

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you have disposed of all your ZECO Holdings Limited shares, then this Circular should be handed to the purchaser of such shares or to the broker, CSDP, banker or other agent through whom the disposal was effected. If you are in any doubt as to the action you should take, please consult your CSDP, broker, banker, legal advisor, accountant or other professional advisor immediately.

Disclaimer
Zeco Holdings Limited does not accept any responsibility and will not be held liable for any failure on the part of a CSDP or broker of a Dematerialized Shareholder to notify such Shareholder of the information set out in this Circular. Zimbabwe Stock Exchange Limited takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



ABRIDGED CIRCULAR TO SHAREHOLDERS IN RELATION TO
RATIFICATION OF THE CHANGE OF THE STRATEGIC FOCUS OF ZECO HOLDINGS LIMITED FROM A ROLLING STOCK COMPANY TO A RESIDENTIAL AND
COMMERCIAL PROPERTY INVESTMENT AND DEVELOPMENT COMPANY
AND
ENCLOSING NOTICE OF AN EXTRAORDINARY GENERAL MEETING

NOTICE OF AN EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the members of Zeco Holdings Limited will be held at the Registered Office of the Company at Stand 7753 Corner Canberra Road/Greenock Road, Workington, Harare on 17 August 2022 at 10:00 hrs for the purposes of transacting the business indicated in the detailed Notice enclosed at the end of this circular. The Company has put in place an audio -visual communication facility that will enable members to be heard and seen by all other persons so present whether physically or virtually and to vote, by logging onto <http://polling.fts-net.com/>

Lead – Financial Advisor



Transfer Secretaries



Sponsoring Broker



Reporting Accountants and Auditors



Legal Advisors



Independent Advisor



Date of issue: 2 August 2022

CORPORATE INFORMATION

Directors:	Eng. Benjamin Rafemoyo (Non-Executive Chairman) Mr. Godfrey G Mpofu (Non-Executive Director) Dr. Phillip Chiyangwa (Non- Executive Director) Mr. Bheki Sibanda (Executive Director) Mr. Marshall Jonga (Non-Executive Director) Mr. Edmund Chiyangwa (Executive Director)
Company Secretary and Registered office:	Mr. John Mwinjilo ZECO Holdings Limited Stand 7753 Corner Canberra Road/Greenock Road, Workington, Harare
Lead- Financial Advisors:	TN Financial Services (Pvt) Limited 17 Collins Avenue, Chisipite, Harare, Zimbabwe
Sponsoring Brokers	Bethel Equities (Private) Limited 23 Boundary Road, Eastlea, Harare, Zimbabwe
Reporting Accountants and Auditors	MGI (Mazhandu) Chartered Accountants 7 Central Avenue, 2nd Floor, Methodist House P.O. Box 6499 Harare, Zimbabwe
Legal Advisors	Mtetwa & Nyambirai Legal Practitioners, Conveyancers, Notaries Public, Estate Administrators No. 2 Meredith Drive, Eastlea, Harare, Zimbabwe
Transfer secretaries	First Transfer Secretaries (Private) Limited 1 Armagh Avenue Eastlea, Harare, Zimbabwe
Independent Advisor	Nolands Harare Chartered Accountants 7 Glenera Avenue South, Eastlea, Harare, Zimbabwe

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ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 2 of this Circular apply to this section headed "Action required by Shareholders"

The action you need to take, is set out below. If you are in any doubt as to what action to take, please consult your broker, CSDP, banker, Lawyer, accountant or other professional advisor immediately. If you have disposed of all of your Zeco Shares, this Circular should be handed to the purchaser to whom, or the CSDP, broker or other agent through whom, the disposal was effected

A notice convening the General Meeting is attached to and forms part of this Circular.

- Certificated Shareholders and Dematerialised Shareholders with Own-name Registration**
Certificated Shareholders and Dematerialised Shareholders with Own-name Registration, who are unable to attend the EGM but who wish to be represented thereat, are requested to complete and return the attached Form of Proxy in accordance with the instructions contained therein. It is requested that the duly completed Forms of Proxy in respect of the EGM be received by the Transfer Secretaries by no later than 10:00 on 15 August 2022. If you hold a certificate for your Shares, you are a Certificated Shareholder. If you have lost your Share certificate, but you know that your Shares are held in the form of a certificate, you are also a Certificated Shareholder.
- Dematerialised Shareholders (without Own-name Registration)**
Dematerialised Shareholders who wish to attend the EGM must instruct their CSDP or Broker timeously in order that such CSDP or Broker may issue them with the necessary letter of representation or equivalent authority to attend.

Dematerialised Shareholders who do not wish to attend the EGM, must provide their CSDP or Broker with their instruction for voting as a Shareholder at the EGM in the manner stipulated in the agreement between the Shareholder concerned and the CSDP or Broker governing the relationship between such Shareholder and his CSDP or Broker. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature.



The definitions and interpretations commencing on page 2 of this Circular apply to these important dates and times.

Notes:

1. The above dates and times are subject to change. Any changes will be published in the press.
2. All times quoted in this Circular are local times in Zimbabwe.
3. Dematerialised Shareholders are requested to notify their duly appointed CSDP or broker of their election by the cut-off time stipulated by their CSDP or broker.

In this Circular, unless the context indicates a contrary intention, an expression which denotes any gender includes the other genders, any reference to a natural person includes a juristic person and vice versa, the singular includes the plural and vice versa and the following expressions bear the meanings assigned to them, below:

Notes:

1 References in this Circular to “the Group,” “we,” “our,” and “us” or any other grammatical variations thereof shall unless
otherwise stated, mean the Company, the Group or any member of the Group as the context requires.

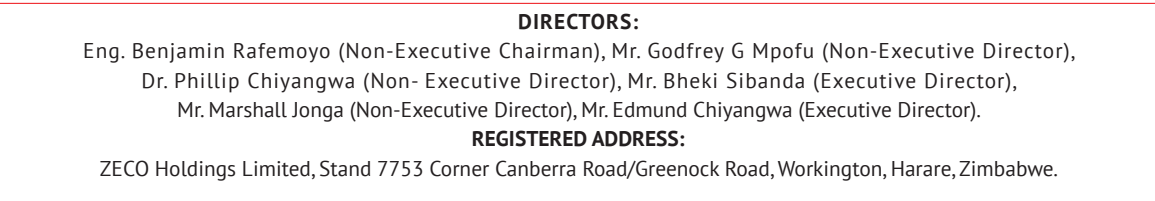
2 The terms “associated company,” “associated entity,” “controlling interest-holder,” “controlling shareholder,” “entity,”
“related corporation,” “related entity,” “subsidiary,” “subsidiary entity” and “substantial interest-holder” shall have the
meanings ascribed to them respectively in the ZSE Listing rules and, the Companies Act.

3 Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the
masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to
persons shall include corporations.

4 Any discrepancies in the tables included in this Circular between the listed amounts and the totals thereof are due
to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures
which precede them. Where applicable, figures and percentages are rounded off.

5 The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

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



2 August 2022

To: The Shareholders of ZECO Holdings Limited

Dear Shareholder

1 INTRODUCTION

- 1.1 At the time of its Initial Public Offering, ZECO Holdings Limited's primary business involved the assembly and refurbishment of locomotives (steam/ diesel/electronic), the manufacture and refurbishment of railway wagons, Granby cars, coco pans and skips for the mining industry (hereafter referred to as the Rolling Stock).
- 1.2 The growth of the Company was predicated on the then anticipated revival of the National Railways of Zimbabwe or its anticipated privatization. The uncertainties surrounding the railway transportation industry over the years, the closure of many mines, and the informalization of the mining sector have put paid to the Company's prospects as a Rolling Stock Company. As a result, the company's shareholders have gone for

1.3 In order to unlock shareholder value, the Board of Directors has resolved to change the strategic focus of ZECO Holdings Limited from a Rolling Stock company to a Residential and Commercial Property Investment and Development Company ("strategic focus"). The change in strategic focus was achieved as follows:

1.3.1 the disposal of the Company's Rolling Stock Assets for an amount of USD 4,500,000.00 ("The Disposal"); and

1.3.2 the purchase of a residential Land, comprising two (2) residential pieces of land measuring 3.6395 hectares with all the developments thereon, situate in the district of Salisbury, called Quinninton Township for total price of USD 2,150,000 ("the Acquisition").

- 1.4 Therefore, the Directors propose to convene an EGM to be held on 17 August 2022 to seek Shareholders ratification of the change the strategic focus of ZECO Holdings Limited from a Rolling Stock company to a Residential and Commercial Property Investment and Development Company as outlined 1.3 above, at Stand 7753 Corner Canberra Road/Greenock Road Workington, Harare ("Proposed Ratification").

- 1.5 The purpose of this Circular is to provide the Shareholders with relevant information regarding the change of strategic focus, including the background and rationale for the change in strategic focus, and to seek Shareholders' ratification of the change in strategic focus at the forthcoming EGM.

2 BACKGROUND TO AND REASONS FOR THE CHANGE IN STRATEGIC FOCUS

- 2.1 Zeco Holdings Limited was incorporated in Zimbabwe by the Registrar of companies in terms of the Companies Act on 19 November 2007 under registration number 30287/2007 in order to consolidate the ownership of Delward and Crittall- Hope. Delward is the core business of Zeco Holdings Limited and was involved in the manufacture and rehabilitation of rolling stock as its core business. Crittall – Hope is involved in the fabrication of products required in the construction industry such as door and window frames, roller shutter doors and fittings.

- 2.2 At the time Zeco Holdings Limited was listed on the ZSE in 2008, Demand for rolling stock products in Zimbabwe was primarily driven by the National Railways of Zimbabwe (NRZ) and the mining sector. The uncertainties surrounding the railway transportation industry over the years, and the closure of many mines, and the informalisation of the mining sector have put paid to the Company's prospects as a Rolling Stock Company. As a result, the company's shareholders have gone for years without enjoying any capital appreciation or earning a dividend from their continued investment in the rolling stock business.

- 2.3 In order to maintain the sustainable growth and profitability of the businesses going forward, the Board has changed the Company's strategic focus from a Rolling Stock company to a Residential and Commercial Property Investment and Development Company. The new strategic focus will enable the company to participate in the growth prospects of the Property Development sector which appears to have better prospects than the Rolling Stock industry.

- 2.4 To achieve the new strategic focus, the Company successfully consummated the following transactions:
- 2.4.1 the disposal of the Company's Rolling Stock Assets for an amount of USD 4,500,000; and
- 2.4.2 the purchase of a residential piece of land measuring 3,6395 square meters with all the developments thereon, situate in the district of Salisbury, called Quininton Township for the price of USD 2,150,000.

3 THE DISPOSAL OF ROLLING STOCK ASSETS

- 3.1 Introduction**
- 3.1.1** The Company entered into a sale and purchase agreement (the “SPA”), pursuant to which the Company agreed to, amongst other things, dispose of its rolling stock assets for an aggregate cash consideration of USD 4,500,000.00 (the “Consideration”).
- 3.1.2** Directors (including the independent non-executive Directors) consider that the terms of the SPA and the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

- 3.2 Information on the Rolling Stocks Assets**
- 3.2.1** Delward is a wholly-owned subsidiary of the Company that held title to properties with the description below:
- No 18 Lemington Road, Belmont, Bulawayo. Certain piece of land situate in the District of Bulawayo called Lot 1 of Bulawayo Township-of; Township Lands measuring 26,000 square meters together with permanent improvements constructed thereupon; and
 - No 38 Josiah Chinamano, Belmont, Bulawayo. Certain three piece of land situate in the District of Bulawayo called Stand 5091A, Stand 5091B and Stand 5091C Bulawayo Township of Bulawayo Township Lands, measuring a total of 46, 268 square meters together with improvements constructed thereupon.

- 3.3 Principal Terms of the Disposal**
- 3.3.1 The disposal Consideration**
- The Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to the prevailing market price of properties at nearby locations. The directors accepted a value of USD 4,500,000 equivalent to ZWL 489,015,000 for the rolling stock assets. As the valuation of the Rolling Stock Assets is lower than the Consideration, the Directors (including the independent non-executive Directors) believe that the Consideration is fair and reasonable and in the interests of the Company and all the Shareholders.

