AVARGA LIMITED
(Formerly known as UPP Holdings Limited)
(Incorporated in the Republic of Singapore)
(Company Registration Number: 196700346M)
(the "**Company**")

PROPOSED DISPOSAL OF THE LAND AND BUILDING USED FOR THE PAPER MANUFACTURING BUSINESS
- ENTRY INTO OF THE SALE AND PURCHASE AGREEMENTS

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*Unless otherwise defined herein, terms used herein shall bear the same meaning ascribed to them in the announcement on 31 January 2025 (the "**Announcement**").*

1. INTRODUCTION

1.1 The Board of directors (the "**Board**" or "**Directors**") of Avarga Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Announcement and the subsequent announcements made by the Company on 3 March 2025 and 17 March 2025 in relation to the Proposed Disposal.

1.2 The Board wishes to announce that UPP Pulp & Paper (M) Sdn. Bhd. ("**UPP Malaysia**" or the "**Vendor**") has today entered into two (2) sale and purchase agreements with the Purchaser for the sale to the Purchaser of the land and building that UPP Malaysia used for the paper manufacturing business (the Purchaser and the Vendor collectively, the "**Parties**").

1.3 The sale and purchase agreements are in respect of the following:

(a) two (2) parcels of leasehold agriculture land held under (i) Pajakan Mukim 672, Lot 538, Tempat Batu 25 Jalan Kepong, Mukim Ijuk, Daerah Kuala Selangor, Negeri Selangor, Malaysia measuring approximately 0.6891 hectares in area ("**Lot 538**") with a leasehold tenure expiring on 16 May 2083; and (ii) Pajakan Mukim 639, Lot 2772, Tempat Batu 25 Jalan Kepong, Mukim Ijuk, Dearah Kuala Selangor, Negeri Selangor, Malaysia measuring approximately 0.3518 hectares in area ("**Lot 2772**") with a leasehold tenure expiring on 12 May 2091 (Lot 538 and Lot 2772 collectively referred to as the "**Agriculture Land**") together with the existing structures erected and/or housed within the Agriculture Land which include the water pump system, the power distribution box and the complete water piping system (the "**SPA1**"); and

(b) a parcel of freehold industrial land held under HS(D) 306168, PT 48343, Mukim Ijok, Daerah Kuala Selangor, Negeri Selangor, Malaysia measuring approximately 119,200 square meters in area (the "**Industrial Land**") together with the existing structures erected and/or housed within the Industrial Land which include a single detached factory building, together with a 3-storey office building, a canteen, workers quarters and cabin, a workshop building, three (3) sheds, a guard house, domestic water tank, bomba sprinkler tank, and tube well with all installation pump and fittings thereto, the water treatment plant together with all its installations, cables and piping; and the Tenaga Nasional Berhad ("**TNB**") substation and all the installations and facilities in relation to the power supply to the Industrial Land (the "**SPA2**"),

(the Agriculture Land and the Industrial Land collectively, the "**Properties**" and each, a "**Property**").

2. INFORMATION ON THE PURCHASER

The Purchaser, Ideal Quality Sdn. Bhd., is a wholly-owned subsidiary of Kossan Rubber Industries Bhd., one of Malaysia's producers of disposable gloves and technical rubber products. Kossan Rubber Industries Bhd is listed on the Main Market of Bursa Malaysia Securities Berhad, the stock exchange in Malaysia. The Purchaser is an independent third party unrelated to any of the directors or substantial shareholders of the Company.

3. RATIONALE FOR THE PROPOSED DISPOSAL

As set out in the Announcement, the Properties were used for UPP Malaysia's paper manufacturing business. Due to the cessation of the paper manufacturing business after 31 December 2024, the Properties are no longer required by the Group. Further, given that the Purchaser has expressed an interest in acquiring the Properties, the Group finds it an opportune time to dispose of the Properties.

4. SALIENT TERMS OF THE SALE AND PURCHASE AGREEMENTS

4.1 SPA1

Under SPA1, the Agriculture Land shall be sold together with the existing structures on, *inter alia*, an "as-is-where-is" basis as at the date of SPA1 and with vacant possession free from all encumbrances (other than those attributable to the Purchaser and/or the Purchaser's financier).

