

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Shareholders of Advanced Packaging Technology (M) Bhd (“APT” or the “Company”) should rely on their own evaluation to assess the merits and risks of the Proposals (as defined herein). If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. Bursa Malaysia Securities Berhad has not perused the sections relating to the Proposed Amendments to the Memorandum and Articles of Association (as defined herein) prior to the issuance of this Circular.



ADVANCED PACKAGING TECHNOLOGY (M) BHD

(Company No.: 82982-K)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE: -

- (A) **PROPOSED CAPITAL REPAYMENT BY APT TO ITS SHAREHOLDERS INVOLVING A CASH DISTRIBUTION ON THE BASIS OF RM0.50 FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM1.00 EACH HELD IN THE COMPANY AT A DATE TO BE DETERMINED LATER VIA A REDUCTION OF SHARE CAPITAL PURSUANT TO SECTION 64 OF THE COMPANIES ACT, 1965 (“PROPOSED CAPITAL REPAYMENT”);**
- (B) **PROPOSED CONSOLIDATION OF THE ENTIRE RESULTANT ISSUED AND PAID-UP SHARE CAPITAL OF 41,008,500 ORDINARY SHARES OF RM0.50 EACH VIA THE CONSOLIDATION OF TWO (2) ORDINARY SHARES OF RM0.50 EACH INTO ONE (1) ORDINARY SHARE OF RM1.00 EACH FOLLOWING THE COMPLETION OF THE SHARE CAPITAL REDUCTION PURSUANT TO THE PROPOSED CAPITAL REPAYMENT (“PROPOSED CONSOLIDATION OF SHARES”); AND**
- (C) **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF APT TO FACILITATE THE IMPLEMENTATION OF THE PROPOSED CAPITAL REPAYMENT AND PROPOSED CONSOLIDATION OF SHARES (“PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION”)**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



MIMB INVESTMENT BANK BERHAD (10209-W)
A Participating Organisation of Bursa Malaysia Securities Berhad

The Notice of the Extraordinary General Meeting (“EGM”) of APT which will be held at Hotel Equatorial Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 24 June 2010 at 11.30 a.m., or immediately after the conclusion of the Company’s Twenty-Eighth Annual General Meeting (which will be held at the same venue on the same day at 11.00 a.m.), whichever is earlier or at any adjournment thereof, is set out in this Circular. Shareholders are advised to refer to the Notice of EGM and the Proxy Form enclosed herein. The Proxy Form should be lodged at the Ground Floor, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, no later than forty-eight (48) hours before the time appointed for holding the meeting. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Tuesday, 22 June 2010 at 11.30 a.m.
Date and time for the EGM : Thursday, 24 June 2010 at 11.30 a.m.

This Circular is dated 1 June 2010

DEFINITIONS

In this Circular, unless otherwise indicated, the following words and abbreviations shall have the following meanings:-

“Act”	: The Companies Act, 1965
“APIL”	: Advanced Packaging Investments (HK) Limited
“APT” or the “Company”	: Advanced Packaging Technology (M) Bhd
“APT Group” or the “Group”	: APT and its subsidiary company
“Board”	: Board of Directors of APT
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“Consolidated Shares”	: The 20,504,250 ordinary shares of RM1.00 each in APT upon completion of the Proposed Consolidation of Shares
“DACC”	: Dalian Advanced Cement Company Ltd
“EGM”	: Extraordinary general meeting
“Entitlement Date”	: The date, to be determined and announced later by the Board, at the close of business on which shareholders’ names must appear on the Record of Depositors in order to be entitled to the Proposed Capital Repayment and Proposed Consolidation of Shares
“Entitled Shareholders”	: Shareholders of APT, whose names appear on the Record of Depositors of the Company on the Entitlement Date
“EPS”	: Earnings per share
“First Amendment”	: The meaning of which is as prescribed in Section 2.3 of the Letter to the Shareholders of APT enclosed
“FYE”	: Financial year ended or ending, as the case may be
“Joint Venture”	: The meaning of which is as prescribed in Section 7.0(a) of the Letter to the Shareholders of APT enclosed
“JVC”	: Joint venture contract
“LPD”	: 21 May 2010, being the latest practicable date prior to the printing of this Circular
“M&A”	: Memorandum and Articles of Association of the Company
“MIMB”	: MIMB Investment Bank Berhad
“NA”	: Net assets
“Net Write-Down”	: The meaning of which is as prescribed in Section 4.4 of the Letter to the Shareholders of APT enclosed
“PAT”	: Profit after taxation

DEFINITIONS (*Cont'd*)

