

CIRCULAR DATED 10 OCTOBER 2007

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Magnecomp International Limited (the “**Company**”), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or the transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



MAGNECOMP INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199508431Z)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO:

- (1) **THE PROPOSED DISPOSAL BY THE COMPANY OF ITS ENTIRE 74.3% EQUITY INTEREST IN MAGNECOMP PRECISION TECHNOLOGY PUBLIC COMPANY LIMITED (“MPT”) BY WAY OF:**
 - (A) **A SALE AND PURCHASE AGREEMENT IN RELATION TO ITS 64.3% EQUITY INTEREST IN MPT; AND**
 - (B) **A PUT AND CALL OPTION AGREEMENT IN RELATION TO THE BALANCE 10.0% EQUITY INTEREST IN MPT;**
- (2) **THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM “MAGNECOMP INTERNATIONAL LIMITED” TO “INNOTEK LIMITED”; AND**
- (3) **THE PROPOSED SPECIAL DIVIDEND OF 10.0 CENTS FOR EACH ORDINARY SHARE.**

Financial Adviser to the Company



CIMB-GK Securities Pte. Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 198701621D)

IMPORTANT DATES AND TIMES:

Last date and time for lodgment of Proxy Form	:	30 October 2007 at 9.30 a.m.
Date and time of Extraordinary General Meeting	:	1 November 2007 at 9.30 a.m.
Place of Extraordinary General Meeting	:	Enterprise Room Raffles City Convention Centre 2 Stamford Road Singapore 178882

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DEFINITIONS

For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or is otherwise stated:

Companies

“ <i>Advantec</i> ”	:	Advantec Holding S.A.
“ <i>Financial Adviser</i> ” or “ <i>CIMB-GK</i> ”	:	CIMB-GK Securities Pte. Ltd.
“ <i>Group</i> ”	:	MIL and its subsidiaries
“ <i>MPT</i> ”	:	Magnecomp Precision Technology Public Company Limited
“ <i>MPT Group</i> ”	:	MPT and its subsidiaries
“ <i>MSF</i> ”	:	Mansfield Manufacturing Company Limited
“ <i>MSF Group</i> ”	:	MSF and its subsidiaries
“ <i>Purchaser</i> ”	:	TDK Corporation

General

“ <i>ACRA</i> ”	:	The Accounting and Corporate Regulatory Authority of Singapore
“ <i>Additional Consideration</i> ”	:	Has the meaning ascribed to it in Section 2.3 of this Circular
“ <i>Advisory Agreement</i> ”	:	Has the meaning ascribed to it in Section 2.1.3 of this Circular
“ <i>Announcement</i> ”	:	The announcement released by the Company on 29 August 2007 in relation to, amongst others, the Proposed Transaction
“ <i>Board</i> ” or “ <i>Directors</i> ”	:	The directors of the Company as at the date of this Circular
“ <i>Books Closure Date</i> ”	:	Such time and date as the Directors may determine, upon which the Register of Members and Share Transfer Books of the Company will be closed to determine the entitlements of Shareholders to the Special Dividend
“ <i>Business Day</i> ”	:	A day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and Hong Kong
“ <i>Call Option</i> ”	:	Has the meaning ascribed to it in Section 2.2 of this Circular
“ <i>Call Option Notice</i> ”	:	Has the meaning ascribed to it in Section 2.4 of this Circular
“ <i>Call Option Period</i> ”	:	The period commencing on the Completion Date and ending 18 months thereafter
“ <i>CDP</i> ”	:	The Central Depository (Pte) Limited
“ <i>Companies Act</i> ”	:	The Companies Act, Chapter 50 of Singapore

<i>“Company” or “MIL”</i>	:	Magnecomp International Limited
<i>“Company’s Warranties”</i>	:	The representations, warranties and undertakings made by the Company to the Purchaser as contained or referred to in the S&P Agreement
<i>“Completion”</i>	:	Completion of the Proposed Disposal pursuant to the terms of the S&P Agreement
<i>“Completion Date”</i>	:	The date falling five (5) Business Days after the date on which the Conditions Precedent have been fulfilled or waived but in any event, not later than 31 December 2007 or such other date as the Company and the Purchaser may mutually agree in writing
<i>“Conditions Precedent”</i>	:	Has the meaning ascribed to it in Section 2.1.1 of this Circular
<i>“Considerations”</i>	:	Collectively, the Sale Consideration, Option Consideration and Additional Consideration
<i>“Disclosure Letter”</i>	:	The disclosure letter from the Company to the Purchaser disclosing information, including information constituting exceptions to the Company’s Warranties delivered on the date of the S&P Agreement, with such supplemental amendments to be delivered on the Completion Date in relation to updates on the MPT Group between signing and Completion as may be reasonably satisfactory to the Purchaser
<i>“EGM”</i>	:	The extraordinary general meeting of the Company, notice of which is given on page 25 of this Circular
<i>“EPS”</i>	:	Earnings per Share
<i>“FY”</i>	:	The financial year ended or ending 31 December (as the case may be) unless otherwise specified
<i>“HDD”</i>	:	Hard Disk Drive
<i>“HY”</i>	:	Six months ended 30 June unless otherwise specified
<i>“HDD Suspension Industry”</i>	:	Businesses relating to the design, development, manufacturing and/or sale of suspension assemblies for the HDD industry
<i>“Latest Practicable Date”</i>	:	4 October 2007, being the latest practicable date prior to the printing of this Circular
<i>“Listing Manual”</i>	:	The listing manual of the SGX-ST
<i>“Maximum Issued Share Capital”</i>	:	The issued share capital of the Company comprising 247,480,428 Shares, assuming all the outstanding 5,554,000 Share Options as at the Latest Practicable Date that are exercisable before the Books Closure Date are exercised

<i>“Material Adverse Change”</i>	:	Means, in respect of any member of the MPT Group, any changes, events, acts or omissions prior to Completion which have a no less than ten per cent. (10%) adverse effect on the business of such member of the MPT Group, compared against the half year financial statements ended 30 June 2007 of that member of the MPT Group that were used to prepare the consolidated half year financial statements of the MPT Group as published on the SET website on 10 August 2007
<i>“Merger”</i>	:	Has the meaning ascribed to it in Section 2.6 of this Circular
<i>“MPT Shares”</i>	:	Ordinary shares of Baht 1.80 each in the share capital of MPT
<i>“Non-Competition undertaking”</i>	:	Has the meaning ascribed to it in Section 2.1.2 of this Circular
<i>“NTA”</i>	:	Net tangible assets
<i>“Option Agreement”</i>	:	The put and call option agreement dated 29 August 2007 entered into between the Company and the Purchaser in relation to the sale by the Company of the Option Shares
<i>“Option Consideration”</i>	:	Has the meaning ascribed to it in Section 2.4 of this Circular
<i>“Option Shares”</i>	:	Has the meaning ascribed to it in Section 1.1 of this Circular
<i>“PRC”</i>	:	The People’s Republic of China
<i>“Proposals”</i>	:	Collectively, the Proposed Transaction, the Proposed Change of Name, and the Proposed Special Dividend
<i>“Proposed Change of Name”</i>	:	Has the meaning ascribed to it in Section 1.3 of this Circular
<i>“Proposed Disposal”</i>	:	Proposed disposal by the Company of the Sale Shares to the Purchaser in accordance with the terms and conditions of the S&P Agreement
<i>“Proposed Special Dividend”</i>	:	Proposed Special Dividend by the Company
<i>“Proposed Transaction”</i>	:	Collectively, the Proposed Disposal and the sale of the Option Shares pursuant to the Option Agreement
<i>“Put Option”</i>	:	Has the meaning ascribed to it in Section 2.2 of this Circular
<i>“Put Option Notice”</i>	:	Has the meaning ascribed to it in Section 2.4 of this Circular
<i>“Put Option Period”</i>	:	The period commencing on the day immediately following the expiration of the Call Option Period and ending 10 Business Days thereafter
<i>“Sale Consideration”</i>	:	Has the meaning ascribed to it in Section 2.4 of this Circular
<i>“Sale Shares”</i>	:	Has the meaning ascribed to it in Section 1.1 of this Circular
<i>“SET”</i>	:	The Stock Exchange of Thailand
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited

