

This Circular is important and should be read carefully. If you have any questions about its contents or actions to take, please consult your stockbroker, banker and legal professional or other professional advisors for guidance.



(Incorporated as a public limited liability company in the Republic of Ghana under registration number PL000102017)

TENDER OFFER CIRCULAR

in respect of

An offer from Mechanical Lloyd PLC on behalf of the Promoters to Qualifying Shareholders of Mechanical Lloyd PLC to purchase for a consideration **16,900,487** ordinary shares of Mechanical Lloyd PLC at **GHS 0.10** per share.

Offer opens: 8 March 2021
Offer closes: 26 March 2021

Financial Adviser & Sponsoring Broker



This Circular is dated: **22 February 2021**

This document is important and requires your immediate attention

Mechanical Lloyd PLC ("MLC" or the "Company") is a locally owned company engaged in automobile and farm equipment sales and services which until recently was the sole retailer of BMW and Ford vehicles in Ghana.

MLC hereby makes a firm offer on behalf of the Promoters (*as defined*) to Qualifying Shareholders (*as defined*) to purchase all their outstanding shares in MLC, being a total of **16,900,487** ordinary shares at an offer price of **GHS 0.10** per share to provide an exit for their shareholding in MLC in accordance with the Ghana Stock Exchange rules, subject to obtaining all regulatory approvals (the "Offer") prior to the Company delisting from the Ghana Stock Exchange.

It is recommended that you review this Offer Document (*as defined*) thoroughly and completely. The contents of this Offer Document do not constitute and are not to be construed as legal, business or tax advice. Each Qualifying Shareholder should consult his/her/its own legal adviser, financial adviser and/or tax adviser for legal, financial and tax advice in relation to the sale of the Offer Shares (*as defined*). To ascertain the financial soundness or value of this Offer (*as defined*), Qualifying Shareholders are advised to consult a stockbroker, investment adviser or other professionals duly authorised under the Securities Industry Act for appropriate advice.

If you have sold or otherwise transferred your Shares, you should send this Offer Document, together with the Form of Acceptance (*as defined*) as soon as possible to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer of such shares was effected, for transmission to the purchaser or transferee.

Neither MLC (who is making this Offer on behalf of the Promoters) nor any of its affiliates, representatives, or advisers, makes any recommendation as to whether Qualifying Shareholders should accept the Offer. Qualifying Shareholders must make their own decisions whether or not to accept the Offer.

Amber Securities Limited ("**Amber Securities**") is acting as financial adviser and Sponsoring Broker (*as defined*) for the Company in respect of the Offer and consents to act in the capacity stated and to its name being stated in this Circular and confirms that it has not withdrawn its consent to any statement or report prepared by it being included in this Offer Document. Neither Amber Securities nor any of its employees or principals has any material direct or indirect economic or financial interest in MLC.

Amber Securities may, in the ordinary course of its securities trading activities, purchase and sell MLC shares for its clients' accounts at any time before or during the Acceptance Period (*as defined*).

The distribution of this Offer Document in certain jurisdictions outside Ghana may be restricted by law. Persons into whose possession this Offer Document comes outside of Ghana are required to inform themselves about and to observe any such restriction. For these purposes, this Offer Document does not constitute an offer and may not be used for the purpose of an offer or solicitation by anyone in any such jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is lawful.

No person is authorised to give any information or make any representation not contained in this Offer Document in connection with the Offer, and, if given or made, such information or representation must not be assumed to be authorised by MLC or the Financial Adviser. Neither the delivery of this Offer Document, nor any disposal of MLC Shares made pursuant to the Offer, will, under any circumstances, create any implication that the information contained in this Offer Document is correct as at any time subsequent to the date hereof.

Neither the GSE (*as defined*), nor the SEC (*as defined*) assumes any responsibility for the correctness of any statements made, opinions expressed, or reports contained in this Offer Document. Neither the GSE nor the SEC has verified (or will verify) the accuracy and truth of the contents of this Offer Document or any other documents submitted to it, and the GSE and/or SEC will not be liable for any claim of any kind whatsoever.

It is MLC's intention to delist from the GSE subject to regulatory approvals. For this reason, this Offer is being made as a key step in the delisting process.

Qualifying Shareholders are not legally obliged to accept the Offer. Qualifying Shareholders who accept the Offer may do so in respect of all their holdings of MLC shares, subject to any undertaking which they may have already given to MLC in respect of the Offer.

A. DIRECTORS' RESPONSIBILITY STATEMENT

This Offer Document provides a description of MLC and its intention to delist from the GSE. The responsibility for the accuracy of the information in this Offer Document lies with the MLC Board (*as defined*).

This Offer Document has been seen and approved by the MLC Board, who, collectively and individually, accept full responsibility for the accuracy of the information given and, after making all reasonable inquiries and to the best of

their knowledge and belief, there are no facts the omission of which would make any statement in this Offer Document misleading.

The Board advises Qualifying Shareholders to read the Offer Document carefully and to seek independent advice from a stockbroker, lawyer, accountant or other independent financial adviser in respect of the terms and conditions of the Offer to enable you make an informed decision.

Signed on behalf of Mechanical Lloyd PLC

By:



Signature: _____
Mrs K Darko O'Kell
Managing Director



Signature: _____
Mr K Amonoo-Neizer
Non-Executive Director

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OFFER TIMETABLE

Activity	Date	Time
Commencement Date	Monday, 8 March 2021	9:00am
Offer Closure Date	Friday, 26 March 2021	4:00pm
Settlement Date	Thursday, 8 April 2021	4:00pm
Results of the Offer Submitted to the SEC & GSE	Monday, 12 April 2021	3:00pm
Delisting Date	Friday, 16 April 2021	4:00pm

All dates provided are subject to change by Amber Securities in consultation with the directors of MLC (subject to obtaining the necessary regulatory approvals). Any amendment will be published in a national daily newspaper not later than 72 hours of receipt of regulatory approvals. All times provided are in Greenwich Mean Time (GMT), the time zone of the Republic of Ghana.