“PRC”	: People’s Republic of China
“Proposals”	: The Proposed Capital Repayment, Proposed Consolidation of Shares and Proposed Amendments to the Memorandum and Articles of Association, collectively
“Proposed Amendments to the Memorandum and Articles of Association”	: Proposed amendments to the M&A to facilitate the implementation of the Proposed Capital Repayment and Proposed Consolidation of Shares
“Proposed Consolidation of Shares”	: Proposed consolidation of the entire resultant issued and paid-up share capital of 41,008,500 ordinary shares of RM0.50 each (following the completion of the share capital reduction pursuant to the Proposed Capital Repayment) via the consolidation of two (2) ordinary shares of RM0.50 each into one (1) ordinary share of RM1.00 each
“Proposed Capital Repayment”	: Proposed capital repayment by APT to its shareholders involving a cash distribution on the basis of RM0.50 for every one (1) existing ordinary share of RM1.00 each held in the Company on the Entitlement Date via a reduction of share capital pursuant to Section 64 of the Act
“Record of Depositors”	: A record of depositors established by Bursa Depository under the Rules of Bursa Depository
“ROE”	: Return on equity
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“WLCC”	: Wafangdian Laohu Cement Company Ltd

Words denoting the singular number only shall include the plural and also vice versa and words denoting the masculine gender only shall include the feminine gender and vice versa. Reference to persons shall include corporations. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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ADVANCED PACKAGING TECHNOLOGY (M) BHD

(Company No.: 82982-K)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Level 8, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

1 June 2010

Board of Directors

Chee Sam Fatt (*Chairman*)

Tjin Kiat @ Tan Cheng Keat (*Managing Director*)

Yeo Tek Ling (*Finance Director*)

Dato' Haji Ghazali bin Mat Ariff (*Independent Non-Executive Director*)

Dato' Law Sah Lim (*Non-Independent Non-Executive Director*)

Datuk Ismail bin Haji Ahmad (*Non-Independent Non-Executive Director*)

Mah Siew Seng (*Independent Non-Executive Director*)

Eu Hock Seng (*Independent Non-Executive Director*)

Ng Choo Tim (*Independent Non-Executive Director*)

To: The Shareholders of APT

Dear Sirs/Madam,

(A) PROPOSED CAPITAL REPAYMENT

(B) PROPOSED CONSOLIDATION OF SHARES

(C) PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

1.0 INTRODUCTION

On 28 April 2010, MIMB, on behalf of the Board, announced that the Company is proposing to undertake the following proposals:-

- i) Proposed capital repayment by APT to its Entitled Shareholders involving a cash distribution on the basis of RM0.50 for every one (1) existing ordinary share of RM1.00 each held in the Company on an Entitlement Date via a reduction of share capital pursuant to Section 64 of the Act;
- ii) Proposed consolidation of the entire resultant issued and paid-up share capital of 41,008,500 ordinary shares of RM0.50 each via the consolidation of two (2) ordinary shares of RM0.50 each into one (1) ordinary share of RM1.00 each following the completion of the share capital reduction pursuant to the Proposed Capital Repayment; and
- iii) Proposed amendments to the M&A to facilitate the implementation of the Proposed Capital Repayment and the Proposed Consolidation of Shares.

Bursa Securities had, vide its letter dated 17 May 2010, given its approval for the admission to the Official List of Bursa Securities and the listing of and quotation for the 20,504,250 Consolidated Shares to be issued pursuant to the Proposed Consolidation of Shares.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS OF APT WITH DETAILS ON THE PROPOSALS AND TO SEEK THEIR APPROVAL FOR THE RELEVANT RESOLUTIONS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED HERewith IN THIS CIRCULAR.

SHAREHOLDERS OF APT ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM.

2.0 DETAILS OF THE PROPOSALS

2.1 Proposed Capital Repayment

The Proposed Capital Repayment comprises a capital repayment by APT to its shareholders in the form of cash on the basis of RM0.50 for every one (1) ordinary share of RM1.00 each held by the Entitled Shareholders, via a reduction of the issued and paid-up share capital of APT pursuant to Section 64 of the Act. Upon completion of the share capital reduction, the par value of the shares in the Company will be reduced from RM1.00 to RM0.50 each and the issued and paid-up share capital of the Company will be reduced to RM 20,504,250. The number of APT shares held by the Entitled Shareholders shall remain unchanged.

Based on the issued and paid-up share capital of APT as at LPD of RM41,008,500 comprising 41,008,500 APT shares, the total cash amount to be distributed to the Entitled Shareholders will be approximately RM19,674,250 (excluding 1,660,000 treasury shares).

The Proposed Capital Repayment will be funded from internally generated funds and is expected to be completed by the fourth (4th) quarter of the FYE 31 December 2010.

The entitlement date will be determined later by the Board after the necessary approvals for the Proposed Capital Repayment have been obtained.

2.2 Proposed Consolidation of Shares

In conjunction with the Proposed Capital Repayment, after the proposed share capital reduction, the Company will then undertake a proposed consolidation of the entire resultant issued and paid-up share capital of 41,008,500 ordinary shares of RM0.50 each via the consolidation of two (2) ordinary shares of RM0.50 each into one (1) ordinary share of RM1.00 each. Upon completion of the Proposed Consolidation of Shares, the issued and paid-up share capital of the Company will be RM20,504,250 comprising 20,504,250 ordinary shares of RM1.00 each.