“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the depositors whose securities accounts are credited with the Shares
“Shares”	:	Ordinary shares in the share capital of the Company
“Share Options”	:	The share options granted under the MIL Employees’ Share Option Plan
“S&P Agreement”	:	The conditional sale and purchase agreement dated 29 August 2007 entered into between the Company and the Purchaser for the sale by the Company of the Sale Shares
“Special Dividend”	:	Has the meaning ascribed to it in Section 1.4 of this Circular, and full details of the Special Dividend are provided in Section 4.1 of this Circular
“Undertaking Agreement”	:	The undertaking agreement dated 29 August 2007 entered into between the Company and the Purchaser in relation to undertakings by the Company to assist the Purchaser with taking ownership of the MPT Group and facilitating a smooth transition post-Completion
“Baht”	:	Thai Baht
“S\$” and “cents”	:	Singapore dollars and cents respectively
“US\$”	:	United States of America dollars
“%” or “per cent.”	:	Percentage or per centum

The terms “**depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act. The term “**substantial shareholder**” shall have the meaning ascribed to it in Section 81 of the Companies Act.

The term “**controlling shareholder**” shall have the meaning ascribed to it in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, 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 word defined in the Companies Act, the Listing Manual or any modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act, the Listing Manual or such modification, as the case may be, unless the context otherwise requires.

Any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day in this Circular shall be a reference to Singapore time, unless otherwise stated.

Unless otherwise stated, the following exchange rates have been used in this Circular:

S\$1.00 : Baht 23.2019⁽¹⁾

S\$1.00 : US\$0.66⁽²⁾

(1) Based on the average exchange rate for the month of December 2006 published by the Bank of Thailand.

(2) Based on the average exchange rate for the month of July 2007 published by the Bank of Thailand.

MAGNECOMP INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199508431Z)

Board of Directors:

Robert Sebastiaan Lette (Chairman)
Steven Glenn Campbell
Yong Kok Hoon
Dr. Ong Chit Chung
Prof. Low Teck Seng

Registered Office:

1 Finlayson Green
#15-02
Singapore 049246

10 October 2007

**To: The Shareholders of
Magnecomp International Limited**

Dear Sir/Madam

- (1) **THE PROPOSED DISPOSAL BY THE COMPANY OF ITS ENTIRE 74.3% EQUITY INTEREST IN MAGNECOMP PRECISION TECHNOLOGY PUBLIC COMPANY LIMITED BY WAY OF:**
 - (A) **A SALE AND PURCHASE AGREEMENT IN RELATION TO ITS 64.3% EQUITY INTEREST IN MPT; AND**
 - (B) **A PUT AND CALL OPTION AGREEMENT IN RELATION TO THE BALANCE 10.0% EQUITY INTEREST IN MPT;**
- (2) **THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM “MAGNECOMP INTERNATIONAL LIMITED” TO “INNOTEK LIMITED”; AND**
- (3) **THE PROPOSED SPECIAL DIVIDEND OF 10.0 CENTS FOR EACH ORDINARY SHARE**

1. INTRODUCTION

1.1 The Proposed Transaction

On 29 August 2007, the Directors announced that the Company had entered into the S&P Agreement with the Purchaser to dispose of 1,341,064,623 MPT Shares (“**Sale Shares**”), representing approximately 64.3% of the paid-up share capital of MPT and that simultaneously with the execution of the S&P Agreement, the Company and the Purchaser had also entered into the Option Agreement with respect to the disposal by the Company of the balance 208,486,179 MPT Shares held by the Company, representing approximately 10.0% of the paid-up share capital of MPT (“**Option Shares**”). The aggregate consideration for the Proposed Transaction is approximately US\$123.0 million.

Information on the Proposed Transaction and information relating to each of MPT and the Purchaser are set out in Section 2 of this Circular.

1.2 Major Transaction

The Proposed Transaction is governed by the rules in Chapter 10 of the Listing Manual. Based on the assumption that the Company disposes of its entire 74.3% interest in the paid-up share capital of MPT, the relative figures that were computed on the bases pursuant to Rule 1006 of the Listing Manual are as follows:

- | | | |
|-----|--|-------|
| (a) | Net asset value of the assets to be disposed of approximately S\$93.2 million (equivalent of Baht 2,162.3 million) compared with the net asset value of the Group of approximately S\$166.6 million as at 30 June 2007 | 55.9% |
|-----|--|-------|

- | | | |
|-----|---|----------------|
| (b) | Net loss attributable to the assets to be disposed of approximately S\$29.8 million (equivalent of Baht 692.4 million) as at 30 June 2007 compared with the net loss of the Group of approximately S\$22.1 million as at 30 June 2007 | 134.8% |
| (c) | Aggregate value of the Considerations (comprising the Sale Consideration, the Option Consideration and the Additional Consideration) compared with the Company's market capitalisation of approximately S\$204.2 million based on the closing market price of S\$0.845 per Share as at 28 August 2007, the last market day prior to the execution of the S&P Agreement and the Option Agreement | 98.3% |
| (d) | The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue | Not applicable |

Accordingly, the Proposed Transaction constitutes a major transaction under Chapter 10 of the Listing Manual as certain relative figures as computed under Rule 1006 exceed 20%. It is therefore subject to and conditional upon the approval of Shareholders at the EGM to be convened.

1.3 Proposed Change of Name

Pursuant to the S&P Agreement, one of the Conditions Precedent to the Proposed Disposal (as set out in Section 2.1.1 of this Circular) is the change of name of the Company to such other name as the Company shall determine, it being understood that such name shall not contain the word "Magnecomp", "Optimal", "Acrathon", "Indest" or "MPT" ("**Proposed Change of Name**").

Accordingly, the Company is seeking the approval of Shareholders to change the name of the Company from "Magnecomp International Limited" to "InnoTek Limited", such change to be subject to approval of Shareholders at the EGM for the Proposed Transaction and Completion, and to be effective on the Completion Date.

Further information on the Proposed Change of Name is set out in Section 3 of this Circular.

1.4 Proposed Special Dividend

As announced by the Board on 29 August 2007, it is the intention of the Directors to propose a special dividend after the receipt of proceeds from the Sale Shares.

Having considered, *inter alia*, the capital requirements of the Company's existing metal stamping businesses carried out by the Office Automation and Consumer Electronics Division and an assessment of other business opportunities, the Board recommends that, subject to Completion and Shareholders' approval at the EGM, a distribution of 10.0 cents in cash for each Share by way of a tax exempt (one-tier) special dividend ("**Special Dividend**") payable as an interim dividend for the current financial year ending 31 December 2007.

Further information on the Proposed Special Dividend is set out in Section 4 of this Circular.

1.5 Purpose of the Circular

The Directors of the Company propose to convene an EGM to seek the approval of the Shareholders for the Proposed Transaction, the Proposed Change of Name and the Proposed Special Dividend. The purpose of this Circular is to provide Shareholders with information pertaining to, and to seek their approval for the Proposed Transaction, the Proposed Change of Name and the Proposed Special Dividend, at the forthcoming EGM to be held on 1 November 2007 at 9.30 a.m. at Enterprise Room, Raffles City Convention Centre, 2 Stamford Road, Singapore 178882.