- ### 3.3.2 Settlement of the disposal consideration
- The full purchase consideration was paid as follows: ZWL333,640,500 in the form of cash and the remainder of ZWL155,374,500 was paid in the form of building materials.

- 3.4 Information on the Purchaser**
- 3.4.1** The Purchaser name is Eagletron International (Pvt) Ltd whose principal business activities are steel retailing and manufacturing of various building and mining materials which include reinforcement steel, IBR roof sheets, brickforce etc.
- 3.4.2** Save for the foregoing, the Purchaser does not have any connection (including business relationship) with the Zeco, its Directors and substantial Shareholders, therefore is not classified as a related party as defined by paragraph 266 of the listings rules.

- 3.5 Independent Valuation**
- 3.5.1** For the purpose of the Disposal, the Company commissioned the Valuer, namely Integrated Properties, to perform an independent valuation on the properties as at 27 November 2020 Based on the Valuation Report, the market value of the properties was US\$2,600,000.
- 3.5.2** None of the Directors and/or the substantial Shareholders and/or their respective Associates has any interest, direct or indirect, in the Valuer. Neither the Purchaser nor its director and sole shareholder has any interest, direct or indirect, in the Valuer.

4 THE ACQUISITION OF LAND & IMPROVEMENTS

- 4.1 Introduction**
- 4.1.1** Pursuant to the SPA, the Vendor agreed to sell and ZECO Holdings Limited agreed to purchase the Land free from all encumbrances at a total cash consideration of USD 2,150,000 upon the terms and conditions contained in the SPA.
- 4.1.2** The Land was acquired on an "as is where is" basis in its current state and condition with vacant possession and free from all encumbrances upon the date of completion of the SPA.

- 4.2 Information on the Land**
- 4.2.1** The Land, comprising two (2) residential pieces of land measuring in total area of approximately 3.6395 hectares, with all the developments thereon, situate in the district of Salisbury, called Quininton Township for the price of . Further details of the Land are as follows:

2

DIRECTORS: Eng. Benjamin Rafemoyo (Non-Executive Chairman), Mr. Godfrey G Mpofu (Non-Executive Director), Mr. Phillip Chiyangwa (Non- Executive Director), Mr. Bheki Sibanda (Executive Director), Mr. Marshall Jonga (Non-Executive Director), Mr. Edmund Chiyangwa (Executive Director). **REGISTERED ADDRESS:** ZECO Holdings Limited, Stand 7753 Corner Canberra Road/Greenock Road, Workington, Harare, Zimbabwe.

ABRIDGED CIRCULAR TO SHAREHOLDERS IN RELATION TO

RATIFICATION OF THE CHANGE OF THE STRATEGIC FOCUS OF ZECO HOLDINGS LIMITED FROM A ROLLING STOCK COMPANY TO A RESIDENTIAL AND COMMERCIAL PROPERTY INVESTMENT AND DEVELOPMENT COMPANY AND ENCLOSING NOTICE OF AN EXTRAORDINARY GENERAL MEETING

LETTER TO SHAREHOLDERS (CONTINUED)

4 THE ACQUISITION OF LAND & IMPROVEMENTS (CONTINUED)

4.3 Salient terms and conditions of the SPA

4.3.1 The Acquisition Price

The acquisition price was determined after arm's length negotiation between the Company and the Seller with reference to the prevailing market price of properties at nearby location.

4.3.2 Liabilities to be assumed

There are no liabilities including contingent liabilities and guarantees that were assumed by Zeco Holding Limited as a result of the Acquisition.

4.4 Information on the Seller

4.4.1 The name of the seller is Dingane Investments and is a property holding and development company.

4.4.2 Save for the foregoing, the Seller does not have any connection (including business relationship) with the Zeco, its Directors and substantial Shareholders, therefore is not classified as a related party as defined by paragraph 266 of the listings rules.

4.4.1 Other salient term(s)

The SPA contains undertakings, warranties and indemnities that are typical for purchases of this nature.

4.5 Independent Valuation

4.5.1 The Purchase Price of USD 2,150,000 was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the following:

- The development potential and prospects of the land given its strategic location;
- The basis of valuation adopted is the Market Value which is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
- None of the Directors and/or the substantial Shareholders and/or their respective Associates has any interest, direct or indirect, in the Valuer. Neither the Seller nor its director and sole shareholder has any interest, direct or indirect, in the Valuer.

4.6 Source of funding

The Acquisition was funded from the rolling stock disposal proceeds.

5 ACQUISITION OF BUILDING MATERIALS

A total amount of USD2 346 290 was used to acquire building materials as per the schedule below:

Description	Description	Cost (USD)
Friday, 01 January 2021	Steel Work	553,974.62
Friday, 01 January 2021	Aluminium	253,537.88
Friday, 01 January 2021	Aluminium	87,927.32
Sunday, 28 February 2021	Fabricated steel structures	940,000.00
Monday, 10 May 2021	Fabricated steel structures	305,519.52
Monday, 21 June 2021	Cantlevered canopy	28,531.28
Wednesday, 30 June 2021	Roof extras	48,714.76
Wednesday, 30 June 2021	Aluminium extras	7,880.00
Tuesday, 02 November 2021	Alucuson and transluscents	120,204.80
Total Building materials		2,346,290.18

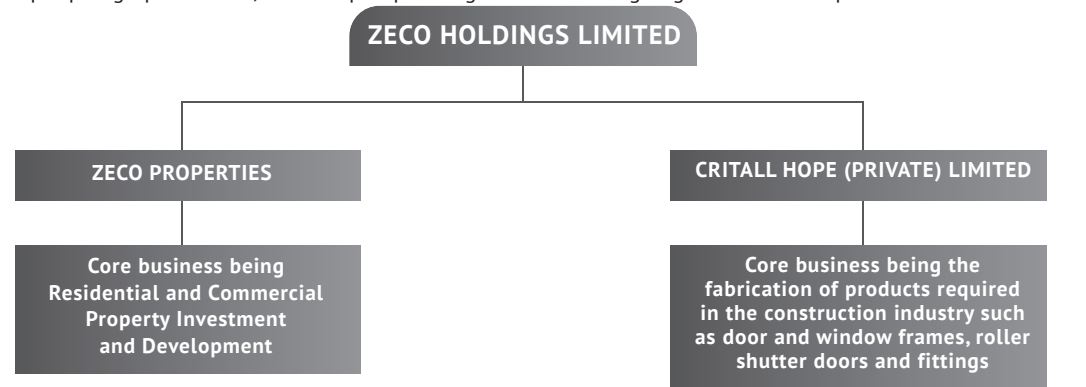
6 COST OF THE PROPOSED RATIFICATION

The cost of the proposed ratification will be borne by ZECO Holdings and include the specific legal, taxation, financial advisory and other services which are estimated at USD350,000, detailed as follows:

Description	Cost
Lead - Financial Advisor	US\$325,000-00
Legal Advisors	US\$2,000-00
Independent Advisors	US\$1,145-00
Stokebrokers	US\$6,641-00
Transfer Secretaries	US\$3,000-00
Printing and publication	US\$8,774-00
ZSE Charges	ZWL13743,000-00

7 DETAILS OF NEW STRATEGIC FOCUS

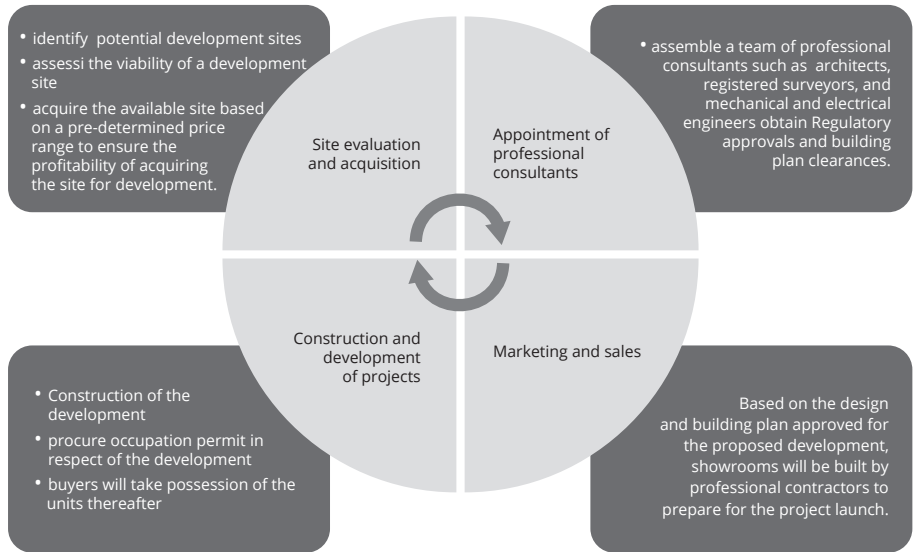
Following the disposal of the rolling stock as per paragraph 3 above and acquisition of the residential stands as per paragraph 4 above, the Group's operating business units going forward are depicted below:



7.1 Zeco Properties

7.1.1 The property development business involves the Group identifying suitable development sites, acquiring such sites for development of residential and/or commercial properties, constructing the properties, and then selling or leasing such properties.

7.1.2 The key processes of the property development business are depicted below:



7.1.3 Zeco Properties will embark on property development projects only after evaluating each project on their individual merits. In making its assessment on the method and timing of such projects, the Group will consider the cash flow requirements of the Group, relevant market conditions, growth potential, projected returns and business value enhancements of such projects to the Group.

7.1.4 Zeco Properties will acquire development sites either through direct land acquisitions or through acquisition of or joint venture with other parties including property developers.

7.2 Crittall Hope

7.2.1 Main thrust will be on the manufacturing of all Window frames and door frames to be used in the projects being undertaken by Zeco properties. This unit has the following divisions:

7.2.1.1 Window frames - the window frame factory manufactures all types of standard and purpose made window frames. The set of machinery in this factory include eccentric presses, corner flash welders, hot reverting machines, arc welders and a dip paint tank.

7.2.1.2 Door frames - the door frame factory manufactures all sizes of door frames, steel door panels, transformer doors, cupboard frames and purpose made door frames. The machinery in this factory includes guillotines, bending brakes, spot welders, eccentric presses, arc welding machines and a paint tank.

7.2.1.3 Agricultural equipment - the agricultural equipment factory manufactures all sizes of scotch carts, harrows, water bowsers, ploughs and related products.

7.2.1.4 Fitting Shop - the fitting shop manufactures roller shutter doors, sliding doors, hinges and brackets for window and door frames, burglar bars and fly screens.

8 EFFECTS OF THE CHANGE IN STRATEGIC FOCUS

8.1 The Change in strategic focus did not have any material effect on the share capital of the Company and neither did it had any material effect on the net assets, gearing and earnings per share of the Company.

9 MANAGING THE BUSINESS

9.1 The Business is under the supervision of the incumbent Group's Chief Executive Officer, Wilfred Bumhira and Eng. Benjamin Rafemoyo as Chairman, who provides the strategic vision and policy on the Business. In making decisions, they will, where necessary and appropriate, seek the advice of reputable external consultants and experts.

9.2 The Group will strengthen the management expertise in the Business with additional headcount as and when necessary and/or appoint third party professionals for advice. The Group may foster partnerships with various third parties to assist it in undertaking the Business more effectively and efficiently as the Group seeks to build its expertise and capabilities in the field. Such partnerships may be established either on a case-to-case basis or on a term basis.

9.3 Where appropriate, aspects of the Business may be outsourced to third party contractors. This may include, for example, appointing marketing agents to facilitate the sale, purchase or lease of properties to the Group's customers. In selecting contractors, the Group will take into account the specific expertise and competencies required for the project in question and the experience, historical track record and financial standing of the party concerned.

10 FINANCING THE PROPOSED BUSINESS

10.1 The Company plans to finance the new business using a combination of internal funds, bank borrowings as well as working with joint venture partners who will be able to provide funding for projects.

