



AVARGA LIMITED

(Formerly known as UPP Holdings Limited)

(Incorporated in the Republic of Singapore)

(Company Registration Number: 196700346M)

(the “**Company**”)

PROPOSED CHANGE OF AUDITOR

The board of directors (the “**Board**”) of Avarga Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to change its external auditor from Nexia TS Public Accounting Corporation (“**Nexia TS**”) to Moore Stephens LLP, Singapore (“**Moore Stephens**”) (the “**Proposed Change of Auditor**”) for the current financial year ending 31 December 2022.

Nexia TS has served as external auditor of the Company since 2011 and was re-appointed as auditor of the Company at the last annual general meeting of the Company (“**AGM**”) held on 29 April 2022, to hold office until the conclusion of the next AGM.

As part of good corporate governance initiatives, the Board is of the view that it would be appropriate to periodically rotate the auditor of the Company. The Board believes that a change of auditor may enable the Company to benefit from fresh perspectives and views of another professional audit firm, thus enhancing the value of the audit of the Company.

In light of the foregoing reasons, the Company’s management had sought proposals from several reputable audit firms in Singapore. Following deliberations and evaluations of the various proposals received, the Board, in consultation with the Audit Committee of the Company (the “**Audit Committee**”), had selected Moore Stephens for the proposed appointment.

The Audit Committee, in its evaluation process, had reviewed and deliberated on the various proposals received from each of the audit firms and had taken into consideration the requirements set out under Rule 712 and Rule 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”), the Audit Quality Indicators Disclosure Framework issued by the Accounting and Corporate Regulatory Authority of Singapore (“**ACRA**”), and various factors such as the adequacy of resources and experience of the audit firms and the audit engagement partner to be assigned to the audit, other audit engagements of the audit firms, the Group’s audit requirements (taking into consideration the size and complexity of the Group’s business and operations), and the number and experience of supervisory and professional staff to be assigned to the audit. After evaluation, the Audit Committee recommended the appointment of Moore Stephens as auditor of the Company in place of Nexia TS on the basis that it best suits the current business and operational needs of the Group.

The Board has taken into account the Audit Committee’s recommendation, including the factors considered in their evaluation, and is satisfied that Moore Stephens, approved under the Accountants Act 2004 (the “**Accountants Act**”), and Ms. Chan Rouh Ting, the audit engagement partner and a public accountant under the Accountants Act, are well suited to meet the existing needs and audit requirements of the Group, and that the quality and scope of the audit is expected to be maintained. In addition, the Board, in consultation with the Audit Committee, has determined that the proposed audit fees of S\$95,000 for the financial year ending 31 December 2022 is reasonable and competitive. The Board has therefore accepted the Audit Committee’s recommendation to appoint Moore Stephens as auditor in place of Nexia TS, subject to the approval of the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting to be convened for the Proposed Change of

Auditor (the “**EGM**”). The Audit Committee and the Board had also taken into consideration that the auditor of the Company’s foreign-incorporated subsidiary, Taiga Building Products Ltd, is Dale Matheson Carr Hilton LaBonte LLP which is an independent member firm associated with Moore Global Network Limited.

In connection with the Proposed Change of Auditors:

- (a) Nexia TS had, on 27 July 2022, applied to ACRA to seek its consent to resign as auditor of the Company and its Singapore-incorporated subsidiaries, namely, Avarga Investment Pte. Ltd., UPP Greentech Pte. Ltd., UPP Industries Pte. Ltd. and Taiga Building Products (Singapore) Private Limited;
- (b) Moore Stephens had, on 3 August 2022 and 12 August 2022, given their written consent to act as auditor of the Company and its Singapore-incorporated subsidiaries, subject to the approval of Shareholders at the EGM;
- (c) ACRA had, on 22 August 2022, consented to the resignation of Nexia TS and fixed Nexia TS’s resignation date on 22 August 2022; and
- (d) Nexia TS had, on 24 August 2022, provided its notice of resignation as auditor of the Company stating their reasons for its resignation as auditor of the Company (“**Written Statement**”). A copy of the Written Statement is attached to this announcement.

Pursuant to Section 205AB(5) of the Companies Act 1967 (the “**Companies Act**”), the resignation of Nexia TS took effect on 24 August 2022.

The Board would like to take this opportunity to express its appreciation for the past services rendered by Nexia TS.

Pursuant to Rule 712(3) of the Listing Manual and Section 205AF of the Companies Act, the appointment of Moore Stephens as the Company’s new auditor must be specifically approved by Shareholders at a general meeting. The appointment of Moore Stephens would therefore take effect upon the approval of the Shareholders at the EGM and, if appointed, Moore Stephens will hold office until the conclusion of the next AGM.

In accordance with the requirements of Rule 1203(5) of the Listing Manual:

- (a) Nexia TS has confirmed by way of a letter dated 27 July 2022 that they are not aware of any professional reasons why Moore Stephens should not accept appointment as the Company’s auditor;
- (b) the Company confirms that there were no disagreements with Nexia TS on accounting treatments within the last twelve (12) months up to the date of this announcement;
- (c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditor that should be brought to the attention of the Shareholders which has not been disclosed in this announcement;
- (d) the Company confirms that the specific reasons for the Proposed Change of Auditor are as disclosed above; and
- (e) the Company confirms that it is or will be in compliance with Rule 712 and Rule 715 of the Listing Manual in relation to the proposed appointment of Moore Stephens as the Company’s new auditor.

The Company will make the necessary arrangements to convene the EGM to seek Shareholders' approval for the Proposed Change of Auditors. A circular to Shareholders containing, among others, further details on the Proposed Change of Auditors, together with the notice of EGM, will be issued to Shareholders in due course.

BY ORDER OF THE BOARD

Tong Ian
Chief Executive Officer and Executive Director
26 August 2022

Nexia TS

Listening, Thinking, Growing, Asia.

AVARGA/AUD/SL/yb

24 August 2022

The Board of Directors
Avarga Limited
1 Kim Seng Promenade
#13-10 Great World City
Singapore 237994

Dear Sirs

AVARGA LIMITED

We hereby withdraw our consent to act as auditors of Avarga Limited (the “**Company**”).

Our resignation is as a result of the Company’s decision to discontinue Nexia TS Public Accounting Corporation (“**Nexia**”) for the following reasons:

- Nexia has been the Company’s auditor for the last 11 financial years and the Board is of the view that a change in auditors would be part of good governance; and
- The proposed incoming auditor of the Company would be representing the same accounting network which the auditor of the Company’s most significant subsidiary is also representing.

The application for consent to resign as an auditor dated 27 July 2022 was lodged with ACRA on 29 July 2022. Approval from ACRA was received on 22 August 2022.

Yours faithfully



Nexia TS Public Accounting Corporation

Nexia TS Public Accounting Corporation

UEN: 200507237N / Incorporated with limited liability

Singapore • China • Malaysia • Myanmar

Nexia TS Public Accounting Corporation is a member of Nexia International, a worldwide network of independent accounting and consulting firms.
80 Robinson Road, #25-00, Singapore 068898 Tel: (65) 6534 5700 Fax: (65) 6534 5766 Website: www.nexiats.com.sg