2. THE PROPOSED TRANSACTION

2.1 Principal terms of the S&P Agreement

2.1.1 Conditions Precedent

The Proposed Disposal is conditional upon the following conditions precedent ("**Conditions Precedent**") being fulfilled or where applicable, waived no later than 31 December 2007 (or such other date as the Company and the Purchaser may agree):

- (a) the Company obtaining the prior approval of the Shareholders in the EGM for:
 - (i) the sale of the Sale Shares on the terms and subject to the conditions of the S&P Agreement;
 - (ii) the sale of the Option Shares on the terms and subject to the conditions of the Option Agreement; and
 - (iii) subject to Completion, the change of name of the Company to such other name as the Company shall determine, it being understood that such name shall not contain the word "Magnecomp", "Optimal", "Acrathon", "Indest" or "MPT",

and such approvals not having been withdrawn or revoked as at the Completion Date;

- (b) the Company obtaining the clearance of SGX-ST for the issue of the circular to the Shareholders relating to the sale of the Sale Shares and the Option Shares by the Company;
- (c) written confirmation from the Company that no member of the MPT Group shall on Completion owe the Company or any of Company's affiliates or group companies (other than companies of the MPT Group) any money or outstanding liabilities or obligations (e.g. any loan, liability or claim concerning the Company), save for the outstanding liabilities or obligations (as disclosed in the Disclosure Letter) in relation to the financial support agreement and service agreement between the Company and MPT which shall be terminated prior to the Completion Date by mutual agreement with an express provision acknowledging that no claims pursuant to such agreements by the Company against MPT shall be outstanding or continuing upon termination;
- (d) the form of the Disclosure Letter to be reasonably satisfactory to the Purchaser;
- (e) all other consents and approvals required under any and all applicable laws for the sale of the Sale Shares and the Option Shares and to give effect to the transactions contemplated under the S&P Agreement (including, without limitation, such waivers as may be necessary of terms which would otherwise constitute a default under any instrument, contract, document or agreement to which the Company or MPT is a party or by which the Company or MPT or its or their respective assets are bound) and under the Option Agreement being obtained;
- (f) neither the Purchaser nor the Company having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the S&P Agreement and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened;
- (g) the Company and the Purchaser (as the case may be) having obtained all necessary approvals, licences, consents, and amendments (including but not limited to those as may be needed from the SET and the Board of Investment of Thailand and any other applicable governmental or regulatory agencies, if any) for the entry into and implementation of the S&P Agreement;

- (h) completion of environmental, intellectual property, equipment and machinery due diligence and completion of anti-trust study/clearance concerning the MPT Group and the Purchaser, and the transactions contemplated in connection with the S&P Agreement;
- (i) no Material Adverse Change concerning any member of the MPT Group (provided that if and to the extent Optimal Technology Limited and/or Magnecomp Corporation does not by itself meet the 10% threshold, it would not be considered as a "Material Adverse Change" for the purposes of this Condition Precedent if the decline is offset by the increase of revenue by the MPT Group as a whole owing solely to the business migration of customers from that entity to the other members of the MPT Group) other than those arising from matters directly or indirectly related to the proposed purchase of Sale Shares and/or Option Shares by the Purchaser. For the avoidance of doubt, any Material Adverse Change directly or indirectly due to any loss of market share with respect to the business of any member of the MPT Group or matters disclosed in the Disclosure Letter are excluded;
- (j) no material breach of any of the Company's Warranties discovered on or before Completion;
- (k) the grant and continued validity of any and all anti-trust clearance from any regulators or government departments required or reasonably advisable to obtain under the relevant laws, regulations or other regulatory systems in any and all relevant jurisdictions, *inter alia*, Thailand, Singapore, Hong Kong, Japan, Malaysia and the United States of America in connection with the transactions contemplated in the S&P Agreement;
- (l) the delivery to the Purchaser of the letter of resignation of Steven G. Campbell from his position as a director of MPT and other companies in the MPT Group, with acknowledgements signed by him to the effect that he has no claim against the MPT Group, such letter to be effective only on Completion, and all payments shall be borne by the Company and not by the MPT Group;
- (m) final drafts of legal opinions to be delivered by the Company on Completion being presented to the Purchaser in the form reasonably acceptable to the Purchaser;
- (n) that no on-going anti-trust claim or on-going anti-trust investigation concerning the conduct of business by the MPT Group or any company thereof shall exist;
- (o) key employees Albert Ong and Yong Kok Hoon remaining in the employ of MPT up to Completion;
- (p) key employee Albert Ong having entered into a replacement employment agreement with MPT (and such other member(s) of the MPT Group as the Purchaser may direct in writing) in the pre-agreed form, to take effect immediately upon Completion;
- (q) key employee Yong Kok Hoon having entered into an independent contractor advisory services contract with MPT (and such other member(s) of the MPT Group as the Purchaser may direct in writing) in the pre-agreed form, to take effect immediately upon Completion;
- (r) completion of anti-trust, fair trade, fair competition review, with the required or advisable filings and submissions to competent authorities in any and all relevant jurisdictions whether on a voluntary and/or mandatory basis as may be required or reasonably advisable in connection with the transactions contemplated under the S&P Agreement, and the Company shall provide full support in this respect;
- (s) the termination of the securities borrowing and lending agreement between the Company and UOB Kay Hian (Hong Kong) Limited dated 11 November 2005;

- (t) all necessary board resolutions passed by all the relevant MPT Group companies approving the removal of Yong Kok Hoon and Steven G. Campbell from being authorised bank signatories upon Completion and approving the consequential updating of bank mandates to be effective only upon Completion; and
- (u) the delivery by the Company immediately prior to Completion of a certificate signed by two authorised directors of the Company in the form acceptable to the Purchaser confirming satisfaction of the Conditions Precedent set out in (a), (b), (c), (e), (f)(in respect of the Company only), (g)(in respect of the Company only), (i), (j), (l), (m), (n), (o), (p), (q), (s) and (t) above (save for the Conditions Precedent which have been waived by the Purchaser, if any).

If any of the Conditions Precedent are not satisfied or are not waived on or before the Completion Date or such other date as the Company and the Purchaser shall mutually agree in writing, the obligations of the parties under the S&P Agreement shall *ipso facto* cease and terminate.

2.1.2 Non-Competition undertaking

Pursuant to the S&P Agreement, the Company has undertaken to the Purchaser that for a period of five (5) years from the Completion Date it shall not directly or indirectly engage, participate in or carry on in any territory any business relating to the design, development, manufacturing and/or sale of suspension assemblies for the HDD industry, other than the holding of the Option Shares in accordance with the Option Agreement ("**Non-Competition undertaking**").

The Directors are of the view that the Non-Competition undertaking is specific and limited to suspension assemblies businesses for the HDD industry only. Save for suspension assemblies, the Company is free to supply other components to the HDD industry, if the Company chooses to do so. Furthermore, the Company, after the disposal of the MPT Group, has no current intention to re-enter into businesses relating to the design, development, manufacturing and/or sale of suspension assemblies for the HDD industry. This is because there are, to the knowledge of the Directors, only three independent suspension assembly players in the world (including MPT) and the suspension assembly business requires high research & development costs and capital expenditure, and selling prices of the components face continuing downward pressure.

In view of the above, and after taking into account the consideration received by the Company for the Proposed Transaction, the Directors believe that the Non-Competition undertaking will not be prejudicial to the Company's interest.