The purchase price of the Agriculture Land together with the existing structures is Ringgit Malaysia ("**RM**") 1,000,000 ("**SPA1 Purchase Price**"). The SPA1 Purchase Price shall be paid in the following manner:

(a) prior to the execution of SPA1, the Purchaser has paid to the Vendor's solicitors as stakeholder, a sum equivalent to two per centum (2%) of the SPA1 Purchase Price amounting to RM20,000 (the "**SPA1 Earnest Deposit**"). The Vendor's solicitors shall be authorised to release the SPA1 Earnest Deposit to the Vendor on the date the last of the conditions precedent in the SPA1 are obtained (the "**SPA1 Unconditional Date**");

(b) upon the execution of SPA1, the Purchaser has paid a sum equivalent to eight per centum (8%) of the SPA1 Purchase Price amounting to RM80,000 in the following manner:

(i) a sum equivalent to three per centum (3%) of the SPA1 Purchase Price amounting to RM30,000 (the "**SPA1 Retention Sum**") to the Purchaser's solicitors, as stakeholder who shall deal with the same in accordance with the terms of SPA1 in relation to the payment of real property gains tax of Malaysia; and

(ii) pay the balance sum amounting to RM50,000 (the "**SPA1 Balance Deposit**") to the Vendor's solicitors as stakeholder whereby the Vendor's solicitors shall be authorised to release the SPA1 Balance Deposit to the Vendor on the SPA1 Unconditional Date.

(The SPA1 Earnest Deposit, the SPA1 Retention Sum and the SPA1 Balance Deposit collectively, the "**SPA1 Deposit Sum**".)

The SPA1 Deposit Sum shall in the event of the completion of the sale and purchase form part payment towards the SPA1 Purchase Price.

(c) Within two (2) months from the SPA1 Unconditional Date (the "**SPA1 Completion Period**") the Purchaser shall pay the balance sum of RM900,000 (the "**SPA1 Balance Purchase Price**") to the Vendor's solicitors as stakeholders who shall deal with the same in accordance with the terms of SPA1.

(d) In the event that the Purchaser is unable to pay the SPA1 Balance Purchase Price within the SPA1 Completion Period for any reason, the SPA1 Completion Period shall be automatically extended for a further one (1) month from the expiry of the SPA1 Completion Period (the "**SPA1 Extended Completion Period**") provided that the Purchaser shall pay to the Vendor an interest on the SPA1 Balance Purchase Price or any outstanding balance thereof at the rate of eight per centum (8%) per annum calculated on a day to day basis from the first day of the SPA1 Extended Completion Period until the date of receipt of the payment of the SPA1 Balance Purchase Price in full by the Vendor's solicitors, as stakeholders.

The Parties agreed that the sale and purchase of the Agriculture Land together with the existing structures shall be conditional upon the Vendor's fulfilment of the following conditions precedent ("**SPA1 Conditions Precedent**") within six (6) months from the date of SPA1 ("**SPA1 Conditional Period**") with an automatic extension of a further three (3) months from the expiry of the SPA1 Conditional Period ("**SPA1 Extended Conditional Period**") or such longer period as mutually agreed by the Parties in writing:

(a) firstly, the Vendor shall, at the Purchaser's cost and expense, procure the completion of the surrender and re-alienation application and the issuance of new titles to the Agriculture Land with the category of land use as "Industry" (the "**New Titles**");

(b) upon the issuance of the New Titles, if required, the Vendor shall at its own cost and expense obtain the consent from the relevant authorities to transfer the Agriculture Land in favour of the Purchaser based on the particulars of the New Titles; and

(c) the Vendor shall at its own cost and expense, fully settle a facility with OCBC Bank (Malaysia) Berhad that contains a negative pledge over all present and future assets of the Vendor, and procure the discharge or release of the negative pledge.

