VARD HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201012504K)

PROPOSED VOLUNTARY DELISTING OF VARD HOLDINGS LIMITED
RESPONSES TO MATTERS RAISED IN BUSINESS TIMES' ARTICLE DATED 1 MAY 2018

1 INTRODUCTION

1.1 Vard Holdings Limited (the "**Company**") refers to the following:

(a) the extraordinary general meeting of the Company held on 30 April 2018 (the "**EGM**"); and

(b) the Business Times' Article titled "*SGX to review how Vard's delisting EGM was handled*" dated 1 May 2018 (the "**Article**").

1.2 All capitalised terms used and not defined herein shall have the same meanings given to them in the circular to shareholders dated 13 April 2018 issued by the Company for the purpose of convening the EGM, unless otherwise expressly stated or the context otherwise requires.

2 THE COMPANY'S RESPONSES TO THE ARTICLE

The Company would like to respond to the alleged issues referred to in the Article as follows:

(a) The calculation error by CIMB Bank Berhad, Singapore Branch ("**CIMB**") in the valuation multiples of comparable companies table (e.g. Sembcorp Marine's historical price to net asset value)

CIMB confirmed on multiple occasions during the EGM that the discrepancy in Sembcorp Marine's historical P / NAV multiple does not have a material impact on CIMB's overall assessment and CIMB maintained its opinion that the Exit Offer Price was not fair but reasonable. CIMB explained the reason why there was no change to the overall assessment is that even with a correction, the P/NAV multiple implied in the Exit Offer Price continued to be well within the range of P/NAV multiples of the Comparable Companies which is one of the bases upon which CIMB considered the Exit Offer Price to be reasonable.

Having considered CIMB's confirmation that there was no change in the overall IFA opinion, the Independent Directors confirmed during the EGM that there was no change to the Independent Directors' recommendation to the shareholders.

Subsequent to the EGM, CIMB confirmed to the Company that the correct historical P/NAV multiple for Sembcorp Marine on page I-20 of the IFA Letter should be 1.7X. This would increase the mean P/NAV multiple of the Comparable Companies slightly to 1.2X instead of 1.1X as then stated. However, there was no impact to the median P/NAV multiple of the Comparable Companies which remained at 0.8X and the conclusion of CIMB's analysis of the Comparable Companies in Section 7.4 of the IFA Letter remained unchanged, in particular, Section 7.4(iii) which stated that the P/NAV multiple implied by the Exit Offer Price was above the corresponding median multiple but below the mean multiple of the Comparable Companies.

(b) CIMB's response to the shareholders' queries about the bases of the IFA opinion

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

CIMB's detailed response to the following shareholders' queries about certain bases of the IFA opinion in the Article and how they relate to the Exit Offer Price being considered reasonable by CIMB are set out as follows:

- *Offeror already owns more than 83% of the Shares*

  CIMB is of the view that the premium which an offeror pays in a takeover should be commensurate with the extent of incremental control that the offeror would gain through the takeover of the target. This is consistent with what the Practice Statement stipulates as mentioned above. For example, an offeror that does not have any prior stake in a target would be expected to offer a bigger premium to gain statutory control of the target as compared to a situation where it already has majority control of the target and is only increasing its stake by a smaller margin which does not provide any significant incremental control over the policies and operations of the target. In the case of the Company, CIMB has considered the reasonableness of the Exit Offer Price in the light of the Offeror's existing dominant control of more than 83% over the Company.

- *The Company has not paid dividends since 2012*

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

- *The fact that there is no alternative takeover offer*

  In determining the reasonableness of the Exit Offer Price, CIMB is of the view that it is necessary to consider if Shareholders have any other options available to them to

realise their investment in the Shares (whether from the Offeror or any other parties) apart from the Exit Offer as such alternative options could reflect on the relative attractiveness of the Exit Offer Price. As there are no such alternative options which CIMB is aware of coupled with the possibility that the market price and trading volumes of the Shares as at the 4 April 2018 (being the latest practicable date prior to the printing of the Circular) may be supported by purchases by the Offeror, along with all the other considerations set out in CIMB's report, CIMB considers the Exit Offer Price reasonable.

(c) Confusion over whether the test resolution, the vote for adjournment or the vote for the Delisting Resolution was being carried out

The Company does not believe there is any confusion that the Delisting Resolution was put to a vote.

Please see the self-explanatory chronology of events immediately prior to the poll on the Delisting Resolution in item (e) below.

(d) The vote for the Delisting Resolution was carried out whilst shareholders were waiting for answers to their questions

The EGM commenced at 1.00 p.m. and the poll for the Delisting Resolution took place at about 4.40 p.m.. The Board believes that it had meaningfully responded to relevant queries and prior to the poll, there was no indication that there was any new relevant question. In this regard, the Company would highlight that throughout the question and answer session, there were various occasions in which questions/comments were repeated despite the Board having responded, commented or noted the same.

(e) Shareholders not getting to cast their votes

Regarding items (c) and (e), which relate to the events immediately prior to the poll on the Delisting Resolution, the Article mentioned that there are allegations of the poll being improperly conducted.

This is inaccurate from the Company's perspective and the Company sets out a brief description of the chronology of events immediately prior to the poll on the Delisting Resolution:

(i) The Chairman waited for most people to be back in the hall before he announced that the adjournment would not be voted on because the error in the IFA Letter was not material and due to systems limitation. Trusted Source Pte. Ltd. ("**Trusted Source**"), the polling agent, made clear to the Company that the limitations of the voting system would not allow shareholders to vote on the adjournment as some proxies would not be able to vote.

(ii) Thereafter, the Chairman announced that Trusted Source would present a video on the voting system and how voting is to be conducted. The scrutineer subsequently explained and carried out a test vote and prior to that it was explained that the test vote is not in relation to the adjournment of the meeting. Certain shareholders had queries and it was clarified that this was a test only. The test was successfully carried out.

(iii) The Chairman proceeded to explain that the shareholders would now vote on the Delisting Resolution. The Chairman was interrupted by demands for explanations as to why an adjournment would not be voted on. The Chairman reiterated his earlier explanation and stated that he will not take any further questions on this issue.

(iv) The Chairman read the Delisting Resolution to be voted on and the Delisting Resolution was also flashed on the screen. Chairman instructed that polling was to commence. The polling was kept open for at least seven minutes to allow all shareholders to vote.

(v) The Chairman repeated the instructions for polling as a number of shareholders repeatedly attempted to disrupt and shout down the polling.

(vi) The Chairman announced the results of the poll on the Delisting Resolution and closed the EGM.

(vii) Subsequently, certain shareholders demanded for a re-poll as they had not voted, however, the Chairman had already announced that the Delisting Resolution was carried and the EGM closed. In addition, shareholders had started leaving the EGM venue. A re-poll was therefore not appropriate or possible.

3 RESPONSIBILITY STATEMENT

The directors of the Company (including those who have delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the facts stated and the opinions expressed in this Announcement are fair and accurate, and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror (including, without limitation, the Joint Announcement), the sole responsibility of the directors of the Company has been to ensure that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

The directors of the Company jointly and severally accept responsibility accordingly.

By Order of the Board

VARD HOLDINGS LIMITED
Roy Reite
Executive Director and Chief Executive Officer
11 May 2018