2.1.3 Consultant Advisory Services Agreement

As stated in Section 2.1.1(q) of this Circular, it is a Condition Precedent to the Proposed Disposal that the Company's Executive Director and Chief Financial Officer, Mr Yong Kok Hoon enter into an advisory services agreement ("**Advisory Agreement**") as a consultant to the MPT Group to assist the Purchaser in, *inter alia*, the smooth transition of ownership of the MPT Group post-Completion. It is contemplated that the term of this agreement will be effective from the Completion Date and will be for a maximum term of 18 months subject to early termination such as when the Purchaser exercises the Call Option under the Option Agreement.

The scope of service is on a non-exclusive, when needed, basis, and Mr Yong is entitled to refrain from performing any or all of the services set out in the Advisory Agreement if such performance will conflict with his duties and responsibilities with the Company.

Mr Yong will also remain as a director of MPT for so long as the Company still holds the Option Shares.

2.2 Principal terms of the Option Agreement

Under the terms of the Option Agreement, the Company granted to the Purchaser an option (the “**Call Option**”), exercisable at any time during the Call Option Period, to require the Company to sell to the Purchaser all (and not some only) of the Option Shares, on the terms and subject to the conditions of the Option Agreement. Under the terms of the Option Agreement, the Purchaser also granted to the Company an option (“**Put Option**”), exercisable at any time during the Put Option Period, to require the Purchaser to purchase from the Company all (and not some only) of the Option Shares, on the terms and subject to the conditions of the Option Agreement. On the exercise of the Put Option, the Purchaser will become bound to purchase and the Company will become bound to complete the sale of the Option Shares and *vice versa* in relation to the exercise of the Call Option. The exercise by the Company of the Put Option will preclude the exercise by the Purchaser of the Call Option and *vice versa* in relation to the exercise by the Purchaser of the Call Option.

As such, following the exercise of the Put Option or the Call Option, as the case may be, the Company will have disposed of all its interests in the share capital of MPT.

2.3 Principal terms of the Undertaking Agreement

In addition to the S&P Agreement and the Option Agreement, the Company had also entered into the Undertaking Agreement pursuant to which the Purchaser agreed to pay the Company additional aggregate sums of up to a maximum of US\$10.0 million (“**Additional Consideration**”) in consideration for the Company providing certain undertakings to the Purchaser.

In consideration for the Company providing undertakings to assist the Purchaser with taking ownership of the MPT Group and facilitating a smooth transition post-Completion, including the following:

- (a) the Company changing its name and, where applicable, the names of its subsidiaries (other than members of the MPT Group) to such names as the Company shall determine, it being understood that such names shall not contain the word “Magnecomp”, “Optimal”, “Acrathon”, “Indest” or “MPT” or other similar name, not later than the date falling six (6) months from the Completion Date;
- (b) the Company assisting the Purchaser in seeking the support of its controlling shareholder, Advantec, for the Proposed Transaction and the Proposed Change of Name. In this regard, Advantec, which is the owner of 83,382,300 Shares representing approximately 34.6% in the issued ordinary share capital of the Company (as at the date of the Undertaking Agreement), has given an irrevocable undertaking to the Purchaser to vote at the EGM in favour of the Proposed Transaction and the Proposed Change of Name; and
- (c) the Company generally assisting the Purchaser with all relevant matters to facilitate a smooth transfer of ownership of the MPT Group,

the Purchaser will pay the Company the sum of US\$5.0 million on the Completion Date.

In consideration for the Company providing undertakings to assist the Purchaser in the takeover of MPT, the Purchaser will pay to the Company the following sums as consideration:

- (i) US\$3.0 million, in the event that the Purchaser acquires not less than 90% of the entire issued share capital of MPT; and
- (ii) thereafter, US\$200,000 for every additional 1% of the issued share capital of MPT acquired by the Purchaser in excess of the 90% shareholding.

2.4 Considerations

The consideration of the Proposed Transaction is US\$123.0 million, comprising US\$106.5 million as the consideration for the Proposed Disposal (the “**Sale Consideration**”) and US\$16.5 million as the consideration for the sale of the Option Shares pursuant to the exercise of the Put Option, or, as the case may be, the Call Option, under the Option Agreement (the “**Option Consideration**”).

The Sale Consideration shall be paid to the Company on Completion Date in accordance with the S&P Agreement, and the Option Consideration shall be paid to the Company on the date specified in the notice of exercise of the Put Option (“**Put Option Notice**”) or, as the case may be, the date specified in the notice of exercise of the Call Option (“**Call Option Notice**”) for completion of the sale and purchase of the Option Shares, which shall be a date falling no later than 14 days from the date of service of the Put Option Notice or, as the case may be, the Call Option Notice.

The Sale Consideration, the Option Consideration and the Additional Consideration were agreed upon following arms’ length negotiations between the Purchaser and the Company on a willing-buyer and willing-seller basis. In arriving at the Sale Consideration and the Option Consideration, the Purchaser and the Company took into account, amongst other things, prevailing market conditions and the market prices and trading volume of the MPT Shares on the SET as well as the control premium implied by the Sale Consideration and the Option Consideration. Please refer to Section 2.7 of this Circular for further details of the issues faced by the Company as the controlling shareholder of MPT.

2.5 Information on the Purchaser

TDK Corporation (Tokyo Security Code 6762) is a leading global electronics company based in Japan. It was established in 1935 to commercialize “ferrite”, a key material in electronics and magnetics. TDK Corporation’s current product line includes ferrite materials, electronic components, wireless computer networking products, magnetic heads for HDD, and advanced digital recording media.

TDK Corporation is listed on the Tokyo Stock Exchange, New York Stock Exchange and London Stock Exchange.

2.6 Information on MPT

MPT (Company Registration Number: 0107537000874) was incorporated in Thailand on 18 June 1991 under the name “K.R. Precision Public Company Limited” and, with effect from 4 February 2005, changed its name to its present name following the merger with the Data Storage Division of the Company (“**Merger**”).

MPT is a public company listed on the SET. MPT has, as at the Latest Practicable Date, a registered capital of Baht 3,957,773,457.60 comprising 2,198,763,032 ordinary shares of Baht 1.80 each and a paid-up capital of Baht 3,752,751,218.40 comprising 2,084,861,788 ordinary shares of Baht 1.80 each. The Company holds approximately 74.3% of the paid-up share capital of MPT, and the remaining 25.7% of the paid-up share capital of MPT is held in the hands of the investing public. Based on the SET report filed by MPT in conjunction with the Announcement, the Company is the largest shareholder of MPT, and the second largest shareholder of MPT is Somers (U.K.) Limited, which holds approximately 12.4% of the paid-up share capital of MPT. The remaining 13.3% of the paid-up share capital of MPT is held by public shareholders each holding not more than 5% of MPT Shares.

MPT is a leading designer, developer, manufacturer and seller of precision suspension assemblies for the HDD Suspension Industry. With its operations headquartered in Ayutthaya, Thailand, MPT currently employs in excess of 7,000 people worldwide, with manufacturing facilities in Thailand, the PRC, a research and development centre in Temecula, California, the United States of America and a design centre in Chang An, Guangzhou, the PRC.

2.7 Rationale for the Proposed Transaction

The Directors are of the view that, since the Merger, much has been achieved in 2006 to restructure and consolidate the operations of MPT, which among others include the following:

- (a) closure of one of MPT's plants in the PRC to right-size its cost structure, streamline its operations and increase the efficiency in the utilisation of its assets;
- (b) capital reduction to pave the way for future declaration of dividends by eliminating accumulated losses in the balance sheet of MPT; and
- (c) disposal of MPT's non-core tooling fabrication equipment business in Thailand.

The Directors believe that these strategic actions along with productivity and cost reduction improvements in MPT will lead to a turnaround in earnings result in the third quarter of FY2007 and result in improved performance going forward.