4.2 SPA2

Under SPA2, the Industrial Land shall be sold together with the existing structures on, *inter alia*, an "as-is-where-is" basis as at the date of SPA2 and with vacant possession free from all encumbrances save for the TNB Lease and those attributable to the Purchaser and/or the Purchaser's financier.

The purchase price of the Industrial Land together with the existing structures is RM90,000,000 ("**SPA2 Purchase Price**"). The SPA2 Purchase Price shall be paid in the following manner:

(a) prior to the execution of SPA2, the Purchaser has paid to the Vendor's solicitors as stakeholder, a sum equivalent to two per centum (2%) of the SPA2 Purchase Price amounting to RM1,800,000 (the "**SPA2 Earnest Deposit**"). The Vendor's solicitors shall be authorised to release the SPA2 Earnest Deposit to the Vendor on the date the last of the conditions precedent in the SPA2 are obtained (the "**SPA2 Unconditional Date**");

(b) upon the execution of SPA2, the Purchaser has paid a sum equivalent to eight per centum (8%) of the SPA2 Purchase Price amounting to RM7,200,000 in the following manner:

(i) a sum equivalent to three per centum (3%) of the SPA2 Purchase Price amounting to RM2,700,000 (the "**SPA2 Retention Sum**") to the Purchaser's solicitors, as stakeholder who shall deal with the same in accordance with the terms of SPA2 in relation to the payment of real property gains tax of Malaysia; and

(ii) pay the balance sum amounting to RM4,500,000 (the "**SPA2 Balance Deposit**") to the Vendor's solicitors as stakeholder whereby the Vendor's solicitors shall be authorised to release the SPA2 Balance Deposit to the Vendor on the SPA2 Unconditional Date.

(The SPA2 Earnest Deposit, the SPA2 Retention Sum and the SPA2 Balance Deposit collectively, the "**SPA2 Deposit Sum**").

The SPA2 Deposit Sum shall in the event of the completion of the sale and purchase form part payment towards the SPA2 Purchase Price.

(c) Within four (4) months from the SPA2 Unconditional Date (the "**SPA2 Completion Period**") the Purchaser shall pay the balance sum of RM81,000,000 (the "**SPA2 Balance Purchase Price**") to the Vendor's Solicitors as stakeholders who shall deal with the same in accordance with the terms of SPA2.

(d) In the event that the Purchaser is unable to pay the SPA2 Balance Purchase Price within the SPA2 Completion Period for any reason, the SPA2 Completion Period shall be automatically extended for a further one (1) month from the expiry of the SPA2 Completion Period (the "**SPA2 Extended Completion Period**") provided that the Purchaser shall pay to the Vendor an interest on the SPA2 Balance Purchase Price or any outstanding balance thereof at the rate of eight per centum (8%) per annum calculated on a day to day basis from the first day of the SPA2 Extended Completion Period until the date of receipt of the payment of the SPA2 Balance Purchase Price in full by the Vendor's solicitors, as stakeholders.

The Parties agreed that the sale and purchase of the Industrial Land together with the existing structures shall be conditional upon the Vendor's fulfilment of the following conditions precedent ("**SPA2 Conditions Precedent**") within three (3) months from the date of SPA2 ("**SPA2 Conditional Period**") with an automatic extension of a further two (2) months from the expiry of the SPA2 Conditional Period ("**SPA2 Extended Conditional Period**") or such longer period as mutually agreed by the Parties in writing:

(a) the Vendor shall at its own cost and expense obtain a letter of consent from TNB addressed to the relevant land registry/office, confirming that TNB has no objections to the transfer of the Industrial Land in favour of the Purchaser; and

(b) the Vendor shall at its own cost and expense, fully settle a facility with OCBC Bank (Malaysia) Berhad that contains a negative pledge over all present and future assets of the Vendor, and procure the discharge or release of the negative pledge.

5. FINANCIAL INFORMATION

5.1 Book value and net tangible assets value of the Properties

Based on the latest unaudited consolidated financial statements of the Group for the financial year ended 31 December 2024 ("**FY2024**"), the net book value of the Properties is approximately S$11.8 million (equivalent to approximately RM39 million at an exchange rate of RM3.289 : S$1.00 as at 31 December 2024).

