

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has conducted a limited review of this Circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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SENHENG

SENHENG NEW RETAIL BERHAD
Registration No. 202101019079 (1419379-T)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED SHAREHOLDERS' RATIFICATION FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE;**

AND

**PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Ordinary Resolution in respect of the Proposed Shareholders' Ratification and Proposed new Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature will be tabled as special business at Senheng New Retail Berhad's First Annual General Meeting ("1st AGM") to be conducted on a virtual manner through live streaming from the Broadcast Venue at No. 11, Jalan Astana 5/KU2, Bandar Bukit Raja, 41050 Klang, Selangor Darul Ehsan ("Broadcast Venue") and online remote voting by using the Remote Participation and Voting ("RPV") Facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website in Malaysia at <https://tiih.online> on Friday, 24 June 2022 at 10.00 a.m. The Notice of 1st AGM together with the Form of Proxy are set out in the Annual Report of Senheng New Retail Berhad for the financial year ended 31 December 2021. You are requested to complete the Form of Proxy and deposit the hard copy to the Office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or its Customer Service at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, to submit the proxy form electronically via TIIH Online and the steps to submit are summarized in the Administrative Guide before the time and date indicated below should you be unable to attend the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : 22 June 2022 at 10.00 a.m.

Date and time of the 1st AGM : 24 June 2022 at 10.00 a.m.

DEFINITIONS

In this Circular and the accompanying appendices, the following abbreviations shall have the following meanings unless otherwise stated:

- “Act” : Companies Act 2016 as amended from time to time and any re-enactment thereof
- “AGM” : Annual General Meeting
- “ARMC” : The Audit and Risk Management Committee of Senheng
- “Board” : Board of Directors of Senheng
- “Bursa Securities” : Bursa Malaysia Securities Berhad [200301033577 (635998-W)]
- “Constitution” : The Constitution of the Company
- “Director(s)” : Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of Senheng or any other company which is its subsidiary or holding company or a chief executive officer of Senheng, its subsidiary or holding company
- “FPE” : Financial period ended/ ending, as the case may be
- “FYE” : Financial year ended/ ending, as the case may be
- “KC Lim” : Lim Kim Chieng, President / Non-Independent Executive Director
- “KH Lim” : Lim Kim Heng, Non-Independent Executive Chairman
- “KY Lim” : Lim Kim Yew, Non-Independent Non-Executive Director
- “Listing Date” : 25 January 2022, the date Senheng was admitted to the Official List of Bursa Securities
- “LPD” : 31 March 2022, being the latest practicable date prior to the printing and despatch of this Circular
- “Listing Requirements” : Main Market Listing Requirements of Bursa Securities
- “Major Shareholder(s)” : A person who has an interest or interests in one (1) or more voting shares in the Company and the number or aggregate number of those shares, is:-
- (a) equal to or more than 10% of the total number of voting shares in the Company; or
 - (b) equal to or more than 5% of the total number of voting shares in Company where such person is the largest shareholder of Company.

This includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a major shareholder of Senheng as defined above or any other company which is a subsidiary or holding company of Senheng

For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8(4) of the Act

DEFINITIONS

- “Mandate Period” : The period during which the RRPTs are to be entered into for which the Proposed Shareholders’ Mandate is being sought. This period shall commence immediately upon passing of the ordinary resolution for the Proposed Shareholders’ Mandate during the forthcoming AGM or any adjournment thereof until:
- (a) The conclusion of the next AGM, unless the authority is renewed by a resolution passed at the next AGM;
 - (b) The expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Act (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) Revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,
- whichever is earlier
- “Persons Connected” : In relation to a director or a major shareholder, means such person(s) who falls under any one of the following categories:
- (a) family member of the director or major shareholder, and shall include his spouse, parent, child (including adopted child and stepchild), brother, sister and the spouse of his child, brother or sister;
 - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the director, major shareholder or a family member of the director or major shareholder is the sole beneficiary;
 - (c) a partner of the director, or the major shareholder or a partner of a person connected with that director or major shareholder;
 - (d) a person who is accustomed or under an obligation whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;
 - (e) a person in accordance with whose directions, instructions or wishes the director or major shareholder is accustomed or is under an obligation, whether formal or informal, to act;
 - (f) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;
 - (g) a body corporate or its directors whose directions, instructions or wishes the director or major shareholder is accustomed or under an obligation, whether formal or informal, to act;
 - (h) a body corporate in which the director, major shareholder or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
 - (i) a body corporate which is a related corporation.

