

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

RESPONSE TO THE SGX-ST'S QUERIES

The Board of Directors of Vard Holdings Limited (the "**Company**") would like to clarify the matters raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 20 April 2018 in connection with the circular to the shareholders of the Company (the "**Shareholders**") dated 13 April 2018 (the "**Delisting Circular**") for the purpose of the proposed voluntary delisting of the Company from the Official List of the SGX-ST.

All capitalised terms used and not defined herein shall have the same meanings given to them in the Delisting Circular, unless otherwise expressly stated or the context otherwise requires.

The queries from the SGX-ST and the Company's response are as follows:

The SGX-ST's Query

We note that the Company has stated, *inter alia*, on pages 4 and 19 of the Delisting Circular that Mr. Reite is "*considered independent for the purposes of making recommendations to Shareholders in respect of the Exit Offer*".

The Exchange has received public feedback, questioning Mr. Reite's independence.

Please let us have the Company's basis for assessing Mr. Reite's independence for the purpose of making recommendations to the Shareholders in respect of the Exit Offer. Also, please let us know if the Company has sought any professional and/or consulted the SIC in determining whether Mr. Reite is considered independent for the purpose of making recommendations to the Shareholders in respect of the Exit Offer.

The Company's Response

As a starting point, whether Mr. Reite is independent for the purposes of making recommendations to Shareholders in respect of the Exit Offer is determined by reference to the Singapore Code on Takeovers and Mergers (the "**Code**"), and should not be confused with the entirely separate concept of an "independent" director under the Code of Corporate Governance 2012.

Rule 24.1 of the Code requires the board of directors of the Company to indicate whether or not it recommends to Shareholders the acceptance or rejection of the Exit Offer. This places a positive obligation on each of the directors of the Company (including Mr. Reite) to make a recommendation to the Shareholders, unless such director has an "irreconcilable conflict of interest" and has been exempted by SIC from making a recommendation pursuant to Note 3 on Rule 24.1 of the Code.

Note 1 on Rule 8.3 states that SIC will normally exempt, *inter alia*, a director of the offeree company who is a director, employee or nominee of the offeror or its concert party from assuming responsibility for any recommendation on the offer. The mere fact that Mr. Reite has been in the Company's employment for a long period of time or that the Company is a subsidiary of Fincantieri Oil & Gas S.p.A. does not, in and of itself, mean that Mr. Reite faces an irreconcilable conflict of interest. This is an assessment to be made by Mr. Reite, and not the Company. Mr. Reite does not consider himself to face an irreconcilable conflict of interest in this case.

Regarding the query as to whether the Company had consulted the SIC in determining whether Mr. Reite is considered independent for the purpose of making a recommendation to the Shareholders in respect of the Exit Offer, paragraph 8 of the SIC practice statement on "Directors Making Recommendations on an Offer" states that:

"From time to time, where applications were made or even where no applications were made, Council received requests from directors, either through their solicitors or otherwise, seeking confirmations from Council that it agrees with their views that they are independent for the purpose of making a recommendation on the offer. Council wishes to clarify that it is not the role of Council to provide such confirmations. Assessments on independence should be made by offeree company directors themselves."

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 published 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
23 April 2018