

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

RESPONSES TO SGX REGCO'S QUERIES

1. INTRODUCTION

The board of directors (the "**Board**") of Vard Holdings Limited (the "**Company**") refers to the following:

- (a) the proposed voluntary delisting of the Company (the "**Delisting**") from the Official List of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Delisting is proposed to be made pursuant to Rule 1307 and Rule 1309 of the listing manual of the SGX-ST; and
- (b) the circular to shareholders of the Company (the "**Shareholders**") dated 9 July 2018 ("**Circular**") in relation to the Delisting.

2. ADDITIONAL DISCLOSURES PURSUANT TO SGX QUERIES

The Singapore Exchange Regulation Pte Ltd ("**SGX RegCo**") has requested the Company and CIMB Bank Berhad, Singapore Branch ("**CIMB**") to respond to certain queries raised by the Shareholders in connection with the Delisting. The Board would like to set out the Company's and CIMB's responses to such queries in this announcement.

All capitalised terms used and not defined herein shall have the same meanings given to them in the Circular and Appendix I (the "**IFA Letter**") to the Circular, unless otherwise expressly stated or the context otherwise requires.

The queries and the responses are as follows:

- (A) *Please clarify why CH Offshore Ltd. has been removed from the list of Precedent Transactions in the table at Section 7.5 of the IFA Letter.*

CIMB's Response

In the course of updating our IFA Letter and in response to queries received from the SGX-ST regarding the takeover of CH Offshore Ltd ("**CHO Takeover**") including the relevant IFA opinion therein, we have re-evaluated the suitability of the CHO Takeover as a Precedent Transaction which was found in our earlier IFA Letter of 13 April 2018. After further consideration, we have decided to exclude the CHO Takeover from the list of Precedent Transactions in our latest IFA Letter dated 9 July 2018 as CH Offshore Ltd does not engage in shipbuilding operations and is therefore less comparable to the Company. We wish to highlight that the exclusion of the CHO Takeover does not have any impact on our opinion in Section 8.2.2 that the Exit Offer is NOT FAIR BUT REASONABLE. In particular, whether or not the CHO Takeover is included as a Precedent Transaction, the market price premium implied by the Exit

Offer Price remains significantly lower than the corresponding mean and median premia in the Precedent Transactions while the P/NAV and P/RNAV ratios implied in the Exit Offer Price remain within the corresponding range of ratios of the Precedent Transactions. With the exclusion of the CHO Takeover, the mean and median P/NAV of the Precedent Transactions falls from 0.8x to 0.6x with both ratios remaining below the P/NAV implied in the Exit Offer Price of 0.9x.

- (B) Please clarify why the "share prices prior to the 2016 Vard Offer Announcement Date" were used as a benchmark in the table at Section 7.6 of the IFA Letter.

CIMB's Response

As mentioned on page I-12 of the IFA Letter, we have noted that between the close of the 2016 Vard Offer and the Last Trading Day, the Offeror had made significant purchases of Shares at between S\$0.24 to S\$0.25 per Share, accounting for approximately 61.49% of the total trading volume in the Shares which we believe had provided support for the price of the Shares during the said period. In light of this, we consider it appropriate to consider both the 2016 Vard Offer Announcement Date as well as the Joint Announcement Date as reference dates for the purpose of assessing the Exit Offer Price against the historical market price of the Shares. We wish to highlight that, as stated in Section 8.2.2(A)(i) of the IFA Letter, one of the factors that led us to consider that the Exit Offer is NOT FAIR was that the market price premium implied by the Exit Offer Price is significantly lower than the corresponding mean and median premia in the Precedent Takeovers.

- (C) Please clarify when a Shareholder who has already tendered his/her acceptance of the Exit Offer will receive the Exit Offer Price.

The Company's Response

The Exit Offer Price will only be paid if the Exit Offer has become or is declared unconditional in all respects in accordance with its terms. Please note that the Exit Offer is conditional upon the Delisting Resolution being passed at the EGM to be held on 24 July 2018 ("**EGM**"). Pursuant to Rule 1307 of the Listing Manual, the Delisting Resolution is considered passed if it is:

- (1) approved by a majority of at least 75 per cent. of the total number of Shares (excluding treasury Shares and subsidiary holdings); and
- (2) not voted against by 10 per cent. of more of the total number of Shares (excluding treasury Shares and subsidiary holdings),

in each case, held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM. If the Delisting Resolution is not passed, the Delisting will not proceed, and the Company will remain listed on the SGX-ST and the Exit Offer will lapse.

The payment of the Exit Offer Price (in respect of valid acceptances of the Exit Offer) will only be made within seven (7) Business Days after:

- (i) the Delisting Resolution has been passed at the EGM (where valid acceptances of the Exit Offer are tendered on or prior to the date of the Delisting Resolution being passed at the EGM); or

- (ii) the date of receipt of valid acceptances of the Exit Offer (where such acceptances are tendered after the Delisting Resolution has been passed at the EGM but before the close of the Exit Offer).

Please also note that approving the Delisting Resolution at the EGM does not automatically mean that you have accepted the Exit Offer. Please refer to Appendix 1 to the Exit Offer Letter if you wish to accept the Exit Offer.

3. RESPONSIBILITY STATEMENT

The directors of the Company (including any who may have delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that, where appropriate, no material facts have been omitted from this Announcement, and the directors of the Company jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from named sources (including CIMB's response) or otherwise publicly available sources, the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information is accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

By Order of the Board

VARD HOLDINGS LIMITED

Roy Reite
Executive Director and Chief Executive Officer
18 July 2018