10.2 As and when necessary and deemed appropriate, the Company will raise capital from shareholders by way of a rights offer.

11 EXTRAORDINARY GENERAL MEETING

11.1 The EGM, notice of which is set out at page 7 of this Circular, will be held by electronic means (i.e. via live audio-visual webcast or live audio-only livestream) on 17 August 2022 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the Resolution(s) set out therein.

12 ACTION TO BE TAKEN BY SHAREHOLDERS

12.1 Shareholders who wish to vote on the Resolution(s) at the EGM must appoint one or more persons, whether members or not, to act in the alternative as his or her proxy by collecting and completing the Proxy Form in accordance with the instructions printed thereon.

12.2 The Proxy form must be submitted by: (i) to the Company's registered office Stand 7753 Corner Canberra Road/ Greenock Road Workington, Harare; or (ii) to the Company's Transfer Secretaries at 1 Armagh Avenue Eastlea, Harare and in either case, by 10.00 a.m. on 15 August 2022, being no later than 48 hours before the time appointed for the EGM and in default the instrument of proxy shall not be treated as valid. Due to the constantly evolving COVID-19 situation in Zimbabwe, the Company may be required to change its EGM arrangements at short notice.

13 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND / OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of the Company or any persons connected to them had any interest, direct or indirect, in the new strategic focus.

14 MATERIAL CONTRACTS

As at the last practicable date, the Directors of the Company are not aware of any material commitments contracted or known to be contracted by the Group that is likely to have a material effect on the Group's financial position.

15 CONTINGENT LIABILITIES

As at the last practicable date, the Directors of the Company are not aware of any contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have a substantial impact in the ability of the Company to meet its obligations as and when they fall due.

16 MATERIAL LITIGATIONS

As at the last practicable date, ZECO Holdings Limited is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of the Group and the Board has no knowledge of any proceedings, pending or threatened, against ZECO Holdings Limited or of any fact which is likely to give rise to any proceeding which may materially and adversely affect the business or financial position of ZECO Holdings Limited.

17 DIRECTORS' RECOMMENDATION

17.1 The Directors, having considered, inter alia, the terms of, rationale for, and benefits of the Change in Strategic focus are of the opinion that the change in strategic focus is in the best interests of the Company and accordingly, recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Ratification as set out in the Notice of EGM.

17.2 In giving the above recommendation, the Directors have not had regard to the general or specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice should consult his stockbroker, accountant, bank manager or other professional advisers immediately.

18 DIRECTORS' RESPONSIBILITY STATEMENT

This circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this notice misleading.

19 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Stand 7753 Corner Canberra Road/Greenock Road Workington, Harare during normal business hours (except public holidays) from the date of this Circular up to 15 August 2022:

- Memorandum and Articles of Association of the Zeco;
- Audited financial results for the half year ended 31 June 2021;
- The Audited financial statements of Zeco for the years ended 31 December 2018, 2019 and 2020;
- The property valuation reports
- The SPA Agreements.

Signed on behalf of
the ZECO Holdings Limited Board

(Signed on original)

Eng. Benjamin Rafemoyo

ABRIDGED CIRCULAR TO SHAREHOLDERS IN RELATION TO

RATIFICATION OF THE CHANGE OF THE STRATEGIC FOCUS OF ZECO HOLDINGS LIMITED FROM A ROLLING STOCK COMPANY TO A RESIDENTIAL AND COMMERCIAL PROPERTY INVESTMENT AND DEVELOPMENT COMPANY AND ENCLOSING NOTICE OF AN EXTRAORDINARY GENERAL MEETING

NOTICE OF EXTRAORDINARY GENERAL MEETING



ZECO Holdings Limited
Stand 7753 Corner Canberra Road/Greenock Road, Workington, Harare

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of ZECO Holdings Limited. ("Company") will be held by way of electronic means, on 17 August 2022 at 10 am., for the purpose of considering and, if thought fit, passing with or without amendment, the resolutions set out below.

All terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 2 August 2022

ORDINARY RESOLUTION: RATIFICATION OF THE COMPANY'S CHANGE OF STRATEGIC FOCUS

- That:
- a) the disposal of the Company's Rolling Stock Assets for an amount of USD4,500,000 or Zimbabwe dollar equivalent at the interbank rate ("the Disposal") upon the terms and conditions of the sale and purchase agreement dated 19 October 2020 (the "SPA 1") be and is hereby approved, confirmed, and ratified;
 - b) the purchase of a residential Land, comprising two (2) residential pieces of land measuring 3.6395 hectares with all the developments thereon, situate in the district of Salisbury, called Quinninton Township for total price of USD2,150,000 ("the Acquisition"); upon the terms and conditions of the sale and purchase agreement dated 4 January 2021 (the "SPA 2") be and is hereby approved, confirmed and ratified;
 - c) the Directors of the Company and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as may be required) as they or he may consider necessary, desirable or expedient to give full effect to this resolution; and
 - d) any acts, matters and things done or performed, and/or documents signed, executed, sealed and/or delivered by any Director in connection with the Disposal, the SPA1, the Acquisition, the SPA2 and this resolution be and are hereby approved, confirmed and ratified.

BY ORDER OF THE BOARD

ZECO Holdings Limited

Signed on original

Company Secretary

2 August 2022

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

- 1. Voting through the audio- visual facility**
A member will be able to vote through the "live" audio-visual webcast or "live" audio-only feed facility by following the instructions on the facility.
- Members may appoint one or more persons, whether members or not, to act in the alternative as his or her proxy to attend and vote instead of him or her. In that event, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, on the proxy form, failing which it will render the proxy invalid.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

The authority of the person signing a proxy or representing an institutional shareholder should be attached to the proxy form in the form of a Board resolution confirming that the proxy has been appointed to represent the shareholder at the Company's Extraordinary General Meeting.

In addition, in the case of Shares entered in the Depository Register maintained by Chengetedzai, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Chengetedzai's Depository as at 48 hours before the time appointed for holding the EGM.

PROXY FORM



ZECO HOLDINGS LIMITED
Stand 7753 Corner Canberra Road/Greenock Road, Workington, Harare

PROXY FORM

*I/We (Name) of

(Address)

being a registered holder of Ordinary shares in ZECO hereby appoint:

..... or failing him/her

as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company ("EGM") to be held by way of electronic means on 17 August 2022 at 10.00 a.m. and at any adjournment thereof in the following manner:

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

	For	Against**	Abstain**
ORDINARY RESOLUTION: RATIFICATION OF THE COMPANY'S CHANGE OF STRATEGIC FOCUS			
That: a. the disposal of the Company's Rolling Stock Assets for an amount of USD4,500,000 or Zimbabwe dollar equivalent ("the Disposal") upon the terms and conditions of the sale and purchase agreement dated 19 October 2020 (the "SPA 1") be and is hereby approved, confirmed, and ratified b. the purchase of a residential Land, comprising two (2) residential pieces of land measuring 3.6395 hectares with all the developments thereon, situate in the district of Salisbury, called Quinninton Township for total price of USD2,150,000 ("the Acquisition"); upon the terms and conditions of the sale and purchase agreement dated 4 January 2021 (the "SPA 2") be and is hereby approved, confirmed and ratified; c. the Directors of the Company and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as may be required) as they or he may consider necessary, desirable or expedient to give full effect to this resolution; and d. any acts, matters and things done or performed, and/or documents signed, executed, sealed and/or delivered by any Director in connection with the Disposal, the SPA1, the Acquisition, the SPA2 and this resolution be and are hereby approved, confirmed and ratified.			

- * Delete accordingly
- ** A tick or cross would represent that you are exercising all your votes "For" or "Against" or "Abstain" from voting on the resolution. In the absence of specific directions in respect of a resolution, your proxy will be treated as invalid.

Signed this Day of 2022

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

- NOTES:**
- Due to the current COVID-19 restriction orders in Zimbabwe, a member will not be able to attend the EGM in person. A member may vote online on the resolutions to be tabled for approval at the EGM.
 - Shareholders may insert the name of a proxy or the name of two alternative proxies of the shareholder's choice in the space provided. The person whose name appears first on the form of proxy shall be entitled to act as to the exclusion of those whose names follow.
 - The proxy must not be Director or an Officer of the Company
 - The authority of the person signing a proxy or representing an institutional shareholder should be attached to the proxy form in the form of a Board resolution confirming that the proxy has been appointed to represent the shareholder at the Company's Extraordinary General Meeting.
 - Forms of proxy must be lodged at or posted to be received at the registered office of the Company Secretary, Stand 7753 Corner Canberra Road/Greenock Road, Workington, Harare or at the office of the Transfer Secretaries , 1 Armagh Avenue, Eastlea, Harare, Zimbabwe, not less than 48 hours before the time of the meeting.
 - The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the Extraordinary General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof should the shareholder wish to do so.
 - The Chairman of the Extraordinary General Meeting may accept a proxy form which is completed and /or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
 - Any alteration or correction to this form must be initialled by the signatory/signatories.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you have disposed of all your ZECO Holdings Limited shares, then this Circular should be handed to the purchaser of such shares or to the broker, CSDP, banker or other agent through whom the disposal was effected. If you are in any doubt as to the action you should take, please consult your CSDP, broker, banker, legal advisor, accountant or other professional advisor immediately.

Disclaimer
Zeco Holdings Limited does not accept any responsibility and will not be held liable for any failure on the part of a CSDP or broker of a Dematerialized Shareholder to notify such Shareholder of the information set out in this Circular. Zimbabwe Stock Exchange Limited takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



CIRCULAR TO SHAREHOLDERS IN RELATION TO

RATIFICATION OF THE CHANGE OF THE STRATEGIC FOCUS OF ZECO HOLDINGS LIMITED FROM A ROLLING STOCK COMPANY TO A RESIDENTIAL AND COMMERCIAL PROPERTY INVESTMENT AND DEVELOPMENT COMPANY AND ENCLOSING NOTICE OF AN EXTRAORDINARY GENERAL MEETING

NOTICE OF AN EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the members of Zeco Holdings Limited will be held at the Registered Office of the Company at Stand 7753 Corner Canberra Road/Greenock Road, Workington, Harare on 17 August 2022 at 10:00 hrs for the purposes of transacting the business indicated in the detailed Notice enclosed at the end of this circular. The Company has put in place an audio -visual communication facility that will enable members to be heard and seen by all other persons so present whether physically or virtually and to vote, by logging onto <http://polling.fts-net.com/>

Lead – Financial Advisor



Reporting Accountants and Auditors



Legal Advisors



Independent Advisor



Date of issue: 2 August 2022

CORPORATE INFORMATION

Directors:	Eng. Benjamin Rafemoyo (Non-Executive Chairman)
	Mr. Godfrey G Mpofu (Non-Executive Director)
	Dr. Phillip Chiyangwa (Non- Executive Director)
	Mr. Bheki Sibanda (Executive Director)
	Mr. Marshall Jonga (Non-Executive Director)
	Mr. Edmund Chiyangwa (Executive Director)
Company Secretary and Registered office:	Mr. John Mwinjilo ZECO Holdings Limited Stand 7753 Corner Canberra Road/Greenock Road, Workington, Harare
Lead- Financial Advisors:	TN Financial Services (Pvt) Limited 17 Collins Avenue, Chisipite, Harare, Zimbabwe
Sponsoring Brokers	Bethel Equities (Private) Limited 23 Boundary Road, Eastlea, Harare, Zimbabwe
Reporting Accountants and Auditors	MGI (Mazhandu) Chartered Accountants 7 Central Avenue, 2nd Floor, Methodist House P.O. Box 6499 Harare, Zimbabwe
Legal Advisors	Mtetwa & Nyambirai Legal Practitioners, Conveyancers, Notaries Public, Estate Administrators No. 2 Meredith Drive, Eastlea, Harare, Zimbabwe
Transfer secretaries	First Transfer Secretaries (Private) Limited 1 Armagh Avenue Eastlea, Harare, Zimbabwe
Independent Advisor	Nolands Harare Chartered Accountants 7 Glenera Avenue South, Eastlea, Harare, Zimbabwe

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ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 2 of this Circular apply to this section headed "Action required by Shareholders"

The action you need to take, is set out below. If you are in any doubt as to what action to take, please consult your broker, CSDP, banker, Lawyer, accountant or other professional advisor immediately. If you have disposed of all of your Zeco Shares, this Circular should be handed to the purchaser to whom, or the CSDP, broker or other agent through whom, the disposal was effected

A notice convening the General Meeting is attached to and forms part of this Circular.