DIRECTORS AND CORPORATE INFORMATION

Directors: Terence Ronald Darko – Chairman
Kalysta Darko O’Kell – Managing Director
Andrew Lawson – Non-Executive Director
Kofi Asamoah – Non-Executive Director
Kwesi Amonoo-Neizer – Non-Executive Director

Registered Office: No. 2 Adjuma Crescent
Ring Road West
South Industrial Area, Accra

Company Secretary: Angela Ayikaale Ashitey
Mechanical Lloyd PLC
Ring Road West, Accra

Solicitor: Gaisie Zwennes Hughes & Co
Carlton House
Anumansa Street
Osu, Re, Accra

Auditors: PricewaterhouseCoopers
Chartered Accountants
PwC Tower
A4, Rangoon Lane
Cantonments City, Accra

Registrar: UMB Bank Limited
Registrar Department
123 Kwame Nkrumah Avenue
Sethi Plaza
Adabraka, Accra
Contact:
Harriet Antwi – harriet.antwi@myumbbank.com

ADVISERS TO THE TRANSACTION

**Lead Manager, Sponsoring Broker &
Financial Adviser:**

Amber Securities Limited
2nd Floor, Heritage Towers, Ambassadorial Enclave,
Cruikshank Rd , Ridge, Accra
GA- 077-0894
Tel: +233 30 2679761 ; 059 699 4756

Contact:
Winston Nelson Jr – nelsonw@amber.com.gh
Enyonam Dagadu – dagadue@amber.com.gh

Registrar:

UMB Bank Limited
Registrar Department
123 Kwame Nkrumah Avenue
Sethi Plaza
Adabraka, Accra

Contact:
Harriet Antwi – harriet.antwi@myumbbank.com

Receiving Agents

Amber Securities Limited
2nd Floor, Heritage Towers, Ambassadorial Enclave,
Cruikshank Rd , Ridge, Accra
GA- 077-0894
Tel: +233 30 2679761 ; 059 699 4756

DEFINITIONS

The following definitions apply in this Circular, unless the context requires otherwise:

“Acceptance Period”	From the Offer Commencement Date 8 March 2021 to the Offer Closure Date 26 March 2021
“AGM”	Annual General Meeting
“AGM Date”	The date of the AGM to approve the Offer being 15 October 2020
“Application Form”	Application form for the Offer
“ASL” or “Amber Securities”	Amber Securities Limited, which is acting as Financial Adviser and Sponsoring Broker to MLC in respect of the Offer
“Business Day”	Monday to Friday (8am to 4pm) excluding statutory public holidays in Ghana
“Circular” or “Offer Document”	This offer circular dated 22 February 2021
“Commencement Date”	09:00 hours GMT on 8 March 2021, being the date on which the Offer commences
“Companies Act”	The Companies Act of Ghana 2019 (Act 992) as amended
“CSD”	Central Securities Depository (GH) Limited
“CSD Account”	An electronic account held with the CSD
“Directors” “Board of Directors” or MLC Board”	The board of directors of MLC
“Escrow Account”	A temporary account set up with Stanbic Bank Ghana Limited where the proceeds for buying the shares from Qualifying Shareholders in respect of the Offer will be deposited
“Financial Adviser”	Amber Securities Limited, which is providing financial advice and sponsoring broker services to MLC in relation to the Offer
“Ghana”	The Republic of Ghana
“GHS”	Ghana Cedis, the currency of Ghana
“GoG”	Government of Ghana
“GSE” or “the Exchange”	The Ghana Stock Exchange
“Material Adverse Change”	<p>Any of the following:</p> <p>A natural event, such as an earthquake, flood or other similar event, or any event of war or serious civil or political disturbance(s) occurring in Ghana, or any other external factor which causes significant damage to the assets of MLC in a way that affects the ordinary course of its business; or</p> <p>Any change in the law and/or regulation which may affect, prevent or restrict the ability of the Promoters to make and carry out the Offer according to the terms and conditions set out in the Offer Document.</p>

"MLC" or "the Company" or "Mechanical Lloyd"	Mechanical Lloyd PLC, being the de-listing company
"MLC Shares"	All 16,900,487 ordinary shares to be purchased under the Offer
"Offer" or "the Transaction"	The Offer by the Promoters to purchase the Offer Shares at the Offer Price.
"Offer Closure Date"	The closing date of the Offer, being 26 March 2021, being the last day a Qualifying Shareholder can subscribe to the Offer
"Offer Consideration"	Funds reserved with respect to the Offer, being a total of GHS 1,690,049
"Offer Document"	This tender offer document
"Offer Period"	The period from the Offer Commencement Date and the Offer Closure Date
"Offer Price"	GHS 0.10 per share under this Offer
"Offer Shares"	Up to 16,900,487 MLC shares owned by the Qualifying Shareholders and the subject of the Offer
"Promoters"	Alpine Properties Limited and Mega African Capital Limited, shareholders of MLC, who together hold 14.99% of the issued shares of MLC.
"Qualifying Shareholders"	Registered holders of the Offer Shares, excluding 33,195,438 shares to whom the Offer is being made
"Receiving Agent(s)"	Amber Securities, who will be receiving forms of acceptance from Qualifying Shareholders in respect of this Offer
"Receiving Broker"	Amber Securities or any other GSE Licensed broker on the broker listed in Appendix 2 of this Offer Document, who will be receiving forms of acceptance from Qualifying Shareholders who have their MLC shares in their CSD accounts held with that broker
"Registrar"	UMB Bank Limited being the registrar of MLC at the date of this Circular
"Regulations"	the regulations of MLC
"SEC"	Securities and Exchange Commission of Ghana
"Settlement"	Payment to Qualifying Shareholders for the acceptance of the Offer
"Settlement Date"	8 April 2021, being the date on which Qualifying Shareholders who tender their MLC shares under the Offer by the Offer Closure Date shall receive payment
"Shareholders"	Registered holders of all MLC issued shares
"SIL"	The Securities Industry Act, 2016 (Act 929) as amended
"Sponsoring Broker"	Amber Securities which is acting as a sponsoring broker to MLC in respect of this Offer
"Tendered Shares"	Any of the Offer Shares which have been validly tendered in acceptance of the Offer in accordance with the terms and conditions contained in the Offer Document