In determining the shareholders' entitlements pursuant to the Proposed Consolidation of Shares, fractional entitlements will be disregarded and will be dealt with in such manner as the Board shall in its absolute discretion think expedient or in the best interests of the Company.

The resultant new ordinary shares of RM1.00 each in APT shall, upon allotment and issuance, rank pari passu in all respects amongst themselves.

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For illustrative purposes, based on the last transacted market price of the shares of the Company on the LPD, the market price of the shares of the Company after the Proposed Consolidation of Shares shall be theoretically adjusted as follows:-

	Assumed number of shares held	Par value (RM)	Market price per share (RM)	Total value (RM)
As at the LPD	100	1.00	1.00	100
After the Proposed Capital Repayment	100	0.50	0.50	50
After the Proposed Consolidation of Shares	50	1.00	1.00	50

As illustrated above, the Proposed Consolidation of Shares is not expected to have any impact on the total value of shares to be held in the Company after the Proposed Capital Repayment.

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2.3 Proposed Amendments to the Memorandum and Articles of Association

It is proposed that amendments to the M&A be made to reflect the change in the par value of the ordinary shares in the Company from RM1.00 to RM0.50 each pursuant to the Proposed Capital Repayment. This is to facilitate the implementation of the Proposed Capital Repayment in view of the reduction in the par value of the ordinary shares of the Company.

The proposed amendments to the M&A to facilitate the implementation of the Proposed Capital Repayment (“**First Amendment**”) are as follows:-

Existing Clause 5 of the Memorandum of Association

The capital of the Company is Ringgit Malaysia One Hundred Million (RM100,000,000) comprising One Hundred Million (100,000,000) ordinary shares of **RM1.00** each. The Company shall have power to increase or reduce its capital to consolidate or subdivide the shares into shares of larger or smaller amounts and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable to be redeemed.

Existing Article 3 of the Articles of Association

The authorised capital of the Company at the date of the adoption of these Articles is Ringgit Malaysia One Hundred Million Only (RM100,000,000) divided into One Hundred Million (100,000,000) ordinary shares of **Ringgit Malaysia One Only (RM1.00)** each.

Proposed Clause 5 of the Memorandum of Association

The capital of the Company is Ringgit Malaysia One Hundred Million (RM100,000,000) comprising Two Hundred Million (200,000,000) ordinary shares of **RM0.50** each. The Company shall have power to increase or reduce its capital to consolidate or subdivide the shares into shares of larger or smaller amounts and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable to be redeemed.

Proposed Article 3 of the Articles of Association

The authorised capital of the Company at the date of the adoption of these Articles is Ringgit Malaysia One Hundred Million Only (RM100,000,000) divided into Two Hundred Million (200,000,000) ordinary shares of **Ringgit Malaysia Fifty Sen Only (RM0.50)** each.

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It is also proposed that amendments to the M&A be made to reflect the change in the par value of the ordinary shares in the Company from RM0.50 to RM1.00 each pursuant to the Proposed Consolidation of Shares after the completion of the share capital reduction pursuant to the Proposed Capital Repayment. This is to facilitate the implementation of the Proposed Consolidation of Shares in view of the increase in the par value of the ordinary shares of the Company.

The proposed amendments to the M&A after the First Amendment to facilitate the implementation of the Proposed Consolidation of Shares are as follows:-

Clause 5 of the Memorandum of Association following the First Amendment

The capital of the Company is Ringgit Malaysia One Hundred Million (RM100,000,000) comprising Two Hundred Million (200,000,000) ordinary shares of **RM0.50** each. The Company shall have power to increase or reduce its capital to consolidate or subdivide the shares into shares of larger or smaller amounts and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable to be redeemed.

Article 3 of the Articles of Association following the First Amendment

The authorised capital of the Company at the date of the adoption of these Articles is Ringgit Malaysia One Hundred Million Only (RM100,000,000) divided into Two Hundred Million (200,000,000) ordinary shares of **Ringgit Malaysia Fifty Sen Only (RM0.50)** each.

Proposed Clause 5 of the Memorandum of Association

The capital of the Company is Ringgit Malaysia One Hundred Million (RM100,000,000) comprising One Hundred Million (100,000,000) ordinary shares of **RM1.00** each. The Company shall have power to increase or reduce its capital to consolidate or subdivide the shares into shares of larger or smaller amounts and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable to be redeemed.

Proposed Article 3 of the Articles of Association

The authorised capital of the Company at the date of the adoption of these Articles is Ringgit Malaysia One Hundred Million Only (RM100,000,000) divided into One Hundred Million (100,000,000) ordinary shares of **Ringgit Malaysia One Only (RM1.00)** each.

