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**MECHMAR  
MECHMAR CORPORATION (MALAYSIA) BERHAD**

(Company No: 13380-M)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

in relation to the

**Acquisition of the Business and Business Assets of Cochran Boilers, a division of Rolls-Royce Power Engineering Plc comprising Fixed Assets, Goodwill, Trade Debts, Assets, Liabilities and Intellectual Property Rights by Mechmar Corporation (Malaysia) Berhad's overseas indirect subsidiary, Roundedge Ltd (now known as Cochran Boilers Ltd) for a total consideration of GBP 3,750,000 (Great Britain Pounds Sterling : Three Million Seven Hundred and Fifty Thousand only) or equivalent to RM22,500,000 (Ringgit Malaysia Twenty Two Million and Five Hundred Thousand only) to be satisfied on cash basis.**

**This Circular is dated 12<sup>th</sup> day of October, 2000**

## **DEFINITIONS**

Except where the context otherwise requires, the following definitions apply throughout this Circular:

“Acquisition”	The acquisition of the Business and Business Assets of Cochran
“BIB”	BIB Group Plc
“Business”	Business of the design, manufacturing, sale and installation of steam and hot water fire tube boilers suitable for oil, gas, dual fuel, coal firing, and waste heat gases and the servicing, repair, maintenance and retrofit of such boilers carried on up to Completion by Cochran under the name “Cochran Boilers” as agent for the Vendor
“Business Assets”	The assets of the Vendor used exclusively in the Business being those assets described in Appendix I
“Business Claims”	The benefit of all rights and claims of the Vendor arising out of the Business (other than claims relating to taxation, any insurance claims of the Vendor Group in relation to the Business unless relating to the Business Assets
“Cochran”	Cochran Boilers, a division of Rolls Royce Power Engineering Plc
“Completion”	Completion of the sale and purchase of the Business and Business Assets when all terms and conditions detailed in the Sale and Purchase Agreement shall take place
“Completion Statement”	The statement to be prepared by the Vendor in accordance with the Sale and Purchase Agreement
“Contracts”	The Customer Contracts, the Supplier Contracts, the Lease Agreements and all other contracts entered into prior to the Transfer Date by or on behalf of the Vendor and/ or any other member of the Vendor Group solely in connection with the Business
“Customer Contracts”	All contracts, engagements, orders and outstanding tenders and quotations entered into prior to the Transfer Date by or on behalf of the Vendor and/ or any other member of the Vendor Group with customers of the Business for the sale of goods or provision of services which remain (in whole or in part) to be performed (including, for the avoidance of doubt, the performance or warranty obligations) as at the Transfer Date

“Disclosure Letter”	Letter in the agreed form from the Vendor to the Purchaser as at the date of the Sale and Purchase Agreement
“GBP” or “£”	Pound Sterling of the Currency of the United Kingdom
“Goodwill”	Goodwill of the Vendor in relation to the Business together with the right for the Purchaser to represent itself as carrying on the Business in succession to the Vendor and the name “Cochran Boilers”, and the exclusive use of all rights in such name
“HKS”	Hong Kong Dollar
“Intellectual Property Rights”	Patents, trade marks, service marks, trade names, design rights, copyrights (including rights in computer software) database rights, rights in know-how and other intellectual property rights, in each case whether registered or unregistered and including applications for the grant of any such rights and all rights or forms of protection having equivalent or similar effect anywhere in the world
“KLSE”	Kuala Lumpur Stock Exchange
“Lease Agreements”	All hire purchase, conditional sale, hire, rental, leasing or other agreements entered into prior to the Transfer Date by or on behalf of the Vendor and/or any other member of the Vendor Group in connection with the Business
“Liabilities”	Amount owed by and liabilities (both ascertained and Contingent) of the Vendor Group in connection with the Contracts (or any of them) existing at the Transfer Date or at any time thereafter
“Mechmar” or “the Company”	Mechmar Corporation (Malaysia) Berhad
“Mechmar Group” or “the Group”	Mechmar and its subsidiaries
“Net Capital Employed”	The asset less Liabilities of the Business as derived from the Completion Statement
“NTA”	Net Tangible Assets
“Properties”	All and the whole area of ground with the factory premises erected thereon known as Newbie Works, Annan in the Parish of Annan and District of Annandale and Eskdale, Scotland measuring 54.927 acres

“Property Requirements”	Documents relating to the transfer or assignment of the Properties
“RM” and “Sen”	Ringgit Malaysia and Sen, respectively, of the currency of Malaysia
“RP”	Indonesia Rupiah
“Roundedge” or “Purchaser”	Roundedge Ltd (now known as Cochran Boilers Ltd)
“Rolls-Royce” or “the Vendor”	Rolls – Royce Power Engineering Plc
“Sale and Purchase Agreement”	An agreement entered between Rolls-Royce and BIB and Mechmar in relation to the sale and purchase of the Business and Business Assets of Cochran Boilers
“Supplier Contracts”	All orders, engagements and contracts entered into prior to the Transfer Date by or on behalf of the Vendor and/or any other member of the Vendor Group with suppliers for the supply of goods and or services in connection with the Business which remain (in whole or in part) to be performed by the supplier as at the Transfer Date
“SLR”	Sri Lanka Rupees
“S \$”	Singapore Dollar
“Trade Debtors” or “Trade Debts”	Amount receivable (whether or not due and payable as at the Transfer Date) by any member of the Vendor Group in connection with the Business
“TSH”	Tanzania Shillings
“Trade Creditors”	Amounts payable by the Vendor Group as at the Transfer Date in respect of goods and/or services received by any member of the Vendor Group in connection with the Business prior to the Transfer Date
“Transfer Date”	Close of business upon Completion
“USD”	United States Dollar
“Vendor Group”	Vendor, any holding company from time to time of the Vendor and any subsidiary from time to time of the Vendor or of any such holding company

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**MECHMAR**  
**MECHMAR CORPORATION (MALAYSIA) BERHAD**

(Company No: 13380-M)  
(Incorporated in Malaysia)

**Registered Office:**

No 1 Jalan Perunding U1/17  
Seksyen U1  
HICOM-Glenmarie Industrial Park  
40150 Shah Alam  
Selangor Darul Ehsan

Date: 12 October 2000

**EXECUTIVE CHAIRMAN**

DATO' TAN KEAN WAN

**MANAGING DIRECTOR**

DATUK BAHARUDEN BIN ABD MAJID

**EXECUTIVE DIRECTORS**

LOH KIAT LOON

TAN KENG BOON

**NON-EXECUTIVE DIRECTORS**

LOW HUA PEK

MISRON BIN YUSOF

To: The Shareholders of Mechmar

Dear Sir/Madam

**Acquisition of the Business and Business Assets of Cochran Boilers, a division of Rolls-Royce Power Engineering Plc comprising Fixed Assets, Goodwill, Trade Debts, Assets, Liabilities and Intellectual Property Rights by Mechmar Corporation (Malaysia) Berhad's overseas indirect subsidiary, Roundedge Ltd (now known as Cochran Boilers Ltd) for a total consideration of GBP 3,750,000(Great Britain Pounds Sterling : Three Million Seven Hundred and Fifty Thousand only) or equivalent to RM22,500,000 (Ringgit Malaysia Twenty Two Million and Five Hundred Thousand only) to be satisfied on cash basis.**

1. **INTRODUCTION**

On 20 March, 2000 the Board of Directors of Mechmar announced the Acquisition of the Business and Business Assets of Cochran Boilers, a division of Rolls-Royce Power Engineering Plc comprising Fixed Assets, Goodwill, Trade Debts, Assets, Liabilities and Intellectual Property Rights as described under Appendix 1 by Mechmar Corporation (Malaysia) Berhad's overseas indirect subsidiary, Roundedge Ltd (now known as Cochran Boilers Ltd), for a total consideration of GBP3, 750,000 only or equivalent to RM22,500,000 (Ringgit Malaysia Twenty Two Million and Five Hundred Thousand only at the rate of conversion of GBP1: RM6 as at 20 March 2000 based on the date of announcement). At the date of this Circular, the effective equity interest held by Mechmar in Roundedge Ltd is 94.69%.