PART 1 – THE DELISTING

1.1 Legal Basis for the Delisting

At the 28th AGM of MLC, held on 15 October 2020, shareholders of MLC approved a special resolution to delist the Company from the GSE and authorised the Board to take all steps necessary to ensure a cost effective and well-managed delisting.

The delisting was approved by the Board of Directors by a written resolution dated 9 September 2020.

1.2 Rationale for the Delisting

MLC had exclusively represented Ford and BMW in Ghana for many decades. However, in 2018, Ford Motor Company (Ford) and BMW-ZA(BMW) embarked on a “Cluster/Regional Hub Strategy” for the Sub-Saharan African market. The roll-out of these strategies was to ‘achieve economies of scale and efficiencies, while addressing regional complexity and market volatility’. This was to be achieved by grouping countries/markets in the same geographical are as a block and assigned a “Super Distributor/Dealer”. Ford and BMW have divided Africa into four and two clusters respectively and Tractafric Ghana Ltd has been appointed the Super Distributor for the cluster/region Ghana falls within.

Subsequently, MLC's dealership agreement with Ford Motor Company ended in June 2019 with no further Ford orders being placed in 2019 as the Company wound down the vehicles and spare parts stock. Similarly, no BMW orders were scheduled to be placed in 2019 until BMW approached MLC midyear 2019 to consider renewing its importer contract with the Brand. MLC accepted and placed new vehicle orders for production for late 2019 which arrived in the first half of 2020. MLC subsequently received written notification from BMW-ZA of their intention to terminate the Company's importer agreement with effect from 1 January 2021. As a result, MLC took steps to wind down the BMW business by 31 December 2020.

The implication of this strategy has been and continues to be enormous.

In 2017, the governments of Ghana and Brazil commenced the implementation of the (More Food Program (MFP) Phase 1 in Ghana aimed at strengthening the productive capacity of small-scale Ghanaian farmers with 150 Massey Ferguson tractors through the utilisation of a Brazilian government grant. Under the second phase of the MFP, an additional 80 tractors were delivered to the Ministry of Food and Agriculture. MLC continues to provide aftersales service for the MFP.

The delisting is in line with MLC's strategy to review its business model and structures to re-position the Company going forward.

1.3 The Offer

In line with the delisting and in accordance with the GSE's listing rules, MLC hereby makes a firm offer on behalf of the Promoters (as defined), to Qualifying Shareholders to purchase all their outstanding shares in MLC, being a total of **16,900,487** ordinary shares at an offer price of **GHS 0.10** per share, to provide an exit mechanism for their shareholding in MLC, subject to obtaining all required approvals.

1.4 The Objective of the Offer

The Offer is aimed at providing Qualifying Shareholders with an exit in the form of a consideration through this Offer ahead of the delisting of MLC, subject to receiving all required approvals and consents, and in accordance with section 15(2)(f) of GSE's Listing Rules.

1.5 Forecast Statement on Liquidity Post Offer

Qualifying shareholders are to note that liquidity in MLC shares will be materially reduced following the delisting and there may be capital gains tax implications of selling shares in MLC after the delisting (which is currently not the case).

Also, there will be no market price for MLC shares once the Company is delisted.

1.6 Regulatory Approvals

1.6.1. GSE Approval

The GSE has granted a no-objection to the delisting, subject to fulfilling the delisting requirements in accordance with Section 15 of the GSE's Listing Rules.

1.6.2. SEC Notification

Notice of the intent to delist has been sent to the SEC. The SEC has given a no-objection subject to MLC fulfilling the delisting requirements per section 15 of the GSE's Listing Rules.

1.7 Terms of the Offer

The Promoters are making a tender offer to Qualifying Shareholders of MLC to purchase fully the entire shareholding of each Qualifying Shareholder. Consequently, the Promoters shall only accept tenders from Qualifying Shareholders who tender **ALL** their MLC shares as part of the Offer.

1.8 Number of Shares and Pricing

The GSE's Listing Rules requires that the minimum Offer Price must be the higher of the average 12-week market price and the market price on the AGM date.

The offer price of **GHS 0.10** per share, which is an **11%** premium above the market price of **GHS 0.09** and the 12-week average price of GHS 0.09. The table below shows MLC's average weekly shares price over a 12-week periods.

Period		Price, GHS
		Average
AGM date, 15 October 2020		0.09
12-week average market price		
Week		
	1	0.09
	2	0.09
	3	0.09
	4	0.09
	5	0.09
	6	0.09
	7	0.09
	8	0.09
	9	0.09
	10	0.09
	11	0.09
	12	0.09

1.9 Cash Confirmation and Funding Arrangements

The consideration for all the Offer Shares from all Qualifying Shareholders will be **GHS 0.10** per share. The Promoters have transferred a total of **GHS 1,701,879** (consideration + regulatory levies) to the Escrow Account in respect of this Offer.