However, for MPT to remain at the forefront of the technology within the HDD Suspension Industry, MPT will need to continue investing in advanced product design and next generation suspension assembly technology. The Directors believe that such continuing investment by MPT will require further financial support from the Company either in the form of capital injection and/or corporate guarantees.

In addition, the Directors have also considered the following points:

- (i) the consideration for the Proposed Transaction represents:
 - (A) a premium of 144.7% over the NTA of MPT as at 30 June 2007 (taking into account only the 74.3% of the NTA attributable to the Sale Shares and Option Shares); and
 - (B) a premium of 10.1% over the weighted average price of the MPT Shares transacted on 28 August 2007 (being the market day preceding the date of the S&P Agreement and the Option Agreement) of Baht 2.48¹ per MPT Share;
- (ii) the Proposed Transaction is expected to result in an increase of the Group's proforma NTA (based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2006) from approximately 69.7 cents per Share to approximately 102.6 cents per Share (see Section 5 of this Circular entitled "Financial Effects of the Proposed Transaction"); and
- (iii) the proceeds will be received in cash raising the ability of the Group to increase dividend payouts, buy back Shares or invest in new businesses.

The two-tier structure of the Proposed Transaction (the first tier being the Proposed Disposal and the second tier being the sale of the Option Shares) arose during negotiations between the Company and the Purchaser, and was adopted primarily at the request of the Purchaser to solicit the assistance of the Company to facilitate the smooth transition of operational management control of MPT over a period of up to 18 months post-Completion. As mentioned in Section 2.2 of this Circular, the Call Option may be exercised by the Purchaser at any time during this 18-month period.

Following the completion of the Proposed Transaction and based on the assumptions set out in Section 5 of this Circular entitled "Financial Effects of the Proposed Transaction", the Group will have cash and cash equivalent of S\$210.0 million before the Special Dividend and S\$186.2 million after the Special Dividend respectively.

Note:

- 1. In this paragraph, the conversion of US\$ amount into Baht amount is at the rate of Baht 34.3926 to US\$1.00 as at 28 August 2007 published by the Bank of Thailand.

2.8 Intended Use of Proceeds

In the event the Proposed Transaction is approved by Shareholders and is completed, the Proposed Transaction will result in gross cash proceeds of up to approximately US\$133.0 million (including the Additional Consideration) and such sale proceeds would be used, *inter alia*, for:

- (a) acquisitions of new businesses that will deliver sustained shareholder value (please refer to Section 2.9.2 of this Circular for further details of the Company's plans for acquisitions);
- (b) expansion of MSF; and
- (c) subject to Shareholders' approval of the Proposed Special Dividend at the EGM, payment of the Special Dividend.

2.9 The Group after the Proposed Transaction

2.9.1 MSF Group

Following the Proposed Transaction, the Office Automation and Consumer Electronics Division undertaken by MSF, which specialises in precision metal stamping, commercial tool and die fabrications and sub-assembly work for office automation, consumer electronics devices, automotive components and audio/video products for a strong and diversified base of Japanese end-customers, will remain the core business of the Group. MSF has achieved a compounded annual revenue growth in excess of 30% over the last five years, along with expanding profit margins. For the half year ended 30 June 2007, MSF contributed approximately 50.9% of the Group's aggregate revenue.

The following financial information is based on the MSF Group's actual financial performance, without any adjustment or consolidation with the financial statements of the Company, and is for information purposes only:

Profit and Loss Summary

	<div>←</div> <div>FY2004</div> <div>S\$'000</div>	<div>Audited</div> <div>FY2005</div> <div>S\$'000</div>	<div>FY2006</div> <div>S\$'000</div> <div>→</div>	<div>Unaudited</div> <div>HY2007</div> <div>S\$'000</div>
Revenue	151,654	247,413	319,745	200,082
Profit before tax	8,998	11,119	20,363	10,766
Profit after taxation and minority interests	7,316	10,078	17,826	9,262

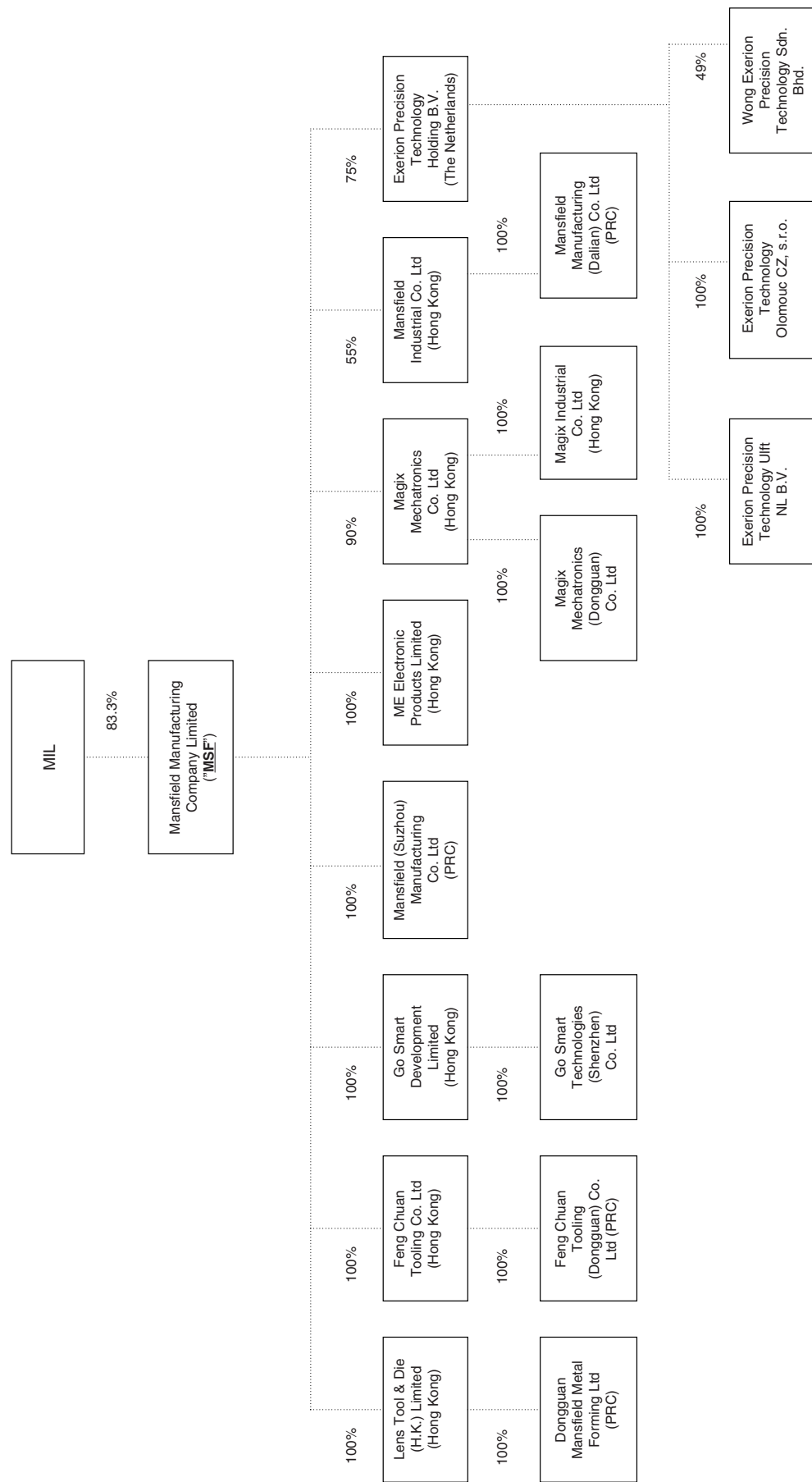
Balance Sheet Summary

	<div>Audited</div> <div>(as at 31 December 2006)</div> <div>(S\$'000)</div>	<div>Unaudited</div> <div>(as at 30 June 2007)</div> <div>(S\$'000)</div>
Non-current assets	78,971	83,639
Current assets	134,731	173,042
Current liabilities	(110,644)	(134,139)
Net current assets	24,087	38,903
Long term liabilities	(32,267)	(39,429)
Minority interests	(3,792)	(6,288)
Shareholders' funds	66,999	76,825

2.9.2 Acquisitions of new businesses

As mentioned in Section 2.8 of this Circular, going forward, while the Company will continue to expand MSF, it will at the same time explore options to deliver sustained shareholder value. The Company will explore opportunities to acquire established businesses in the fields of, amongst others, medical equipment, industrial products and/or energy-saving technologies that are cash flow positive and which deliver high levels of value to their customer base.