After the above Acquisition, Roundedge Ltd has changed its name to Cochran Boilers Limited on 20 March, 2000 and the division of Rolls Royce of the same name has been closed down.

The purpose of this Circular, is to provide information to all shareholders in relation to the Acquisition.

## **2. DETAILS OF THE ACQUISITION**

The purchase consideration satisfied in cash is funded by an off-shore loan from Bank Islam (L) Ltd, to Roundedge, a wholly owned subsidiary of BIB which in turn is a 60.8 % owned subsidiary of Mechmar as at the date of the announcement.

On 24 February, 2000, Mechmar transferred its entire investment in BIB comprising 1,300,000 'A' ordinary shares of 50 pence each representing 60.8% equity interest in BIB and 150,000 preference shares of GBP 1/- each to Mechmar (L) Ltd a wholly owned subsidiary of Mechmar incorporated in the Federal Territory of Labuan.

On 11 April, 2000 the equity interest of Mechmar (L) Ltd, in BIB was increased to 94.69% with the further acquisition of 724,628 'A' ordinary shares of 50 pence each by Mechmar (L) Ltd, from the minority shareholders of BIB.

The purchase consideration was arrived at through negotiations between Mechmar/ BIB and Rolls-Royce, the Vendors of Cochran on a basis of willing buyer and willing seller at the net book value of the said Business Assets as at 18 March 2000. (date of the Sale and Purchase Agreement)

The initial consideration of GBP3,750,000 paid to Rolls-Royce as at 18 March 2000 (which was in accordance with the aforementioned Sale and Purchase Agreement) was an approximate amount arrived at after taking into considerations adjustments to be made on the draft Net Capital Employed of Cochran Boilers to be taken over as at 18 March 2000 of approximately GBP3.9 million.

In accordance with the Sale and Purchase Agreement, the purchase price of Cochran Boilers will be adjusted upon final determination of the Net Capital Employed of Cochran Boilers as at 18 March 2000. Accordingly, on 11 July 2000, the Net Capital Employed of Cochran Boilers as at 18 March 2000 has been finally determined at the value of GBP3,663,000. On 18 July 2000, Rolls-Royce had refunded the sum of GBP87,000 to BIB being the excess of the amount paid (GBP3,750,000) over the final Net Capital Employed (GBP3,663,000).

Following the Acquisition, Cochran and BIB will run their respective businesses separately to retain their branding in the marketplace.

BIB's principal activities are the manufacture and marketing of fire-tube industrial boilers, water-tube boilers, pressure vessels and associated product support services.

Prior to the Acquisition, Roundedge Ltd (now known as Cochran Boilers Ltd) has not commenced operations.

**3. TERMS OF THE ACQUISITION**

Pursuant to the Sale and Purchase Agreement entered into between Rolls-Royce, BIB and Mechmar on 18 March 2000, for the acquisition of the Business Assets of Cochran as a going concern, the payment terms of the Acquisition are as follows:

- a) Roundedge will pay to the Vendor, GBP3,750,000 upon Completion;
- b) Roundedge will assume responsibility for the satisfaction of all the Liabilities and the Trade Creditors and Roundedge shall indemnify the Vendors and each member of the Vendor Group against all costs arising in respect of such Liabilities and / or Trade Creditors.
- c) The purchase price payable by Roundedge to the Vendor has been adjusted to GBP3,663,000 following the final determination of the Net Capital Employed on 11 July 2000.

The purchase consideration has been fully paid as at the date of this Circular.

Completion means the delivery by the Vendor to the Purchaser:

- a) Such documents as may reasonably require to complete the sale and purchase of the Business Assets together with all deeds and documents of title relating thereto;
- b) Those of the Business Assets which are capable of transfer by delivery; and
- c) All duly executed counterparts of Disclosure Letter and Property Requirements.

As at to-date, the Acquisition is deemed completed.

**4. CONDITION OF THE ACQUISITION**

The Acquisition was conditional upon the approval of the director representing the minority shareholders of BIB before Completion, which was obtained on 11 April, 2000.

**5. RATIONALE FOR THE ACQUISITION**

The strategic rationale for the Acquisition by Roundedge of Cochran, a major competitor of BIB in the marketing and manufacturing of industrial boilers in the United Kingdom, is that the combined business would emerge as the largest player in the United Kingdom firetube boiler market thereby strengthening BIB's position. Furthermore, a number of synergies would result from the enlarged group in the form of cost savings and a larger market share which will improve the profitability of the BIB Group.

In addition to securing its position in the United Kingdom market, the Acquisition should enable the BIB Group and the major shareholder, Mechmar to facilitate their growth in the European Community and other international markets so that they become one of the top five firetube boiler manufacturers in the world.

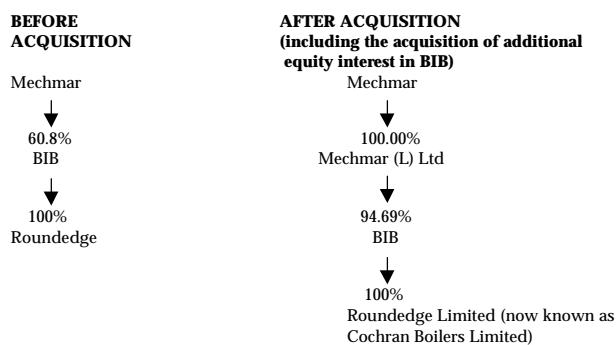
There will also be synergy in the rationalization of designs, production process, purchasing, technical expertise and marketing.

**6. FINANCIAL EFFECTS OF THE ACQUISITION**

The Acquisition is not expected to have any material effect on the earnings per share and the net tangible assets of Mechmar for the year ending 31 December 2000.

The investment is however expected to contribute positively to the future earnings of Mechmar in the near term.

The shareholding structure of Mechmar, BIB, Mechmar (L) Ltd and Roundedge before and after the Acquisition including the acquisition of additional equity interest in BIB by Mechmar (L) Ltd on 11 April, 2000 is as follow :-



**7. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Executive Chairman, Dato' Tan Kin Wan @ Tan Kean Wan and Managing Director, Datuk Baharuden bin Abd Majid, and the Executive Directors, Mr Loh Kiat Loon and Mr Tan Keng Boon are also directors of BIB. As at 28 September 2000 their direct and indirect shareholdings in Mechmar are as follows:

Name	Address	Nationality	<u>No. of ordinary shares held</u>			
			Direct	%	Indirect	%
Dato' Tan Kin Wan @ Tan Kean Wan *	43 Jalan Batai Damansara Heights 50490 Kuala Lumpur	Malaysian	18,408,000	12.3	6,335,000	4.23
Datuk Baharuden Bin Abd Majid #	11 Jalan SS19/4D Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan	Malaysian	5,260,000	3.51	-	-
Low Hua Pek ^	1121 Block 170 Stirling Road Singapore	Singaporean	-	-	4,090,000	2.73

Name	Address	Nationality	Direct	%	Indirect	%
Loh Kiat Loon	86 Jalan BU3/2 Bandar Utama Damansara 47800 Petaling Jaya Selangor Darul Ehsan	Malaysian	-	-	-	-
Tan Keng Boon +	86-4 Seri Duta 1 Jalan Gallagher Taman Duta 50480 Kuala Lumpur	Malaysian	127,000	0.08	24,616,000	16.45

**Notes:-**

\* 13,784,000 ordinary shares, representing 9.21% of the issued and paid-up share capital of Mechmar, are held through HLB Nominees (Tempatan) Sdn Bhd.