Stanbic Bank Ghana Limited has confirmed the receipt of the Consideration reserved for the purpose of satisfying full acceptance of the Offer.

1.10 The Promoters

The Promoters of the Offer are Alpine Properties Ltd (APL) and Mega African Capital Ltd (MEGA). APL is a property investment holding company owned by some members of the Darko family. MEGA is an investment holding company listed on the Ghana Stock Exchange.

The Promoters are responsible for arranging for the financing required for buying all the Offer shares under this offer.

1.11 Shareholders' Undertaking

In addition to the Promoters, some shareholders of MLC have confirmed to the Company they will not participate in the Offer. Such shareholders have given written undertakings stating they will not participate in this Offer as such this Offer excludes these shareholders. The said shareholders and their holdings are below:

Name	No. of Shares Held	% holding
Mr Terence Darko	15,024,381	29.99
Mr Michael O Darko	2,441,600	4.87
Mr T R Darko Jnr	2,062,000	4.12
Mr D M Darko	2,052,000	4.10
Mrs K Y Darko O'kell	2,052,000	4.10
Mr G A Darko	2,052,000	4.10
Total	25,683,981	51.27

1.12 Right of Withdrawal

MLC shall have the right to withdraw the Offer in the event of any Material Adverse Change taking place on or prior to 4:00pm on 17 March 2021 and such withdrawal shall be announced by Amber Securities on behalf of MLC through the GSE and will be published in two nationally circulated newspapers in Ghana as soon as practically possible thereafter.

1.13 Qualifying Date and Distribution of this Circular

The Offer is to Qualifying Shareholders only. The Registrar has sent a copy of this document electronically to Qualifying shareholders on the register on 31 December 2020. Shareholders can obtain copies of the Circular from the offices of Amber Securities and the Registrar. The Circular can also be downloaded from www.mechanical-lloyd.com

1.14 Settlement

For successful tenders, settlement of the Offer to which any Qualifying Shareholder is entitled under the Offer will be effected in the case of acceptances received, complete in all respects, by the Settlement Date.

All payments to successful Qualifying Shareholders will be made in Ghana Cedis net of brokerage commissions and regulatory levies, which commissions and levies shall be borne by each accepting Qualifying Shareholder.

1.15 Lodgement of Completed Forms of Acceptance

All Qualifying Applicants resident in Ghana must deliver or lodge their duly completed Forms of Acceptance at the offices of the Receiving Agents by **4:00pm** on the Offer Closure Date.

Qualifying Applicants not resident in Ghana must deliver or lodge their duly completed Forms of Acceptance by scanning and emailing them to the Sponsoring Broker at securities@amber.com.gh. Original completed Application Forms should then be mailed to Amber Securities through registered mail service.

Qualifying Applicants who choose to mail their Forms of Acceptance to the Receiving Agents are advised to use registered mail services. However, all documents mailed to the Receiving Agents by Qualifying Applicants will be at the Qualifying Applicant's own risk, and MLC may treat such documents not received by 4.00pm on the Offer Closure Date as invalid. The Receiving Agent will acknowledge receipt of Forms of Acceptance .from Qualifying Applicants.

1.16 Escrow Account

MLC has opened an Escrow Account at **Stanbic Bank Ghana Limited** which holds funds to be used for the settlement of successful applications. The details of the Escrow Account are as follows:

Bank name:	Stanbic Bank Ghana Limited
Account name:	MLC Tender Offer
Account number:	9040009158949

1.17 Delisting of MLC from the GSE

After the conclusion of the Offer and approval obtain from the GSE to delist, MLC is expected to be delisted from the GSE on 16 April 2021.

PART 2 – MECHANICAL LLOYD PLC

2.1 Brief profile of MLC

Mechanical Lloyd PLC is a Company incorporated under the laws of Ghana and having its registered office situated at No.2 Adjuma Crescent, Ring Road West, South Industrial Area. MLC has been the authorised importer of BMW and FORD vehicles and Massey Ferguson Tractors in Ghana for many decades. These brands enjoy an enviable reputation in the Ghanaian Market due to the systematic investment in the construction of world-class offices, workshop facilities and the deployment of advanced automobile and communication technology. As a result of the 'one Super Distributor' strategy rolled out by Ford Motor Company and BMW ZA, Mechanical Lloyd's dealership agreement with Ford Motor Company ended in June 2019, whilst that with BMW ZA ended in December 2020.

As already communicated to shareholders, Mechanical Lloyd is in the process of winding down both the Ford and BMW businesses. This involves discounting and disposing of all vehicles in stock. Spare parts will also have to be discounted significantly with some even sold as scrap. The loss of the franchises will result in downsizing of the labour force with its attendant costs. The Company intends to continue growing its Massey Ferguson business unit and explore other options both within and outside the motor industry. The Board sought and obtained approval from shareholders to dispose of assets which are no longer required as it carries on with future operations. The Company has executed a contract of sale for No. 2 Adjuma Crescent and expects to complete all processes for the transfer of title and handover to the purchaser before the end of June 2021. This greatly improves the Company's liquidity position. The funds will be used to pay down debt, finance the redundancy exercise and fund any new strategic initiatives the Company may decide to embark on.

However, because the future strategic direction of the Company is uncertain, the Board is unable to establish how much it would require for the Company's future operations. Some of the options available amongst others is to develop untapped markets in the automobile services industry, become a property holding company or winding down the Company by disposing all its assets and distributing any net proceeds to shareholders.

