Other non-current liabilities	380	22
Provisions, non-current	94	96
Total non-current liabilities	1,662	1,409

Current liabilities

Loans and borrowings, current	625	834
Construction loans	7,483	9,435
Prepayments in excess of construction WIP	954	392
Trade and other payables	1,857	2,141
Current derivatives	1,383	3,238
Income tax payable	18	26
Provisions, current	114	116
Other current liabilities	684	343
Total current liabilities	13,118	16,525

Total liabilities	14,780	17,934
--------------------------	---------------	---------------

Total equity and liabilities	17,289	20,895
-------------------------------------	---------------	---------------

8.3 Accounting Policies

Save as disclosed in the notes to the audited consolidated financial statements of the Vard Group for FY2015, which is available on the SGX-ST website at www.sgx.com or for inspection at the registered address of the Company at Six Battery Road #10-01, Singapore 049909 during normal business hours for the period during which the Offer remains open for acceptance:

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

Note 4 to the 3Q2016 Results states that the Vard Group has applied the same accounting policies and methods of computation in the financial statements for 3Q2016 compared with those of the audited financial statements for FY2015.

8.4 Material Changes in Financial Position

Save as disclosed in publicly available information on the Vard Group, as at the Latest Practicable Date, there has been no known material change in the financial position of the Vard Group since 31 December 2015, being the date of the Company's last published audited consolidated financial statements.

8.5 Material Change in Information

Save as disclosed in this Circular and save for the information relating to the Vard Group and the Offer 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 Offer Announcement Date and ending on the Latest Practicable Date.

9. GENERAL

9.1 Costs and Expenses

All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

9.2 Consent of KPMG CF

KPMG CF 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 7.3 of this Circular, the IFA Letter set out in Appendix I to this Circular, the letter issued by KPMG CF relating to the Statements of Prospects set out in Appendix V to this Circular and all references thereto, in the form and context in which they appear in this Circular.

9.3 Consent of PwC

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 relating to the Statements of Prospects set out in Appendix IV to this Circular and all references thereto, in the form and context in which they appear in this Circular.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered address of the Company at Six Battery Road #10-01, Singapore 049909 during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2013, FY2014 and FY2015;
- (c) the Company's announcement on the 3Q2016 Results;
- (d) the letters of consent referred to in paragraphs 9.2 and 9.3 of Appendix II to this Circular;
- (e) the IFA Letter as set out in Appendix I to this Circular; and
- (f) the Statements of Prospects and the report issued by PwC and the letter issued by KPMG CF relating to the Statements of Prospects, as set out in Appendices IV and V to this Circular respectively.

APPENDIX III

STATEMENTS OF PROSPECTS

1. STATEMENTS OF PROSPECTS

The following statements set out in italics below have been extracted from the press release issued by the Company on 29 February 2016 and page 38 of the annual report of the Company for FY2015, respectively (collectively, the **"Statements of Prospects"**):

"Due to the deterioration of the offshore vessel market VARD saw a revenue drop in FY2015, and expects a further drop to NOK 8-9 billion for 2016. With the implementation of the new business plan and strategy, VARD foresees a recovery to NOK 12-13 billion in revenues, reaching previous highs by 2020, also on the back of an expected recovery of the offshore market from 2018. The Group expects a positive EBITDA margin for 2016, despite short-term margins being impacted by restructuring and the market entry into new segments."

"With the combined effect of these measures, VARD expects to see its top line bottom out in 2016 at NOK 8-9 billion in revenue, and recover to previous highs of NOK 12-13 billion by 2020. Despite the impact of restructuring costs and the market entry into new segments on margins in the short term, the Group expects to record a positive EBITDA margin for 2016."

The Statements of Prospects were not made in connection with the Offer.

The Directors have not issued a profit forecast for the Vard Group for FY2016 in connection with the Offer. Accordingly, the Statements of Prospects should not be regarded as a forecast of the Vard Group for FY2016.