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3.0 RATIONALE FOR THE PROPOSALS

3.1 Proposed Capital Repayment

By undertaking the Proposed Capital Repayment, the Company is aiming to achieve a more efficient capital structure by returning excess internal funds to its shareholders, and at the same time rewarding its shareholders for their continuous support of the Company. By returning excess equity to the Company's shareholders, the Board expects the ROE of the Company to improve in the future.

According to the Board, the internal funds being used to finance the Proposed Capital Repayment represent excess funds which are over and above the present and foreseeable financing requirements of the APT Group, and as such, the Proposed Capital Repayment is not expected to adversely affect the financial or operational position of the Group. This is also with due regard to the continuous positive income/cash flow stream being generated by the Group's existing operations in the manufacturing and distribution of flexible packaging materials.

3.2 Proposed Consolidation of Shares

The rationale for the Proposed Consolidation of Shares is to reinstate the par value of the ordinary shares in APT back to its original par value of RM1.00 per share prior to the implementation of the Proposed Capital Repayment.

3.3 Proposed Amendments to the Memorandum and Articles of Association

The rationale for the Proposed Amendments to the Memorandum and Articles of Association is to give effect to the Proposed Capital Repayment and Proposed Consolidation of Shares, with regard to the resultant par values of the ordinary shares of the Company arising pursuant to the Proposed Capital Repayment and Proposed Consolidation of Shares.

4.0 EFFECTS OF THE PROPOSALS

The Proposed Amendments to the Memorandum and Articles of Association will not have any effect on the issued and paid-up share capital of APT nor the shareholdings of the substantial shareholders of APT. The Proposed Amendments to the Memorandum and Articles of Association will also not have any effect on the NA value, gearing, earnings and earnings per share of the APT Group.

4.1 Share Capital

The proforma effects of the Proposed Capital Repayment and Proposed Consolidation of Shares on the issued and paid-up share capital of the Company are as follows:-

	No. of Shares	Par Value	Nominal value of Shares
		RM	RM
Share Capital as at 21 May 2010	41,008,500	1.00	41,008,500
Reduction pursuant to the Proposed Capital Repayment	-	(0.50)	(20,504,250)
After the Proposed Capital Repayment	41,008,500	0.50	20,504,250
After the Proposed Consolidation of Shares	20,504,250	1.00	20,504,250

There are no existing convertible securities issued by APT.

4.2 NA and Gearing

The proforma effects of the Proposed Capital Repayment and Proposed Consolidation of Shares on the audited NA of the APT Group based on the audited financial statements of the Group for the FYE 31 December 2009, are as follows:-

	I	II	III
	Audited as at 31 December 2009 RM	After the Proposed Capital Repayment RM	After the Proposed Consolidation of Shares RM
Share capital	41,008,500	20,504,250	20,504,250
Treasury shares	(1,120,914)	(293,414)	(293,414)
Translation reserve	-	-	-
Retained profits	9,680,241	⁽¹⁾ 9,480,241	⁽¹⁾ 9,480,241
Shareholders' funds/NA	49,567,827	29,691,077	29,691,077
No. of ordinary shares	41,008,500	41,008,500	20,504,250
NA per share (RM)	⁽²⁾ 1.26	⁽²⁾ 0.75	⁽³⁾ 1.51
Bank borrowings (RM)	-	-	-
Gearing ratio (times)	-	-	-

Notes:-

(1) After taking into consideration the estimated expense of RM200,000 to be incurred pursuant to the Proposals.

(2) Excluding 1,655,000 treasury shares. The average purchase price of the 1,655,000 treasury shares is approximately RM0.68 per APT share.

(3) Excluding 827,500 treasury shares.

4.3 Earnings and EPS

The earnings and EPS of the Group are expected to be marginally reduced as a result of a reduction in interest income that would have been generated from the cash reserves which is now being proposed to be distributed pursuant to the Proposed Capital Repayment. However, given that the Proposed Capital Repayment and Proposed Consolidation of Shares are expected to be completed by the fourth (4th) quarter of the FYE 31 December 2010, the Proposed Capital Repayment and Proposed Consolidation of Shares are not expected to have any material effect on the earnings and EPS of the Group for the FYE 31 December 2010.

For further illustration on the effect on the EPS of the Group based on the FYE 31 December 2009, please refer to Section 4.4 herein.

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4.4 ROE

Based on the audited consolidated balance sheet of APT as at FYE 31 December 2009, the proforma effects of the Proposed Capital Repayment and Proposed Consolidation of Shares on the ROE and EPS of the APT Group are set out below:-

	I	II	III
	Audited as at 31 December 2009	After I and the Proposed Capital Repayment	After II and the Proposed Consolidation of Shares
	RM	RM	RM
Consolidated PAT of the APT Group for the FYE 31 December 2009	459,583	459,583	459,583
Less:			
Reduction in interest income (net of tax of 25%) ⁽¹⁾	-	(361,560)	(361,560)
	459,583	98,023	98,023
Total equity	49,567,827	29,691,077	29,691,077
ROE (%)	0.93	0.33	0.33
No. of ordinary shares	41,008,500	41,008,500	20,504,250
EPS (sen)	⁽²⁾ 1.17	⁽²⁾ 0.25	⁽³⁾ 0.50

Notes:-

- (1) Assuming RM19,676,750 out of the internal funds of the Group is used to finance the Proposed Capital Repayment, based on a fixed deposit rate of 2.45% per annum.
- (2) Excluding 1,655,000 treasury shares.
- (3) Excluding 827,500 treasury shares.