2.2 Mission Statement

The Corporate Mission of MLC is to establish itself as the leader in the Ghanaian automotive industry by:

- Providing good quality products and service, competitively priced, and delivered in the most courteous and professional manner.
- Securing for its shareholders the optimum return on their invested capital
- Maintaining an environment where its human resource is provided with the opportunity to develop to its maximum potential
- Contributing meaningfully to the welfare of the community in which it operates and bringing a sense of responsibility to bear on its policies in order to promote what it believes to be in the public interest.

2.3 Top 20 Shareholders

As at 31 December 2020, the 20 largest shareholders of MLC were:

	Shareholder	Number of Shares	% of Issued Capital
1	Darko Terence Ronald Kwabena Mr	15,024,381	29.99%
2	Mega African Capital Limited	6,960,757	13.89%
3	Darko Michael Otu Mr	2,441,600	4.87%
4	Darko Terence Roland Jr Mr	2,062,000	4.12%
5	Darko Danielle Maxine	2,052,000	4.10%
6	Darko Gillian Adrianna	2,052,000	4.10%
7	Darko-O'Kell Kalysta Yvette Mrs.	2,052,000	4.10%
8	Darko Christian Nana Mr	1,198,752	2.39%
9	Darko Stephen Amoako Mr	1,198,745	2.39%
10	Darko Rodaline Joyce Ms	961,305	1.92%
11	Darko Caroline Bekoe Ms.	845,967	1.69%
12	Abosi-Appeadu Peter Kwame Mr	635,300	1.27%
13	Ansah Michael Owusu Mr	607,840	1.21%
14	Darko Emma Aful Ms	600,000	1.20%
15	Coco-Mutual Fund Trust	581,700	1.16%
16	Alpine Properties Limited	550,700	1.10%
17	Darko Lucy Safoa Ms	508,465	1.01%
18	Darko Esther Sakyibea Ms.	504,561	1.01%
19	Aidoo Charles Sydney Mr	488,000	0.97%
20	Ephraim Hugh James K. Mr	425,660	0.85%
	Sub-total	41,751,733	83.34%
	Others	8,344,192	16.66%
	Total	50,095,925	100.00%

2.4 Historical Financial Statements

The tables below capture MLC's audited financial statements from 2015 to 2019 and unaudited 3Q20:

Income Statements (All amount are in thousands of Ghana cedis)						
12 months to December	3Q20	2019	2018	2017	2016	2015
Revenue	17,028	24,851	49,536	34,553	50,965	46,827
Cost of sales	-13,841	-20,728	-40,349	-28,176	-43,575	-35,546
Gross profit	3,188	4,123	9,187	6,377	7,390	11,281
Operating costs	-6,755	-11,987	-11,963	-12,394	-10,965	-11,836
Other Income	140	2,032	1,157	2,531	1,279	10,198
Operating profit/(loss)	-3,428	-5,832	-1,619	-3,487	-2,296	9,643
Finance income	20	35	130	305	501	876
Finance costs	-1,794	-2,382	-2,058	-937	-879	-888
Profit/(loss) before income tax	-5,201	-8,179	-3,547	-4,119	-2,673	9,632
Income tax(expense)/credit	-	399	625	1,147	-130	-847
Profit/(loss) for the year	-5,201	-7,780	-2,922	-2,972	-2,803	8,785
Other comprehensive income	-	56,961	-	-2,572	-	-
Total comprehensive income for the year	-5,201	49,181	-2,922	-5,544	-2,803	8,785
Earnings per share (Gp)	(0.10)	(15.53)	(5.83)	(5.93)	(5.60)	0.1754

Statement of Financial Position						
(All amount are in thousands of Ghana cedis)						
12 months to December	3Q20	2019	2018	2017	2016	2015
ASSETS						
Non-Current assets						
Property, plant and equipment	97,074	99,373	32,860	33,578	34,302	34,420
Other prepayments	2,183	2,163	2,163	2,056	2,056	1,657
Intangible assets	229	241	267	167	234	350
Other receivables	-	115	303	877	388	-
Total	99,486	101,892	35,594	36,678	36,981	36,427
Current assets						
Inventories	12,537	15,322	19,050	22,346	17,264	22,257
Trade and other receivables	4,243	5,270	6,620	5,283	6,234	7,093
Cash and cash equivalents	2,533	1,597	3,175	2,350	3,368	4,515
Total	19,313	22,190	28,845	29,979	26,866	33,874
Non-Current asset held for sale	5,973	5,973	-	-	-	-
Total Assets	124,772	130,054	64,438	66,657	63,459	70,301
EQUITY AND LIABILITIES						
Equity						
Stated capital	2,771	2,771	2,771	2,771	2,771	2,771
Capital surplus account	76,251	76,251	19,290	19,290	21,862	21,862
Income surplus account	- 4,640	561	8,341	11,263	14,235	17,539
Total equity	74,382	79,584	30,402	33,325	38,868	42,172
Non-current liabilities						
Deferred income tax liability	21,448	21,448	2,860	3,623	2,237	2,109
Current liabilities						
Trade and other payables	16,494	16,193	18,002	25,508	19,000	23,331
Current income tax liability	1,722	1,732	1,865	1,805	2,053	2,478
Borrowings	2,950	11,097	11,309	2,396	1,301	211
Loan	7,776	-	-	-	-	-
Total	28,942	29,023	31,176	29,709	22,353	26,020
Total liabilities	50,390	50,471	34,036	33,332	24,591	28,129
Total equity and liabilities	124,772	130,054	64,438	66,657	63,459	70,301

