

**AVARGA LIMITED**  
(Company Registration No. 196700346M)  
(Incorporated in the Republic of Singapore)  
(the “Company” or “Avarga”)

**Minutes of the 57<sup>th</sup> Annual General Meeting of the Company (“AGM” or the “Meeting”)**

- Date** : Thursday, 18 April 2024
- Time** : 2.30 p.m.
- Place** : Drama Centre Function Room 2, 100 Victoria Street, National Library Level 3, Singapore 188061
- Present** : Directors
- Mr. Tong Kooi Ong – Executive Chairman  
Mr. Tong Ian – Executive Director and Chief Executive Officer (“**Mr. Ian Tong**”)  
Ms. Lai Ven Li – Lead Independent Director  
Mr. Moey Weng Foong – Independent Director  
Mr. Andrew Lim Cheong Seng – Independent Director  
Mr. Kevin Kang Kah Wee – Independent Director
- Key Management Personnel
- Mr. Khoo Hsien Meng, Kevin – President, Investments and Power Generation  
Ms. Tai Lai Yeen – Group Finance Manager
- In Attendance/By Invitation
- As per attendance sheets maintained by the Company
- Shareholders
- As per attendance sheets maintained by the Company
- Absent with Apologies** : Ms. Chan Lay Hoon – Non-Independent Non-Executive Director
- Chairman** : Mr. Tong Kooi Ong (the “**Chairman**”) | Resolution(s) 1, 2, 3, 4, 5, 6 and 7  
Ms. Lai Ven Li (“**Ms. Lai**”) | Resolution(s) 8 and 9

**WELCOME ADDRESS**

The Chairman welcomed the shareholders of the Company who are present at the Meeting. He went on to introduce fellow Board members and key management personnel to those present at the Meeting.

**PRESENTATION**

Prior to proceeding with the meeting proper, the Chairman invited Mr. Ian Tong to give a short corporate presentation.

Mr. Ian Tong then proceeded to present covering the topics as detailed in the “Transcript of the Corporate Presentation for Avarga Limited’s 57<sup>th</sup> Annual General Meeting” (the “**Transcript**”), which was released on the SGXNet on 18 April 2024. He informed shareholders that the Transcript and the expanded presentation deck will be uploaded to the Company’s website after the Meeting.

After the presentation, the Meeting was handed back to the Chairman.

#### **QUORUM**

With the presence of the requisite quorum, the Chairman called the Meeting to order.

#### **NOTICE OF MEETING**

The notice convening the Meeting was taken as read.

#### **QUESTIONS AND ANSWERS**

The Chairman informed that he and Ms. Lai would propose all resolutions at the Meeting and would invite shareholders for questions thereafter.

The Company had invited shareholders to submit their questions prior to the Meeting by 11.59 p.m. on 10 April 2024. Response to substantial and relevant questions received from Securities Investors Association Singapore (“SIAS”) and members of the Company was announced on 12 April 2024.

#### **POLLING PROCESS**

The Chairman informed that all proposed resolutions at the Meeting would be voted by way of poll. B.A.C.S. Private Limited and CACS Corporate Advisory Pte. Ltd. had been appointed as polling agent and scrutineer for the Meeting, respectively. CACS Corporate Advisory Pte. Ltd. had independently checked and verified the validity of the proxy forms received by the Company before the Meeting.

CACS Corporate Advisory Pte. Ltd. was then invited to take the attendees through the poll voting process.

The Chairman informed that the Company had received proxy forms from shareholders appointing the chairman of the Meeting as their proxy to vote on their behalf on the resolutions tabled at the Meeting and he shall vote according to their instructions.