1.

Certificated Shareholders and Dematerialised Shareholders with Own-name Registration
Certificated Shareholders and Dematerialised Shareholders with Own-name Registration, who are unable to attend the EGM but who wish to be represented thereat, are requested to complete and return the attached Form of Proxy in accordance with the instructions contained therein. It is requested that the duly completed Forms of Proxy in respect of the EGM be received by the Transfer Secretaries by no later than 10:00 on 15 August 2022. If you hold a certificate for your Shares, you are a Certificated Shareholder. If you have lost your Share certificate, but you know that your Shares are held in the form of a certificate, you are also a Certificated Shareholder.
2.

Dematerialised Shareholders (without Own-name Registration)
Dematerialised Shareholders who wish to attend the EGM must instruct their CSDP or Broker timeously in order that such CSDP or Broker may issue them with the necessary letter of representation or equivalent authority to attend.

Dematerialised Shareholders who do not wish to attend the EGM, must provide their CSDP or Broker with their instruction for voting as a Shareholder at the EGM in the manner stipulated in the agreement between the Shareholder concerned and the CSDP or Broker governing the relationship between such Shareholder and his CSDP or Broker. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature.



CIRCULAR TO SHAREHOLDERS IN RELATION TO

RATIFICATION OF THE CHANGE OF THE STRATEGIC FOCUS OF ZECO HOLDINGS LIMITED FROM A ROLLING STOCK COMPANY TO A RESIDENTIAL AND COMMERCIAL PROPERTY INVESTMENT AND DEVELOPMENT COMPANY AND ENCLOSING NOTICE OF AN EXTRAORDINARY GENERAL MEETING

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 2 of this Circular apply to these important dates and times:

EVENT	DATE
Notice of Shareholders Extraordinary General Meeting published	2 August 202
Circular to ZECO shareholders published	2 August 202
Last day for lodging proxy forms	15 August 2022
ZECO Shareholders EGM held at 10:00 hours	17 August 2022
Publication of EGM results on or before	19 August 2022

- Notes:**
- The above dates and times are subject to change. Any changes will be published in the press.
 - All times quoted in this Circular are local times in Zimbabwe.
 - Dematerialised Shareholders are requested to notify their duly appointed CSDP or broker of their election by the cut-off time stipulated by their CSDP or broker.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates a contrary intention, an expression which denotes any gender includes the other genders, any reference to a natural person includes a juristic person and vice versa, the singular includes the plural and vice versa and the following expressions bear the meanings assigned to them, below:

“Board”, “Board of Directors” or “Directors”	the Board of Directors of ZECO Holdings Limited;
“Broker”	A person registered as a “Broking Member” by the ZSE and licensed by the Securities Exchange Commission of Zimbabwe to trade in financial securities;
“Certificated shares”	Shares which have not been dematerialised, title to which is represented by a physical share certificate;
“Circular” or “Document”	This Circular dated, 2 August 2022 to Shareholders of ZECO;
“Companies Act or “COBE”	The Companies and other Business Entities Act [Chapter 24:31] of Zimbabwe, as amended;
“CSDP”	Central securities depository participant;
“EGM”	The Extraordinary General Meeting of shareholders of the Company which shall be held, at 10:00 am on 17 August 2022 at Stand 7753 Corner Canberra Road/ Greenock Road Workington, Harare. Notice of which is given in the Notice of EGM
“EPS”	Earnings per share;
“Form of Proxy” or “Proxy Form”	The form, accompanying this document, which provides for ZECO shareholders to appoint a proxy to attend the EGM and vote on their behalf;
“Lead Advisor” or “TNFS”	TN Financial Services (Private) Limited, a company incorporated in Zimbabwe under registration 5548/97 and that is duly registered with the Securities and Exchange Commission of Zimbabwe to conduct financial advisory services;
“Member”	ZECO shareholder;
“MOA” or “M&A”	the Memorandum and Articles of Association of ZECO Holdings Limited;
“Ordinary Shares”	The ordinary shares of ZECO with a nominal value of ZWL nil each in the share capital of ZECO;
“RBZ”	Reserve Bank of Zimbabwe;
“Registrar”	The Zimbabwean Registrar of Companies;
“Sponsoring Broker”	Sponsoring broker on the proposed Transaction, namely Bethel Equities (Private) Limited;
“Transfer Secretaries” or “FTS”) ”	Transfer secretaries to ZECO Holdings, namely First Transfer Secretaries (Private) Limited;
“USD” or “US\$”	The United States Dollar, the lawful currency of the United States of America, being a legal currency in Zimbabwe as well;
“ZECO”	A Company that was incorporated in Zimbabwe by the Registrar of companies in terms of the Companies Act on 19 November 2007 under registration number 30287/2007 in order to consolidate the ownership of Delward and Crittall- Hope
“ZECO Shareholder”	A holder of ZECO shares registered in the ZECO share register as at the record date;
“Zimbabwe”	The Republic of Zimbabwe;
“ZSE”	Zimbabwe Stock Exchange Limited;

- Notes:**
- References in this Circular to “the Group”, “we”, “our”, and “us” or any other grammatical variations thereof shall unless otherwise stated, mean the Company, the Group or any member of the Group as the context requires.
 - The terms “associated company”, “associated entity”, “controlling interest-holder”, “controlling shareholder”, “entity”, “related corporation”, “related entity”, “subsidiary”, “subsidiary entity” and “substantial interest-holder” shall have the meanings ascribed to them respectively in the ZSE Listing rules and, the Companies Act.
 - Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.
 - Any discrepancies in the tables included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Where applicable, figures and percentages are rounded off.
 - The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.
 - Any reference to a time of day in this Circular shall be a reference to Zimbabwe time, unless otherwise stated.



DIRECTORS:

Eng. Benjamin Rafemoyo (Non-Executive Chairman), Mr. Godfrey G Mpofu (Non-Executive Director), Dr. Phillip Chiyangwa (Non- Executive Director), Mr. Bheki Sibanda (Executive Director), Mr. Marshall Jonga (Non-Executive Director), Mr. Edmund Chiyangwa (Executive Director).

REGISTERED ADDRESS:

ZECO Holdings Limited, Stand 7753 Corner Canberra Road/Greenock Road, Workington, Harare, Zimbabwe.

LETTER TO SHAREHOLDERS

2 August 2022

To: The Shareholders of ZECO Holdings Limited

Dear Shareholder

1 INTRODUCTION

At the time of its Initial Public Offering, ZECO Holdings Limited's primary business involved the assembly and refurbishment of locomotives (steam/ diesel/electronic), the manufacture and refurbishment of railway wagons, Granby cars, coco pans and skips for the mining industry (hereafter referred to as the Rolling Stock).

The growth of the Company was predicated on the then anticipated revival of the National Railways of Zimbabwe or its anticipated privatization. The uncertainties surrounding the railway transportation industry over the years, the closure of many mines, and the informalization of the mining sector have put paid to the Company's prospects as a Rolling Stock Company. As a result, the company's shareholders have gone for

years without enjoying any capital appreciation or earning a dividend from their continued investment in the rolling stock business.

In order to unlock shareholder value, the Board of Directors has resolved to change the strategic focus of ZECO Holdings Limited from a Rolling Stock company to a Residential and Commercial Property Investment and Development Company (“strategic focus”). The change in strategic focus was achieved as follows: the disposal of the Company's Rolling Stock Assets for an amount of USD 4,500,000.00 (“The Disposal”); and the purchase of a residential Land, comprising two (2) residential pieces of land measuring 3.6395 hectares with all the developments thereon, situate in the district of Salisbury, called Quinninton Township for total price of USD 2,150,000 (“the Acquisition”).

Therefore, the Directors propose to convene an EGM to be held on 17 August 2022 to seek Shareholders ratification of the change the strategic focus of ZECO Holdings Limited from a Rolling Stock company to a Residential and Commercial Property Investment and Development Company as outlined 1.3 above, at Stand 7753 Corner Canberra Road/Greenock Road Workington, Harare (“Proposed Ratification”).

The purpose of this Circular is to provide the Shareholders with relevant information regarding the change of strategic focus, including the background and rationale for the change in strategic focus, and to seek Shareholders' ratification of the change in strategic focus at the forthcoming EGM.

2 BACKGROUND TO AND REASONS FOR THE CHANGE IN STRATEGIC FOCUS

Zeco Holdings Limited was incorporated in Zimbabwe by the Registrar of companies in terms of the Companies Act on 19 November 2007 under registration number 30287/2007 in order to consolidate the ownership of Delward and Crittall- Hope. Delward is the core business of Zeco Holdings Limited and was involved in the manufacture and rehabilitation of rolling stock as its core business. Crittall – Hope is involved in the fabrication of products required in the construction industry such as door and window frames, roller shutter doors and fittings.

At the time Zeco Holdings Limited was listed on the ZSE in 2008, Demand for rolling stock products in Zimbabwe was primarily driven by the National Railways of Zimbabwe (NRZ) and the mining sector. The uncertainties surrounding the railway transportation industry over the years, and the closure of many mines, and the informalisation of the mining sector have put paid to the Company's prospects as a Rolling Stock Company. As a result, the company's shareholders have gone for years without enjoying any capital appreciation or earning a dividend from their continued investment in the rolling stock business.

In order to maintain the sustainable growth and profitability of the businesses going forward, the Board has changed the Company's strategic focus from a Rolling Stock company to a Residential and Commercial Property Investment and Development Company. The new strategic focus will enable the company to participate in the growth prospects of the Property Development sector which appears to have better prospects than the Rolling Stock industry.

To achieve the new strategic focus, the Company successfully consummated the following transactions: the disposal of the Company's Rolling Stock Assets for an amount of USD 4,500,000; and the purchase of a residential piece of land measuring 3,6395 square meters with all the developments thereon, situate in the district of Salisbury, called Quinninton Township for the price of USD 2,150,000.

3 THE DISPOSAL OF ROLLING STOCK ASSETS

3.1 Introduction

The Company entered into a sale and purchase agreement (the “SPA”), pursuant to which the Company agreed to, amongst other things, dispose of its rolling stock assets for an aggregate cash consideration of USD 4,500,000.00 (the “Consideration”).

Directors (including the independent non-executive Directors) consider that the terms of the SPA and the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3.2 Information on the Rolling Stocks Assets

- Delward is a wholly-owned subsidiary of the Company that held title to properties with the description below:
- No 18 Lemington Road, Belmont, Bulawayo. Certain piece of land situate in the District of Bulawayo called Lot 1 of Bulawayo Township-of; Township Lands measuring 26,000 square meters together with permanent improvements constructed thereupon; and
 - No 38 Josiah Chinamano, Belmont, Bulawayo. Certain three piece of land situate in the District of Bulawayo called Stand 5091A, Stand 5091B and Stand 5091C Bulawayo Township of Bulawayo Township Lands, measuring a total of 46, 268 square meters together with improvements constructed thereupon.

3.3 Principal Terms of the Disposal

3.3.1 The disposal Consideration

The Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to the prevailing market price of properties at nearby locations. The directors accepted a value of USD 4,500,000 equivalent to ZWL 489,015,000 for the rolling stock assets. As the valuation of the Rolling Stock Assets is lower than the Consideration, the Directors (including the independent non-executive Directors) believe that the Consideration is fair and reasonable and in the interests of the Company and all the Shareholders.

3.3.2 Settlement of the disposal consideration

The full purchase consideration was paid as follows: ZWL333,640,500 in the form of cash and the reminder of ZWL155,374,500 was paid in the form of building materials.

