



**ADVANCED PACKAGING
TECHNOLOGY (M) BHD.**

(82982-K)

先進包裝工業(馬)有限公司

(Incorporated in Malaysia under The Companies Act, 1965)

Registered Office :

23B, Jalan 52/1
46200 Petaling Jaya
Selangor Darul Ehsan
27 November 2002

DIRECTORS:

Dato' Law Sah Lim (*Chairman and Non-executive Director*)
Tjin Kiat @ Tan Cheng Keat (*Managing Director*)
Yeo Tek Ling (*Finance Director*)
Chee Sam Fatt (*Non-executive Director*)
Datuk Ismail bin Haji Ahmad (*Non-executive Director*)
Ng Choo Tim (*Independent Non-executive Director*)
Eu Hock Seng (*Independent Non-executive Director*)
Ng Choo Phuan @ Kuan Choo Phuan (*Independent Non-executive Director*)
Dato' Haji Ghazali B. Mat Ariff (*Independent Non-executive Director*)
Mah Siew Seng (*Independent Non-executive Director*)

To: The Shareholders of Advanced Packaging Technology (M) Bhd

Dear Sirs / Madams

ADVANCED PACKAGING TECHNOLOGY (M) BHD

- **Proposed Increase In Authorised Share Capital To RM100,000,000 Comprising 100,000,000 Ordinary Shares Of RM1.00 Each; And**
- **Proposed Bonus Issue Of 22,782,500 New Ordinary Shares Of RM1.00 Each To The Shareholders Of The Company To Be Credited As Fully Paid-Up On The Basis Of Five (5) New Ordinary Shares Of RM1.00 Each For Every Four (4) Existing Ordinary Shares Of RM1.00 Each Held On A Date To Be Determined.**

1. INTRODUCTION

Aseambankers on behalf of your Board had on 17 October 2002 announced that the Company proposed to undertake the following corporate exercises:

- (a) a proposed increase in authorised share capital from RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each to RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each in APT; and
- (b) a proposed bonus issue of 22,782,500 new ordinary shares of RM1.00 each on the basis of five (5) new ordinary shares for every four (4) existing ordinary shares held on a date to be determined later.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE RELEVANT INFORMATION ON THE PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL AND PROPOSED BONUS ISSUE AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS TO BE TABLED AT THE FORTHCOMING EGM. A NOTICE OF THE EGM IS SET OUT IN THIS CIRCULAR.

2. THE PROPOSED BONUS ISSUE

2.1 Terms of the Proposed Bonus Issue

The Proposed Bonus Issue will entail the issuance of 22,782,500 new ordinary shares of RM1.00 each to be credited as fully paid-up on the basis of five (5) new ordinary shares for every four (4) existing ordinary shares of RM1.00 each held by the shareholders of APT whose names appear on the Register of Members and/or Record of Depositors on the Book Closure Date.

Upon obtaining all relevant approvals, the Company will announce the Book Closure Date. The Book Closure Date shall be no less than twelve (12) clear market days after the said announcement.

The number of new shares to be issued pursuant to the Proposed Bonus Issue is based on the issued and paid-up share capital of 18,226,000 ordinary shares as at 31 October 2002.

Based on the audited financial statements of APT as at 31 December 2001, the Proposed Bonus Issue will be effected by capitalising RM22,782,500 in the Retained Profits Account of the Company, which stood at approximately RM24.644 million. The movements in the Retained Profits Account of APT pursuant to the Proposed Bonus Issue are as follows:

	RM
Balance as at 31 December 2001 (Audited)	24,644,386
Less : Amount to be capitalised for the Proposed Bonus Issue	<u>(22,782,500)</u>
Outstanding balance after Proposed Bonus Issue	<u>1,861,886</u>

The Proposed Bonus Issue will be offered to the shareholders whose names appear on the Register of Members on Book Closure Date, (except for MCD Nominees) including holders of securities accounts whose names appear in the Record of Depositors, a record provided by MCD to the Company. Fractions of new ordinary shares shall be disregarded and your Board reserve the right to deal with such new ordinary shares, which represents fractional interests in such manner, and on such terms they deem beneficial to the Company.