Based on the above, it would initially appear that the Proposed Capital Repayment and the Proposed Consolidation of Shares would reduce the ROE of the APT Group from 0.93% to 0.33%, and the net EPS of the Group from 1.17 sen to 0.50 sen on a proforma basis. However, on further evaluation, it should be noted that the PAT of the APT Group for the FYE 31 December 2009 of RM459,583 has been abnormally and significantly depressed by the following non-recurring items:

- (a) share of loss in a jointly controlled entity amounting to RM5,697,889; and
- (b) reversal of impairment loss on investment in jointly control entity amounting to RM2,340,445.

(collectively referred to as “**Net Write-Down**”).

The overall impact of the Net Write-Down reduced the PAT of the APT Group for FYE 31 December 2009 significantly by RM3,357,444.

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Such Net Write-Down is not expected to be recurrent save for the investment in jointly controlled entity amounting to RM670,145 that is still reflected in the financial statements of APT as at 31 December 2009. As such, the Directors of APT believe that the aforesaid depressed PAT figure is therefore not representative of the normal levels of profit for the APT Group. Assuming such Net Write-Down is not provided for in the first place, the Directors of APT believe that the Proposed Capital Repayment and Proposed Consolidation of Shares would, in fact, have a positive impact on the ROE and EPS of the APT Group. For illustration only, based on audited consolidated balance sheet of APT as at 31 December 2009 as adjusted to exclude the Net Write-Down, the proforma effects of the Proposed Capital Repayment and Proposed Consolidation of Shares on the ROE and net EPS of the APT Group would be as follows:

	I	II	III	IV
	Based on the audited financial statements as at 31 December 2009	After I and excluding Net Write-Down	After II and the Proposed Capital Repayment	After III and the Proposed Consolidation of Shares
	RM	RM	RM	RM
Consolidated PAT of the APT Group for the FYE 31 December 2009	459,583	3,817,027	3,817,027	3,817,027
Less:				
Reduction in interest income (net of tax of 25%) ⁽¹⁾	-	-	(361,560)	(361,560)
Total equity	459,583	3,817,027	3,455,467	3,455,467
ROE (%)	49,567,827	52,925,271	33,048,521	33,048,521
No. of ordinary shares	0.93	7.21	10.46	10.46
EPS (sen)	41,008,500	41,008,500	41,008,500	20,504,250
	⁽²⁾ 1.17	⁽²⁾ 9.70	⁽²⁾ 8.78	⁽³⁾ 17.56

Notes:-

(1) Assuming RM19,676,750 out of the internal funds of the Group is used to finance the Proposed Capital Repayment, based on a fixed deposit rate of 2.45% per annum.

(2) Excluding 1,655,000 treasury shares.

(3) Excluding 827,500 treasury shares.

5.0 APPROVALS REQUIRED

The Proposals are conditional upon approvals being obtained from the following:-

- (i) Bursa Securities for the listing of and quotation for the Consolidated Shares to be issued pursuant to the Proposed Consolidation of Shares on the Main Market of Bursa Securities;
- (ii) the shareholders of APT for the Proposals, at an EGM to be convened;
- (iii) sanction of the High Court for the reduction of the Company's share capital pursuant to Section 64 of the Act; and
- (iv) any other relevant authorities (if applicable).

The Proposed Capital Repayment is not conditional upon the Proposed Consolidation of Shares. The Proposed Capital Repayment and the Proposed Amendments to the Memorandum and Articles of Association (in respect of the Proposed Capital Repayment) are inter-conditional upon each other.

The Proposed Consolidation of Shares is conditional upon the Proposed Capital Repayment. The Proposed Consolidation of Shares and the Proposed Amendments to the Memorandum and Articles of Association (in respect of the Proposed Consolidation of Shares) are inter-conditional upon each other.

6.0 HISTORICAL MARKET PRICES

The monthly highest and lowest prices of APT shares as traded on Bursa Securities for the past twelve (12) months are as follows:-

		Highest (RM)	Lowest (RM)	
2009 -	May	0.751	0.610	
	June	0.713	0.657	
	July	0.900	0.610	
	August	0.810	0.760	
	September	0.800	0.735	
	October	0.890	0.745	
	November	0.895	0.800	
	December	0.890	0.820	
	2010 -	January	1.150	0.835
		February	1.280	1.000
		March	1.100	0.975
		April	1.280	0.950

The last transacted price of APT shares on 27 April 2010, being the date immediately before the announcement of the Proposals was RM1.03 per APT share.

