



AVARGA LIMITED

(Formerly known as UPP Holdings Limited)
(Incorporated in the Republic of Singapore)
(Company Registration Number: 196700346M)
(the “Company”)

NO FINAL DIVIDEND AND CANCELLATION OF DIVIDEND POLICY

The board of directors of the Company (the “**Board**”) refers to the announcements made on 25 June 2020 and 27 February 2021 in connection with the adoption and subsequent revision of the Dividend Policy (“**Dividend Policy**”). Unless otherwise defined herein, all capitalised terms used in this announcement shall bear the same meaning as defined in the abovementioned announcements.

As previously announced, in proposing any dividend payout, the Board will, subject to section 403 of the Companies Act (Cap 50) and Practice Note 7.7 of SGX-ST Mainboard Rules, also take into account, inter alia:-

- (i) the level of the Company’s cash and retained earnings;
- (ii) the Company’s actual and projected financial performance;
- (iii) the Company’s projected levels of capital expenditure and other investment plans;
- (iv) the Company’s working capital requirements and general financing condition;
- (v) restrictions on payment of dividends imposed on the Company by the Company’s financing arrangements (if any); and
- (vi) any other factors that the Directors deem appropriate.

The Board has decided not to declare a final dividend for the financial year ended 31 December 2021 (“**FY2021**”). For FY2021, the Company had earlier paid total interim dividends of S\$0.0084 (0.84 Singapore cent) per share, with a total dividend payment of S\$7.676 million.

The Company views share buybacks as part of the shareholders’ value creation process, through share purchases that are accretive to earnings per share. In FY2021, the Company bought back 32.45 million shares for a total of S\$9.913 million, or an average of S\$0.305 per share.

Collectively, between dividends and share buybacks, the Company had spent S\$17.589 million in FY2021 for shareholder value creation, equivalent to 24% of the Company’s net profit attributable to shareholders for the year.

Going forward, the Board would like to announce the cancellation of the Dividend Policy, for the following reasons:

1. The future operating environment in some of our businesses may be more challenging due to local conditions and other businesses have its own capital allocation strategy and growth trajectory plans; and
2. As expected, central banks around the world have begun raising interest rates to battle inflation, leading to more realistic market expectations. The Company believes the prudent approach is to preserve capital to take advantage of opportunities that may arise.

The Board will continue to endeavour to maintain a balance between meeting shareholders' expectations and prudent capital management.

BY ORDER OF THE BOARD

Tong Ian
Executive Director/Chief Executive Officer

26 February 2022