3.4 Information on the Purchaser

The Purchaser name is Eagletron International (Pvt) Ltd whose principal business activities are steel retailing and manufacturing of various building and mining materials which include reinforcement steel, IBR roof sheets, brickforce etc.

Save for the foregoing, the Purchaser does not have any connection (including business relationship) with the Zeco, its Directors and substantial Shareholders, therefore is not classified as a related party as defined by paragraph 266 of the listings rules.

3.5 Independent Valuation

For the purpose of the Disposal, the Company commissioned the Valuer, namely Integrated Properties, to perform an independent valuation on the properties as at 27 November 2020 Based on the Valuation Report, the market value of the properties was US\$2,600,000.

None of the Directors and/or the substantial Shareholders and/or their respective Associates has any interest, direct or indirect, in the Valuer. Neither the Purchaser nor its director and sole shareholder has any interest, direct or indirect, in the Valuer.

4 THE ACQUISITION OF LAND & IMPROVEMENTS

4.1 Introduction

Pursuant to the SPA, the Vendor agreed to sell and ZECO Holdings Limited agreed to purchase the Land free from all encumbrances at a total cash consideration of USD 2,150,000 upon the terms and conditions contained in the SPA.

The Land was acquired on an “as is where is” basis in its current state and condition with vacant possession and free from all encumbrances upon the date of completion of the SPA.

4.2 Information on the Land

The Land, comprising two (2) residential pieces of land measuring in total area of approximately 3.6395 hectares, with all the developments thereon, situate in the district of Salisbury, called Quinninton Township for the price of . Further details of the Land are as follows:

No	Land Title	Land Size (hectares)	Category of land use
1	Lot 4AB Quinninton	1.8030	Residential
2	Stand 402 Quinninton Township of lot AD Quinninton	1.8365	Residential

CIRCULAR TO SHAREHOLDERS IN RELATION TO

RATIFICATION OF THE CHANGE OF THE STRATEGIC FOCUS OF ZECO HOLDINGS LIMITED FROM A ROLLING STOCK COMPANY TO A RESIDENTIAL AND COMMERCIAL PROPERTY INVESTMENT AND DEVELOPMENT COMPANY AND ENCLOSING NOTICE OF AN EXTRAORDINARY GENERAL MEETING

LETTER TO SHAREHOLDERS (CONTINUED)

4 THE ACQUISITION OF LAND & IMPROVEMENTS (CONTINUED)

4.3 Salient terms and conditions of the SPA

4.3.1 The Acquisition Price

The acquisition price was determined after arm's length negotiation between the Company and the Seller with reference to the prevailing market price of properties at nearby location.

4.3.2 Liabilities to be assumed

There are no liabilities including contingent liabilities and guarantees that were assumed by Zeco Holding Limited as a result of the Acquisition.

4.4 Information on the Seller

4.1.1 The name of the seller is Dingane Investments and is a property holding and development company.

4.1.2 Save for the foregoing, the Seller does not have any connection (including business relationship) with the Zeco, its Directors and substantial Shareholders, therefore is not classified as a related party as defined by paragraph 266 of the listings rules.

4.4.1 Other salient term(s)

The SPA contains undertakings, warranties and indemnities that are typical for purchases of this nature.

4.5 Independent Valuation

4.5.1 The Purchase Price of USD 2,150,000 was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the following:

- The development potential and prospects of the land given its strategic location;
- The basis of valuation adopted is the Market Value which is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
- None of the Directors and/or the substantial Shareholders and/or their respective Associates has any interest, direct or indirect, in the Valuer. Neither the Seller nor its director and sole shareholder has any interest, direct or indirect, in the Valuer.

4.6 Source of funding

The Acquisition was funded from the rolling stock disposal proceeds.

5 ACQUISITION OF BUILDING MATERIALS

A total amount of USD2 346 290 was used to acquire building materials as per the schedule below:

Description	Description	Cost (USD)
Friday, 01 January 2021	Steel Work	553,974.62
Friday, 01 January 2021	Aluminium	253,537.88
Friday, 01 January 2021	Aluminium	87,927.32
Sunday, 28 February 2021	Fabricated steel structures	940,000.00
Monday, 10 May 2021	Fabricated steel structures	305,519.52
Monday, 21 June 2021	Cantlevered canopy	28,531.28
Wednesday, 30 June 2021	Roof extras	48,714.76
Wednesday, 30 June 2021	Aluminium extras	7,880.00
Tuesday, 02 November 2021	Alucuson and transluscents	120,204.80
Total Building materials		2,346,290.18

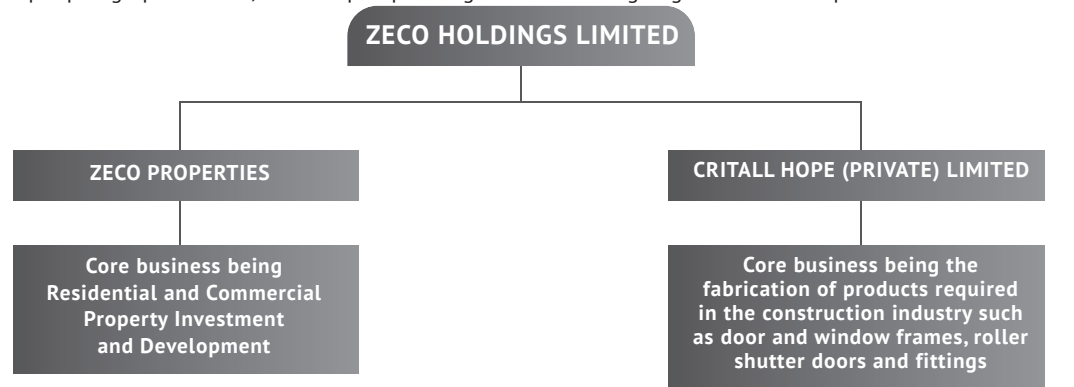
6 COST OF THE PROPOSED RATIFICATION

The cost of the proposed ratification will be borne by ZECO Holdings and include the specific legal, taxation, financial advisory and other services which are estimated at USD350,000, detailed as follows:

Description	Cost
Lead - Financial Advisor	US\$325,000-00
Legal Advisors	US\$2,000-00
Independent Advisors	US\$1,145-00
Stokebrokers	US\$6,641-00
Transfer Secretaries	US\$3,000-00
Printing and publication	US\$8,774-00
ZSE Charges	ZWL1,3743,000-00

7 DETAILS OF NEW STRATEGIC FOCUS

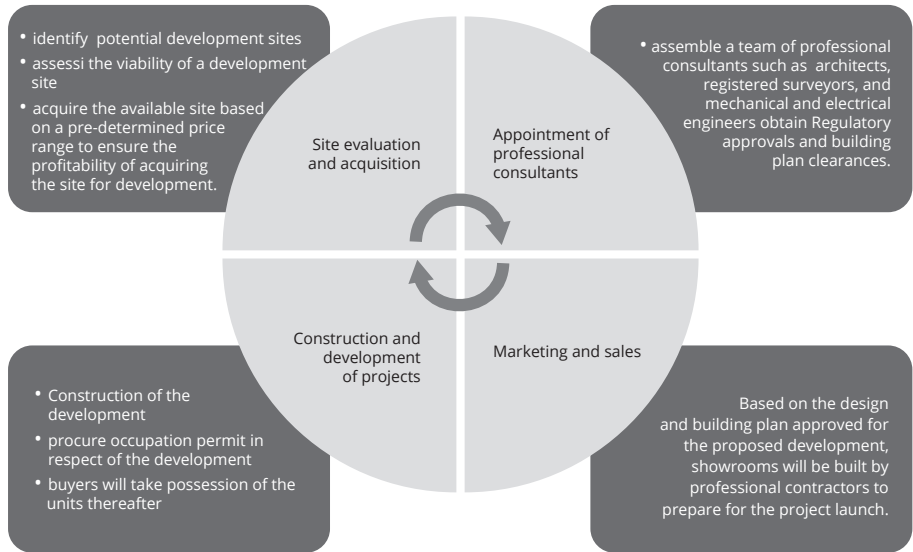
Following the disposal of the rolling stock as per paragraph 3 above and acquisition of the residential stands as per paragraph 4 above, the Group's operating business units going forward are depicted below:



7.1 Zeco Properties

7.1.1 The property development business involves the Group identifying suitable development sites, acquiring such sites for development of residential and/or commercial properties, constructing the properties, and then selling or leasing such properties.

7.1.2 The key processes of the property development business are depicted below:



7.1.3 Zeco Properties will embark on property development projects only after evaluating each project on their individual merits. In making its assessment on the method and timing of such projects, the Group will consider the cash flow requirements of the Group, relevant market conditions, growth potential, projected returns and business value enhancements of such projects to the Group.

7.1.4 Zeco Properties will acquire development sites either through direct land acquisitions or through acquisition of or joint venture with other parties including property developers.

7.2 Crittall Hope

7.2.1 Main thrust will be on the manufacturing of all Window frames and door frames to be used in the projects being undertaken by Zeco properties. This unit has the following divisions:

7.2.1.1 Window frames - the window frame factory manufactures all types of standard and purpose made window frames. The set of machinery in this factory include eccentric presses, corner flash welders, hot reverting machines, arc welders and a dip paint tank.

7.2.1.2 Door frames - the door frame factory manufactures all sizes of door frames, steel door panels, transformer doors, cupboard frames and purpose made door frames. The machinery in this factory includes guillotines, bending brakes, spot welders, eccentric presses, arc welding machines and a paint tank.

7.2.1.3 Agricultural equipment - the agricultural equipment factory manufactures all sizes of scotch carts, harrows, water bowsters, ploughs and related products.

7.2.1.4 Fitting Shop - the fitting shop manufactures roller shutter doors, sliding doors, hinges and brackets for window and door frames, burglar bars and fly screens.

8 EFFECTS OF THE CHANGE IN STRATEGIC FOCUS

8.1 The Change in strategic focus did not have any material effect on the share capital of the Company and neither did it had any material effect on the net assets, gearing and earnings per share of the Company.

9 MANAGING THE BUSINESS

9.1 The Business is under the supervision of the incumbent Group's Chief Executive Officer, Wilfred Bumhira and Eng. Benjamin Rafemoyo as Chairman, who provides the strategic vision and policy on the Business. In making decisions, they will, where necessary and appropriate, seek the advice of reputable external consultants and experts.

9.2 The Group will strengthen the management expertise in the Business with additional headcount as and when necessary and/or appoint third party professionals for advice. The Group may foster partnerships with various third parties to assist it in undertaking the Business more effectively and efficiently as the Group seeks to build its expertise and capabilities in the field. Such partnerships may be established either on a case-to-case basis or on a term basis.

9.3 Where appropriate, aspects of the Business may be outsourced to third party contractors. This may include, for example, appointing marketing agents to facilitate the sale, purchase or lease of properties to the Group's customers. In selecting contractors, the Group will take into account the specific expertise and competencies required for the project in question and the experience, historical track record and financial standing of the party concerned.

10 FINANCING THE PROPOSED BUSINESS

10.1 The Company plans to finance the new business using a combination of internal funds, bank borrowings as well as working with joint venture partners who will be able to provide funding for projects.

10.2 As and when necessary and deemed appropriate, the Company will raise capital from shareholders by way of a rights offer.

11 EXTRAORDINARY GENERAL MEETING

11.1 The EGM, notice of which is set out at page 7 of this Circular, will be held by electronic means (i.e. via live audio-visual webcast or live audio-only livestream) on 17 August 2022 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the Resolution(s) set out therein.

12 ACTION TO BE TAKEN BY SHAREHOLDERS

12.1 Shareholders who wish to vote on the Resolution(s) at the EGM must appoint one or more persons, whether members or not, to act in the alternative as his or her proxy by collecting and completing the Proxy Form in accordance with the instructions printed thereon.

12.2 The Proxy form must be submitted by: (i) to the Company's registered office Stand 7753 Corner Canberra Road/ Greenock Road Workington, Harare; or (ii) to the Company's Transfer Secretaries at 1 Armagh Avenue Eastlea, Harare and in either case, by 10.00 a.m. on 15 August 2022, being no later than 48 hours before the time appointed for the EGM and in default the instrument of proxy shall not be treated as valid. Due to the constantly evolving COVID-19 situation in Zimbabwe, the Company may be required to change its EGM arrangements at short notice.