DEFINITIONS

“Proposals”	:	Collectively, the Proposed Shareholders’ Ratification and Proposed New Shareholders’ Mandate
“Proposed Shareholders’ Ratification”	:	Proposed shareholders’ ratification from the shareholders of the Company for the period commencing from the Listing Date to the date of the 1st AGM
“Proposed new Shareholders’ Mandate”	:	Proposed new of shareholders’ mandate for Senheng Group to enter into RRPTs as set out in Section 2.4 of this Circular
“Ratification Period”	:	Period during which the RRPTs were entered into for which the Proposed Shareholders’ Ratification is sought. This period shall commence from the Listing Date to the date of the 1 st AGM
“Related Party(ies)”	:	Director(s), Major Shareholder(s) and/or person(s) connected with such Director(s) or Major Shareholder(s)
“Related Party Transactions”	:	A transaction entered into by the Senheng Group, which involves the interests, direct or indirect of the Related Party
“RRPTs”	:	Related party transaction(s) which is/are recurrent, of a revenue or trading nature and which is/are necessary for the day-to-day operations of the Senheng Group
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“Senheng” or “Company”	:	Senheng New Retail Berhad [202101019079 (1419379-T)]
“Senheng KL”	:	Senheng Electric (KL) Sdn. Bhd. [199401011012 (296691-X)]
“Senheng Group” or “the Group”	:	Senheng and its subsidiaries, collectively
“Senheng Share(s)”	:	Ordinary share(s) in Senheng
“Substantial Shareholder(s)”	:	Shall have the meaning given in Section 136 of the Act
“SQ Digital”	:	SQ Digital Sdn. Bhd.

Words denoting the singular shall, where applicable, include the plural and vice-versa and words denoting the masculine gender shall, where applicable, include the feminine gender, neuter gender and vice versa. Reference to persons shall include corporations.

Any reference to a time of day shall be a reference to Malaysian time, unless otherwise stated.

Any reference to any statute is a reference to that statute as for the time being amended or re-enacted and any subsequent amendment thereof.

All references to “you” and “your” in this Circular are to the shareholders of the Company.

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SENHENG

SENHENG NEW RETAIL BERHAD
Registration No. 202101019079 (1419379-T)
(Incorporated in Malaysia)

Registered office

BO3-B-13-1, Level 13
Menara 3A, KL Eco City
No. 3, Jalan Bangsar
59200 Kuala Lumpur
Malaysia

29 April 2022

The Board of Directors:

Lim Kim Heng	<i>(Non-Independent Executive Chairman)</i>
Lim Kim Chieng	<i>(President / Non-Independent Executive Director)</i>
Lim Kim Yew	<i>(Non-Independent Non-Executive Director)</i>
Dato' Yeow Wah Chin	<i>(Independent Non-Executive Director)</i>
Tan Ler Chin	<i>(Independent Non-Executive Director)</i>
Ho Kim Poi	<i>(Independent Non-Executive Director)</i>
Oh Keng Leng	<i>(Independent Non-Executive Director)</i>

Dear Shareholders,

PROPOSED SHAREHOLDERS' RATIFICATION FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE; AND

PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

- 1.1** Bursa Securities has via its letter dated 24 January 2022 granted Senheng an extension of time to obtain shareholders' ratification and mandate for the RRPT(s) that the Company will enter or had entered into with Related Parties since the Listing Date up to the date of the Company's first AGM ("**Bursa Approval**").
- 1.2** On 25 April 2022, the Board announced that the Company proposed to seek the shareholders' approval on the following:
- (i) Proposed shareholders' ratification for recurrent related party transactions which the Company or Senheng Group had entered into since the Listing Date to the date of 1st AGM; and
 - (ii) Proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING AGM OF THE COMPANY. THE NOTICE OF AGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THE ANNUAL REPORT 2021.

2. DETAILS OF THE PROPOSALS

2.1 Provisions under the Listing Requirements

Pursuant to Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders in respect of recurrent related party transactions which are necessary for its day-to-day operations subject to, amongst others, the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:

“in relation to a listed issuer with a share capital of RM60 million and above -

- (i) the consideration, value of the assets, capital outlay or costs of the RRPTs is RM1 million or more; or
- (ii) the percentage ratio of such RRPTs is 1% or more,

whichever is the higher”;

- (c) the listed issuer's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
- (d) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution to approve the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

2.2 The Senheng Group has, in the ordinary course of its business, entered into certain RRPTs and it is anticipated that the companies within the Senheng Group would, in the ordinary course of business, continue to enter into such transactions with the Related Parties, details of which are set out in Section 2.6. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

2.3 Accordingly, the Board proposes to seek the Proposed Shareholders' Ratification on those RRPTs entered into by Senheng Group during the Ratification Period and the Proposed New Shareholders' Mandate for future RRPT(s) to be entered into during the Mandate Period.

