



AVAPLAS LTD

DISPOSAL OF SHARES IN ASSOCIATED COMPANY

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The Board of Directors of Avaplas Ltd ("Avaplas") wishes to announce that Avaplas has on 16 April 2004 entered into a share purchase agreement (the "Share Purchase Agreement") with Univac Precision Engineering Pte Ltd ("Univac Precision") to sell, and for Univac Precision to purchase, Avaplas' entire shareholding interest of 1,589,241 ordinary shares of S\$1.00 each in the issued share capital of its associated company, Univac Design & Engineering Pte Ltd ("Univac Design") amounting to approximately 30.19% of the entire issued share capital of Univac Design (the "Transaction"). Univac Precision holds approximately 50.32% of the entire issued share capital of Univac Design.

Univac Design is an investment holding company incorporated in Singapore. The principal activity of its sole subsidiary, Univac Precision Plastics (Shanghai) Co., Ltd, a company registered in the People's Republic of China, is that of manufacturing of high precision plastic injection moulds and moulding of plastic components.

The aggregate cash consideration for the Transaction is S\$3,986,624, which was negotiated on a "willing-buyer and willing-seller" basis and having taken into account the unaudited net tangible asset value of Univac Design as at 31 March 2004.

Completion of the Transaction is subject to the fulfillment of the following conditions:-

- (a) the approval of the shareholders of Avaplas for the Transaction being obtained at a general meeting as Univac Precision, being a Controlling Shareholder of Avaplas, is deemed to be an "interested person" under Chapter 9 of the SGX-ST Listing Manual and the Transaction is classified as a "Major Transaction" under Chapter 10 of the SGX-ST Listing Manual; and
- (b) the voluntary offer to be made by ARRK Corporation Ltd ("ARRK") for the shares in Avaplas pursuant to the Singapore Code on Take-overs and Mergers (the "Take-over Offer") becoming unconditional in all respects. Details of the Take-over Offer have been announced by Avaplas separately via MASNET.

The Board of Directors of Avaplas is of the view that the Transaction is in the interests of Avaplas and its minority shareholders for the following reasons:-

- (a) The Board is of the opinion that the price offered is an attractive one; and
- (b) Avaplas' current minority interest in Univac Design serves a synergistic purpose between Avaplas and Univac Precision whilst Univac Precision remains a substantial shareholder of Avaplas. However, as Univac Precision will cease to be a shareholder of Avaplas following the close of the Take-over Offer, Avaplas sees no compelling commercial reason to continue to hold a minority stake in Univac Design.

Avaplas intends to use the proceeds received from the Transaction for working capital purposes.

For illustrative purposes, the table below shows the financial effects of the Transaction on the consolidated net tangible assets ("NTA") per share and earnings per share ("EPS") of Avaplas and its subsidiaries (the "Avaplas Group") with reference to its latest audited results for the year ended 31 March 2003:-

	Before Transaction	After Transaction
NTA per Share ¹ (cents)	11.51	12.24
EPS ¹ (cents)	0.95	1.67

Based on the latest announced consolidated results for the six-month period ended 30 September 2003, the completion of the Transaction will result in a gain on disposal of approximately S\$1,733,428 to the Avaplas Group. This amount of gain takes into account the additional investment of S\$363,300 by Avaplas in Univac Design after 30 September 2003. Adjustments may have to be made on this amount of gain on disposal as the Transaction will take place after the most recently completed financial year, being 31 March 2004. Avaplas will make a subsequent announcement on the actual amount of gain based on its unaudited results for the year ended 31 March 2004 upon the unaudited results being announced via MASNET.

The relative figures for the Transaction computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual are as follows:

Rule 1006	Bases	Transaction (S\$)	Avaplas Group (S\$)	Relative Figures (S\$)
(a)	Net asset value attributable to the Transaction compared with the Avaplas Group net asset value ²	1,692,278	28,121,084	6.0%
(b)	Net profits attributable to the Transaction compared with the Avaplas Group net profits ³	259,069	741,232	35%
(c)	Consideration to be received from the Transaction compared with Avaplas' market capitalisation ⁴	3,986,624	62,641,257	6.4%

As the net profits attributable to the Transaction compared with the Avaplas Group's net profits based on the latest announced consolidated results for the six-month period ended 30 September 2003 exceeds 20%, the Transaction is classified as a "Major Transaction" under Chapter 10 of the SGX-ST Listing Manual. Avaplas will accordingly be seeking shareholders' approval in respect of provisions of Chapter 10 of the SGX-ST Listing Manual.

As mentioned above, Univac Precision is a Controlling Shareholder of Avaplas. The Transaction is therefore an "interested person transaction" under Chapter 9 of the SGX-ST Listing Manual. The consideration for the Transaction exceeds 5% of the Avaplas Group's latest audited net tangible assets as at 31 March 2003. Avaplas will, in due course, issue a circular to its shareholders explaining the rationale for the Transaction, and convene an extraordinary general meeting to seek the approval of its shareholders for the Transaction. The Audit Committee will be obtaining an opinion from an independent financial adviser before forming its view, which will be announced subsequently.

As at the date of this Announcement, the total value of all interested person transactions since the beginning of the current financial year is S\$1,192,373 made up as follows:-

Name of Interested Person	Aggregate Value of all Interested Person Transactions from 1 April 2004 to 15 April 2004 S\$

Univac Precision	46,776
Univac Design	301,193
Venture Corporation Limited (excluding Univac Precision and Univac Design)	844,404

Save for their interests in the Company and as disclosed, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect in the Transaction.

A copy of the Share Purchase Agreement is available for inspection during the normal business hours at the Company's registered office for 3 months after this announcement.

By Order of the Board

Tan Ching Chek
Company Secretary
16 April 2004

1 Based on the issued share capital of 11,990,000 ordinary shares of S\$0.05 each as at 31 March 2003.

2 Based on the Avaplas Group's latest announced consolidated results for the six-month period ended 30 September 2003.

3 Based on the net profits before income tax, minority interests and extraordinary items attributable to Univac Design and the Avaplas Group's latest announced consolidated results for the six-month period ended 30 September 2003.

4 Avaplas' market capitalization as at 15 April 2004 based on its issued share capital of 240,281,000 ordinary shares of S\$0.05 each and the weighted average market price of S\$0.2607 per share.

Submitted by Tan Ching Chek, Company Secretary on 16/04/2004 to the SGX