#### **MEETING AGENDA**

##### **RESOLUTION 1**

##### **To receive and consider the Directors’ Statement and Audited Financial Statements for the Financial Year Ended 31 December 2023 together with the Auditors’ Report thereon**

The following ordinary resolution was proposed by the Chairman:

*“That the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Auditors’ Report thereon be hereby received and adopted.”*

##### **RESOLUTION 2**

##### **Payment of Directors’ Fees of up to S\$500,000/- for the Financial Year Ending 31 December 2024**

The following ordinary resolution was proposed by the Chairman:

*“That the payment of directors’ fees of up to S\$500,000/- for the financial year ending 31 December 2024 be hereby approved.”*

**RESOLUTION 3**

**Re-election of Ms. Lai Ven Li as Director**

The following ordinary resolution was proposed by the Chairman:

*“That Ms. Lai Ven Li, who retires pursuant to Regulation 114 of the Company’s constitution and being eligible, be hereby re-elected director of the Company.”*

**RESOLUTION 4**

**Re-election of Mr. Kevin Kang Kah Wee as Director**

The following ordinary resolution was proposed by Chairman:

*“That Mr. Kevin Kang Kah Wee, who retires pursuant to Regulation 114 of the Company’s constitution and being eligible, be hereby re-elected director of the Company.”*

**RESOLUTION 5**

**Re-election of Mr. Moey Weng Foong as Director**

The following ordinary resolution was proposed by the Chairman:

*“That Mr. Moey Weng Foong, who retires pursuant to Regulation 103 of the Company’s constitution and being eligible, be hereby re-elected director of the Company.”*

**AGENDA 6**

**Retirement of Ms. Chan Lay Hoon**

Item 6 on the agenda is to note the retirement of Ms. Chan Lay Hoon. In accordance with Regulation 103 of the Company’s Constitution, Ms. Chan Lay Hoon is retiring from office as Director of the Company upon the conclusion of this AGM. Ms. Chan has advised the Board that she is not seeking for re-election as director of the Company at this AGM.

On behalf of the Board of Directors, the Chairman expressed appreciation to Ms. Chan Lay Hoon for her dedicated service and valuable contributions to the Company during her tenure of service.

Chairman also highlighted that Ms. Chan was not able to attend one of the two board meetings held in year 2023, being one of questions posed by SIAS, due to the passing of her beloved mother.

**RESOLUTION 6**

**Re-Appointment of Messrs Moore Stephens LLP as Auditors**

The Chairman informed that Messrs Moore Stephens LLP had expressed their willingness to continue in office.

Thereupon, the Chairman proposed:

*“That Messrs Moore Stephens LLP be hereby re-appointed as auditors of the Company for the financial year ending 31 December 2024 at a fee to be agreed upon with the directors and to hold office until the conclusion of the next annual general meeting.”*

## RESOLUTION 7

### Authority to Directors to Issue and Allot Shares

The following ordinary resolution was proposed by the Chairman:

*“That pursuant to Section 161 of the Companies Act 1967 (the “Act”) and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited (the “SGX-ST”), the directors of the Company be and are hereby authorised and empowered to issue:*

- (i) shares in the capital of the Company (“shares”);*
- (ii) convertible securities;*
- (iii) additional convertible securities issued pursuant to adjustments; or*
- (iv) shares arising from the conversion of the securities in (ii) and (iii) above,*

*(whether by way of rights, bonus or otherwise in pursuance of any offer, agreement or option made or granted by the directors of the Company during the continuance of this authority or thereafter) at any time and upon such terms and conditions and for such purposes and to such persons as the directors of the Company may in their absolute discretion deem fit (notwithstanding the authority conferred by this resolution may have ceased to be in force), provided that:*

- (1) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of convertible securities made or granted pursuant to this resolution) does not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as calculated in accordance with sub-paragraph (2) below (“Issued Shares”), provided that the aggregate number of shares to be issued other than on a pro rata basis to members of the Company (including shares to be issued in pursuance of convertible securities made or granted pursuant to this resolution) does not exceed twenty per cent. (20%) of the total number of Issued Shares;*
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of Issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of any convertible securities;*
  - (ii) (where applicable) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with the Listing Manual; and*
  - (iii) any subsequent bonus issue, consolidation or subdivision of shares.**

*Adjustments in accordance with the abovementioned (i) or (ii) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution; and*

- (3) in exercising the authority conferred by this resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the constitution of the Company; and (unless revoked or varied by the Company in general meeting), in respect of sub-paragraph (1) above the authority conferred by this resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.”*

## RESOLUTION 8

### Authority to Issue Shares under the Avarga Group Employees' Share Option Scheme 2018 ("Avarga Group ESOS 2018")

As the Chairman is regarded an interest party to resolutions 8 and 9, the chair was passed to Ms. Lai.