These RRPT(s) which are necessary for the day-to-day operations of Senheng Group, have been/will be based on normal commercial terms, at arms' length, and have been/will be transacted on terms that are not more favourable to the Related Parties than those generally available to the public.

2.4 Validity Period of the Proposed New Shareholders' Mandate

The Proposed New Shareholders' Mandate, if approved by the shareholders of the Company at the forthcoming AGM, will take effect from the date of the passing of the ordinary resolution at the forthcoming AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM, unless the authority is renewed by a resolution passed at the next AGM;
- (b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Act (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting, whichever is the earlier.

Thereafter, the approval of the shareholders of the Company will be sought for the renewal and/or new shareholders' mandate at each subsequent AGM of the Company.

2.5 Principal activities of the Group

The principal activity of Senheng is investment holding and provision of management services while the principal activities of its subsidiaries are as follows:

Name of Subsidiary	Principal activities	Effective Equity Interest (%)
Senheng Electric (KL) Sdn Bhd	Retail of customer electrical and electronic products	100.0
Senheng Captive Insurance Pte Ltd	Provision of insurance services	100.0
SC Alliance (M) Sdn Bhd	Distribution of household and IT gadget products	100.0

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2.6 Class of Related Parties and Nature of the RRPTs

The nature and details of the RRPTs entered and/or to be entered into by the Group and the class of Related Parties under the Proposals are as follows:-

No.	Transacting party within the Group	Transacting related party(ies)	Nature of relationship of related parties	Nature of transaction	Proposed Shareholders' Ratification			Proposed New Shareholders' Mandate
					Estimated value from the Listing Date up to the forthcoming AGM	Actual value from the Listing Date up to the LPD	Estimated value to be transacted from the LPD up to the forthcoming AGM	Estimated value from the forthcoming AGM up to the next AGM
					(RM'000)	(RM'000)	(RM'000)	(RM'000)
1.	Senheng KL Sdn Bhd (“Senheng KL”)	Eight Development (M) Sdn Bhd	Lim Kim Heng (“KH Lim”), Lim Kim Chieng (“KC Lim”), Lim Kim Yew (“KY Lim”) are the directors and major shareholders of our Group.	<ul style="list-style-type: none"> Rental payable by Senheng KL to Eight Development (M) Sdn Bhd in respect of the rental of shoplots and warehouses ⁽⁴⁾ 	497	199	298	1,039
			KH Lim, KC Lim and KY Lim are the directors and major shareholders of Eight Development (M) Sdn Bhd, each having a 33.33% direct equity interest.					

No.	Transacting party within the Group	Transacting related party(ies)	Nature of relationship of related parties	Nature of transaction	Proposed Shareholders' Ratification			Proposed New Shareholders' Mandate
					Estimated value from the Listing Date up to the forthcoming AGM (RM'000)	Actual value from the Listing Date up to the LPD (RM'000)	Estimated value to be transacted from the LPD up to the forthcoming AGM (RM'000)	Estimated value from the forthcoming AGM up to the next AGM (RM'000)
2.	Senheng KL	Tenn Pacific Sdn Bhd	KH Lim, KC Lim and KY Lim are the directors and major shareholders of our Group. KH Lim, KC Lim and KY Lim are directors and major shareholders of Tenn Pacific Sdn Bhd, each having a 33.33% direct equity interest.	<ul style="list-style-type: none"> Rental payable by Tenn Pacific Sdn Bhd to Senheng KL for occupying spare office space at our central distribution centre ⁽¹⁾ 	6	2	4	14