KLSE has already prescribed the securities of APT to be deposited with MCD where the Securities Industry (Central Depositories) Act, 1991 and the Rules of the MCD shall apply in respect of dealings of the prescribed securities. Accordingly, the new ordinary shares to be issued pursuant to the Proposed Bonus Issue will be credited directly into the respective depositor's securities accounts, and no physical share certificate will be issued.

Within ten (10) market days of the Book Closure Date for the Proposed Bonus Issue or such other period as may be prescribed by KLSE, APT will:

- (a) allot and issue the Bonus Shares;
- (b) despatch notices to the allottees; and
- (c) make an application to KLSE for the quotation of the Bonus Shares.

2.2 Historical Share Prices

Details of the highest and lowest closing share price of APT's shares for the last twelve (12) month period is as follows:

Month	Low (RM)	High (RM)
November 2001	2.00	3.08
December 2001	2.60	3.48
January 2002	2.62	4.40
February 2002	2.71	4.58
March 2002	2.73	3.48
April 2002	3.02	3.32
May 2002	2.92	3.22
June 2002	2.71	3.00
July 2002	2.73	2.99
August 2002	2.62	3.60
September 2002	2.65	3.38
October 2002	2.65	2.95

Source: Bloomberg & Investors Digest

The closing share price of APT's share as at 17 October 2002 (being date of announcement of the Proposed Bonus Issue) and 25 November 2002 (being last practicable date prior to printing of this Circular) is RM2.65 and RM3.00, respectively.

2.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon issue and allotment, rank *pari passu* in all respects with the then existing APT shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared prior to the date of allotment of the new ordinary shares. The Book Closure Date will be determined subsequent to the holding of the Company's EGM.

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2.4 Rationale for the Proposed Bonus Issue

The rationale for the Proposed Bonus Issue is as follows:

- (i) to increase the capital base of APT to a level which would better reflect the Company's scale of operations;
- (ii) to enhance marketability and liquidity of APT shares in the market;
- (iii) to reward the existing shareholders of APT for their support by enabling them to have greater participation in the equity of the Company in terms of the number of shares held; and
- (iv) to increase the issued and paid-up share capital of APT to meet the minimum requirements for listing on the Second Board of KLSE.

3. THE PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

3.1 Details of the Proposed Increase in Authorised Share Capital

The present authorised share capital of APT is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each. The Company proposes to increase its authorised share capital to RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each.

The Memorandum and Articles of Association of the Company will be amended accordingly to reflect the Proposed Increase In Authorised Share Capital.

3.2 Rationale

The Proposed Increase In Authorised Share Capital will enable the Company to accommodate and facilitate the Proposed Bonus Issue and any future increases in the share capital of APT.

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4. FINANCIAL EFFECTS OF THE PROPOSALS

The effects of the Proposals on the share capital, earnings, NTA and dividends of APT are as follows:

4.1 Share Capital

The Proposed Increase in Authorised Share Capital will increase the authorised share capital of APT from RM25,000,000 to RM100,000,000.

The issued and paid-up share capital of APT will be increased pursuant to the Proposed Bonus Issue as follows:

	Ordinary shares of RM1.00 each	Percentage of enlarged share capital
Existing as at 31 October 2002	18,226,000	44.44
Ordinary shares to be issued pursuant to the Proposed Bonus Issue	22,782,500	55.56
Enlarged issued and paid-up share capital	<u>41,008,500</u>	<u>100.00</u>

4.2 Earnings

The Proposed Increase in Authorised Share Capital will not have any effect on the earnings of the APT Group.

The Proposed Bonus Issue will not have any effect on the earnings of the APT Group for the financial year ending 31 December 2002. However, the earnings per share will correspondingly be reduced as a result of the increase in the issued and paid-up share capital of APT pursuant to the Proposed Bonus Issue.