2. ASSUMPTIONS

The Statements of Prospects referred to above, for which the Directors are solely responsible, were arrived at on the basis of the business plan model (the **"Forecasts and Projections"**) as prepared by Management. The Forecasts and Projections have been prepared based on accounting principles that are consistent with the accounting policies adopted by the Vard Group as set out in the audited consolidated financial statements of the Company for FY2015 and were made based on the following assumptions:

- (a) there will be no material changes in existing political, economic, legal or regulatory conditions affecting the activities of the Vard Group, the industry, and the countries in which the Vard Group operates;
- (b) there will be no material changes in the principal activities, management and organisational structure of the Vard Group;
- (c) there will be no material changes in the accounting policies of the Vard Group;
- (d) there will be no material changes in applicable accounting standards, which may adversely affect the results of the Vard Group;
- (e) there will be no material acquisitions or disposals of assets by the Vard Group, save for those acquisitions carried out in the ordinary course of business;
- (f) there will be no material changes in the relationships the Vard Group has with its major clients and suppliers which may affect the Vard Group's development activities;
- (g) there will be no material changes in the costs of suppliers and sub-contractors, labour costs and other construction related costs from those then prevailing. It is assumed that there will be no material adverse impact to the construction projects arising from changes in the construction cost structure and/or construction schedules;
- (h) there will be no material changes in the competitive environment in which the Vard Group operates;

- (i) there will be no material changes in the existing employment benefits and incentive scheme of the Vard Group;
- (j) there will be no material exceptional item or exceptional expense item;
- (k) there will be no exceptional circumstances that would require material provisions to be made by the Vard Group in respect of any contingent liability or arbitration threatened or otherwise, abnormal bad debts or unexpected termination of contracts;
- (l) there will be no material changes in inflation rates;
- (m) there will be no material changes in the prevailing foreign currency exchange rates that will adversely impact the Vard Group;
- (n) there will be no significant unexpected delays affecting the progress of existing projects;
- (o) revenue refers mainly to projected revenue from construction contracts which are recognised according to the estimated percentage of completion of the contract activity for the relevant financial periods reported on. The percentage of completion is measured generally by reference to the contract costs incurred to date, as compared to the estimated total costs for the contract. Revenue for FY2016 is forecasted predominantly based on the assumed percentage of completion at the end of FY2016 of projects in the order book at the end of FY2015. The assumed percentage of completion reflects assumed costs incurred at the end of FY2016 compared to total estimated project costs;
- (p) the targeted revenue for FY2020 is projected based on an assumed order intake for the period from FY2016 through FY2020 that will facilitate a satisfactory utilisation of the Vard Group yards. The assumed order intake is primarily based on the expected outcome of the implementation of the business plan as prepared by Management and presented in connection with the FY2015 financial results and on an expected recovery of the offshore market in 2018;
- (q) forecasted and projected other revenue in 2016 and 2020, apart from forecasted and projected revenue derived from construction contracts, are based on Management's estimates as reflected within the business plan as presented by Management in the press release issued by the Company on 29 February 2016;
- (r) EBITDA¹ margin represents EBITDA before restructuring cost divided by revenue for the corresponding period. The forecasted EBITDA margin for FY2016 is mainly driven by the EBITDA margin recognised based on the percentage of completion accounting principle for projects in the order book at the end of FY2015. Forecasted other revenue refers to sub-paragraph (q) above. Other expenses affecting the expected EBITDA margin have been forecasted based on projected historical expenses;
- (s) there will be no material changes to the overall forecasted EBITDA for projects in the order book at the end of FY2015 through the completion of those projects;
- (t) there will be no material negative changes in the productivity at the yards of the Vard Group; and
- (u) there will be no material changes to interest rates on construction loans from those currently prevailing at the date of the Statements of Prospects.

The Statements of Prospects set out in this Appendix III are to be considered forward-looking statements. The Statements of Prospects are based on the assumptions set forth above and are subject to certain risks and uncertainties which could cause actual results to differ materially from the forecasted or projected results of the Vard Group. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty, prediction or guarantee with respect to the accuracy of such assumptions, or that these results will be achieved or are likely to be achieved. Shareholders are cautioned not to place undue reliance on these forward-looking statements.