5.2 Gain on disposal

Based on the latest unaudited consolidated financial statements of the Group for FY2024, the Proposed Disposal is expected to result in a gain on disposal of approximately S$13.5 million (equivalent to approximately RM44.3 million at an exchange rate of RM3.289 : S$1.00 as at 31 December 2024).

The net proceeds from the Proposed Disposal are expected to be approximately S$25.3 million (after accounting for potential capital gains tax of approximately S$1.5 million) and is intended to be utilised for the closure costs of the paper manufacturing business, repayment of bank borrowings, and/or investment purposes.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *pro forma* financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Disposal on the net tangible assets ("**NTA**") per share and earnings per share ("**EPS**") of the Group, nor do they represent the future financial performance and/or the position of the Company and/or Group following completion of the Proposed Disposal. The *pro forma* financial effects have been prepared based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2024 with the following assumptions:

(a) for the purposes of illustrating the financial effects of the Proposed Disposal on the Group's NTA per share, it is assumed that the Proposed Disposal had been completed on 31 December 2024; and

(b) for the purposes of illustrating the financial effects of the Proposed Disposal on the Group's EPS, it is assumed that the Proposed Disposal had been completed on 1 January 2024.

6.1 NTA

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S$'000)	311,920	325,402
Number of ordinary shares in the capital of the Company ("**Shares**") in issue	908,313,642	908,313,642
NTA per Share (cents)	34.34	35.82

6.2 EPS

	Before the Proposed Disposal	After the Proposed Disposal
Net profit attributable to Shareholders (S$'000)	23,559	36,287
Weighted average number of Shares in issue	908,313,642	908,313,642
EPS (cents)	2.59	3.99

7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

Based on the latest unaudited consolidated financial statements of the Group for FY2024 (being the latest announced consolidated accounts of the Group), the relative figures in relation to the Proposed Disposal computed using the applicable bases set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") are as follows:

Rule 1006 of the Listing Manual	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	2.49%[(1)]

Rule 1006 of the Listing Manual	Bases	Relative Figures
(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits.	Not applicable(2)
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	13.07%(3)
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable(4)
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable(4)

Notes:-

(1) Based on the Group's net asset value of approximately S$475,829,000 for FY2024 compared against the net asset value of the Property of approximately S$11,854,000 for FY2024. "**Net Assets**" means total assets less total liabilities.

(2) The Property was used for UPP Malaysia's paper manufacturing business. Due to the cessation of the paper manufacturing business after 31 December 2024, the Property is no longer required by the Group.

(3) Based on the aggregate value of the Consideration of S$27.4 million payable by the Purchaser pursuant to the Proposed Disposal compared against the Company's market capitalisation of approximately S$210.0 million, determined by multiplying 908,313,642 Shares in issue as at 25 March 2025 and the weighted average price of S$0.2312 per Share on 25 March 2025, being the market day prior to the date of the sale and purchase agreements.

(4) Not applicable as this relates to a disposal and the Company is not a mineral, oil and gas company.

As the relative figure computed on the basis of Rule 1006(c) of the Listing Manual exceeds 5% but does not exceed 20%, the Proposed Disposal constitutes a discloseable transaction under Chapter 10 of the Listing Manual.

8. SERVICE CONTRACTS

No new directors are proposed to be appointed to the Board in connection with the Proposed Disposal. As such, no service contracts are proposed to be entered into by the Company with any new director in connection with the Proposed Disposal.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders and their respective associates has any interest, direct or indirect, in the Proposed Disposal (other than through their respective shareholdings in the Company, if any).

10. DOCUMENT AVAILABLE FOR INSPECTION

The sale and purchase agreements will be made available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. (with prior appointment) at the registered office of the Company at 1 Kim Seng Promenade, #13-10, Great World City Office West, Singapore 237994 for a period of 3 months from the date of this announcement.

BY ORDER OF THE BOARD

Tong Ian
Chief Executive Officer/Executive Director

26 March 2025