4.3 NTA

The Proposed Increase in Authorised Share Capital will not have any effect on the NTA of the APT Group.

The NTA per share of the APT Group will be reduced proportionately as a result of the increase in the issued and paid-up share capital of APT pursuant to the Proposed Bonus Issue.

Based on the audited consolidated balance sheet of APT as at 31 December 2001 and on the assumption that the Proposed Bonus Issue are effected as at that date, the proforma effects on the consolidated NTA of APT are set out as follows:

	Audited As At 31 December 2001 RM'000	After Proposed Bonus Issue RM'000
Share Capital	18,226	41,008
Retained Profits	24,644	1,862
Shareholders' Equity/NTA	<u>42,870</u>	<u>42,870</u>
NTA per share (RM)	2.35	1.05

4.4 Dividends

APT has declared a tax-exempt dividend of 4.95% or 4.95 sen per share in respect of the financial year ended 31 December 2001, which was paid out on 30 July 2002. Barring any unforeseen circumstances, the Board expects the Company to be in a position to maintain the same quantum of dividends for the financial years ending 31 December 2002 and 31 December 2003 respectively.

4.5 Substantial Shareholding Structure

The Proposed Increase in Authorised Share Capital will not have any effect on the substantial shareholding structure of APT.

The Proposed Bonus Issue will not have any effect on the substantial shareholding structure of APT.

5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

5.1 Proposed Increase In Authorised Share Capital

None of the Directors and/or major shareholders of APT and persons connected to them have any interest, direct or indirect, in the Proposed Increase In Authorised Share Capital.

5.2 Proposed Bonus Issue

None of the Directors and/or major shareholders of APT and persons connected to them have any interest, either direct or indirect, in the Proposed Bonus Issue beyond their entitlement under the Proposed Bonus Issue for which all existing shareholders of the Company are entitled to.

6. CONDITIONS TO THE PROPOSALS

The Proposed Increase in Authorised Share Capital is subject to the following approvals being obtained:

- (i) the shareholders of APT at an EGM to be convened; and
- (ii) any other approvals from the relevant authorities, if necessary.

The Proposed Bonus Issue is subject to the following approvals:

- (i) KLSE for the listing of and quotation for the Bonus Shares on the Second Board of KLSE;
- (ii) shareholders of the Company at the forthcoming EGM to be convened; and
- (iii) any other relevant authorities (if required).

The Proposed Bonus Issue is conditional upon the Proposed Increase in Authorised Share Capital. The approval of the SC is not required for the Proposed Bonus Issue as it will be effected by capitalising RM22,782,500 from the Retained Profits Account of the Company.

7. DIRECTORS' RECOMMENDATION

Having considered all the above, your Board is of the opinion that the Proposed Bonus Issue and Proposed Increase in Authorised Share Capital are in the best interest of the Company and therefore recommend you to vote in favour of the resolutions pertaining to the above proposals to be tabled at the forthcoming EGM.

8. EXTRAORDINARY GENERAL MEETING

For the purpose of considering and if thought fit, passing the resolutions to give effect to the Proposed Bonus Issue and Proposed Increase in Authorised Share Capital, an EGM, the notice of which is enclosed with this Circular, will be held at Metro Inn, Wisma Metro Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Thursday, 19 December 2002 at 10.30 a.m. or any adjournment thereof.

If you are unable to attend and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed therein as soon as possible, so as to arrive at the Registered Office of the Company not less than forty-eight (48) hours before the time set for the meeting. The completion and return of the Form of Proxy does not preclude you from attending and voting in person at the meeting if you subsequently wish to do so.

9. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING IMPLEMENTATION

Save for the Proposed Bonus Issue and Proposed Increase in Authorised Share Capital, there are no outstanding proposals announced but pending implementation as at the date of this circular.

10. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix for further information.

Yours faithfully
For and on behalf of the Board of
ADVANCED PACKAGING TECHNOLOGY (M) BHD

Tjin Kiat @ Tan Cheng Keat
Managing Director