563,000 ordinary shares, representing 0.38% of the issued and paid-up share capital of Mechmar, are held through Citicorp Nominees (Asing) Sdn Bhd.

4,061,000 ordinary shares, representing 2.71% of the issued and paid-up share capital of Mechmar, are held through Mayfin Nominees (Tempatan) Sdn Bhd.

Deemed interest via his shareholdings in Takewa Sdn Bhd (1,510,000 ordinary shares, representing 1.01% of the issued and paid-up share capital of Mechmar, are held through UMB Nominees (Tempatan) Sdn Bhd).

Deemed interest via his shareholdings in Mekmore Sdn Bhd (1,438,000 ordinary shares, representing 0.96% of the issued and paid-up share capital of Mechmar, are held through TA Nominees (Tempatan) Sdn Bhd and 2,500,000 ordinary shares, representing 1.67% of the issued and paid-up share capital of Mechmar, are held through Oriental Nominees (Tempatan) Sdn Bhd and 152,000 ordinary shares, representing 0.1% of the issued and paid-up share capital of Mechmar, are held through Amsec Nominees (Tempatan) Sdn Bhd)

Deemed Interest under Connected Persons who are family members:-

- 321,000 ordinary shares, representing 0.21% of the issued and paid-up share capital of Mechmar, are held through Yap Wen Shion
- 127,000 ordinary shares, representing 0.08% of the issued and paid-up share capital of Mechmar, are held through Tan Keng Boon
- 120,000 ordinary shares, representing 0.08% of the issued and paid-up share capital of Mechmar, are held through Dr Michelle Tan Geoh Ean
- 110,000 ordinary shares, representing 0.07% of the issued and paid-up share capital of Mechmar, are held through Dr Michelle Tan Geoh Ean
- 57,000 ordinary shares, representing 0.038% of the issued and paid-up share capital of Mechmar, are held through Lee Jee Wei

# 5,260,000 ordinary shares, representing 3.51% of the issued and paid-up share capital of Mechmar, are held through Mayfin Nominees (Tempatan) Sdn Bhd.

^ *Deemed interest via his shareholdings in Mekmore Sdn Bhd (1,438,000 ordinary shares, representing 0.96% of the issued and paid-up share capital of Mechmar, are held through TA Nominees (Tempatan) Sdn Bhd and 2,500,000 ordinary shares, representing 1.67% of the issued and paid-up share capital of Mechmar, are held through Oriental Nominees (Tempatan) Sdn Bhd and 152,000 ordinary shares, representing 0.1% of the issued and paid-up share capital of Mechmar, are held through Amsec Nominees (Tempatan) Sdn Bhd)*

+ *Deemed interest by virtue of direct and indirect shareholdings of his father, Dato' Tan Kin Wan @Tan Kean Wan*

The Directors and substantial shareholders of Mechmar and persons connected to them have no interest, whether direct or indirect in BIB, Mechmar (L) Ltd and Roundedge except by virtue of their shareholdings in Mechmar.

None of the Directors and substantial shareholders of Mechmar and persons connected to them has any interest, direct or indirect, in the Acquisition.

The Board of Directors is of the opinion that the Acquisition is in the best interest of the Company.

#### 8. **FURTHER INFORMATION**

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

Yours faithfully  
**MECHMAR CORPORATION (MALAYSIA) BERHAD**

**DATO' TAN KIN WAN @ TAN KEAN WAN**  
Executive Chairman

## **APPENDIX I**

### **BUSINESS ASSETS OF COCHRAN**

- a) the plant and equipment which includes plate bending rolls machinery, cutting machinery, drilling machinery, cranes etc.
- b) the raw materials, stock, work-in-progress and finished goods of the Business
- c) the Business Intellectual Property Rights
- d) the benefit (subject to the burden) of all Contracts
- e) the benefit of all Business Claims
- f) the Goodwill
- g) the Trade Debtors
- h) the benefit of the Leased Equipment (subject to the burden of the Lease Agreements) which mainly consists of leases of a fleet of vehicles
- i) the Properties used in the Business
- j) electronic data systems equipment which includes all computer hardware and software used by the Business

## INFORMATION ON COCHRAN

## APPENDIX II

### INTRODUCTION

Cochran was founded in 1878 and has been based at its current freehold premises at Annan, Dumfriesshire in the south west of Scotland since 1898. Cochran boasts a long and successful trading history in the design, manufacture, operation and maintenance of shell boiler products and services.

Today, Cochran offers a comprehensive range of steam and hot water boilers suitable for oil, gas, dual-fuel, coal firing and waste-heat gases, and has gained a world-wide reputation for efficiency and reliability. Cochran has sold in excess of 5,000 boilers in the last twenty years. With this unrivalled and significant experience behind it, the Cochran name is a very strong brand and is highly respected in the market place.

Cochran was a division of Rolls-Royce Power Engineering Plc.

### MAJOR CLIENTS

The major clients are as follows:-

<u>Present Major Clients</u>	Contract Sum £'000
Rolls-Royce Industrial Power HK Ltd	112
ICI Chemicals & Polymers Ltd	232
Bechtel Corp	290
Jordan Eng	163
Armastoke Ltd	136
Bass Ireland Ltd	196
Beijing Yi Hai Garden Estate Dev Co	283
Pfizer Co	154
Argent Building Services	386
Sichuan Petroleum Co	144
Waverly Excursions Ltd	196
A & P Paraskevides Ltd	181
Daikia Utilities Services Ltd	268
Kvaerner Process (UK) Ltd	522
<u>Past Major Clients</u>	£'000
Pudong Airport	1872
Dubgeness SB Power Station	161
Cameron Bridge	1023
PortDan Das	770
R-R Power Ventures Coca Cola	350
Huppman Handel	402
Huppman Handel	225
Glaxo Welcome	355
Ermitage Engineering	158
Safeskin	121
Whitehall District Heating	300
Bechtel	300
BNFL Springfield	1600

Kings Lynn Power Station	250
South Humberbank Power Station	360
Rolls-Royce Hucknell Site	560
Cetech Lancaster	216
Garden Isle Frozen Foods	315
Didcot Power Station	522
Kemsley Mill	800

**Production Capacity**

- The workforce is currently running at the equivalent of 107,000 hours per annum (approximately 270 boilers).
- The factory is capable of a throughput of 201,000 hours per annum (approximately 515 boilers).

**Total Output of Boilers in the last five (5) financial years**

Year	1995	1996	1997	1998	1999
<b>No of boilers</b>	347	375	359	332	231

**No. of Lines & Shifts**

- 4 main lines (small boilers, large boilers, burners and self-manufactured parts)
- current operating on 1 shift, with capability of up to 3 shifts.

**FINANCIAL INFORMATION**

As Cochran was a division of Rolls Royce, no separate audited accounts were produced for the division and therefore the historical financial information below has been extracted from the audited divisional management accounts except for the financial information for the six (6) months period ended 30 June 2000 which was not audited.