The last transacted price of APT shares as at 21 May 2010, being the latest practicable date prior to the printing of this Circular, was RM1.00 per APT share.

(Source: Bloomberg)

7.0 OUTSTANDING CORPORATE EXERCISES

Save as disclosed below and for the Proposals which is the subject matter of this Circular, the Board has confirmed that there are no other intended corporate exercises/schemes which have been announced but not yet completed prior to LPD:

- (a) On 2 December 2002, APIL, a wholly-owned subsidiary of APT had entered into a JVC with WLCC, a company incorporated in the PRC, to build a new cement clinker plant in the PRC (“**Joint Venture**”) which was announced on 3 December 2002.

The Proposed Joint Venture comprises the investment of RMB22.5 million by APIL for a 25% equity interest in the joint venture company namely, DACC. The remaining 75% equity (or RMB67.5 million) in DACC is held by WLCC. APT has on behalf of APIL remitted approximately USD2.72 million towards its capital contribution in DACC.

As per the JVC, the proposed new plant was expected to be completed by June 2004. However, the construction of the new plant has yet to be completed as at to-date due to the financial problems faced by WLCC in contributing its portion of investment in DACC as well as the difficulty of DACC in obtaining a loan to finance the construction of the new plant. Certain new lending restrictions imposed by the government of PRC in 2004 to cool down its over-heating economy compounded the problem. The completion of the construction of the new plant is now very much dependent on the availability of the funds from the banks in PRC to WLCC which was further delayed by the demise of the Chairman, Mr. Xi Jianqi.

As a move to resolve the failure of WLCC to contribute fully to its portion of investment, APIL had on 6 December 2005 entered into a Shareholders’ Agreement with WLCC for DACC to apply to the relevant authorities in PRC to revise downward the registered capital from RMB90 million to RMB52 million. The shareholding ratio between APIL and WLCC remain unchanged.

The Company had on 4 January 2007 announced that it has received on the same day the new business licence issued to DACC on 25 December 2006 by the Dalian Industrial and Commercial Administrative Bureau, PRC with a revised registered capital of RMB52 million (or USD6,263,000). DACC had since returned the excess capital contribution of USD1,144,250 to APIL.

- (b) On 29 May 2008, MIMB, on behalf of the Board announced that the Company proposes to seek authority of the Company to purchase up to ten percent (10%) of its issued and paid-up share capital.

The Company has on 25 June 2009 obtained its shareholder’s approval for the renewal of the existing shareholders mandate for the share buy-back exercise, of up to ten per centum (10%) of its issued and paid-up share capital of APT.

The Proposals are not conditional upon any of the above proposals.

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8.0 ESTIMATED TIME FRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR THE PROPOSALS

The Proposals are expected to be completed by the fourth quarter of the FYE 31 December 2010. The tentative timetable for the Proposals is as follows:-

Events	Estimated Implementation Date
Submission to High Court for the sanction of the reduction of APT's share capital	End June 2010
High Court grants the Order for the reduction of APT's share capital	End October 2010
Announcement of Books Closure	Mid November 2010
Books Closure Date	End November 2010
Listing of Consolidated Shares on the Main Market of Bursa Securities	End November 2010
Despatch of cheque to shareholders	Mid December 2010

Note:

The timetable above is still tentative and is subject to changes which may be necessary to facilitate implementation procedures. Any delay in an event will result in a delay of subsequent events.

9.0 INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS, AND/OR PERSONS CONNECTED TO THEM

None of the Directors or major shareholders of APT and/or persons connected to them has any interests, direct or indirect, in the Proposals, save for their respective entitlements as shareholders pursuant to the Proposed Capital Repayment and Proposed Consolidation of Shares, which is also equally available to all other Entitled Shareholders.

10.0 DIRECTORS' RECOMMENDATION

After considering all aspects of the Proposals, the Board is of the opinion that the Proposals are in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the Proposals at the forthcoming EGM based on the rationale as disclosed in Section 3.0 of this letter to the shareholders of APT.

11.0 EGM

The EGM for the Proposals, notice of which is enclosed in this Circular, will be held at Hotel Equatorial Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 24 June 2010 at 11.30 a.m., or immediately after the conclusion of the Company's Twenty-Eighth Annual General Meeting (which will be held at the same venue on the same day at 11.00 a.m.), whichever is earlier, or at any adjournment thereof for the purpose of considering and if thought fit, passing the relevant resolutions pertaining to the Proposals.

If you are unable to attend and vote in person at the EGM for the Proposals, you should complete, sign and return the Proxy Form enclosed with this Circular in accordance with the instructions printed therein as soon as possible so as to arrive at the Ground Floor, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia no later than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

12.0 FURTHER INFORMATION

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

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

Tjin Kiat @ Tan Cheng Keat
Managing Director

FURTHER INFORMATION**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other material facts the omission of which would make any statement herein misleading.

2. CONSENTS

MIMB has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereon in the form and context in which they appear.