The structure of the Group after the completion of the Proposed Transaction will be as follows:



3. THE PROPOSED CHANGE OF NAME

3.1 Introduction

As stated in Section 1.3 of this Circular, the Proposed Change of Name is one of the Conditions Precedent to the Proposed Disposal under the S&P Agreement.

In addition, pursuant to the Undertaking Agreement, the Company has undertaken to the Purchaser, *inter alia*, to (a) effect the change of name of the Company and where applicable, the other companies in the Group (other than members of the MPT Group) to such other names as the Company shall determine at the Company's own cost and expense, it being understood that such names shall not contain the word "Magnecomp", "Optimal", "Acrathon", "Indest" or "MPT", not later than the date falling six (6) months from the Completion Date; and (b) not, and procure that the Company's subsidiaries shall not, at any time after Completion directly or indirectly use or authorise, encourage, or assist any person to use by itself or together with other names, any name or names identical or confusingly similar to the names "Magnecomp", "Optimal", "Acrathon", "Indest" or "MPT".

Accordingly, the Company is seeking the approval of Shareholders to change the name of the Company from "Magnecomp International Limited" to "InnoTek Limited".

3.2 Approvals

The ACRA has approved the use of the name "InnoTek Limited", and the expiry date of the approval is 26 November 2007.

Approval of Shareholders by way of a special resolution is sought for the Proposed Change of Name. **The Proposed Change of Name, if approved by Shareholders at the EGM, is subject to the approval of Shareholders for the Proposed Transaction and Completion, and shall be effective only upon, Completion.**

3.3 Existing Share Certificates

Shareholders should note that notwithstanding the Proposed Change of Name, the legal status of the Company will not be affected and the existing Shares will continue to be valid for trading on the SGX-ST. The Company will not be recalling existing share certificates, which will continue to be *prima facie* evidence of legal title.

No further action would be required on the part of Shareholders.

4. THE PROPOSED SPECIAL DIVIDEND

4.1 Special Dividend

Subject to Shareholders' approval at the EGM and Completion, the Directors propose a tax exempt (one-tier) special dividend of 10.0 cents in cash for each Share held as at the Books Closure Date, payable as an interim dividend for the current financial year ending 31 December 2007.

Based on the Maximum Issued Share Capital, the aggregate amount of the Special Dividend will be approximately S\$24,748,000.

Shareholders should note that the Special Dividend is also conditional upon Shareholders' approval at the EGM of all the Proposals and Completion.

4.2 Rationale

The purpose of the Special Dividend is to reward shareholders for their loyalty and support to the Company over the years with a special dividend payout.

4.3 Shareholders' Entitlements

Upon obtaining the approval of Shareholders at the EGM and upon Completion, an announcement will be made to notify Shareholders of the Books Closure Date. It is anticipated that, subject to Completion as scheduled, the Special Dividend will be paid in the last quarter of 2007.

Persons registered in the Register of Members of the Company and depositors whose securities accounts are credited with Shares as at the Books Closure Date will be entitled to receive the Special Dividend for each Share held as at the Books Closure Date.

4.4 Payment to Shareholders

Shareholders with Shares standing to the credit of their securities account as at the Books Closure Date will have the cheques for payment of their entitlements to the Special Dividend despatched to them by CDP by ordinary post at their own risk or, in the case where such Shareholders have designated their bank accounts for direct crediting of their dividends and other distributions, have the payment directly credited by CDP to their designated bank accounts.

Shareholders (other than CDP) whose names are registered in the Register of Members of the Company as at the Books Closure Date will have the cheques for payment of their entitlements to the Special Dividend despatched to them by ordinary post at their own risk.

4.5 Taxation

The Company has moved to the one-tier corporate tax system with effect from 4 September 2007. Under the one-tier corporate tax system, any dividend paid by the Company will be a tax exempt (one-tier) dividend.

Shareholders should note that the foregoing statements are of a general nature only and are not to be regarded as tax advice or a complete or comprehensive analysis of all tax implications for any shareholder in Singapore or in other jurisdictions, or on any tax implication(s) arising from the Special Dividend. The foregoing statements do not purport to deal with the tax consequences applicable to all categories of Shareholders and are based on Singapore tax laws in effect and on administrative and judicial interpretations of these tax laws as of the Latest Practicable Date, all of which are subject to change and any such changes may take effect on a retroactive basis. Shareholders who are in doubt in relation to the Special Dividend as to their personal tax position should consult their own professional tax advisers.

5. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

For illustration purposes only, the financial effects of the Proposed Transaction on the Group as set out below were prepared based on the aggregate Sale Consideration and Option Consideration of US\$123.0 million and the audited consolidated financial statements of the Group for FY2006 and subject to the following key assumptions:

- (a) For the purpose of computing the financial effects on the earnings and EPS of the Group after the Proposed Transaction, it is assumed that the Proposed Transaction was effected on 1 January 2006 and taking into account any gain net of expenses arising from the disposal of the Company's entire 74.3% interest (as the case may be) in the share capital of MPT. It is also assumed that the Put Option was exercised on 1 January 2006.
- (b) For the purpose of calculating the financial effects on the NTA and gearing of the Group after the Proposed Transaction, it is assumed that the Proposed Transaction was completed on 31 December 2006.
- (c) For the purpose of computing the financial effects of the Proposed Transaction on the Group, no adjustments had been made in respect of the interest income that might have been earned out of the cash to be received by the Group pursuant to the Proposed Transaction.

- (d) For the purpose of computing the financial effects of the Special Dividend of 10.0 cents for each Share on the NTA and gearing of the Group after the Proposed Transaction, it is assumed that the declaration/payment of the Special Dividend was made on 31 December 2006.

The financial effects set out below are theoretical in nature and are therefore not necessarily indicative of the actual results of the Group or the related effect on the financial position that would have been attained had the Proposed Transaction (as the case may be) taken place in accordance with the key assumptions set out herein.

5.1 Share capital

As neither the Proposed Transaction nor the Proposed Special Dividend involves allotment and issue of any new Shares, the Proposed Transaction and the Proposed Special Dividend do not have any effect on the share capital of the Company.

5.2 (Losses) / Earnings

	Before the Proposed Transaction	After the Proposed Transaction
<i>FY2006</i>		
(Loss) / profit attributable to Shareholders (\$'000) ⁽¹⁾	(21,305)	37,833
Weighted average number of Shares ('000)	237,593	237,593
(Loss) / earnings per Share (cents)	(9.0)	15.9

Note:

- (1) The profit attributable to Shareholders after the Proposed Transaction has been computed taking into consideration the realised gain of S\$29.3 million or 12.3 cents per Share, assuming the completion of the Proposed Transaction.