The following ordinary resolution was proposed by Ms. Lai:

*"That the directors of the Company be authorised and empowered to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Avarga Group ESOS 2018, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Avarga Group ESOS 2018 and such other share-based incentive scheme shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."*

## RESOLUTION 9

### Renewal of Share Purchase Mandate

The following ordinary resolution was proposed by Ms. Lai:

*"(a) That for the purposes of sections 76C and 76E of the Act, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:*

- (i) on-market purchases (each an "**On-Market Share Purchase**") on the SGX-ST; and/or*
- (ii) off-market purchases (each an "**Off-Market Share Purchase**") effected in accordance with any equal access scheme(s) as may be determined or formulated by the directors of the Company as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,*

*and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");*

*(b) unless varied or revoked by the Company in general meeting, the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earliest of:*

- (i) the date on which the next AGM of the Company is held;*
- (ii) the date by which the next AGM of the Company is required by law to be held; and*
- (iii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated;*

(c) *in this Resolution:*

**“Prescribed Limit”** means 10% of the total number of issued Shares as at the date of the passing of this resolution (excluding any Shares which are held as treasury shares or subsidiary holdings as at that date); and

**“Maximum Price”** in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price,

where:

**“Average Closing Price”** means the average of the closing market prices of a Share over the last 5 Market Days (**“Market Day”** being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made or before the date of the Company’s announcement of an offer for the Off-Market Share Purchase, as the case may be, and deemed to be adjusted for any corporate action that occurs during the above-mentioned relevant 5 Market Days and the day on which the On-Market Share Purchase was made; and

(d) *the directors of the Company and/or each of them be and are/is hereby authorised to complete and do all such acts and things as they and/or he may consider necessary, desirable necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution.”*

Ms. Lai then handed the chair back to the Chairman to continue with the proceedings of the Meeting.

<b>QUESTIONS AND ANSWERS</b>
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As all the resolutions had been duly proposed, the Meeting paused for questions from the shareholders.

The following questions from shareholders of the company during the annual general meeting were duly responded:

Question 1:	The Paper Mill segment had incurred loss, when will it be profitable?
Answer:	<p>The Chairman stated that timeline for profitability is uncertain. The Company cannot provide a definite timeline or even confirm if a turnaround to profitability for the Paper Mill segment is feasible.</p> <p>The Chairman explained that the 2023 operating loss was less than 2022. He further shared that it is a very competitive landscape with many giant-sized Chinese manufacturers already operating or looking at either expanding or starting out in Malaysia.</p>
Question 2:	Will the Company consider disposing of the Paper Mill business instead of continuing to incur losses, maybe even leading to negative cash flow?
Answer:	The company is considering various options regarding the Paper Mill business. Closing the business is not a straightforward decision due to several factors. Firstly,