3. DECLARATIONS

To the best of MIMB's knowledge and belief, MIMB is not aware of any other potential conflict of interest that exists or is likely to exist in respect of its role as an Adviser to the Company for the Proposals.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither APT nor its subsidiary are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of APT do not have any knowledge of any proceedings pending or threatened against APT or its subsidiary or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the APT Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of APT at Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours from the date of this Circular up to and including the date of the EGM:-

- (a) Memorandum and Articles of Association of APT;
- (b) the letter of consent referred to in Section 2 above; and
- (c) the audited consolidated financial statements of APT for the past two (2) FYE 31 December 2008 and 31 December 2009 and the unaudited financial statements of the APT Group for the three (3)-month financial period ended 31 March 2010.

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ADVANCED PACKAGING TECHNOLOGY (M) BHD

(Company No.: 82982-K)

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of Advanced Packaging Technology (M) Bhd (“APT” or the “Company”) will be held at Hotel Equatorial Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 24 June 2010 at 11.30 a.m., or immediately after the conclusion of the Company’s Twenty-Eighth Annual General Meeting (which will be held at the same venue on the same day at 11.00 a.m.), whichever is earlier, or at any adjournment thereof for the purpose of considering and if thought fit, passing the following resolutions, with or without any modifications:-

SPECIAL RESOLUTION 1

PROPOSED CAPITAL REPAYMENT BY APT TO ITS SHAREHOLDERS INVOLVING A CASH DISTRIBUTION ON THE BASIS OF RM0.50 FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM1.00 EACH HELD IN THE COMPANY AT A DATE TO BE DETERMINED LATER VIA A REDUCTION OF SHARE CAPITAL PURSUANT TO SECTION 64 OF THE COMPANIES ACT, 1965 (“PROPOSED CAPITAL REPAYMENT”)

“THAT, subject to obtaining an order of the High Court of Malaya pursuant to Section 64 of the Companies Act, 1965, obtaining the approvals of all other relevant authorities and parties (if required) and the passing of Special Resolution 2 relating to the proposed amendments to the Memorandum and Articles of Association of the Company in facilitating the Proposed Capital Repayment, approval be and is hereby given to the Company to reduce its issued and paid-up share capital by reducing the par value of every issued and paid-up ordinary share from RM1.00 each to RM0.50 each and for a cash repayment of RM0.50 (for every existing ordinary share of RM1.00 each held) to be made to all entitled shareholders whose names appear on the Record of Depositors of the Company at the entitlement date (being a date to be determined and announced later by the Board of Directors of the Company);

AND THAT the Board of Directors of the Company be and are hereby authorised to do all such deeds, acts and things and execute, sign and deliver all documents, and take all such steps for and on behalf of the Company as they may consider necessary or expedient or relevant to give effect to, and implement the Proposed Capital Repayment with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or permitted by the High Court of Malaya and/or the relevant authorities.”

ORDINARY RESOLUTION 1

PROPOSED CONSOLIDATION OF THE ENTIRE RESULTANT ISSUED AND PAID-UP SHARE CAPITAL OF 41,008,500 ORDINARY SHARES OF RM0.50 EACH VIA THE CONSOLIDATION OF TWO (2) ORDINARY SHARES OF RM0.50 EACH INTO ONE (1) ORDINARY SHARE OF RM1.00 EACH FOLLOWING THE COMPLETION OF THE SHARE CAPITAL REDUCTION PURSUANT TO THE PROPOSED CAPITAL REPAYMENT (“PROPOSED CONSOLIDATION OF SHARES”)

“THAT, subject to the passing of Special Resolution 1, Special Resolution 3, obtaining an order of the High Court of Malaya pursuant to Section 64 of the Companies Act, 1965 for the purpose of the Proposed Capital Repayment and obtaining the approvals of all other relevant authorities and parties (if required), approval be and is hereby given for the capital of the Company to be altered immediately following the completion of the share capital reduction pursuant to the Proposed Capital Repayment in the following manner:

- (i) from 41,008,500 issued ordinary shares of RM0.50 each to 20,504,250 issued ordinary shares of RM1.00 each by the consolidation of every two (2) ordinary shares of RM0.50 each into one (1) ordinary share of RM1.00 each upon which the sum of RM0.50 shall be credited as having been paid up for each share; and
- (ii) fractional entitlements will be disregarded and will be dealt with in such manner as the Board of Directors of APT shall in its absolute discretion think expedient or to be in the best interests of the Company.

AND THAT, the Board of Directors of the Company be and are hereby authorised to do all such deeds, acts and things and execute, sign and deliver all documents, and take all such steps for and on behalf of the Company as they may consider necessary or expedient or relevant to give effect to, and implement the Proposed Consolidation of Shares with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or permitted by the relevant authorities.”