Statement of Cash Flows						
(All amount are in thousands of Ghana cedis)						
12 months to December	3Q20	2019	2018	2017	2016	2015
Cash flows from operating activities						
Cash (used in)/generated from operations	3,224	562	-5,082	-514	668	-14,683
Interest received	20	35	130	305	501	876
Interest paid	-1,794	-2,382	-2,058	-903	-879	-13
Income tax paid	-10	-133	-78	-287	-426	-308
Net cash (used in)/generated from operating activities	1,440	-1,918	-7,088	-1,398	-136	-14,127
Cash flows from investing activities						
Deposit for leasehold land	-	-	-107	-	-400	-1,207
Purchase of property, plant and equipment	-133	-4	-738	-756	-1,433	-2,523
Purchase of intangible asset	-	-	-156	-12	-	-
Proceeds from disposal of property plant and equipment	-	556	-	52	233	-
Proceeds from disposal of investment properties	-	-	-	-	-	21,266
Net cash generated from/ (used in) investing activities	-133	552	-1,000	-715	-1,599	17,536
Cash flows from financing activities						
Loan drawdown	-	-	12,937	-	-	-
Repayment of loans	-	-	-5,162	-	-	-5,172
Dividend paid	-	-	-	-	-501	-1,002
Net cash used in financing activities	-	-	7,776	-	-501	-6,174
Net (decrease)/increase in cash and cash equivalents	1,307	-1,366	-313	-2,113	-2,236	-2,764
Cash and cash equivalent at start of year	-1,724	-359	-46	2,068	4,304	7,068
Cash and cash equivalent at end of year	-417	-1,724	-359	-46	2,068	4,304

PART 3 – PROCEDURE FOR ACCEPTANCE OF THE OFFER

3.1 Form of Acceptance

Each Qualifying Shareholder by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, authorises, represents, warrants, and agrees to and with the Promoters and MLC that:

- i. it is irrevocably and unconditionally entitled to transfer the legal and beneficial ownership of the MLC Shares inserted in the Form of Acceptance and the MLC Shares in respect of which the Offer is accepted are sold free from all liens, charges, encumbrances, equities and other interests and together with all rights now or subsequently attaching to them;
- ii. it has fully complied with the laws of any relevant jurisdiction in connection with the Offer;
- iii. the execution of the Form of Acceptance shall constitute a valid acceptance of the Offer in respect of the number of MLC Shares inserted in the Form of Acceptance, and subject to the terms and conditions set out or referred to in this Offer Document and such acceptance will be irrevocable;
- iv. the execution of the Form of Acceptance shall constitute an irrevocable undertaking in favour of each of the Promoters and MLC to execute all or any documents and/or give any such further assurance as may be required to enable the Promoters to obtain the full benefit of the terms of the Offer and/or to perfect any of the authorities expressed to be given hereunder;
- v. the receipt of the consideration for the MLC Shares tendered (less in each case of the applicable commission and levies) constitutes a full acceptance of the MLC Qualifying Shareholder's rights under the Offer; and
- vi. payment of the consideration (less in each case of the applicable commissions and levies) for the MLC Shares tendered to the brokers of the tendering shareholders for onward distribution to the bank account nominated by the Qualifying Shareholder in the Form of Acceptance constitutes full and final discharge of the Offer Price.

3.2 Acceptance for Payment

To accept the Offer in respect of any of your MLC Shares, you must complete the Form of Acceptance in accordance with the instructions set out in **Part 5**.

3.3 Returning your Completed Form of Acceptance

Qualifying Shareholders with physical share certificates/relevant documents of title should submit a properly completed and duly executed Form of Acceptance, together with the share certificate(s)/relevant documents of title and a copy of their valid identity document ("ID") (**national passport, a driver's license, a national ID or a voter's ID**) to the Receiving Agent, in accordance with the Guide to completing the Form of Acceptance as directed in **Part 5** of this Offer Document, as soon as possible but in any event so as to be received no later than the Offer Closure Date.

Qualifying Shareholders with dematerialised shares should submit a properly completed and duly executed Form of Acceptance and a copy of their valid ID card to **their Broker**, in accordance with the guide to completing the Form of Acceptance as directed in **Part 5** of this Offer Document, as soon as possible but in any event so as to be received no later than the Offer Closure Date.

The method of delivery of Forms of Acceptance, together with the relevant share certificates and copy of a valid ID card is at the election and risk of each accepting Qualifying Shareholder. If delivery is by mail, Qualifying Shareholders are advised to use registered mail and obtain appropriate insurance. In all cases, sufficient time must be allowed to ensure delivery to the Receiving Agent or Receiving Broker in **Appendix 2** no later than on the Offer Closure Date.

Given the current Covid-19 pandemic and to ensure that the Receiving Agents act in accordance with the Covid-19 guidelines, Qualifying Shareholders are encouraged to call their broker or their preferred Receiving Agent to enquire about their preferred method of client engagement before visiting the broker/Receiving Agent's office.

Qualifying Shareholders who send their Forms of Acceptance via email should note that their Forms will be deemed to have been successfully received by the Receiving Agent once the Receiving Agent sends the shareholder an email confirming receipt of the Form.

3.4 Shareholders with Lost or Misplaced Certificates

If your share certificate(s) is/are not readily available or is/are lost, the shareholder shall:

- i. **Contact the Registrar (UMB) to confirm their shareholding and to obtain proof of their shareholding at least 10 business days before the Offer Closure Date;** and
- ii. Submit proof of ownership and a completed Form of Acceptance to their preferred broker/Receiving Agent for Account creation and shares tendering.