	<p>there are more than 100 employees who would need to be compensated for termination. The company is not in bankruptcy and cannot simply walk away from its obligations to long-serving staff. Secondly, there are existing commitments with Gas Malaysia for gas supply, which involves long-term gas supply agreements. Terminating these agreements prematurely would incur significant costs. As management of the company, we must carefully evaluate the trade-offs between closing the business and paying the associated termination costs, or continuing operations while exploring strategies to reduce losses, turning the business around, or find a buyer for the Paper Mill business. There are no specifics of the Company's current position, or the options being considered.</p>
Question 3:	Who are our buyers for paper mill business?
Answer:	<p>In 2022, the Paper Mill produced test liner and corrugated medium, the same products as the Chinese manufacturers. There are many Chinese manufacturers, and each is many times bigger than our Paper Mill. We could not compete in terms of size and machines, which resulted in the Paper Mill business losing a lot of money in that year.</p> <p>In 2023, we decided not to compete with the Chinese manufacturers but to change strategy to produce a product known as core board, which also cater to the large Chinese players. As a result, Paper Mill made less losses but still it is not good enough to turnaround the business.</p>
Question 4:	Why and what is the impairment of paper mill business for?
Answer:	<p>Ian Tong said that the impairment is for the Paper Mill. We are operating 2 out of the 4 machines, thereby bringing down the operating expenses significantly. At the same time, the machines that are not used had to be impaired.</p>
Question 5:	The Power Plant segment had incurred loss, does it still have a positive cash flow, and will it still have a positive cash flow in future?
Answer:	<p>The Chairman confirmed that the Power Plant still maintains a positive cash flow. He explained that like the Paper Mill, the Power Plant also has impairment losses. Our contract with the Myanmar government is for 30 years and due to the reducing gas supply, the present value of the 30 years future receivables will be lower, which has to be accounted for. Impairment is a provision and a non-cash item.</p> <p>The Myanmar government provides the company with gas supply, which is piped to the power plant generators. The generators then convert the gas into electricity, once the electricity is produced, the company only needs to meter it for sale, while the distribution is not our responsibility. As long as the gas supply is provided, the Power Plant segment can continue generating electricity.</p> <p>However, the Chairman further elaborated that if the gas supply becomes extremely low, leading to minimal electricity production and sale, the Power Plant segment could potentially generate negative cash flow. This is because even with reduced operations, there are still operation and maintenance costs that need to be covered. Ultimately, the Company cannot definitively predict how long the current sanctions and military government situation in Myanmar will last, which impacts the gas supply outlook.</p>

Question 6:	How is agreement with the supplier?
Answer:	The Company has an agreement with the Myanmar government where it promises to give us a certain amount of gas monthly for our Power Plant to generate a certain level of electricity. If either party does not comply with the agreed terms, the party concerned will have to make good its liability.
Question 7:	The Building Products segment accounts for 98% of the total revenue, with revenue of \$2.3 billion in 2022 and \$1.7 billion in 2023. However, the segment's profit has reduced significantly from \$123,879,000 in 2022 and \$72,037,000 in 2023. So, is there any strategy to improve the results?
Answer:	The Chairman explained that Taiga is a wholesale distributor, buying 90% of its products from manufacturers and selling to retailers such as lumberyards. The reduction in revenue figures for the building products segment are attributed to two main reasons: a drop in sales volume or a decline in prices. However, in the case of 2023 sales volume, measured by square feet or square meter, sales actually went up. Instead, the drop in sales dollar was due to the drop in lumber price from \$1400 to \$400 per thousand board feet.
Question 8:	Did Taiga maintain its market share?
Answer:	Yes, probably slightly better.
Question 9:	What is Taiga's market share?
Answer:	Building material has thousands of items, so it is difficult to quantify. What we speak of is mostly lumber, so in North America we have below 10% of the market share.  Chairman shared that Taiga does produce one manufactured product called treated wood. We buy wood, clean it, chemical treat it, dry it and sell.
Question 10:	Since there is a drop in the selling price of lumber, what is the strategy to improve bottom-line?
Answer:	We are just a very small player in the total world market, so we cannot control the selling price. We can only focus on ensuring our competitiveness and maintaining low operating costs. Additionally, continuing our efforts in gaining market share. A few years ago, instead of paying dividends, Taiga reinvested those funds into acquiring a distributor business in western United States as part of its market share growth strategy.  Another way to perform better in ensuring market share and better margin is to help our customers, the lumberyards, by providing them better service. If our customers do well, they will buy more from us, and cost will be reduced, and everybody will have a fair share of the profit.  We also use lots of technology to do backfilling for customers even before the customer knows that they have run out of stock. Chairman re-affirmed that Taiga is doing well in terms of sales and market share.  Ian Tong further opined that when judging how Taiga is doing in terms of bottom-line relative to its previous years, the Covid years should be disregarded, as the margin is