5.3 NTA

	Before the Proposed Transaction	After the Proposed Transaction but before Special Dividend	After the Proposed Transaction and Special Dividend
<i>As at 31 December 2006</i>			
NTA (\$'000) ⁽¹⁾	166,023	244,628	220,792 ⁽²⁾
No. of Shares outstanding ('000)	238,360	238,360	238,360
NTA per Share (cents)	69.7	102.6	92.6

Notes:

- (1) The NTA used in the table above does not take into account minority interests. The increase in NTA of S\$78.6 million after the Proposed Transaction is attributable to the gain realised on disposal of S\$29.3 million, and adjustment for the loss incurred by MPT for FY2006 of S\$32.0 million and an adjustment for goodwill and other intangibles of S\$17.3 million.
- (2) The aggregate amount of Special Dividend paid out was assumed to be S\$23.8 million calculated based on 238.4 million Shares outstanding as at 31 December 2006 at 10 cents per Share.

5.4 Gearing

	Before the Proposed Transaction	After the Proposed Transaction but before Special Dividend	After the Proposed Transaction and Special Dividend
As at 31 December 2006			
Total borrowings ⁽¹⁾ (S\$'000)	207,329	57,352	57,352
Cash and cash equivalents (S\$'000)	43,901	210,026	186,190 ⁽⁶⁾
Cash per Share (cents) ⁽²⁾	Net debt	88.1	78.1
Shareholders' fund ⁽³⁾ (S\$'000)	183,453	244,813	220,977
Gross gearing ⁽⁴⁾ (times)	1.13	0.23	0.26
Net gearing ⁽⁵⁾ (times)	0.89	Net cash	Net cash

Notes:

- (1) The expression "Total borrowings" means the aggregate liabilities arising out of borrowings from banks and financial institutions.
- (2) Cash per Share is computed based on cash and cash equivalents to the 238.4 million Shares outstanding as at 31 December 2006.
- (3) The expression "Shareholders' fund" refers to the aggregate of the issued and paid-up share capital, capital and other reserves of the Group and excludes minority interests.
- (4) "Gross gearing" is computed based on the ratio of total borrowings to Shareholders' fund.
- (5) "Net gearing" is computed based on the ratio of Total borrowings less cash and cash equivalents to Shareholders' fund.
- (6) The aggregate amount of Special Dividend paid out was assumed to be S\$23.8 million calculated based on 238.4 million Shares outstanding as at 31 December 2006 at 10 cents per Share.

6. **SERVICE CONTRACTS OF DIRECTORS**

There are no directors who are proposed to be appointed to the Company in connection with the Proposed Transaction. Please refer to Section 2.1.3 of this Circular for details of the Advisory Agreement to be entered into by Mr Yong Kok Hoon with the MPT Group effective upon Completion.

7. **DIRECTORS' RECOMMENDATION**

Shareholders should read and consider carefully this Circular in its entirety before giving their approval pertaining to the Proposed Transaction, the Proposed Change of Name and the Proposed Special Dividend. Shareholders are also urged to read carefully, amongst others, the terms and conditions of the Proposed Disposal and the sale of the Option Shares, and the rationale for and the financial effects of the Proposed Transaction as set out in this Circular.

The Directors are of the opinion that the Proposed Transaction, the Proposed Change of Name and the Proposed Special Dividend are in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolutions relating to the Proposed Transaction and the Proposed Special Dividend set out in the Notice of the EGM contained in this Circular. The Directors also recommend that Shareholders vote in favour of the special resolution relating to the Proposed Change of Name set out in the Notice of the EGM contained in this Circular.

8. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 25 of this Circular, will be held on 1 November 2007 at 9.30 a.m. at Enterprise Room, Raffles City Convention Centre, 2 Stamford Road, Singapore 178882, for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions and the special resolution set out in the Notice of the EGM.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote on their behalf are requested to complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the registered office of the Company at 1 Finlayson Green #15-02, Singapore 049246, not later than 48 hours before the time set for the EGM. The completion and lodgement of the proxy form by a Shareholder does not preclude him from attending and voting at the EGM in person if he so wishes. In such event, the relevant proxy form shall be deemed to be revoked.

A depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the EGM.

10. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

10.1 Irrevocable Undertaking by controlling shareholder

As at the Latest Practicable Date, Advantec, a controlling shareholder of the Company which has an interest of approximately 34.5% in the existing issued ordinary share capital of the Company, has given an irrevocable undertaking to the Purchaser to vote at the EGM in favour of the Proposed Transaction and the Proposed Change of Name.

10.2 Directors' Interests

Mr Steven Glenn Campbell and Mr Yong Kok Hoon, being directors of the Company, are also directors of MPT as well as option-holders of MPT. Upon and subject to completion of the Proposed Disposal, the service agreements of Mr Steven Glenn Campbell and Mr Yong Kok Hoon with MPT will be terminated in accordance with their respective agreements.

As stated in Section 2.1.3 of this Circular, Mr Yong Kok Hoon will on Completion enter into the Advisory Agreement as a consultant to the MPT Group to assist the Purchaser in, *inter alia*, the smooth transition of ownership of the MPT Group post-Completion.

Save as disclosed, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction.

11. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been reviewed and approved by all the Directors. The Directors (including those who may have been delegated detailed supervision of the preparation of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, having made all reasonable enquiries, to the best of their knowledge and belief, the facts stated and the opinions expressed in this Circular are accurate and fair in all material respects as at the Latest Practicable Date and there are no material facts the omission of which would make any statement in this Circular misleading.

Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular. The Directors have made all reasonable enquiries and, to the best of their knowledge and belief, have found no reason to doubt the reliability of such information.

12. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

CIMB-GK acknowledges that to the best of its knowledge and belief, based on the information provided by the Company, and after making all reasonable enquiries, there are no other facts the omission of which would make any statement herein misleading and the information in this Circular constitutes full and true disclosure of all material facts on the Proposals.

Where information has been extracted from published or otherwise publicly available sources, the sole responsibility of CIMB-GK has been to ensure that such information has been accurately extracted and reflected in this Circular.

13. CONSENT

CIMB-GK has given and has not withdrawn its consent to the issue of this Circular with the inclusion of its name therein and all references to its name in the form and context in which they appear in this Circular.

14. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Schedule 1 to this Circular

Yours faithfully
For and on behalf of the Board of Directors

Steven Glenn Campbell
Chief Executive Officer
MAGNECOMP INTERNATIONAL LIMITED

SCHEDULE 1

ADDITIONAL INFORMATION

1. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

(a) Directors

The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

Name of Director	Direct Interest (Number of Shares)	Deemed Interest (Number of Shares)	Total Interest (Number of Shares)	Total Interest (%) ⁽³⁾
Steven Glenn Campbell	1,000,000	NIL	1,000,000	0.41
Yong Kok Hoon	500,000	NIL	500,000	0.21
Prof. Low Teck Seng	40,000	NIL	40,000	0.02

(b) Substantial shareholders

The interests of the substantial shareholders in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

Name of substantial shareholder	Direct Interest (Number of Shares)	Deemed Interest (Number of Shares)	Total Interest (Number of Shares)	Total Interest (%) ⁽³⁾
Advantec Holding S.A.	83,382,300	–	83,382,300	34.46
Trustee of Chandaria Trust 1	–	83,832,300 ⁽¹⁾	83,832,300	34.65
Thai Focused Equity Fund Ltd.	–	45,687,000 ⁽²⁾	45,687,000	18.88

Notes:

- (1) The Trustee of Chandaria Trust 1 is deemed to have an interest in 83,832,300 Shares, comprising 83,382,300 Shares held by Advantec Holding S.A. and 450,000 Shares held by Metchem Engineering S.A., both wholly-owned by the Trust.
- (2) Thai Focused Equity Fund Ltd is deemed to have an interest in 45,687,000 Shares held by Raffles Nominees (Pte) Ltd.
- (3) Based on 241,926,428 Shares in the issued share capital of the Company as at the Latest Practicable Date.