3.5 Non-Resident Qualifying Shareholder

If you receive a copy of this Offer Document and/or Form of Acceptance in any jurisdiction other than Ghana, you may not treat it as constituting an invitation or offer to you, unless in the relevant jurisdiction the Offer could lawfully be made to, and accepted by you. It is your responsibility if you reside outside Ghana and/or subject to the laws of any other jurisdiction and if you receive a copy of this Offer Document and/or Form of Acceptance and wish to accept the Offer, to satisfy yourself as to the full observance of the laws of the relevant jurisdiction in connection with other necessary formalities, and to pay any transfer or other taxes or duties required to be paid in such jurisdiction in respect of the Offer.

3.6 Settlement for Successful Tenders

Subject to the receipt of the Forms of Acceptance, share certificate(s), valid ID card and/or other document(s) of title, Settlement of the Offer to which any Qualifying Shareholder is entitled under the Offer will be effected in the case of acceptances received, complete in all respects, by the Settlement Date.

All payments to Successful Qualifying Shareholders will be made in Ghana Cedis net of brokerage commissions and regulatory levies, which commissions and levies shall be borne by each accepting Qualifying Shareholder.

3.7 Settlement for Qualifying shareholders with Depository Accounts

Qualifying Shareholders with CSD accounts will be settled through their brokers.

3.8 Settlement for Qualifying Shareholders without Depository Accounts

Qualifying Shareholders without CSD accounts will be settled to bank details provided on the Form of Acceptance.

PART 4 – ADDITIONAL INFORMATION

4.1 Commission and Levies

The rules and regulations of the GSE govern the Offer and as such, the applicable commissions and levies will be charged on Tendered Shares. Applicable commissions and levies will therefore be deducted from the consideration for Tendered Shares before payment is made to Qualifying Shareholders.

4.2 Capital Gains Tax

As at the date of this Offer Document, equities traded on the GSE are not subject to any capital gains tax in Ghana. Therefore, Tendered Shares will not attract any capital gains tax in Ghana.

It should be noted however that, when MLC is delisted from the GSE, any transfer or sale of MLC Shares, whether to the promoters or to a third party, may lead to a capital gains tax liability for the Shareholders arising in Ghana. Each Qualifying Shareholder is advised to seek independent advice from a stockbroker, lawyer, accountant or other independent financial adviser in respect of the tax implications of the sale of the MLC Shares following the delisting of the Company from the GSE.

4.3 Possible Effects on the Liquidity of MLC Shares post De-Listing

After the conclusion of the Offer, MLC will de-list its shares from the GSE, subject to receiving all applicable regulatory approvals. Following the delisting, Qualifying Shareholders who do not accept the Offer will continue to hold shares in MLC, which will then be an unlisted company.

Qualifying Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies due to lack of marketability.

Following the Delisting, it is likely to be difficult for Qualifying Shareholders who do not accept the Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Qualifying Shareholders to exit. Even if such Qualifying Shareholders were able to sell their Shares, they would likely receive a lower price as compared with the Offer Consideration or the market price of the shares of comparable listed companies.

When the Company is delisted from the GSE, it will no longer be obliged to comply with the listing requirements of the GSE. Nonetheless, as a company incorporated in Ghana, the company will still need to comply with the Companies Act and any other laws insofar as they apply to any sale or disposition of the Company's shares. However, the interests of Qualifying Shareholders who do not accept the Offer will be protected to extent provided for by the Companies Act and/or the SEC (if applicable).

Qualifying Shareholders who are in doubt of their position should seek independent legal and financial advice.

4.4 Trading in Offer Shares during the Acceptance Period

Offer Shares not tendered through a Receiving Agent, as part of the Offer, may be traded on the GSE during the Acceptance Period through a licensed broker. The Promoters reserves the right to purchase MLC shares on the GSE anytime during the Acceptance Period, other than through the Offer.

For the avoidance of doubt, if a Qualifying Shareholder sells or transfers any Offer Shares during the Acceptance Period, other than through the Offer, the respective new owners shall assume all rights and obligations with respect to those MLC shares.

PART 5 – GUIDE TO COMPLETING THE FORM OF ACCEPTANCE

5.1 General instructions for completing the Form of Acceptance

- a. Please read these instructions carefully before completing the relevant parts of the Form of Acceptance.
- b. Use capital letters in completing the Form of Acceptance.
- c. There are two (2) forms, one for Qualifying Shareholders whose shares are in dematerialised format in their CSD accounts with their broker and another for Qualifying Shareholders with physical certificates. Complete only the form that applies to you.
- d. Ensure that you complete all relevant sections with the required details.
- e. For shareholders who own physical certificates, return the completed form together with a copy of a valid ID and evidence of shareholding/title.
- f. Power(s) of attorney must be enclosed if anyone is signing on behalf of a Qualifying Shareholder other than a minor.
- g. By signing or thumb printing the Form of Acceptance, you will be tendering the shares under the terms and conditions set out in this Offer Document and on the Form of Acceptance.

Photocopies of Application Forms will be accepted only when they are clear and legible. The submission of a photocopied Form of Acceptance presumes that the Qualifying Shareholder understands and accepts the terms and conditions of the Offer.

5.2 Specific Instructions for Completing the Form of Acceptance

Section A:

Please fill in your name(s) and title(s) exactly as the name(s) appear(s) on your MLC share certificate(s) or on your CSD account. Put your address, email and phone numbers as they appear on your share certificate(s) or CSD account unless they have changed, in which case you have to use the new details, which must have already been communicated to the Registrar and your stockbroker. Also fill in the numbers of shares you hold, the number of shares you are tendering and if applicable your share certificate number(s). Note that this Offer is for ALL or NONE.

Section B:

For CSD Account holders; write the name of the broker where your CSD Account is currently held, your CSD account number, the total number of MLC Shares in the CSD account and the number of MLC shares you are tendering under the Offer. Remember the applications are ONLY accepted for ALL and not PART of your holdings.