	not normalise. He explained that the Covid years majorly impacted the lumber prices to extremely abnormal levels.
Question 11:	Reference is made to page 150 of the Annual Report – is Taiga’s shares trading below RNAV? Is the market inefficient?
Answer:	These are part of the reasons and the Chairman explained that a 50% capital gain tax is applicable in Canada if we were to sell the shares. As an example, many SGX listed companies are trading below its NTA, indicating lack in liquidity.
Question 12:	How may the dividend from Taiga be flowed down to Avarga’s shareholder?
Answer:	Taiga and Avarga are two different entities managed by different board and management. Taiga is listed on the Toronto Stock Exchange whilst Avarga is listed in Singapore. It had been made known that for 2022 and 2023, there will be no dividend payment by Avarga in anticipation of the tough business environment. Taiga also needs to preserve its cash; its profit was expected to fall as lumber price would not stay above US\$1000 against its cost of production of below US\$400 per thousand board feet. Manufacturer will maximise their capacity and prices will collapse. Volatility in the industry means Taiga needs to keep cash to grow its business, fund inventories and receivables.
Question 13:	Will there be further write-off on the Myanmar Plant?
Answer:	For all intent and purposes, based on management’s realistic assessment the Myanmar Plant has been written down to US\$10 million and hope not to write down further.
Question 14:	Besides improving efficiencies and containing cost, are there any other strategies to improve the Company’s top-line since it is difficult to acquire distributors businesses in Canada and the United States?
Answer:	In Canada, Taiga can be considered the biggest distributor and there is not a lot of scope to grow except if we consider the export market. The Company used to export to China but had since tapered off. Export market for wood-based construction home is limited. Hence, we are using technology to improve efficiency and better our margin.
Question 15:	What is the rationale for the investment into private Asian Real Estate Fund and private guaranteed bond? The loss is about \$1 million.
Answer:	The Fund investment was our attempt to understand China and the potential of China logistics. The loss is foreign exchange loss.

**POLLING AND RESULTS**

There being no further questions, the Chairman invited the members to cast their votes.

Upon completion of the poll counting, the following poll results, which have been independently checked and verified by the Scrutineer, were announced as follows:

Resolution number and details		Total number of shares represented by votes for and against the relevant resolution	For		Against	
			Number of shares	As a percentage of total number of votes for and against the resolution	Number of shares	As a percentage of total number of votes for and against the resolution
<b>Ordinary Business</b>						
1	Adoption of Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the auditors' report thereon	496,562,525	496,160,425	99.92%	402,100	0.08%
2	Approval of directors' fees of up to S\$500,000/- for the financial year ending 31 December 2024	496,438,125	494,714,425	99.65%	1,723,700	0.35%
3	Re-election of Ms. Lai Ven Li as director pursuant to Regulation 114 of the Company's constitution	496,562,525	496,010,425	99.89%	552,100	0.11%
4	Re-election of Mr. Kevin Kang Kah Wee as director pursuant to Regulation 114 of the Company's constitution	496,562,525	496,010,425	99.89%	552,100	0.11%
5	Re-election of Mr. Moey Weng Foong as director pursuant to Regulation 103 of the Company's constitution	496,562,525	496,010,425	99.89%	552,100	0.11%

6	Re-appointment of Messrs Moore Stephens LLP as auditors and to authorise the directors to fix their remuneration	495,072,525	494,520,425	99.89%	552,100	0.11%
<b>Special Business</b>						
7	Authority to directors to issue and allot shares pursuant to Section 161 of the Companies Act 1967	496,588,125	489,914,325	98.66%	6,673,000	1.34%
8	Authority to directors to issue shares under the Avarga Group Employees' Share Option Scheme 2018	195,088,125	188,434,325	96.59%	6,653,800	3.41%
9	Approval for renewal of Share Purchase Mandate	195,536,125	195,107,425	99.78%	428,700	0.22%

Based on the above poll results, the Chairman declared resolutions 1 to 9 carried.

## CONCLUSION

There being no other business to be transacted, the Chairman declared the Meeting closed at 4.23 p.m. and thanked the shareholders for their attendance.

Signed as true records  
of the proceedings thereat

**TONG KOOI ONG**

Chairman