The results of Cochran for the past five (5) financial years ended 31<sup>st</sup> December 1999 and the six (6) months period ended 30 June 2000 are as follows:-

	Year ended 31-12-1995	Year ended 31-12-1996	Year ended 31-12-1997	Year ended 31-12-1998	Year ended 31-12-1999	6 month period ended 30-06-2000
	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000
Turnover	21,077	21,684	20,623	20,223	12,978	5,555
Cost of Sales	<u>(13,733)</u>	<u>(14,483)</u>	<u>(13,089)</u>	<u>(13,802)</u>	<u>(7,954)</u>	<u>(3,434)</u>
Gross Profit	7,344	7,201	7,534	7,141	5,024	2,121
Overheads	<u>(6,160)</u>	<u>(6,130)</u>	<u>(6,564)</u>	<u>(6,577)</u>	<u>(5,542)</u>	<u>(3,008)</u>
Division Operating Profit/ (Loss)	1,184	1,071	970	564	(518)	(887)
	=====	=====	=====	=====	=====	=====

Notes:-

- (i) *The marginal decrease in operating profit for the financial year ended 31 December 1998 was mainly due to the lower margins generated as a result of price reductions. The price reductions was necessitated to maintain volume following the fall in boiler demand especially in Asia brought about by the contagion effect of the financial crisis during that year.*
- (ii) *The loss registered in the financial year ended 31 December 1999 was mainly due to the exceptionally lower turnover generated during the financial year as a result of the adverse trading conditions in the oil, gas, power generation and petrochemical markets in the United Kingdom and the regional financial crisis in Asia during that year.*
- (iii) *The pre-acquisition results of Cochran Boilers is included in the above financial information for the six (6) months period ended 30 June 2000. As the Acquisition price of Cochran Boilers is at net book value at the date of completion, hence the pre-acquisition loss of Cochran Boilers have been reflected in the Acquisition price. The breakdown of the pre-acquisition and post-acquisition results of Cochran Boilers for the six (6) months period ended 30 June 2000 is as follows:-*

	6 months period ended 30 June 2000	
	Pre-acquisition (3 months)	Post-acquisition (3 months)
	GBP'000	GBP'000
Turnover	1,775	3,780
Cost of Sales	<u>(1,064)</u>	<u>(2,370)</u>
Gross Profit	711	1,410
Overheads	<u>(1,114)</u>	<u>(1,894)</u>
Operating Loss	( 403)	( 484)
	=====	=====

- (iv) *The exceptionally higher losses suffered in the six (6) months period ended 30 June 2000, was mainly due to the exceptionally lower turnover generated in the 1<sup>st</sup> quarter of Year 2000 brought about by the continued adverse trading conditions in the oil, gas power generations and petrochemical markets in the United Kingdom. Nevertheless, the turnover generated during the 2<sup>nd</sup> quarter of Year 2000 has increased 113% compared with the 1<sup>st</sup> quarter of Year 2000 mainly due to an increase in the quantum of contracts secured and performed during that period.*

**COMPETITIVE ADVANTAGE**

Cochran's principal competitive advantage is that it offers a complete steam and hot-water generation service (i.e supply, commissioning, design, maintenance and after sales support) whilst many of its competitors concentrate more on boiler manufacture. The wider product range that Cochran can deliver relative to many of its competitors ensures that it is well positioned in relation to market trends towards including "power by the hour" contract energy supply arrangement and remote boiler control and monitoring.

"Power by the hour" contract energy supply arrangements relates to businesses which lease boilers indirectly by charging on the basis of heat energy used by the lessor. Whereas remote boilers control and monitoring relates to recent market trends which requires the need for remote control systems and electronic data input for the control and monitoring of operational boiler data.

Other key competitive advantages enjoyed by Cochran are:

- exceptionally strong brand recognition in the United Kingdom and Asia/China, coupled with strong heritage;

- a very high level of embedded value within the business in respect of the large volume of identifiable Cochran boilers still operating world-wide and which can provide future after-market revenue which comprises spares and retrofit of ancillaries;
- exceptionally strong coverage of its United Kingdom after-market by a team of 40 service engineers which is unrivalled in the United Kingdom market and which enable the business to meet the increasing demand in the United Kingdom for outsourced boiler maintenance services, spares and retrofit of ancillaries; and
- alone among United Kingdom manufacturers, Cochran manufactures a pressure jet burner which not only provides differentiation, but allows it to control an element of its own after-market in relation to these key factors within boiler assemblies.

#### **BUSINESS OVERVIEW**

Key features of Cochran's business can be summarised as follows:-

- New boiler sales are principally made to United Kingdom and Asian markets (particularly China) whereas after-market sales (services and spares) are principally made to the United Kingdom market.
- Cochran is the United Kingdom market leader for shell package boilers with an estimated 30% share of the new boiler market.
- Some GBP9.7 million (i.e 48%) of Cochran's 1998 turnover was generated by sales of Cochran's three steam boiler packages, namely the Thermax, the Wee Chieftain and the Bordered.
- Cochran's routes to market principally comprise clients and contractors in the United Kingdom market and clients and distributors in the export market.
- During 1999, Cochran suffered from a fall in boiler demand both in United Kingdom and in its Asian markets. In order to maintain volume throughout and minimise overhead costs, Cochran has become more customer focused (concentrating on after-market for commercial boilers) than was previously the case and is now well placed to take advantage of an upturn in global markets. The fall in boiler demand in the United Kingdom in 1999 was mainly due to the adverse trading conditions in the oil, gas, power generation and petrochemical markets in the United Kingdom whereas the fall in boilers demand in Asian market was mainly attributable to the economic crisis in Asia. Nevertheless, the management are of the opinion that the Asian market is expected to improve in line with the its economic recovery and the situation in the United Kingdom is also expected to improve.
- Cochran's management has identified opportunities to develop its after-market potential for its jet-burners (particularly overseas) and leverage from its global sales in excess of 5,000 new boilers in the last twenty years.
- Cochran operates from freehold premises, which offer considerable scope for expansion of production capacity.

- In 1989 Cochran's Quality Assurance procedures were awarded Lloyd's approval to BS5750 (ISO9000)
- In recent years, Cochran has invested GBP1.0 million in a new semi-automated plant to improve its production procedures, reduce operating costs and production lead times, and increase available manufacturing capacity.

**MANAGEMENT AND EMPLOYEES**

Cochran currently employs 229 committed, highly skilled and highly experienced employees covering all relevant engineering and manufacturing disciplines. Employees have an in-depth understanding and application of shell boiler technology and in particular, the senior management team has considerable knowledge and experience of the boiler industry.

## APPENDIX III

### INFORMATION ON MECHMAR CORPORATION (MALAYSIA) BERHAD

**1. Company**

*Mechmar Corporation (Malaysia) Berhad (Company No. 13380-M)*

**2. Date and Place of Incorporation**

19 December, 1972

**3. Date of Listing**

17 January, 1986

**4. Principal Activities**

The Company is principally an investment holding company with provision of management services to its subsidiaries. Through its subsidiaries, Mechmar is involved in manufacturing, fabrication and installation of boilers and solar-heaters, trading of valves and pumps, retailing business, contract fabrication, plant installation, mechanical piping, installation of steel tanks and vessels and related engineering works. The Group is also involved in property development, share financing and the construction, development and operation of an independent power plant.