13 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND / OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of the Company or any persons connected to them had any interest, direct or indirect, in the new strategic focus.

14 MATERIAL CONTRACTS

As at the last practicable date, the Directors of the Company are not aware of any material commitments contracted or known to be contracted by the Group that is likely to have a material effect on the Group's financial position.

15 CONTINGENT LIABILITIES

As at the last practicable date, the Directors of the Company are not aware of any contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have a substantial impact in the ability of the Company to meet its obligations as and when they fall due.

16 MATERIAL LITIGATIONS

As at the last practicable date, ZECO Holdings Limited is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of the Group and the Board has no knowledge of any proceedings, pending or threatened, against ZECO Holdings Limited or of any fact which is likely to give rise to any proceeding which may materially and adversely affect the business or financial position of ZECO Holdings Limited.

17 DIRECTORS' RECOMMENDATION

17.1 The Directors, having considered, inter alia, the terms of, rationale for, and benefits of the Change in Strategic focus are of the opinion that the change in strategic focus is in the best interests of the Company and accordingly, recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Ratification as set out in the Notice of EGM.

17.2 In giving the above recommendation, the Directors have not had regard to the general or specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice should consult his stockbroker, accountant, bank manager or other professional advisers immediately.

18 DIRECTORS' RESPONSIBILITY STATEMENT

This circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this notice misleading.

19 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Stand 7753 Corner Canberra Road/Greenock Road Workington, Harare during normal business hours (except public holidays) from the date of this Circular up to 15 August 2022:

- Memorandum and Articles of Association of the Zeco;
- Audited financial results for the half year ended 31 June 2021;
- The Audited financial statements of Zeco for the years ended 31 December 2018, 2019 and 2020;
- The property valuation reports
- The SPA Agreements.

Signed on behalf of
the ZECO Holdings Limited Board

(Signed on original)

Eng. Benjamin Rafemoyo

7 GLENARA AVENUE SOUTH | Cnr Samora Machel Avenue | Eastlea | Harare | Zimbabwe
PO Box CY1063 | Causeway | Harare | Zimbabwe
T +263 (04) 481037/9 F +263 (04) 495225 E enquiries@nolandstry.co.zw
W www.nolandstry.co.zw

Att:- The Directors
ZECO Holdings Limited
Stand 7753
Corner Canberra Road/ Greenock Road
Workington
Harare
Zimbabwe

We have provided our advice on the fairness and faithfulness of the transactions conducted by ZECO Holdings Limited when selling its properties aforementioned.

The procedures performed to verify the fairness and faithfulness of the transactions concentrated primarily on faithful representation of figures and facts, and in some instances compliance with laws and regulations. The engagement performed is neither an audit nor a forensic investigation, but was undertaken in accordance with the International Standards on Related Services applicable to agreed upon procedures engagements ISRS 4400. Our procedures are designed to provide an opinion basing on the evidence, facts and circumstances available and provided to us, and in some instances may require us to apply professional judgement when arriving at our conclusion.

Signed on original

- To determine whether the property previously owned by ZECO in Bulawayo was procedurally sold and faithfully presented in line with applicable laws and regulations.
- To determine, if it was necessary, and whether it would make economic sense, for the directors of ZECO to sell the pieces of Land in Bulawayo.
- To determine if the pieces of Land in Bulawayo were sold at fair market prices for the benefit of ZECO and its shareholders.
- To determine whether the proceeds from the pieces of Land sold in Bulawayo were fairly used for the benefit of ZECO and its shareholders.

- Verification of the sale of agreement to determine if the sale really occurred.
- Verification of proof of receipts to confirm if the agreed payments were done for the disposal of Bulawayo property.
- Verification of subsequent payments made using the proceeds from disposal of Bulawayo property to confirm if the proceeds were used for the intended purpose.
- Verification of the purchase agreement for the Harare property to confirm if the purchase really occurred.
- Evaluation of the valuation report for Bulawayo property to determine the fair value of the property.
- Evaluation of the valuation report for equipment received as part of proceeds for Bulawayo property to ascertain if the value of the equipment was fair.
- Conducting interviews with the management of ZECO and other ZECO stakeholders to understand more about the transactions and obtain further pertinent information for the transactions.
- Assess if the transactions conducted are fair to ZECO and its shareholders.

In the course of our analysis, we relied upon financial and other information, including prospective financial information, obtained from ZECO management, together with industry-related and other information in the public domain. Our conclusion is dependent on such information being complete and accurate in all material respects.

- Valuation report from Knight Frank.
- Valuation reports from Integrated Properties.
- Agreement of Sale between Native Investment Africa Private Limited and Eagletron International Private Limited.
- Sales agreement between Dingani Investments Private Limited and ZECO Holdings Limited.
- ZECO 2017, 2018, 2019, 2020 audited financial statements.
- Zimbabwe Stock Exchange Public Notices.

- Bulawayo property – is land and buildings on Stand Number 5091A (Title deed No. 1347/98, measuring 2.6141 hectares), Stand number 5091B (Title deed No. 1347/98, measuring 8044 square meters), Stand Number 5091C (Title deed No. 1347/98, measuring 1.1083 hectares and Stand Number 6290 (Title deed No. 1348/98, measuring 2.6090 hectares).
- Harare property– is Dingani Investments Private Limited (the company which was bought by ZECO, the company owns a piece of land on stand number 402 Quinington Township of Lot AD measuring 1.8365 hectares held under title deed number 3936/2003 and stand Lot 4AB 402 Quinington measuring 1.8030 hectares held under title deed number 3935/2003).
- ZECO - is ZECO Holdings Limited (a company listed on Zimbabwe Stock Exchange).
- Knight Frank – A valuer who valued Bulawayo property.
- Integrated Properties - A valuer who valued Bulawayo property, Bulawayo Equipment and Harare property.
- Eagletron – is Eagletron International Private Limited (the company to which ZECO sold Bulawayo property).
- Native Investments - Native Investment Africa Private Limited (a company owned by the majority shareholder of ZECO).

In terms of our assessment, we have identified that certain pieces of land formerly owned by Native Investment were disposed off on 19 October 2020 by Native Investment being represented by major shareholder and director of ZECO. The properties sold are, land and buildings on Stand Number 5091A (Title deed No. 1347/98, measuring 2.6141 hectares), Stand number 5091B (Title deed No. 1347/98, measuring 8044 square meters), Stand Number 5091C (Title deed No. 1347/98, measuring 1.1083 hectares) and Stand Number 6290 (Title deed

Some of the proceeds from the disposal of Bulawayo property were used to purchase shares in Dingani Investment, a company which solely own a piece of land on stand number 402 Quinington Township or Lot AD Quinington measuring 1.8030 hectares held under the title deed number 3935/2003. The land was valued by integrated properties at US\$2 600 000. The total share price of Dingani Investment was US\$2 150 000, so the purchase was done at an estimated financial gain of US\$450 000, before deducting transaction costs, taxes and costs of bringing the asset to use.

This opinion shall not, in whole or in part, be disclosed, reproduced, disseminated, quoted, summarised or referred to at any time, in any manner or for any purpose, without the prior consent of Noland.

We did not perform our own market valuation assessment of the properties in question, and we did not perform a physical verification of the properties and equipment in question, to ascertain their conditions and state. Our basis was on the valuation done by Knight Frank and Integrated Properties knowing that these valuers are reputable, qualified, independent and experienced organizations in property valuations. However, it should be noted that valuations are based on estimations and involves a lot of assumptions and subjectivity, so two qualified and experienced valuers can produce significantly different values. In consideration of the significance of the transactions, it would have been necessary for the determination of the fair market prices to be done by at least two property valuers and at least 3 valuers in the event of significant variations.

- The valuation done by Knight Frank, which was used to ascertain the fairness of the transaction, was done 4 months before the sale has been made. The possibility is that, during the 4 months, the property values might have changed and the direction and magnitude of change may also affect our judgment on whether the transaction was fair.
- We have relied upon the accuracy of the information used by us in deriving our opinion albeit that, where practicable, we have corroborated the reasonableness of such information through, amongst other things, reference to work performed by independent third party/ies, historic precedent or our own knowledge and understanding. While our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy of any information provided to us in respect of ZECO.
- The opinion expressed herein is necessarily based upon the information available to us, the financial regulatory and other conditions and circumstances existing and disclosed to us as at the date hereof. We have assumed that all conditions precedent in the transaction agreements, including any material regulatory and other approvals required in connection with the proposed transaction have been or will be properly fulfilled or obtained.
- Subsequent developments may affect our opinion. However, we are under no obligation to update, revise or re-affirm such.
- We did not verify how the other balance of proceeds from disposal of Bulawayo property was used after purchasing Harare property.
- The assessment was done using nominal values, hence the financial gain estimated is also normal gain.

We have been retained as an independent advisor to the independent directors and we will receive a fixed fee for the services provided in connection herewith, which fee is payable upon delivery of this opinion. We confirm that, other than the aforementioned, we have no interest, direct or indirect, beneficial or non-beneficial, in ZECO or in the transactions which forms the subject matter hereof.

Signed on original

ANNEXURE II: REPORTING ACCOUNTANTS REPORT



7 Central Avenue
2nd Floor, Methodist House
P.O. Box 6499 Harare, Zimbabwe

The Chairman
ZECO Holdings Limited
Corner Cranberra Road/Greenock Road
Workington
HARARE

Dear Sir,

- the disposal of the Company's Rolling Stock Assets for an amount of USD 4,500,000.00 ("The Disposal"); and
- the purchase of a residential Land, comprising two (2) residential pieces of land measuring 3.6395 hectares with all the developments thereon, situate in the district of Salisbury, called Quinninton Township for total price of USD 2,150,000 ("the Acquisition").
- The purchase of building materials and steel frames to develop residential stands in Quinninton Township for total price of USD 1,850,000

- i. No 18 Lemington Road, Belmont, Bulawayo. Certain piece of land situate in the District of Bulawayo called Lot 1 of Bulawayo Township Lands measuring 26,000 square meters together with permanent improvements constructed thereupon; and
- ii. No 38 Josiah Chinamano, Belmont, Bulawayo. Certain three piece of land situate in the District of Bulawayo called Stand 5091A, Stand 5091B and Stand 5091C Bulawayo Township of Bulawayo Township Lands, measuring a total of 46, 268 square meters together with improvements constructed thereupon.

The Directors are responsible for the preparation of the circular to which this report relates and the information contained therein.

Our report is prepared in terms of the Listing Requirements of the Zimbabwe Stock Exchange ("ZSE") for the purposes of inclusion in the Circular to ZECO shareholders dated 2 August 2022. We do not accept any responsibilities for any reports given by us on any financial information to any third parties who may choose to rely on the reports.

CIRCULAR TO SHAREHOLDERS IN RELATION TO

RATIFICATION OF THE CHANGE OF THE STRATEGIC FOCUS OF ZECO HOLDINGS LIMITED FROM A ROLLING STOCK COMPANY TO A RESIDENTIAL AND COMMERCIAL PROPERTY INVESTMENT AND DEVELOPMENT COMPANY AND ENCLOSING NOTICE OF AN EXTRAORDINARY GENERAL MEETING

ANNEXURE II: REPORTING ACCOUNTANTS REPORT (CONTINUED)

Responsibility (continued)

In terms of the ZSE Listing Requirements we refer below to ZECO’s annual financial statements for the years ended 31 December 2019 to 31 December 2021, set out in the Circular (as extracts). We were appointed as the auditors for the financial years ended 31 December 2019 to 31 December 2021 and have reported in accordance with guidance on standard audit reports as issued by the Public Accountants and Auditors Board.

Scope of audits of annual financial statements

The audits were conducted in accordance with International Standards on Auditing. Those standards require that the auditor comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

Financial statements for the period 2019 to 2021

Independent Auditors MGI (Mazhandu) Chartered Accountants reported on the annual financial statements for the years ended 31 December 2019 to 31 December 2021, and the extracts of their audit opinions for those financial periods are as follows:

Audited financial statements for the year ended 31 December 2019 extract

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the company's financial statements do not present fairly the financial position of the company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, (IFRSs).

