



MASNET No. 28 OF 16.04.2004
Announcement No. 28

AVAPLAS LTD

VOLUNTARY CONDITIONAL CASH OFFER BY THE NIKKO MERCHANT BANK (SINGAPORE) LIMITED FOR AND ON BEHALF OF ARRK CORPORATION FOR ALL THE ISSUED SHARES IN AVAPLAS LTD

VOLUNTARY CONDITIONAL CASH OFFER BY THE NIKKO MERCHANT BANK (SINGAPORE) LIMITED FOR AND ON BEHALF OF ARRK CORPORATION FOR ALL THE ISSUED SHARES IN AVAPLAS LTD

1. Voluntary Offer

The Board of Directors of Avaplas Ltd (the "**Company**") wishes to announce that The Nikko Merchant Bank (Singapore) Limited ("**Nikko**") announced today that it intends to make a voluntary conditional cash offer (the "**Offer**") for and on behalf of ARRK Corporation (the "**Offeror**") for all the issued ordinary shares of S\$0.05 each in the capital of the Company ("**Shares**") at the offer price of S\$0.28 per Share.

2. Conditional Offer

The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror or any party acting or deemed to be acting in concert with the Offeror in connection with the Offer ("**Concert Party**") (either before or during the Offer), will result in the Offeror and its Concert Parties holding Shares carrying more than 50% of the voting rights attributable to the issued share capital of the Company as at the close of the Offer.

3. Irrevocable Undertakings

- 3.1 Univac Precision Engineering Pte Ltd ("**UPE**") has given an unconditional and irrevocable undertaking to the Offeror to accept the Offer in respect of all of its Shares, amounting to 67,593,240 Shares, representing approximately 28.13% of the issued share capital of the Company as at the date of this Announcement, notwithstanding any rights of withdrawal under The Singapore Code on Take-overs and Mergers (the "**Code**") and the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**"), and not to otherwise dispose of any interest in Shares in the meantime.
- 3.2 DBS Bank Ltd. ("**DBS**") has given an unconditional and irrevocable undertaking to the Offeror to accept the Offer in respect of all of its Shares, amounting to 25,836,720 Shares, representing approximately 10.75% of the issued share capital of the Company as at the date of this Announcement, notwithstanding any rights of withdrawal under the Code and the SFA, and not to otherwise dispose of any interest in Shares in the meantime.
- 3.3 As at the date of this Announcement, Mr Boone Quek Howe Sear ("**BQ**"), who is the Chairman and Chief Executive Officer of the Company, directly owns 109,370,040 Shares, and is deemed to have an interest in 862,000 Shares held by Citibank Nominees (S) Pte Ltd, which altogether represent approximately 45.88% of the issued share capital of the Company as at the date of this Announcement. Further, as at the date of this Announcement, BQ has been granted share options under the Avaplas Ltd Share Option Plan in respect of 1,080,000 Shares.

BQ has given an unconditional and irrevocable undertaking to the Offeror under which:-

- (a) BQ is entitled to accept the Offer in respect of 22,275,248 of his Shares, representing approximately 9.27% of the issued share capital of the Company as at the date of this Announcement; and
- (b) provided that each of UPE and DBS shall have accepted the Offer in respect of all their

respective Shares, in the event that the aggregate acceptances received by the Offeror as at 1:00 pm on the day of close of the Offer (including acceptances by DBS, UPE and public shareholders and the acceptance, if any, under paragraph (a) above) amount to less than 51% of the total issued share capital of the Company (on a fully diluted basis as if all outstanding share options granted by the Company under the Avaplas Ltd Share Option Plan have been exercised and Shares have been issued pursuant to the exercise of such options and all the Shares granted or awarded under the Avaplas Ltd Restricted Stock Plan have been vested and released (the "51% Level")), BQ shall accept the Offer in respect of such number of his Shares that would result in the Offeror receiving aggregate acceptances amounting to the 51% Level. The word "acceptances" means valid, effective and enforceable acceptances complying with the terms of the Offer.

Such undertaking by BQ is notwithstanding any rights of withdrawal under the Code and the SFA and further, BQ is not to otherwise dispose of any interest in Shares in the meantime. Under the undertaking, BQ is not to accept the Offer otherwise than as provided in paragraphs (a) and (b) above.

4. Independent Financial Adviser

The Board will be appointing an independent financial adviser to advise the independent directors of the Company in connection with the Offer.

5. Circular to Shareholders

A circular containing the advice of such independent financial adviser and the recommendation of the independent directors of the Company in relation to the Offer will be posted to shareholders of the Company within 14 days from the date of despatch of the formal offer document (containing, *inter alia*, the terms of the Offer and enclosing the appropriate form(s) of acceptance of the Offer) to be issued by Nikko for and on behalf of the Offeror.

In the meantime, shareholders of the Company are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests.

6. Directors' Responsibility Statement

The directors of the Company (including any who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated in this Announcement are fair and accurate and that no material facts have been omitted and they jointly and severally accept responsibility accordingly.

Where any information has been extracted from published or publicly available sources (including, without limitation, information relating to the Offeror, UPE, DBS and BQ), the sole responsibility of the directors of the Company has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

By Order of the Board

Tan Ching Chek
Company Secretary
16 April 2004

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