**5. Year of Commencement**

1973

**6. Share Capital**

Type	No of ordinary Shares	Par Value (RM)	Amount (RM)
Authorised	500,000,000	1.00	500,000,000
Issued and Paid-up	149,643,000	1.00	149,643,000

The changes in the issued and paid-up capital of the Company since incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares	Par Value (RM)	Consideration	Total Issued and Paid-up Capital (RM)
19.12.1972	4	1.00	Cash	4
24.04.1973	151,996	1.00	Cash	152,000
15.07.1974	210,000	1.00	Cash	362,000
31.01.1975	10,000	1.00	Cash	372,000
27.08.1975	5,000	1.00	Cash	377,000

<b>Date of Allotment</b>	<b>No. of Ordinary Shares</b>	<b>Par Value (RM)</b>	<b>Consideration</b>	<b>Total Issued and Paid-up Capital (RM)</b>
28.02.1976	123,000	1.00	Cash	500,000
30.08.1977	100,000	1.00	Cash	600,000
26.12.1978	600,000	1.00	Cash	1,200,000
21.04.1980	750,000	1.00	Issued for the acquisition of	1,950,000
			MBSB** (RM1 each)	
16.12.1980	1,650,000	1.00	Cash	3,600,000
23.05.1981	1,000,000	1.00	Cash	4,600,000
30.07.1981	123,000	1.00	Cash	4,723,000
26.09.1981	30,000	1.00	Cash	4,753,000
26.09.1981	11,000	1.00	Issued for the acquisition of	4,764,000
			IECSB** (RM1 each)	
30.07.1982	142,000	1.00	Cash	4,906,000
25.08.1983	494,000	1.00	Cash	5,400,000
12.11.1983	1,010,000	1.00	Cash	6,410,000
30.12.1983	1,590,000	1.00	Cash	8,000,000
30.04.1984	200,000	1.00	Cash	8,200,000
22.02.1985	4,172,359	1.00	Issued for the acquisition of the entire issued and paid-up capital of BESA, BMSB and BPSB** -(RM1.8214 each)	12,372,359
29.10.1985	7,627,641	1.00	Bonus Issue* (RM1) o.8165 new share for every existing share held	20,000,000
14.12.1985	10,000,000	1.00	Public Issue (RM1)	30,000,000
17.08.1990	10,000,000	1.00	Rights Issue (RM1.70) 1 new share for 3 existing shares held	40,000,000
20.02.1991	21,000	1.00	ESOS	40,021,000
07.03.1991	42,000	1.00	ESOS	40,063,000
18.03.1991	43,000	1.00	ESOS	40,106,000
23.04.1991	106,000	1.00	ESOS	40,212,000
26.04.1991	36,000	1.00	ESOS	40,248,000
09.05.1991	22,000	1.00	ESOS	40,270,000
15.05.1991	14,000	1.00	ESOS	40,284,000
11.06.1991	12,000	1.00	ESOS	40,296,000
25.06.1991	8,000	1.00	ESOS	40,304,000
15.07.1991	8,000	1.00	ESOS	40,312,000

<b>Date of Allotment</b>	<b>No. of Ordinary Shares Paid-up Capital</b>	<b>Par Value (RM)</b>	<b>Consideration (RM)</b>	<b>Total Issued and</b>
20.08.1992	28,000,000	1.00	Issued for the acquisition of the entire and issued Paid-up capital of RESB** (RM1.50 each)	68,312,000
28.05.1993	28,000	1.00	ESOS	68,340,000
02.06.1993	2,000	1.00	ESOS	68,342,000
07.06.1993	6,000	1.00	ESOS	68,348,000
05.10.1993	8,000	1.00	ESOS	68,356,000
09.10.1993	16,000	1.00	ESOS	68,372,000
15.10.1993	7,000	1.00	ESOS	68,379,000
28.10.1993	7,000	1.00	ESOS	68,386,000
26.11.1993	102,000	1.00	ESOS	68,488,000
10.12.1993	28,000	1.00	ESOS	68,516,000
21.12.1993	74,000	1.00	ESOS	68,590,000
22.12.1993	280,000	1.00	ESOS	68,870,000
28.12.1993	32,000	1.00	ESOS	68,902,000
05.01.1994	5,000	1.00	ESOS	68,907,000
17.01.1994	2,000	1.00	ESOS	68,909,000
03.03.1994	20,000	1.00	ESOS	68,929,000
24.03.1995	22,000	1.00	ESOS	68,951,000
07.04.1995	4,000	1.00	ESOS	68,955,000
19.04.1995	7,000	1.00	ESOS	68,962,000
28.04.1995	6,000	1.00	ESOS	68,968,000
02.06.1995	4,000	1.00	ESOS	68,972,000
08.06.1995	12,000	1.00	ESOS	68,984,000
27.06.1995	6,000	1.00	ESOS	68,990,000
11.07.1995	6,000	1.00	ESOS	68,996,000
07.08.1995	11,000	1.00	ESOS	69,007,000
30.08.1995	3,000	1.00	ESOS	69,010,000
01.09.1995	160,000	1.00	ESOS	69,170,000
01.12.1995	10,000	1.00	ESOS	69,180,000
01.12.1995	59,000	1.00	ESOS	69,239,000
04.12.1995	7,000	1.00	ESOS	69,246,000
22.12.1998	69,246,000	1.00	Rights Issue-(RM 1 each) 1 new share for every existing share held	138,492,000
16.07.1999	60,000	1.00	ESOS	138,552,000
26.07.1999	72,000	1.00	ESOS	138,624,000
27.09.1999	9,000	1.00	ESOS	138,633,000
28.01.2000	179,000	1.00	ESOS	138,812,000
31.01.2000	141,000	1.00	ESOS	138,953,000

<b>Date of Allotment</b>	<b>No. of Ordinary Shares Paid-up Capital</b>	<b>Par Value (RM)</b>	<b>Consideration (RM)</b>	<b>Total Issued and</b>
24.02.2000	152,000	1.00	ESOS	139,105,000
03.03.2000	51,000	1.00	ESOS	139,156,000
31.03.2000	37,000	1.00	ESOS	139,193,000
21.06.2000	10,450,000	1.00	Private Placement (RM1.1483 each)	149,643,000
28.07.2000	3,000	1.00	ESOS	149,646,000

Notes:-

\* Effected by the capitalisation of RM3,980,338 from the capital reserve account and RM3,647,303 from the share premium account.

\*\* MBSB Mechmar Boilers Sdn Bhd  
IECSB IE Candid Sdn Bhd  
BESB Bells Engineering Sdn Bhd  
BMSB Bells Marketing Sdn Bhd  
BPSB Bells Properties Sdn Bhd  
RESB Relau Estates Sdn Bhd

#### 7. Present Shareholding Structure

The shareholding structure of Mechmar as at 28 September 2000 as per the Register of Members is set out below:-

<b>Category of Shareholders</b>	<b>No of ordinary Share held</b>	<b>% of Shareholdings</b>		
		<b>MALAYSIAN</b>	<b>FOREIGN</b>	
Individual Body Corporate	84,655,708	6,038,490	56.57	4.04
(A) Banks/ Finance Companies	3,009,331	0	2.01	0
(B) Investment/ Trusts/ Foundation/ Charities	20,000	2,000	0.01	0
(C) Industrial and Commercial Companies	2,775,308	196,000	1.85	0.13
Government Agencies/ Institutions	232,000	0	0.16	0
Nominees	43,872,165	8,844,988	29.32	5.91
Others	0	0	0	0
	<b>134,564,512</b>	<b>15,081,488</b>	<b>89.92</b>	<b>10.08</b>

8. **Present Substantial Shareholders**

The substantial shareholders of Mechmar as per the Register of Substantial Shareholders as at 28 September 2000 are as follows:-

SHAREHOLDER	SHAREHOLDINGS AS AT 28 September 2000			
	DIRECT INTEREST		DEEMED INTEREST	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Dato' Tan Kin Wan @ Tan Kean Wan *	18,408,000	12.3	6,335,000	4.23
Tan Keng Boon +	127,000	0.08	24,616,000	16.45
Eirlys Ltd	6,450,000	4.31	-	-
Datuk Baharuden Bin Abd Majid #	5,260,000	3.51	-	-
Teoh Sin Han	4,941,000	3.30	-	-
Mekmore Sdn Bhd **	4,090,000	2.73	-	-
Low Hua Pek ^	-	-	4,090,000	2.73
Quek Keng Seng	3,845,729	2.57	-	-

**Notes:-**

\* 13,784,000 ordinary shares, representing 9.21% of the issued and paid-up share capital of Mechmar, are held through HLB Nominees (Tempatan) Sdn Bhd.