For Qualifying Shareholders with physical certificates; put your current bank details into which you want the consideration for the Offer (net of levies and commission) paid into.

Section C:

Please read the declaration and sign/thumbprint the Form of Acceptance. The signature/thumb print must be exactly the same as the one used initially in purchasing the shares.

Appendix 1A

FORM OF ACCEPTANCE – CSD Account Holders

Mechanical Lloyd PLC – Tender Offer to Qualifying Shareholders

Offer from Mechanical Lloyd PLC (“MLC”) on behalf of the Promoters, to the Qualifying Shareholders of MLC to purchase **16,900,487** ordinary shares of MLC at GHS **0.10** per share

A. Shareholder Details

Name: _____

Email _____

Tel: _____ Address: _____

Shares owned: _____ Shares tendered: _____

B. CSD Account Details

Broker name: _____

CSD no.: _____

C. Declaration

I/We warrant that I/we have full power and authority to tender, sell, assign and transfer the shares tendered hereby, and that when same are accepted for payment and paid for by the Promoters, the Promoters will acquire good and unencumbered title thereto, free and clear of liens, restrictions, charges and encumbrances and the same will not be subject to any adverse claim.

Signature: _____ Joint holder's name: _____

Name: _____ Signature _____

Date: _____

MLC Tender Offer - To be detached for the applicant

Name: _____

Broker name: _____ CSD number: _____

Shares owned: _____ Shares tendered: _____

Signature	Date	Stamp

Appendix 1B

**FORM OF ACCEPTANCE – Non-CSD Account Holders
Mechanical Lloyd PLC – Tender Offer to Qualifying Shareholders**

Offer from Mechanical Lloyd PLC (“MLC”) on behalf of the Promoters, to the Qualifying Shareholders of MLC to purchase
16,900,487 ordinary shares of MLC at GHS **0.10** per share

A. Shareholder Details

Name: _____

Email: _____

Tel: _____ Address: _____

Shares held: _____ Shares tendered: _____

Certificate no: _____

B. Payment Details

Account name: _____

Bank name: _____

Account no: _____ Branch name: _____

C. Declaration

I/We warrant that I/we have full power and authority to tender, sell, assign and transfer the shares tendered hereby, and that when same are accepted for payment and paid for by the Promoters, the Promoters will acquire good and unencumbered title thereto, free and clear of liens, restrictions, charges and encumbrances and the same will not be subject to any adverse claim.

Signature: _____ Joint holder’s name: _____

Name: _____

Date: _____ Signature: _____

MLC Tender Offer - To be detached for the applicant

Name: _____

Broker name: _____ CSD number: _____

Shares owned: _____ Shares tendered: _____

Certificate no: _____

Signature	Date	Stamp

Appendix 2 – List of Brokers

<p>Amber Securities Limited CSD Code: AAS-B Tel: +233 (0)50 699 4756 email: securities@amber.com.gh</p>	<p>Black Star Brokerage Limited CSD code: BSB-B Tel: +233 (0)302 227 698 email: info@blackstarbrokerage.com</p>	<p>Bullion Securities Limited CSD code: BSL-B Tel: +233 (0)59 699 4748 email: securities@bullion.com.gh</p>
<p>CDH Securities Limited CSD code: CDH-B Tel: +233 (0) 302 671 050/0244974256 Email: cdhsecurities@cdhgroup.com</p>	<p>Chapel Hill Denham Securities Ghana CSD code: CHD-B Tel: +233 (0)302 766 865 email: ghana.info@chapelhilldenham.com</p>	<p>Databank Brokerage Limited CSD code: DBL-B Tel: +233 (0)302 610 610 email: equities@databankgroup.com</p>
<p>EDC Stockbrokers Limited CSD code: EDC-B Tel: +233 (0)302 634 165 email: edctrading@ecobank.com</p>	<p>Firstbanc Brokerage Services Limited CSD code: FBS-B Tel: +233 (0)302 781 489/781 484/781 402 email: broker@firstbancgroup.com</p>	<p>IC Securities Limited CSD code: ICS-B Tel: +233 (0)302 252 621/252 623 email: clientservice@icsecurities.com</p>
<p>NTHC Securities Limited CSD code: NTHC-B Tel: +233 (0)302 238 492/+233 (0)307 003 438 email: makuetteh@nthc.com.gh</p>	<p>Prudential Stockbrokers Limited CSD code: PSL-B Tel: +233 (0)302 770 936/769 623 email: info@prudentialstockbrokers.com</p>	<p>Republic Securities Limited CSD code: HFC-B Tel: +233 (0)283 094 229 email: securities@republicbankghana.com</p>
<p>SBG Securities Limited CSD code: SBG-B Tel: +233 (0)302 610 690 email: brokerage@stanbic.com.gh</p>	<p>Serengeti Capital Limited CSD code: NWI-B Tel: +233 (0)244 815 805 email: mklomanyi@seregenticapital.com</p>	<p>SIC Brokerage Limited CSD code: SICF-B Tel: +233 (0)302 767 021 email: trader@sicbrokerage.com</p>
<p>Strategic African Securities Limited CSD code: SAS-B Tel: +233 (0)302 661 770/+233 (0)540 116 760 email: brokerage@sasghana.com</p>	<p>Teak Tree Brokerage Limited CSD code: GCS-B Tel: +233 (0)302 978 838/9 email: Info@ttbghana.com</p>	<p>UMB Stockbrokers Limited CSD code: UMB-B Tel: +233 (0)302 251 137/251 138 email: stockbrokers@umbcapital.com</p>
<p>Worldwide Securities Limited CSD code: WWS-B Tel: +233 (0)302 256 001/764 578 email: info@worldwidesecurities-gh.com</p>		