Audited financial statements for the year ended 31 December 2020 extract

“In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the company's financial statements do not present fairly the financial position of the company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, (IFRSs)”.

Audited financial statements for the year ended 31 December 2021 extract

“In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the company's financial statements do not present fairly the financial position of the company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, (IFRSs)”.

Key financial information as required by Section 8.12 as extracted from historical audited annual reports

	2021 (ZWL)	2020 (ZWL)
Non-current assets	695,516,884	537,315,499
Investment Property	489,015,000	-
Assets of discontinued operations	573,199,822	765,088,469
Total assets	1,769,982,619	1,304,143,367
Total Equity	1,660,879,981	1,211,898,363
Liabilities of discontinued operations	25,257,800	56,480,537
Total Liabilities	109,102,638	94,245,005
Profit/(loss) for the year	52,521,380	(3,153,951)

	2019	2020	2021
Earnings per share (ZWL cents)	(0.10)	(0.01)	0.11
Dividend per share (ZWL cents)	-	-	-
Net assets per share (ZWL cents)	0.51	2.61	3.58

Basis of calculation of financial information

Earnings per share

Earnings per share is calculated in accordance with the requirements of IFRS as the earnings attributable to ordinary equity holders divided by the weighted average number of shares in issue.

Dividend per share

Dividends per share is calculated as the total dividend divided by the number of shares in issue at the time of declaration of the dividend.

Net assets per share

Net assets per share is calculated by dividing the net assets by the number of shares in issue at each respective balance sheet date as adjusted for the effects of share splits, share consolidations, rights issues and capitalisation issues.

Corporate information

Corporate information for the ZECO Holdings Limited has been shown per Appendix A.

Material contingent liabilities and commitments

There is no material changes to contingencies from those that were communicated in the last annual financial statements.

Subsequent events

There have been no significant events after the reporting date.

Exclusion of Notes and Accounting Policies

The Group reports in terms of International Financial Reporting Standards (“IFRS”). The principal accounting policies of the Group have been applied consistently in all material respects with those of the previous years as disclosed in the respective annual reports. At the request of the Company, and with the approval of the ZSE, the notes to the financial statements, and the accounting policies have been excluded from this Circular, but are available for inspection in the Annual Reports of this Circular.

Scope

As the purpose of the appended financial information differs from the purpose of the financial statements prepared for members, the appended financial information is not intended to comply with the full presentation and disclosure requirements of the Companies Act (Chapter 24:03) and International Financial reporting Standards.

Our reporting shall not in any way constitute recommendations regarding the completion of the transaction or the issue of the Circular to the Shareholders.

Yours faithfully

Signed on original

Fanuel Pange, CA(Z), RPA
Managing Partner
MGI (Mazhandu) Chartered Accountants

CORPORATE INFORMATION

Name of Company	Country of Incorporation	Registration Number	Date of registration
ZECO Holdings Limited	Zimbabwe	30287/2007	2007

Companies in which ZECO Holdings Limited (the company) has an effective equity interest of 20% or more.

Name of Company	Equity interest
ZECO Head Office (Private) Limited	100%
Crittal Hope (Private) Limited	100%
Delward Engineering T/A ZECO (Private) Limited	100%
Zimplastics (Private) Limited	100%

Statement of financial position as at December 31, 2021

		Inflation adjusted		
	Note	2021 ZWL\$	2020 ZWL\$	2019 ZWL\$
Assets				
Non-current assets				
Property, plant and equipment	25	1,230,655,484	1,072,424,184	230 678 641
Investment property		489,015,000	-	-
Deferred tax		48,165	48,165	29 916
Total non-current assets		1,719,718,649	1,072,472,348	230 708 557
Current assets				
Inventory	10	10,125,202	2,240,070	802 163
Trade and other receivables	11	1,855,738	230,872	740 044
Related party receivable	12	13,641	21,962	13 641
Other financial assets	13	5,726	9,219	5 726
Cash and cash equivalents	14	220,690	298,309	301 834
Total current assets		12,220,997	2,800,432	1 863 408
Assets of discontinued operations		853,906,066	1,231,792,436	92 877 768
Total assets		2,585,845,712	2,307,065,216	325 449 734

Equity and liabilities				
Equity				
Derived Equity		86,285,733	86,285,733	74 198 550
Revaluation reserve		-	-	91 392 764
Retained earnings		2,390,457,341	2,072,265,027	72 753 581
Total equity		2,476,743,074	2,158,550,760	238 344 895
Non current liabilities				
Shareholders loan	18	28,320	45,595	85 344
Deferred tax	19	53,868,373	42,505,409	55 012 522
Related party payables	12	425,743	1,664,005	1 033 544
Total non current liabilities		54,322,436	44,215,009	56 131 410
Current liabilities				
Trade and other payables	15	29,521,626	13,364,531	6 346 806
Related party payables	12	776	1,249	776
Total current liabilities		29,522,402	13,365,781	6 347 582
Liabilities associated with discontinued operations		25,257,800	90,933,666	24 625 847
Total equity and liabilities		2,585,845,712	2,307,065,216	325 449 734

		Historical		
	Note	2021 ZWL\$	2020 ZWL\$	2019 ZWL\$
Assets				
Non-current assets				
Property, plant and equipment	25	695,516,884	537,285,584	230 678 641
Investment property		489,015,000	-	-
Deferred tax		29,916	29,916	29 916
Total non-current assets		1,184,561,800	537,315,500	230 708 557
Current assets				
Inventory	10	10,125,202	1,391,348	802 163
Trade and other receivables	11	1,855,738	143,399	740 044
Related party receivable	12	13,641	13,641	13 641
Other financial assets	13	5,726	5,726	5 726
Cash and cash equivalents	14	220,690	185,285	301 834
Total current assets		12,220,997	1,739,399	1 863 408
Assets of discontinued operations		573,199,822	765,088,469	92 877 768
Total assets		1,769,982,619	1,304,143,368	325 449 734

Equity and liabilities				
Equity				
Derived Equity		11,967,508	11,967,508	11 967 508
Revaluation reserve		397,815,856	976,707,421	286 707 678
Retained earnings		1,251,096,617	223,223,435	(60 330 291)
Total equity		1,660,879,981	1,211,898,364	238 344 895
Non current liabilities				
Shareholders loan	18	28,320	28,320	85 344
Deferred tax	19	53,868,373	26,400,875	55 012 522
Related party payables	12	425,743	1,033,544	1 033 544
Total non current liabilities		54,322,436	27,462,739	56 131 410
Current liabilities				
Trade and other payables	15	29,521,626	8,300,951	6 346 806
Related party payables	12	776	776	776
Total current liabilities		29,522,402	8,301,727	6 347 582
Liabilities associated with discontinued operations		25,257,800	56,480,538	24 625 847
Total equity and liabilities		1,769,982,619	1,304,143,368	325 449 734

Signed on original

Chairman

Signed on original

Director

CIRCULAR TO SHAREHOLDERS IN RELATION TO

RATIFICATION OF THE CHANGE OF THE STRATEGIC FOCUS OF ZECO HOLDINGS LIMITED FROM A ROLLING STOCK COMPANY TO A RESIDENTIAL AND COMMERCIAL PROPERTY INVESTMENT AND DEVELOPMENT COMPANY AND ENCLOSING NOTICE OF AN EXTRAORDINARY GENERAL MEETING

ANNEXURE II: REPORTING ACCOUNTANTS REPORT (CONTINUED)

Statement of profit or loss and other comprehensive income for the year ended December 31, 2021

Inflation adjusted				
	Note	2021 ZWL\$	2020 ZWL\$	2019 ZWL\$
Income				
Revenue	5	30,831,846	10,471,167	4 435 573
Cost of sales	6	(7,791,193)	(1,136,452)	(763 493)
Gross profit		23,040,653	9,334,715	3 672 080
Other income	7	61,666	136,009	571 999
Profit on disposal of assets		59,456,114	-	-
Operating profit		82,558,433	9,470,724	4 244 079
Expenditure				
Administration costs	8	(29,342,900)	(18,847,347)	(6 985 788)
Total expenditure		(29,342,900)	(18,847,347)	(6 985 788)
Profit/(loss) before tax		53,215,533	(9,376,623)	(2 741 708)
Income tax		-	-	(46 816 655)
Profit/(loss) from continuing operations		53,215,533	(9,376,623)	(49 558 363)
Discontinued operations				
Profit/(loss) for the year after tax from discontinued operations		(300,000)	1,428,666	(21 093 716)
Profit/(loss) before monetary gain		52,915,533	(7,947,957)	(70 652 079)
Monetary gain		266,632,400	2,515,194,389	96 650 233
Profit/(loss) for the year		319,547,933	2,507,246,432	25 998 154
Attributable to:				
Equity holders of the parent company:		319,547,933	2,507,246,432	25 998 154
Loss per share (cents)				
Weighted average number of shares in issue		463,337,661	463,337,661	463,337,661
Basic loss per share from continuing operations		0.11	(0.02)	(0.11)
Basic loss per share from discontinued operations		(0.00)	0.00	(0.05)
Basic profit/(loss) per share		0.69	5.41	(0.16)
Diluted earnings per share from continuing operations		0.11	(0.02)	(0.11)
Diluted earnings per share from discontinued operations		(0.00)	0.00	(0.05)
Diluted earnings per share		0.69	5.41	(0.16)

Historical				
Income				
Revenue	5	24,354,451	4,155,225	1 939 199
Cost of sales	6	(6,561,464)	(450,973)	(280 136)
Gross profit		17,792,987	3,704,252	1 659 063
Other income	7	49,921	53,972	192 869
Profit on disposal of assets		59,456,114	-	-
Operating profit		77,299,022	3,758,224	1 851 932
Expenditure				
Administration costs	8	(24,477,642)	(7,479,106)	(1 813 052)
Total expenditure		(24,477,642)	(7,479,106)	(1 813 052)
Profit/(loss) before tax		52,821,380	(3,720,882)	38 880
Income tax		-	-	(46 816 655)
Profit/(loss) from continuing operations		52,821,380	(3,720,882)	(46 777 775)
Discontinued operations				
Profit/(loss) for the year after tax from discontinued operations		(300,000)	566,931	(21 093 716)
Profit/(loss) before monetary gain		52,521,380	(3,153,951)	(67 871 491)
Monetary gain		-	-	-
Profit/(loss) for the year		52,521,380	(3,153,951)	(67 871 491)
Attributable to:				
Equity holders of the parent company:		52,521,380	(3,153,951)	(67 871 491)
Loss per share (cents)				
Weighted average number of shares in issue		463,337,661	463,337,661	463,337,661
Basic loss per share from continuing operations		0.11	(0.01)	(0.10)
Basic loss per share from discontinued operations		(0.00)	0.00	(0.05)
Basic profit/(loss) per share		0.11	(0.01)	(0.15)
Diluted earnings per share from continuing operations		0.11	(0.01)	(0.10)
Diluted earnings per share from discontinued operations		(0.00)	0.00	(0.05)
Diluted earnings per share		0.11	(0.01)	(0.15)

Statement of changes in equity for the year ended December 31, 2021

Inflation adjusted				
	Derived equity ZWL\$	Revaluation reserve ZWL\$	Retained earnings ZWL\$	Total ZWL\$
Restated balance as at January 1, 2020	86,285,733	-	(434,981,405)	(348,695,673)
Loss for the year	-	-	2,507,246,432	2,507,246,432
Balance as at December 31, 2020	86,285,733	-	2,072,265,027	2,158,550,760
Profit for the year	-	-	319,547,933	319,547,933
Foreign exchange loss	-	-	(1,355,619)	(1,355,619)
Balance as at December 31, 2021	86,285,733	-	2,390,457,342	2,476,743,074