563,000 ordinary shares, representing 0.38% of the issued and paid-up share capital of Mechmar, are held through Citicorp Nominees (Asing) Sdn Bhd.

4,061,000 ordinary shares, representing 2.71% of the issued and paid-up share capital of Mechmar, are held through Mayfin Nominees (Tempatan) Sdn Bhd.

Deemed interest via his shareholdings in Takewa Sdn Bhd (1,510,000 ordinary shares, representing 1.01% of the issued and paid-up share capital of Mechmar, are held through UMB Nominees (Tempatan) Sdn Bhd).

Deemed interest via his shareholdings in Mekmore Sdn Bhd (1,438,000 ordinary shares, representing 0.96% of the issued and paid-up share capital of Mechmar, are held through TA Nominees (Tempatan) Sdn Bhd and 2,500,000 ordinary shares, representing 1.67% of the issued and paid-up share capital of Mechmar, are held through Oriental Nominees (Tempatan) Sdn Bhd and 152,000 ordinary shares, representing 0.1% of the issued and paid-up share capital of Mechmar, are held through Amsec Nominees (Tempatan) Sdn Bhd)

*Deemed Interest under Connected Persons who are family members:-*

- 321,000 ordinary shares, representing 0.21% of the issued and paid-up share capital of Mechmar, are held through Yap Wen Shion
  - 127,000 ordinary shares, representing 0.08% of the issued and paid-up share capital of Mechmar, are held through Tan Keng Boon
  - 120,000 ordinary shares, representing 0.08% of the issued and paid-up share capital of Mechmar, are held through Dr Michelle Tan Geoh Ean
  - 110,000 ordinary shares, representing 0.07% of the issued and paid-up share capital of Mechmar, are held through Dr Michelle Tan Geoh Ean
  - 57,000 ordinary shares, representing 0.038% of the issued and paid-up share capital of Mechmar, are held through Lee Jee Wei
- + Deemed interested by virtue of direct and indirect shareholdings of his father, Dato' Tan Kin Wan @Tan Kean Wan
- 6,450,000 ordinary shares, representing 4.31% of the issued and paid-up share capital of Mechmar, are held through Citicorp Nominees (Asing) Sdn Bhd
- # 5,260,000 ordinary shares, representing 3.51% of the issued and paid-up share capital of Mechmar, are held through Mayfin Nominees (Tempatan) Sdn Bhd.
- \*\* 1,438,000 ordinary shares, representing 0.96% of the issued and paid-up share capital of Mechmar, are held through TA Nominees (Tempatan) Sdn Bhd and 2,500,000 ordinary shares, representing 1.67% of the issued and paid-up share capital of Mechmar, are held through Oriental Nominees (Tempatan) Sdn Bhd and 152,000 ordinary shares, representing 0.1% of the issued and paid-up share capital of Mechmar, are held through Amsec Nominees (Tempatan) Sdn Bhd
- ^ Deemed interest via his shareholdings in Mekmore Sdn Bhd 1,438,000 ordinary shares, representing 0.96% of the issued and paid-up share capital of Mechmar, are held through TA Nominees (Tempatan) Sdn Bhd and 2,500,000 ordinary shares, representing 1.67% of the issued and paid-up share capital of Mechmar, are held through Oriental Nominees (Tempatan) Sdn Bhd and 152,000 ordinary shares, representing 0.1% of the issued and paid-up share capital of Mechmar, are held through Amsec Nominees (Tempatan) Sdn Bhd

The Bumiputra shareholders of Mechmar as per the Register of Substantial Shareholders as at 28 September 2000 are as follows:-

SHAREHOLDER	SHAREHOLDINGS AS AT 28 September 2000			
	DIRECT INTEREST		DEEMED INTEREST	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Datuk Baharuden Bin Abd Majid #	5,260,000	3.51	-	-

# 5,260,000 ordinary shares, representing 3.51% of the issued and paid-up share capital of Mechmar, are held through Mayfin Nominees (Tempatan) Sdn Bhd.

9. **Board of Directors**

The Board of Directors of Mechmar and their respective shareholdings as per the Register of Directors' shareholdings as at 28 September 2000 are as follows:-

Name	Address	Nationality	No. of ordinary shares held			
			Direct	%	Indirect	%
Dato' Tan Kin Wan @ Tan Kean Wan *	43 Jalan Batai Damansara Heights 50490 Kuala Lumpur	Malaysian	18,408,000	12.30	6,335,000	4.23
Datuk Baharuden Bin Abd Majid #	11 Jalan SS19/4D Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan	Malaysian	5,260,000	3.51	-	-
Low Hua Pek ^	1121 Block 170 Stirling Road Singapore	Singaporean	-	-	4,090,000	2.73
Ahmad @ Misron Bin Yusof	30 Jalan SS7/4 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Malaysian	-	-	-	-
Loh Kiat Loon	86 Jalan BU3/2 Bandar Utama Damansara 47800 Petaling Jaya Selangor Darul Ehsan	Malaysian	-	-	-	-
Tan Keng Boon +	86-4 Seri Duta 1 Jalan Gallagher Taman Duta 50480 Kuala Lumpur	Malaysian	127,000	0.08	24,616,000	16.45

Notes:-

(\*), (#), (^) & (+) Kindly refer to the previous corresponding notes on pages 5 and 6 of Appendix III

The following details the directorship and shareholdings of the Directors of Mechmar in other public companies for the past three (3) years:-

Name of Director	Company	Year appointed	Year Resigned	No of ordinary shares held			
				Direct	%	Indirect	%
Dato' Tan Kin Wan @ Tan Kean Wan	-	-	-	-	-	-	-
Datuk Baharuden Bin Abd Majid	-	-	-	-	-	-	-
Low Hua Pek	-	-	-	-	-	-	-
Ahmad @ Misron Bin Yusof	Kambu Holdings Berhad	01.10.1999	-	-	-	-	-
	SJ Kumpulan Berhad	01.10.1999	-	-	-	-	-
	Syarikat Permodalan Kebangsaan Berhad	01.10.1999	-	-	-	-	-
Loh Kiat Loon	-	-	-	-	-	-	-
Tan Keng Boon	-	-	-	-	-	-	-

#### 10. Subsidiary Companies As At 28 September 2000

The subsidiary companies are:-

Name of Company	Date of Incorporation	Issued and paid-up ordinary share capital	Effective equity interest %	Principal activities
DIRECT SUBSIDIARIES <i>Incorporated in Malaysia</i>				
Aeromore Corporation (M) Sdn Bhd	10.08.1989	RM2	100	Dormant
Bells Marketing Sdn Bhd	20.12.1980	RM2,400,000	100	Trading of insulation materials, valves and other engineering components
Bells Properties Sdn Bhd	26.12.1980	RM2,563,225	100	Renting of leasehold land and building