SPECIAL RESOLUTION 2

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF APT TO FACILITATE THE IMPLEMENTATION OF THE PROPOSED CAPITAL REPAYMENT

“**THAT**, subject to the passing of Special Resolution 1, obtaining an order of the High Court of Malaya pursuant to Section 64 of the Companies Act, 1965 for the purpose of the Proposed Capital Repayment and obtaining the approvals of all other relevant authorities and parties (if required), the Board of Directors of the Company be and are hereby authorised to do all such deeds, acts and things and execute, sign and deliver all documents, and take all such steps for and on behalf of the Company as they may consider necessary or expedient or relevant to ensure that Clause 5 of the Company’s Memorandum of Association and Article 3 of its Articles of Association to be amended to as read below to facilitate the implementation of the Proposed Capital Repayment:

(i) **Clause 5**

The capital of the Company is Ringgit Malaysia One Hundred Million (RM100,000,000) comprising Two Hundred Million (200,000,000) ordinary shares of RM0.50 each. The Company shall have power to increase or reduce its capital to consolidate or subdivide the shares into shares of larger or smaller amounts and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable to be redeemed.

(ii) **Article 3**

The authorised capital of the Company at the date of the adoption of these Articles is Ringgit Malaysia One Hundred Million Only (RM100,000,000) divided into Two Hundred Million (200,000,000) ordinary shares of Ringgit Malaysia Fifty Sen Only (RM0.50) each.”

SPECIAL RESOLUTION 3

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF APT TO FACILITATE THE IMPLEMENTATION OF THE PROPOSED CONSOLIDATION OF SHARES

“**THAT**, subject to the passing of Special Resolution 1, Ordinary Resolution 1, obtaining an order of the High Court of Malaya pursuant to Section 64 of the Companies Act, 1965 for the purpose of the Proposed Capital Repayment and obtaining the approvals of all other relevant authorities and parties (if required), the Board of Directors of the Company be and are hereby authorised to do all such deeds, acts and things and execute, sign and deliver all documents, and take all such steps for and on behalf of the Company as they may consider necessary or expedient or relevant to ensure that Clause 5 of the Company’s Memorandum of Association and Article 3 of its Articles of Association to be amended to as read below to facilitate the implementation of the Proposed Consolidation of Shares:

(i) **Clause 5**

The capital of the Company is Ringgit Malaysia One Hundred Million (RM100,000,000) comprising One Hundred Million (100,000,000) ordinary shares of RM1.00 each. The Company shall have power to increase or reduce its capital to consolidate or subdivide the shares into shares of larger or smaller amounts and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable to be redeemed.

(ii) **Article 3**

The authorised capital of the Company at the date of the adoption of these Articles is Ringgit Malaysia One Hundred Million Only (RM100,000,000) divided into One Hundred Million (100,000,000) ordinary shares of Ringgit Malaysia One Only (RM1.00) each.”

BY ORDER OF THE BOARD

SEE SIEW CHENG (MAICSA 7011225)
LEONG SHIAK WAN (MAICSA 7012855)
Joint Company Secretaries

Petaling Jaya
1 June 2010

Notes:-

- 1. A member of the Company entitled to attend and vote at this meeting may appoint a maximum of two proxies to vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(b) of the Companies Act, 1965 shall not apply to the Company.*
- 2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (but not more than two) in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
- 3. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney duly authorised.*
- 4. The instrument appointing a proxy must be deposited at the Ground Floor, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.*

PROXY FORM



No. of Shares held

I/We, _____ NRIC No. /Company No. _____
(Full Name in Block Letters)

of _____
(Address)

being a Member/Members of Advanced Packaging Technology (M) Bhd hereby appoint _____

_____ NRIC No. _____
(Full Name in Block Letters)

of _____
(Address)

or failing him/ her, _____ NRIC No. _____
(Full Name in Block Letters)

of _____
(Address)

or failing whom, the Chairman of the meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company will be held at Hotel Equatorial Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 24 June 2010 at 11.30 a.m., or immediately after the conclusion of the Company's Twenty-Eighth Annual General Meeting (which will be held at the same venue on the same day at 11.00 a.m.), whichever is earlier, or at any adjournment thereof on the following resolutions in the manner indicated below:-

		FOR	AGAINST
Special Resolution 1	Proposed Capital Repayment		
Ordinary Resolution 1	Proposed Consolidation of Shares		
Special Resolution 2	Proposed Amendments to the Memorandum and Articles of Association to facilitate the Proposed Capital Repayment		
Special Resolution 3	Proposed Amendments to the Memorandum and Articles of Association to facilitate the Proposed Consolidation of Shares		

(Please indicate with an 'X' in the appropriate spaces provided above on how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

The proportion of my holdings to be represented by my* proxy/proxies are as follows:-

First name Proxy %
Second name Proxy %
 100%

In the case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

*Strike out whichever is not desired.

Dated this day of 2010

Signature

Notes:-

1. A member of the Company entitled to attend and vote at this meeting may appoint a maximum of two proxies to vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (but not more than two) in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Ground Floor, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan P/JU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.



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Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
ADVANCED PACKAGING TECHNOLOGY (M) BHD
Ground Floor, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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