Historical				
Balance as at January 1, 2019	11 967 508	26 608 613	(19 067 414)	19 508 707
Deficit for the year	-	-	(67 871 491)	(67 871 491)
Realisation of revaluation	-	(26 608 613)	26 608 613	-
Revaluation reserve	-	286 707 678	-	286 707 678
Balance as at January 1, 2020	11,967,508	286,707,678	(60,330,292)	238,344,894
Loss for the year	-	-	(3,153,951)	(3,153,951)
Realisation of revaluation	-	(286,707,678)	286,707,678	-
Revaluation reserve	-	976,707,421	-	976,707,421
Balance as at December 31, 2020	11,967,508	976,707,421	223,223,435	1,211,898,364
Loss for the year	-	-	52,521,380	52,521,380
Foreign exchange loss	-	-	(1,355,619)	(1,355,619)
Realisation of revaluation	-	(976,707,421)	976,707,421	-
Revaluation reserve	-	397,815,856	-	397,815,856
Balance as at December 31, 2021	11,967,508	397,815,856	1,251,096,617	1,660,879,981

Statement of cash flows for the year ended December 31, 2021

Inflation adjusted			
	2021 ZWL\$	2020 ZWL\$	2019 ZWL\$
Cash flows from operating activities			
Profit/(loss) before tax- continuing operations	53,215,533	(9,376,623)	(2 741 708)
Profit/(loss) for the year- discontinued operations	(300,000)	1,428,666	(21 093 716)
	52,915,533	(9,376,623)	(23 835 424)
Adjustments for non-cash items			
Interest received	(1,461)	(408)	(252)
Profit on disposal of assets	(59,456,114)	-	(9 141)
Monetary gain	266,632,400	2,515,194,389	-
Foreign exchange loss	(1,355,619)	-	-
IAS 29 effects	(213,011,777)	(2,511,856,312)	96 650 233
Net cash flows after working capital changes	45,722,963	(6,038,954)	72 805 416

Working capital changes			
Decrease/(Increase) in trade and other inventories	(7,885,131)	(948,588)	453 566
Decrease/(increase) in trade and other receivables	(1,624,866)	960,598	2 621 778
Increase/(decrease) in related party receivables	8,321	-	16 764
Increase/(decrease) in related party payables	(1,238,262)	-	847 725
Increase or decrease in trade and other payables	16,157,095	3,146,175	(26 157 977)
Increase/(decrease) in financial assets at fair value	3,493	-	29 775
Increase/(decrease) in deferred tax liability	11,362,964	(46,064,752)	1 227 577
Decrease in current related party payables	(473)	-	-
Increase/decrease in discontinued operations liabilities	(65,675,866)	51,286,051	2 265 209
Increase/decrease in discontinued operations assets	3,220,502	(3,397,457)	20 514
Net cash outflows from working capital changes	(45,672,224)	4,982,027	(18 675 067)

Cash inflows/(outflows) from operating activities	50,739	(1,056,926)	7 313 693
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Cash flows from investing activities			
Proceeds from sale of property and equipment	(112,543)	-	9 141
Acquisition of investment property	(489,015,000)		
Procceeds from sale of land and building	489,015,000		
Net cash flows from investing activities	(112,543)	-	9 141

Cash flow from financing activities			
Interest received	1,461	1,667	252
Shareholder's loan	(17,275)	(91,809)	(6 826 608)
Net cash flow from financing activities	(15,815)	(90,142)	(6 826 356)

Increase/(decrease) in cash and cash equivalents	(77,619)	(1,056,926)	496 477
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Movement of cash and cash equivalents			
Cash and cash equivalents at beginning of year	298,309	1,355,235	(194 643)
Increase/(decrease) in cash and cash equivalents	(77,619)	(1,056,926)	496 477
Cash and cash equivalents at end of year	220,690	298,309	301 834

Historical			
	2021 ZWL\$	2020 ZWL\$	2019 ZWL\$
Cash flows from operating activities			
Profit/(loss) before tax- continuing operations	52,821,380	(3,720,882)	38 880
Profit/(loss) for the year- discontinued operations	(300,000)	566,931	(21 093 716)
	52,521,380	(3,153,951)	(21 054 836)
Adjustments for non-cash items			
Interest received	(1,153)	(162)	(74)
Profit on disposal of assets	(59,456,114)	-	(9 141)
Monetary gain	-	-	-
Foreign exchange loss	(1,355,619)	-	-
IAS 29 effects	-	-	-
Net cash flows after working capital changes	(8,291,506)	(3,154,113)	(21 064 051)
Working capital changes			
Decrease/(Increase) in trade and other inventories	(8,733,854)	(589,185)	(599 626)
Decrease/(increase) in trade and other receivables	(1,712,339)	596,645	(197 815)
Increase/(decrease) in related party receivables	-	-	(8 737)
Increase/(decrease) in related party payables	(607,801)	-	1 004 224
Increase or decrease in trade and other payables	21,220,675	1,954,146	1 104 099
Increase/(decrease) in financial assets at fair value	-	-	-
Increase/(decrease) in deferred tax liability	27,467,498	(28,611,647)	46 312 440
Decrease in current related party payables	-	-	-
Increase/decrease in discontinued operations liabilities	(31,222,739)	31,854,690	21 019 295
Increase/decrease in discontinued operations assets	1,998,817	(2,110,222)	600 327
Net cash outflows from working capital changes	8,410,258	3,094,427	69 234 207

Cash inflows/(outflows) from operating activities	118,752	(59,686)	1 353 502
Cash flows from investing activities			
Proceeds from sale of property and equipment	(84,500)	-	9 141
Acquisition of investment property	(489,015,000)	-	-
Procceeds from sale of land and building	489,015,000	-	-
Net cash flows from investing activities	(84,500)	-	9 141
Cash flow from financing activities			
Interest received	1,153	162	74
Shareholder's loan	-	(57,024)	(1 029 487)
Net cash flow from financing activities	1,153	(56,862)	(1 029 413)
Increase/(decrease) in cash and cash equivalents	35,405	(116,549)	333 228

Movement of cash and cash equivalents			
Cash and cash equivalents at beginning of year	185,285	301,834	(31 394)
Increase/(decrease) in cash and cash equivalents	35,405	(116,549)	333 228
Cash and cash equivalents at end of year	220,690	185,285	301 834

CIRCULAR TO SHAREHOLDERS IN RELATION TO

RATIFICATION OF THE CHANGE OF THE STRATEGIC FOCUS OF ZECO HOLDINGS LIMITED FROM A ROLLING STOCK COMPANY TO A RESIDENTIAL AND COMMERCIAL PROPERTY INVESTMENT AND DEVELOPMENT COMPANY AND ENCLOSING NOTICE OF AN EXTRAORDINARY GENERAL MEETING

ANNEXURE III: NOTICE OF EXTRAORDINARY GENERAL MEETING



ZECO Holdings Limited
Stand 7753 Corner Canberra Road/Greenock Road, Workington, Harare

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of ZECO Holdings Limited. ("Company") will be held by way of electronic means, on 17 August 2022 at 10 am., for the purpose of considering and, if thought fit, passing with or without amendment, the resolutions set out below.

All terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 2 August 2022

ORDINARY RESOLUTION: RATIFICATION OF THE COMPANY’S CHANGE OF STRATEGIC FOCUS

- That:
- a) the disposal of the Company's Rolling Stock Assets for an amount of USD4,500,000 or Zimbabwe dollar equivalent at the interbank rate ("the Disposal") upon the terms and conditions of the sale and purchase agreement dated 19 October 2020 (the "SPA 1") be and is hereby approved, confirmed, and ratified;
 - b) the purchase of a residential Land, comprising two (2) residential pieces of land measuring 3.6395 hectares with all the developments thereon, situate in the district of Salisbury, called Quinninton Township for total price of USD2,150,000 ("the Acquisition"); upon the terms and conditions of the sale and purchase agreement dated 4 January 2021 (the "SPA 2") be and is hereby approved, confirmed and ratified;
 - c) the Directors of the Company and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as may be required) as they or he may consider necessary, desirable or expedient to give full effect to this resolution; and
 - d) any acts, matters and things done or performed, and/or documents signed, executed, sealed and/or delivered by any Director in connection with the Disposal, the SPA1, the Acquisition, the SPA2 and this resolution be and are hereby approved, confirmed and ratified.

BY ORDER OF THE BOARD

ZECO Holdings Limited

Signed on original

Company Secretary

2 August 2022

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

- Notes:**
- Voting through the audio- visual facility**
A member will be able to vote through the "live" audio-visual webcast or "live" audio-only feed facility by following the instructions on the facility.
- Members may appoint one or more persons, whether members or not, to act in the alternative as his or her proxy to attend and vote instead of him or her. In that event, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, on the proxy form, failing which it will render the proxy invalid.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

The authority of the person signing a proxy or representing an institutional shareholder should be attached to the proxy form in the form of a Board resolution confirming that the proxy has been appointed to represent the shareholder at the Company's Extraordinary General Meeting.

In addition, in the case of Shares entered in the Depository Register maintained by Chengetedzai, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Chengetedzai's Depository as at 48 hours before the time appointed for holding the EGM.

ANNEXURE IV: PROXY FORM



ZECO HOLDINGS LIMITED
Stand 7753 Corner Canberra Road/Greenock Road, Workington, Harare

PROXY FORM

*I/We (Name) of
(Address)
being a registered holder of Ordinary shares in ZECO hereby appoint:
..... or failing him/her
as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company ("EGM") to be held by way of electronic means on 17 August 2022 at 10.00 a.m. and at any adjournment thereof in the following manner:

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

	For	Against**	Abstain**
ORDINARY RESOLUTION: RATIFICATION OF THE COMPANY'S CHANGE OF STRATEGIC FOCUS			
That: a. the disposal of the Company's Rolling Stock Assets for an amount of USD4,500,000 or Zimbabwe dollar equivalent ("the Disposal") upon the terms and conditions of the sale and purchase agreement dated 19 October 2020 (the "SPA 1") be and is hereby approved, confirmed, and ratified b. the purchase of a residential Land, comprising two (2) residential pieces of land measuring 3.6395 hectares with all the developments thereon, situate in the district of Salisbury, called Quinninton Township for total price of USD2,150,000 ("the Acquisition"); upon the terms and conditions of the sale and purchase agreement dated 4 January 2021 (the "SPA 2") be and is hereby approved, confirmed and ratified; c. the Directors of the Company and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as may be required) as they or he may consider necessary, desirable or expedient to give full effect to this resolution; and d. any acts, matters and things done or performed, and/or documents signed, executed, sealed and/or delivered by any Director in connection with the Disposal, the SPA1, the Acquisition, the SPA2 and this resolution be and are hereby approved, confirmed and ratified.			

- * Delete accordingly
- ** A tick or cross would represent that you are exercising all your votes "For" or "Against" or "Abstain" from voting on the resolution. In the absence of specific directions in respect of a resolution, your proxy will be treated as invalid.

Signed this Day of 2022

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

- NOTES:**
- Due to the current COVID-19 restriction orders in Zimbabwe, a member will not be able to attend the EGM in person. A member may vote online on the resolutions to be tabled for approval at the EGM.
 - Shareholders may insert the name of a proxy or the name of two alternative proxies of the shareholder's choice in the space provided. The person whose name appears first on the form of proxy shall be entitled to act as to the exclusion of those whose names follow.
 - The proxy must not be Director or an Officer of the Company
 - The authority of the person signing a proxy or representing an institutional shareholder should be attached to the proxy form in the form of a Board resolution confirming that the proxy has been appointed to represent the shareholder at the Company's Extraordinary General Meeting.
 - Forms of proxy must be lodged at or posted to be received at the registered office of the Company Secretary, Stand 7753 Corner Canberra Road/Greenock Road, Workington, Harare or at the office of the Transfer Secretaries , 1 Armagh Avenue, Eastlea, Harare, Zimbabwe, not less than 48 hours before the time of the meeting.
 - The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the Extraordinary General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof should the shareholder wish to do so.
 - The Chairman of the Extraordinary General Meeting may accept a proxy form which is completed and /or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
 - Any alteration or correction to this form must be initialled by the signatory/signatories.