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No.	Transacting party within the Group	Transacting related party(ies)	Nature of relationship of related parties	Nature of transaction	Proposed Shareholders' Ratification			Proposed New Shareholders' Mandate
					Estimated value from the Listing Date up to the forthcoming AGM	Actual value from the Listing Date up to the LPD	Estimated value to be transacted from the LPD up to the forthcoming AGM	Estimated value from the forthcoming AGM up to the next AGM
					(RM'000)	(RM'000)	(RM'000)	(RM'000)
3.	Senheng KL	100 Value Distribution Sdn Bhd	KH Lim, KC Lim and KY Lim are the directors and major shareholders of our Group.	<ul style="list-style-type: none"> Purchase of small item electrical accessories and consumables by Senheng KL from 100 Value Distribution Sdn Bhd for sale 	4,033	1,351	2,682	10,935
			KH Lim, KC Lim and KY Lim are directors and major shareholders of 100 Value Distribution Sdn Bhd, each having a 26.67% direct equity interest.	<ul style="list-style-type: none"> Purchase of small item electrical accessories and consumables by Senheng KL from 100 Value Distribution Sdn Bhd for own use 	125	58	67	396

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No.	Transacting party within the Group	Transacting related party(ies)	Nature of relationship of related parties	Nature of transaction	Proposed Shareholders' Ratification			Proposed New Shareholders' Mandate
					Estimated value from the Listing Date up to the forthcoming AGM	Actual value from the Listing Date up to the LPD	Estimated value to be transacted from the LPD up to the forthcoming AGM	Estimated value from the forthcoming AGM up to the next AGM
4.	Senheng KL	Blackbox BI Consultancy Sdn Bhd	KH Lim, KC Lim and KY Lim are the directors and major shareholders of our Group.	<ul style="list-style-type: none"> Provision of business intelligence solutions by Blackbox BI Consultancy Sdn Bhd to Senheng KL 	224	99	125	499
			KH Lim, KC Lim and KY Lim are directors and major shareholders of Blackbox BI Consultancy Sdn Bhd, each having a 33.33% direct equity interest.	<ul style="list-style-type: none"> Rental payable by Blackbox BI Consultancy Sdn Bhd to Senheng KL in respect of the rental of premise 	6	2	4	14

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No.	Transacting party within the Group	Transacting related party(ies)	Nature of relationship of related parties	Nature of transaction	Proposed Shareholders' Ratification			Proposed New Shareholders' Mandate
					Estimated value from the Listing Date up to the forthcoming AGM	Actual value from the Listing Date up to the LPD	Estimated value to be transacted from the LPD up to the forthcoming AGM	Estimated value from the forthcoming AGM up to the next AGM
					(RM'000)	(RM'000)	(RM'000)	(RM'000)
5.	Senheng KL	Insurnet Consultancy Sdn Bhd	<p>KH Lim, KC Lim and KY Lim are the directors and major shareholders of our Group.</p> <p>KH Lim, KC Lim and KY Lim are also major shareholders of Insurnet Consultancy Sdn Bhd with a deemed 90% indirect interest by virtue of S Active Holding Sdn Bhd's shareholdings. For information, the directors and substantial shareholders of S Active Holding Sdn Bhd are KH Lim, KC Lim and KY Lim, each having a 33.33% direct equity interest.</p>	<ul style="list-style-type: none"> Insurance premium in relation to our warranty programmes and over-the-counter insurance business collected by Insurnet Consultancy Sdn Bhd from Senheng KL on behalf of third-party insurance companies Insurance premium in relation to our own insurance coverage collected by Insurnet Consultancy Sdn Bhd from Senheng KL on behalf of third-party insurance companies 	13,990	5,083	8,907	39,516
					2,098	1,410	688	2,930

No.	Transacting party within the Group	Transacting related party(ies)	Nature of relationship of related parties	Nature of transaction	Proposed Shareholders' Ratification			Proposed New Shareholders' Mandate
					Estimated value from the Listing Date up to the forthcoming AGM	Actual value from the Listing Date up to the LPD	Estimated value to be transacted from the LPD up to the forthcoming AGM	Estimated value from the forthcoming AGM up to the next AGM
					(RM'000)	(RM'000)	(RM'000)	(RM'000)
				<ul style="list-style-type: none"> Administrative and marketing fees payable by Senheng KL to Inurnet Consultancy Sdn Bhd for services provided by Inurnet Consultancy Sdn Bhd in relation to the operations of our PlusOne extended warranty programme and our online insurance business 	169	57	112	478
				<ul style="list-style-type: none"> Administrative and marketing fees payable by Inurnet Consultancy Sdn Bhd to Senheng KL for usage of Senheng KL's resources in relation to the operation of our SWAP / Replacement warranty programme and our over-the-counter insurance business 	1,137	430	707	3,211

