



AVARGA LIMITED

(Formerly known as UPP Holdings Limited)

(Incorporated in the Republic of Singapore)

(Company Registration Number: 196700346M)

(the “**Company**”)

ANNOUNCEMENT PURSUANT TO RULE 704(17)(C) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The board of directors (the “**Board**” or “**Directors**”) of Avarga Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that Taiga Building Products Ltd. (“**Taiga**”), a company in which the Company has an existing interest of approximately 49%, has entered into a share purchase agreement, pursuant to which Taiga will acquire, through its wholly-owned subsidiary, Taiga Building Products USA Ltd, all of the issued and outstanding common shares of Exterior Wood, Inc. (“**Exterior**”) for a purchase price of US\$42 million, subject to certain adjustments at closing of the acquisition in respect of working capital, cash and certain outstanding indebtedness (the “**Consideration**”) (such acquisition, the “**Acquisition**”).

Exterior has been operating a wood treatment facility and distribution centre in Washougal, Washington, United States, since 1977, and services retail building supply centers throughout the western United States and Canada with a wide array of pressure treated products. The Acquisition will expand Taiga’s existing wood treatment operations at three facilities in Canada, with additional penetration into the United States market. The business carried out by Taiga is one of the Group’s core businesses.

Based on the unaudited management accounts of Exterior for the financial period ended 30 April 2018, the net tangible asset value of Exterior as at 30 April 2018 was US\$16.1 million. No valuation was commissioned in relation to Exterior.

The Consideration of US\$42 million was arrived at following arm’s length negotiations on a “willing-buyer, willing-seller” basis, taking into account *inter alia* the net asset value of Exterior and applying a multiple customary to the industry. The Consideration shall be paid in cash and is expected to be satisfied from Taiga’s internal cash flows and external borrowings.

Genghis S.a.r.l, (“**Genghis**”) through its wholly-owned subsidiary, Kublai Canada Limited, has an interest in 18,460,760 common shares representing approximately 15.8% of the authorised share structure of Taiga. Genghis is controlled by a trust of which Mr Tong Kooi Ong, a Director, is the sole beneficiary. The Company had announced on 23 March 2018 that it has entered into a sale and purchase agreement with Genghis to acquire all of Genghis’ shares in Kublai Canada Limited as well as debt owing by Kublai Canada Limited to Genghis. Mr Tong Kooi Ong is also the chairman and a director of Taiga. His son, Mr Ian Tong, is a director of Taiga as well. Save as otherwise disclosed, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition.

BY ORDER OF THE BOARD

Tong Kooi Ong
Executive Chairman and Chief Executive Officer

3 July 2018