<b>Name of Company</b>	<b>Date of Incorporation</b>	<b>Issued and paid-up ordinary share capital</b>	<b>Effective equity interest %</b>	<b>Principal activities</b>
Handi-Mart (Malaysia) Sdn Bhd	08.05.1992	RM6,500,000	100	Retailing of home improvement products
Handi-Mart (USJ) Sdn Bhd	20.10.1997	RM1,000,000	100	Retailing of home improvement products
IE Candid Sdn Bhd	26.02.1980	RM2,500,000	100	Ceased operations and dormant
Mechmar Boilers Sdn Bhd	07.11.1974	RM5,900,000	100	Manufacture and trading of industrial boilers
Mechmar Capital Sdn Bhd	15.12.1983	RM8,000,000	100	Leasing, hire-purchase and share financing
Mechmar Energy Sdn Bhd	03.09.1979	RM1,500,000	100	Power plant system design and supply and installation of industrial boilers
Mechmar Envirotech Sdn Bhd	12.05.1977	RM900,000	100	Dormant
Mechmar Heavy Industries Sdn Bhd	31.10.1990	RM500,000	100	Engineering fabrication and contracting
Mechmar Maju Sdn Bhd	13.03.1978	RM1,250,000	100	Ceased operations and dormant
Mechmar Polymer Services Sdn Bhd	25.02.1989	RM2	100	Retailing of home improvement products
Orchid Properties Sdn Bhd	26.10.1973	RM10,000	100	Pre-operating
Relau Estates Sdn Bhd	27.10.1964	RM3,000,000	100	Property Development
Solar-Mate Sdn Bhd	02.02.1983	RM300,000	100	Retailing of solar-heaters
Titian Properties Sdn Bhd	26.12.1989	RM250,000	100	Property management and investment holding
Tujuan Adil Sdn Bhd	11.05.1994	RM200,000	100	Investment in properties for rental

<b>Name of Company</b>	<b>Date of Incorporation</b>	<b>Issued and paid-up ordinary share capital</b>	<b>Effective equity interest %</b>	<b>Principal activities</b>
<i><u>Incorporated in Labuan</u></i>				
Mechmar (L) Ltd	17.07.1999	USD2,000	100	Investment holding
<i><u>Incorporated in Hong Kong</u></i>				
Mechmar (HK) Limited	05.01.1988	HKS2	100	Investment holding
<i><u>Incorporated in Tanzania</u></i>				
Independent Power Tanzania Limited	01.11.1994	TSH50,000	70	Operating of a power generation plant
INDIRECT SUBSIDIARIES				
<i><u>Incorporated in Malaysia</u></i>				
Awan Setia Sdn. Bhd	1.6.1993	RM2	100	Provision of property management services
Mechmar Capital Nominees (Tempatan) Sdn. Bhd.	16.4.1993	RM2	100	Pre-operating
Mechmar Process Technology Sdn Bhd	25.3.1987	RM2	100	Pre-operating
Resource Premium Sdn Bhd	27.09.1990	RM10,000	100	Property development
Mechmar Stork Ketels Sdn Bhd	23.01.1996	RM700,000	51	Ceased operations and dormant (under voluntarily winding-up)
Sri Komakmur Sdn Bhd	15.12.1990	RM512,000	51	Property development
Thermomax (Malaysia) Sdn. Bhd	22.2.1991	RM2	100	Ceased operations and dormant

<b>Name of Company</b>	<b>Date of Incorporation</b>	<b>Issued and paid-up ordinary share capital</b>	<b>Effective equity interest %</b>	<b>Principal activities</b>
<b>INDIRECT SUBSIDIARIES</b>				
<u><i>Incorporated in United Kingdom</i></u>				
Beel Industrial Boilers Plc	11.01.1988	£1,219,038	94.69	Manufacture of steam generating equipment, waste, heat recovery systems and associated products and services
BIB Group Plc	11.01.1988	£1,069,038	94.69	Investment holding and provision of management services to subsidiaries
BIB Property Ltd	23.06.1997	£100	94.69	Property owning
ME Engineering Ltd	30.01.1992	£2	94.69	Manufacture of steam generating equipment, waste, heat recovery systems and associated products and services
Robey of Lincoln Ltd	29.12.1987	£2	94.69	Property owning
Cochran Boilers Ltd (Formerly known as Roundedge Limited)	25.11.1999	£1	94.69	Manufacturing and marketing of industrial boilers, steam generating plant, vessels, fabrications and associated product support services
<u><i>Incorporate in Indonesia</i></u>				
PT Mechmar Jaya Industries	12.03.1987	RP3,000,000	95	Manufacture and trading of industrial boilers
<u><i>Incorporated in Sri Lanka</i></u>				
Mechmar Lanka (Pte) Ltd	28.01.1986	SLRS1,000,000	100	Supply, installation and servicing of industrial boilers
<u><i>Incorporated in the Republic of Singapore</i></u>				
IE Candid (S) Pte Ltd	05.09.1988	S\$300,000	100	Dealer in kitchen equipment, utensils and appliances

<b>Name of Company</b>	<b>Date of Incorporation</b>	<b>Issued and paid-up ordinary share capital</b>	<b>Effective equity interest %</b>	<b>Principal activities</b>
IE Services Pte Ltd	19.03.1993	SS2	100	Services contractor for kitchen equipment, utensils and appliances
<b><i>Associate company</i></b>				
<b><u>Incorporated in Malaysia</u></b>				
Mechmar Keppel Engineering Sdn Bhd	19.7.1991	RM9,000,000	47.5	Undertaking thermal insulation, mechanical piping contracts and the fabrication and installation of steel tanks and vessels

**INFORMATION ON BIB GROUP PLC**

1.	Date and Place of Incorporation	:	11 January, 1988 United Kingdom
2.	Listing	:	None
3.	Principal Activities	:	Investment holding and provision of management services to subsidiaries.
4.	Share Capital :		
		No. of Ordinary Share	Par Value £                      £
	Authorised-Preference	150,000	1.00                      150,000-00
	- 'A' ordinary	2,024,628	0.50                      1,012,314-00
	- B ordinary	775,372	0.50                      387,686-00
	Issued and paid-up		
	- Preference	150,000	1.00                      150,000-00
	- 'A' ordinary	2,024,628	0.50                      1,012,314-00
	- 'B' ordinary	113,449	0.50                      56,724.50
5.	Shareholders As At 28 September, 2000		
	Shareholders	No. of Ordinary Shares	% of Shares
	Mechmar (L) Ltd		
	- Preference	150,000	}100.00
	- 'A' ordinary	2,024,628	} 94.69
	Public - 'B' ordinary	113,449	5.31
		2,138,077	100.00
		=====	=====
6.	Particulars of Directors As At 28 September, 2000		
	Name & Address	No. of Ordinary Shares held	
	Neville Charles Beel Danesbury, Sibthorpe Gardens Canwick, Lincoln	85,001 ('B' Ordinary)	

Name & Address	No. of Ordinary Shares held
William Paul Setchfield The Laurels, 6 Church Street, Alwalton, Peterborough Cambridge	6,966 ('B' Ordinary)
David Roger Howe The Windmill, Long Lane Ingham, Lincoln	10,000 ('B' Ordinary)
Allen Edgar Playford The Old Rectory, North Lane, Navenby, Lincoln	None
Dato' Tan Kim Wan @ Tan Kean Wan No. 43, Jalan Batai, Damansara Heights, 50490 Kuala Lumpur	None
Datuk Baharuden Bin Abd Majid No. 11, Jalan SS19/4D, Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan	None
Chong Kok Cheong No. 33, Jalan SS2/106 47300 Petaling Jaya, Selangor Darul Ehsan	None
Tan Keng Boon 86-4 Seri Duta 1 Jalan Gallagher Taman Duta 50480 Kuala Lumpur	None
Alternate Directors : Kannan Kuppusamy 6B, Jalan Kampung Jawa, Kampung Tarum 80100 Johor Bahru	None
Loh Kiat Loon 86 Jalan BU 3/2 Bandar Utama, Damansara 47800 Petaling Jaya	None