¹ For the purposes of the Statements of Prospects made, EBITDA refer to earnings, before interest (but including interest on construction loans), tax, depreciation and amortization, and before restructuring cost.

APPENDIX IV

REPORT FROM PWC IN RELATION TO THE STATEMENTS OF PROSPECTS



Vard Holdings Limited
Six Battery Road #10-01
Singapore 049909

Attention: The Board of Directors

15 December 2016

Our ref: ASR/02531934-A900/MSW/WDH (15)
(When Replying Please Quote Our Reference)

**REPORT ON AGREED-UPON PROCEDURES IN RELATION TO THE
STATEMENTS OF PROSPECTS OF VARD HOLDINGS LIMITED (THE
"COMPANY") AND ITS SUBSIDIARIES (THE "GROUP")**

On 29 February 2016, the Company issued a press release in relation to its unaudited consolidated financial statements for the year ended 31 December 2015, which included the following statement on the prospects of the Group:

"Due to the deterioration of the offshore vessel market VARD saw a revenue drop in FY2015, and expects a further drop to NOK 8-9 billion for 2016. With the implementation of the new business plan and strategy, VARD foresees a recovery to NOK 12-13 billion in revenues, reaching previous highs by 2020, also on the back of an expected recovery of the offshore market from 2018. The Group expects a positive EBITDA margin for 2016, despite short-term margins being impacted by restructuring and the market entry into new segments."

On 29 March 2016 the Company issued its Annual Report for the year ended 31 December 2015, which included the following statement on the prospects of the Group:

"With the combined effect of these measures, VARD expects to see its top line bottom out in 2016 at NOK 8-9 billion in revenue, and recover to previous highs of NOK 12-13 billion by 2020. Despite the impact of restructuring costs and the market entry into new segments on margins in the short term, the Group expects to record a positive EBITDA margin for 2016."

PricewaterhouseCoopers LLP, 8 Cross Street #17-00, PWC Building, Singapore 048424
T: (65) 6236 3388, F: (65) 6236 3300, www.pwc.com/sg GST No.: M90362193L Reg. No.: T09LL0001D



Vard Holdings Limited
ASR/02531934-A900/MSW/WDH (15)
15 December 2016

The statements on the prospects of the Group above, as issued on 29 February 2016 and 29 March 2016, are collectively referred to as the "Statements of Prospects" in the Circular dated 15 December 2016 to be issued to the shareholders of the Company in connection with the voluntary conditional cash offer by Credit Suisse (Singapore) Limited, for and on behalf of Fincantieri Oil & Gas S.p.A. (the "Offeror"), to acquire all of the issued ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror (the "Circular").

In accordance with our engagement letter dated 2 December 2016, we have performed the agreed-upon procedures as set out below on the business plan model (the "Forecasts and Projections") as prepared by the management of Vard Holdings Limited (the "Management"). The Forecasts and Projections were prepared as a basis for the 2016 revenue and EBITDA forecasts and for the 2020 revenue projection in the Statements of Prospects. The procedures which have been agreed with the Management were performed in connection with Rule 25.3 (a) of the Singapore Code on Take-overs and Mergers issued by the Monetary Authority of Singapore (the "Code").

Our engagement was undertaken in accordance with the Singapore Standard on Related Services 4400 - Engagements to Perform Agreed-Upon Procedures Regarding Financial Information.

The procedures performed are summarized as follows:

- a) Compared for consistency the Assumptions as set out in Appendix III of the Circular with the assumptions used in the Forecasts and Projections;
- b) Checked the arithmetic accuracy of the Forecasts and Projections supporting the Statements of Prospects; and
- c) Read and compared for consistency the accounting policies on which the Forecasts and Projections were prepared with the accounting policies as set out in the audited consolidated financial statements of the Company for the year ended 31 December 2015.

We found no exceptions from performing the procedures.