2. MATERIAL LITIGATION

The Group is not presently engaged in any material litigation, claims or arbitration (either as plaintiff or defendant or otherwise in any legal action, proceeding or arbitration or is being prosecuted for any criminal offence) and the Directors do not have any knowledge of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business carried on by the Group or intended to be carried on by the Group) entered into by the Group within the two (2) years preceding the Latest Practicable Date:

- (a) the S&P Agreement;
- (b) the Option Agreement;
- (c) the Undertaking Agreement;
- (d) Sale and Purchase Agreement dated 13 December 2006 between MPT, Microlead Precision Technology Sdn Bhd and MQ Technology Berhad in relation to the sale of custom tooling equipment by MPT in exchange for shares in MQ Technology Berhad;
- (e) Equity Subscription Agreement dated 29 November 2006 between MSF, Stekelhof II B.V., Retnok Holding B.V. and Exerion Precision Technology Holding B.V. in relation to the subscription by MSF of a 75% interest in Exerion Precision Technology Holding B.V.; and
- (f) Shareholders' Agreement dated 29 November 2006 between MSF, Stekelhof II B.V., Retnok Holding B.V. and Exerion Precision Technology Holding B.V. in relation to the shareholding interests in Exerion Precision Technology Holding B.V..

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's registered office at 1 Finlayson Green #15-02 Singapore 049246 up to the completion of the Proposed Transaction:

- (a) the S&P Agreement, the Option Agreement and the Undertaking Agreement;
- (b) the letter of undertaking from Advantec Holding S.A referred to in Section 10 of this Circular;
- (c) the Memorandum and Articles of Association of the Company; and
- (d) the annual report of the Company for FY2006.

MAGNECOMP INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199508431Z)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of Magnecomp International Limited (the "**Company**") will be held at Enterprise Room, Raffles City Convention Centre, 2 Stamford Road, Singapore 178882, on 1 November 2007 at 9.30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolution 1 and Resolution 3 will be proposed as ordinary resolutions and Resolution 2 will be proposed as a special resolution:

RESOLUTION 1: ORDINARY RESOLUTION

APPROVAL OF THE PROPOSED TRANSACTION

THAT:

- (a) approval be and is hereby given for the Proposed Disposal (as defined in the circular to the shareholders of the Company issued by the Company dated 10 October 2007 (the "**Circular**")) by the Company on the terms and conditions of the sale and purchase agreement dated 29 August 2007 (the "**S&P Agreement**") entered into between the Company and TDK Corporation (the "**Purchaser**") (as may be amended, modified, varied or supplemented as the parties thereto may hereafter deem fit);
- (b) approval be and is hereby given for the proposed sale of the Option Shares (as defined in the Circular) by the Company on the terms and conditions of the option agreement dated 29 August 2007 (the "**Option Agreement**") entered into between the Company and the Purchaser (as may be amended, modified, varied or supplemented as the parties thereto may hereafter deem fit); and
- (c) the directors of the Company, and/or any of them, be and are hereby authorised to complete and do all such acts and things (including negotiating, signing, executing and delivering all such documents and approving any amendments, alterations or modifications to the terms of the S&P Agreement and the Option Agreement and any other document and affixing the common seal of the Company to any such documents (if necessary)) in connection with the Proposed Disposal and sale of the Option Shares as they/he may consider necessary, desirable or expedient to give effect to this Resolution as they/he may deem fit.

RESOLUTION 2 : SPECIAL RESOLUTION

APPROVAL OF THE PROPOSED CHANGE OF NAME TO "INNOTEK LIMITED"

THAT contingent upon the passing of Resolution 1 and completion of the S&P Agreement:

- (a) the name of the Company be changed from "Magnecomp International Limited" to "InnoTek Limited" and that the name "InnoTek Limited" be substituted for "Magnecomp International Limited" wherever the latter name appears in the Memorandum and Articles of Association of the Company; and
- (b) the Directors of the Company, and/or any of them, be and are hereby authorised to complete and do all such acts and things (including executing such documents and/or adopting a new common seal, as may be required) as they/he may consider expedient or necessary to give effect to this Resolution as they/he may deem fit.

RESOLUTION 3 : ORDINARY RESOLUTION

APPROVAL OF THE PROPOSED SPECIAL DIVIDEND OF 10.0 CENTS FOR EACH ORDINARY SHARE

THAT contingent upon the passing of Resolution 1, Resolution 2 and completion of the S&P Agreement:

- (a) a special interim tax exempt (one-tier) cash dividend ("**Special Dividend**") of 10.0 cents for each ordinary share in the capital of the Company held by the shareholders of the Company as at such time and date as the Directors may, in their absolute discretion, determine, amounting to an aggregate of up to approximately S\$24,748,000, be and is hereby declared and approved; and
- (b) the Directors of the Company, and/or any of them, be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required in connection with the Special Dividend) as they/he may consider expedient or necessary to give effect to this Resolution and the Special Dividend as they/he may deem fit.

By Order of the Board

Linda Sim Hwee Ai
Company Secretary

Singapore, 10 October 2007

Notes:

- (a) A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote in his stead and the proxy need not be a member of the Company.
- (b) A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
- (c) The instrument appointing the proxy must be lodged at the Company's registered office at 1 Finlayson Green, #15-02, Singapore 049246, not less than 48 hours before the time appointed for the EGM.

MAGNECOMP INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199508431Z)

PROXY FORM EXTRAORDINARY GENERAL MEETING

I/We _____ (Name)

of _____ (Address)

being a member(s) of MAGNECOMP INTERNATIONAL LIMITED (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or failing him, the Chairman of the Extraordinary General Meeting as *my/our proxy/proxies to attend and to vote for *me/us on *my/our behalf and, if necessary, demand for a poll at the Extraordinary General Meeting of the Company to be held on 1 November 2007, at 9.30 a.m., at Enterprise Room, Raffles City Convention Centre, 2 Stamford Road, Singapore 178882, for the purpose of considering and, if thought fit, passing (with or without modifications) the resolutions set out in the notice convening the said Extraordinary General Meeting and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to the manner of voting is given, the *proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Extraordinary General Meeting.

* delete accordingly

Resolutions	To be used on a show of hands		To be used in the event of a poll	
	#For	#Against	No. of Votes ##For	No. of Votes ##Against
Resolution 1 : Ordinary Resolution To approve the Proposed Transaction				
Resolution 2 : Special Resolution To approve the Proposed Change of Name to "InnoTek Limited"				
Resolution 3 : Ordinary Resolution To approve the Proposed Special Dividend of 10.0 cents for each ordinary share				

Please indicate your vote "For" or "Against" with a tick within the box provided.

If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2007.

Signature of Member(s)/Common Seal

Total No. of Shares in:	No. of Shares
(1) CDP Register	
(2) Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Finlayson Green, #15-02, Singapore 049246, not later than 48 hours before the time appointed for holding the Extraordinary General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer or his duly authorised attorney. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or a duly authorised officer.
6. A corporation that is a member of the Company may also authorise by resolution of its directors or other governing body such person it thinks fit to act as its representative at the Extraordinary General Meeting in accordance with Section 179 of the Companies Act, Chapter 50.
7. The Company shall be entitled to reject an instrument of proxy if it is incomplete, not properly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument of proxy lodged if such member is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting as certified by The Central Depository (Pte) Limited to the Company.