**INFORMATION ON MECHMAR (L) LTD****1. Company**

*Mechmar (L) Ltd (Company No. LL02045)*

**2. Date and Place of Incorporation**

17 August, 1999  
Labuan, Malaysia

**3. Principal Activities**

Investment Holding

**4. Share Capital**

<b>Type</b>	<b>No. of Ordinary Shares</b>	<b>Par Value (USD)</b>	<b>Amount (USD)</b>
Authorised	50,000	1	50,000
Issued and Paid-up	2,000	1	2,000

**5. Shareholders**

Mechmar Corporation (Malaysia) Berhad

**6. Particulars of Directors**

Leong Oi Mooi  
I/C 5474670  
4 Lorong SS2/25A  
Petaling Jaya  
47300 Petaling Jaya

Loh Kiat Loon  
I/C 3297818  
86 Jalan 3/2  
Bandar Utama, Damansara  
Petaling Jaya  
47800 Selangor

APPENDIX VI

**INFORMATION ON COCHRAN BOILERS LIMITED  
(FORMERLY KNOWN AS ROUNDEDGE LTD)**

1. Date and Place of Incorporation : 25 November, 1999  
United Kingdom
2. Listing : None
3. Principal : Manufacturing and marketing of industrial  
boilers, steam generating plant, vessels,  
fabrications and associated product support  
services

4. Share Capital :

	No. of Ordinary Share	Par Value £	£
Authorised	1,000	1.00	1,000.00
Issued and paid-up	1	1.00	1.00

7. Shareholders As At 28 September 2000

Shareholders	No. of Ordinary Shares	% of Shares
BIB Group Plc	1	100

8. Particulars of Directors As At 28 September 2000

Name & Address	No. of Ordinary Shares held
Neville Charles Beel Danesbury, Sibthorpe Gardens Canwick, Lincoln	None
David Roger Howe The Windmill, Long Lane Ingham, Lincoln	None

**FURTHER INFORMATION****1. Directors' Responsibility**

*This Circular has been seen and approved by the Directors of Mechmar and they individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that after making all reasonable enquiries to the best of their knowledge and belief, there are no material omission of information which would make any statement herein misleading.*

**2. Material Litigation and Contingent Liabilities**

2.1 Neither Mechmar nor its subsidiary companies are engaged in any material litigation either as plaintiff or defendant and the Directors of Mechmar are not aware of any proceedings pending or threatened against Mechmar or its subsidiary companies or of any facts likely to give rise to any proceedings which might materially affect the position and business of the Mechmar Group, except as disclosed below:

- (i) Respondent : Independent Power Tanzania Limited ("IPTL")  
Claimant : Tanzania Electricity Company Ltd. ("TANESCO")

**Status**

IPTL, a subsidiary of Mechmar, is involved in the construction, operation and maintenance of a 100MW diesel power station in Tanzania. ("the Project")

Dispute having arisen in relation to the Project, TANESCO requested for Arbitration in December 1998 to be heard by the International Centre For Settlement of Investment Disputes following which the arbitrators ruled that TANESCO did not have the right to terminate the Power Purchase Agreement. Nevertheless, the arbitrators ruled that the resultant tariff for the power purchase is to be based on reasonable costs incurred in developing the power station. Both IPTL and TANESCO are to submit their final post-hearing submissions by September 2000.

- (ii) Plaintiff : Arab - Malaysian Bank Berhad ("AMBB")  
Defendant : Sri-Komakmur Sdn Bhd ("SK")  
Amount claimed : RM19,285,869.96

**Status**

SK, a 51% owned indirect subsidiary of Mechmar, has been granted credit facilities of RM30.8 million by AMBB to finance the purchase and development of three (3) pieces of properties in Setapak, Kuala Lumpur ("the Properties"). The credit facilities are secured inter alia by a charge on the Properties.

Following a notice of withdrawal of facilities, AMBB commenced court proceedings against SK to recover the amount drawdown of RM15.8 million plus interest and also commenced foreclosure proceedings to enforce their charge on the Properties. The current status of the foreclosure proceedings is still pending.

iii)	Plaintiff	:	The Commissioner General of the Tanzania Revenue Authority
		:	The Commissioner for Income Tax – Tanzania
	Defendant	:	Independent Power Tanzania Limited (“IPTL”)
	Amount Claimed	:	TSH 1,863 million (approximately RM10.16 million)

**Status**

IPTL, a subsidiary of Mechmar was issued with an assessment of unremitted withholding tax on goods and services and unpaid withholding tax on professional services payments made to the contractor and the project consultant amounting to TSH 1,863 million.

IPTL had filed an Application for leave to defend the case on as IPTL’s contention is that the payments to the contractor and the project consultant were effected by Mechmar and not IPTL.

- 2.2 Neither the Business of Cochran Boilers nor Roundedge Limited are engaged in any material litigation either as plaintiff or defendant as at the date of this Circular and the Directors are not aware of any proceedings pending or threatened against Cochran Boilers and/ or Roundedge Limited or of any facts likely to give rise to any proceedings which might materially affect the position of the Business of Cochran Boilers and/ or Roundedge Limited.

**3. Material Contracts**

- 3.1 Save as disclosed below, Mechmar and its subsidiaries have not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years preceding the date of this Circular:-
- a. On 18 May 1999 a sale and purchase agreement was entered into between Mechmar and First Atlantic (M) Sdn Bhd for the purchase of a piece of land under GM113 No. Lot 675 in the Mukim of Damansara and State of Selangor together with a building erected thereon and bearing postal address Lot 675 Jalan SS13/1K, Subang Jaya, 47500 Petaling Jaya, Selangor by Mechmar;
  - b. Supplementary underwriting agreement dated 10 September, 1998 between Mechmar and Amanah Merchant Bank Berhad for the underwriting of 53,802,000 new ordinary shares to be issued pursuant to the rights issue of 69,246,000 new ordinary shares RM1.00 each at an underwriting commission of 1.75% on the issue price of RM1.00 per share;
  - c. Sales and Purchase Agreement dated 18 March, 2000 entered into between Rolls-Royce, BIB and Mechmar for the sale and purchase of the Business and Business Assets of Cochran Boilers;

- d. A sale and purchase agreement entered into between Sri Komakmur Sdn Bhd ("SK"), a 51% indirect subsidiary of Mechmar and Leonard Glenn Francis on 27 October, 1999 for the disposal of a piece of land under title no. HS(D) 60476, PT No 12822, Mukim of Kuala Lumpur, District of Petaling, State of Selangor by SK; and
  - e. A sale and purchase agreement entered into between SK and ESSO Malaysia Berhad on 11 January, 2000 for the disposal of a piece of land held HS(D) 70345, PT No 3645, Mukim of Setapak, District of Kuala Lumpur by SK.
  - f. A sale and purchase agreement entered into between Beel Industrial Boilers Plc and Cardinal Engineering Limited on 16 May 2000 for the disposal of ME Engineering, a division of Beel Industrial Boilers Plc.
- 3.2 The Business of Cochran Boilers and/ or Roundedge Limited has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years preceding the date of this Circular.

**4. Material Commitments**

As at the date of this Circular, there is no material commitments for capital expenditure incurred or known to be incurred by Mechmar and its subsidiaries which may have a substantial impact on the results of the financial position of the Mechmar Group.

**5. Documents for Inspection**

Copies of the following documents will be available for inspection during normal office hours (except public holidays) at the registered office of Mechmar for a period of one month from the date of this Circular.

- a) Memorandum and Articles of Association of Mechmar, BIB and Roundedge;
- b) Audited Accounts of Mechmar Group for the past three (3) financial years ended 31 December 1999;
- c) Audited Accounts of BIB Group Plc for the year ended 31 December, 1999;
- d) Unaudited quarterly report of Mechmar for the six (6) months period ended 30 June 2000 announced to KLSE.