Because the above procedures do not constitute either an audit or a review made in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements or an assurance engagement made in accordance with Singapore Standards on Assurance Engagements, we do not express any assurance on the Statements of Prospects.



Vard Holdings Limited
ASR/02531934-A900/MSW/WDH (15)
15 December 2016

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements or had we performed assurance procedures in accordance with Singapore Standards on Assurance Engagements, other matters might have come to our attention that would have been reported to the Board of Directors.

As our work on the Statements of Prospects is limited to the above procedures, we make no representations regarding the sufficiency of the procedures for the Company's purpose. We also make no comments as to the Management's determination as to what constitutes appropriate presentations, disclosures or explanations stated in the Statements of Prospects. We have not carried out a review of the evidence supporting the Assumptions in the capacity as an expert and accordingly do not report on the reasonableness of the Assumptions or on the prospects of the Group achieving the Statements of Prospects. Furthermore, even if the events anticipated under the Assumptions occur, actual results are still likely to be different from the Statements of Prospects since other anticipated events frequently do not occur as expected and the variation may be material.

Restriction on Distribution and Use

Our report on agreed-upon procedures in connection with the Statements of Prospects has been undertaken solely for the purpose of reporting to the Board of Directors of the Company for the purpose of meeting regulatory requirements applicable under the Code, and is not intended to be used or relied on for any other purpose. We do not accept any responsibility to any other person (other than the Board of Directors as a body corporate) in respect of, arising from or in connection with this report.

Yours faithfully

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

APPENDIX V

LETTER FROM KPMG CF IN RELATION TO THE STATEMENTS OF PROSPECTS

KPMG Corporate Finance Pte Ltd.
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Telephone +65 6213 3388
Fax +65 6225 0984
Internet kpmg.com.sg

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

15 December 2016

Dear Sirs

VOLUNTARY CONDITIONAL CASH OFFER BY CREDIT SUISSE (SINGAPORE) LIMITED, FOR AND ON BEHALF OF FINCANTIERI OIL & GAS S.P.A., FOR ALL THE ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY, OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY FINCANTIERI OIL & GAS S.P.A., ITS RELATED CORPORATIONS AND THEIR RESPECTIVE NOMINEES

This letter has been prepared in connection with the Offer.

The following statements set out in italics below have been extracted from the press release issued by the Company on 29 February 2016 and page 38 of the annual report of the Company for FY2015 respectively (collectively, the “**Statements of Prospects**”):

“Due to the deterioration of the offshore vessel market VARD saw a revenue drop in FY2015, and expects a further drop to NOK 8-9 billion for 2016. With the implementation of the new business plan and strategy, VARD foresees a recovery to NOK 12-13 billion in revenues, reaching previous highs by 2020, also on the back of an expected recovery of the offshore market from 2018. The Group expects a positive EBITDA margin for 2016, despite short-term margins being impacted by restructuring and the market entry into new segments.”

“With the combined effect of these measures, VARD expects to see its top line bottom out in 2016 at NOK 8-9 billion in revenue, and recover to previous highs of NOK 12-13 billion by 2020. Despite the impact of restructuring costs and the market entry into new segments on margins in the short term, the Group expects to record a positive EBITDA margin for 2016.”

We have reviewed and held discussions with the management of the Company on (i) the Statements of Prospects and (ii) the bases and assumptions upon which the Statements of Prospects was prepared as provided by the Company, including those in Appendix III of the circular to the Shareholders of the Company in relation to the Offer.

We have also considered the report by the Company’s auditors, PricewaterhouseCoopers LLP dated 15 December 2016 to the Board relating to their review of the Statements of Prospects.

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

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us by the Company. Save as provided in this letter, we do not express any other opinion on the Statements of Prospects. The Board of Directors of the Company remains solely responsible for the Statements of Prospects.

This letter is provided to the Board of Directors of the Company 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(s), other than the Board of Directors of the Company, in respect of, arising out of, or in connection with this letter.

Yours faithfully

Vishal Sharma
Executive Director

Jeremy Bogue
Director

APPENDIX VI

EXTRACTS OF 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 bye-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."*