No.	Transacting party within the Group	Transacting related party(ies)	Nature of relationship of related parties	Nature of transaction	Proposed Shareholders' Ratification			Proposed New Shareholders' Mandate
					Estimated value from the Listing Date up to the forthcoming AGM	Actual value from the Listing Date up to the LPD	Estimated value to be transacted from the LPD up to the forthcoming AGM	Estimated value from the forthcoming AGM up to the next AGM
					(RM'000)	(RM'000)	(RM'000)	(RM'000)
6.	Senheng KL	Senwave Retail Solutions Sdn Bhd	<p>KH Lim, KC Lim and KY Lim are the directors and major shareholders of our Group.</p> <p>KH Lim, KC Lim and KY Lim are also directors and major shareholders of Senwave Retail Solutions Sdn Bhd with a deemed 60% indirect interest by virtue of Massive Solutions Sdn Bhd's shareholdings. For information, the directors and major shareholders of Massive Solutions Sdn Bhd are KH Lim, KC Lim and KY Lim, each having a 33.33% direct equity interest.</p>	<ul style="list-style-type: none"> Provision of software development of business application services by Senwave Retail Solutions Sdn Bhd to Senheng KL Rental payable by Senwave Retail Solutions Sdn Bhd to Senheng KL in respect of the rental of premise 	1,700	556	1,144	2,593
					18	6	12	57

No.	Transacting party within the Group	Transacting related party(ies)	Nature of relationship of related parties	Nature of transaction	Proposed Shareholders' Ratification			Proposed New Shareholders' Mandate
					Estimated value from the Listing Date up to the forthcoming AGM (RM'000)	Actual value from the Listing Date up to the LPD (RM'000)	Estimated value to be transacted from the LPD up to the forthcoming AGM (RM'000)	Estimated value from the forthcoming AGM up to the next AGM (RM'000)
7.	Senheng KL	SH Retail Academy Sdn Bhd	KH Lim, KC Lim and KY Lim are the directors and major shareholders of our Group.	<ul style="list-style-type: none"> Provision of training services by SH Retail Academy Sdn Bhd to Senheng KL 	600	181	419	1,518
			KH Lim, KC Lim and KY Lim are directors and major shareholders of SH Retail Academy Sdn Bhd with a deemed 40% indirect interest by virtue of Massive Solutions Sdn Bhd's shareholdings.	<ul style="list-style-type: none"> Rental payable by SH Retail Academy Sdn Bhd to Senheng KL in respect of the rental of premise 	9	3	6	22

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No.	Transacting party within the Group	Transacting related party(ies)	Nature of relationship of related parties	Nature of transaction	Proposed Shareholders' Ratification			Proposed New Shareholders' Mandate
					Estimated value from the Listing Date up to the forthcoming AGM (RM'000)	Actual value from the Listing Date up to the LPD (RM'000)	Estimated value to be transacted from the LPD up to the forthcoming AGM (RM'000)	Estimated value from the forthcoming AGM up to the next AGM (RM'000)
8.	Senheng KL	S Ecosystem (M) Sdn Bhd	KH Lim, KC Lim and KY Lim are the directors and major shareholders of our Group.	<ul style="list-style-type: none"> ▪ Marketing fee payable by Senheng KL to S Ecosystem (M) Sdn Bhd 	18,850	7,033	11,817	53,243
			KH Lim, KC Lim and KY Lim are directors and major shareholders of S Ecosystem (M) Sdn Bhd, each having a 33.33% direct equity interest.	<ul style="list-style-type: none"> ▪ Commissions payable by Senheng KL to S Ecosystem (M) Sdn Bhd⁽³⁾ 	6,531	2,779	3,752	21,280
				<ul style="list-style-type: none"> • Rental payable by S Ecosystem (M) Sdn Bhd to Senheng KL in respect of the rental of premise 	16	6	10	70

No.	Transacting party within the Group	Transacting related party(ies)	Nature of relationship of related parties	Nature of transaction	Proposed Shareholders' Ratification			Proposed New Shareholders' Mandate
					Estimated value from the Listing Date up to the forthcoming AGM (RM'000)	Actual value from the Listing Date up to the LPD (RM'000)	Estimated value to be transacted from the LPD up to the forthcoming AGM (RM'000)	Estimated value from the forthcoming AGM up to the next AGM (RM'000)
9.	Senheng KL	Planet Sonata Sdn Bhd	<p>KY Lim is a director and major shareholder of our Group.</p> <p>KY Lim is a director and major shareholder of Planet Sonata Sdn Bhd with a 50% direct equity interest.</p>	<ul style="list-style-type: none"> Rental payable by Planet Sonata Sdn Bhd to Senheng KL in respect of lease of premises for installation of solar photovoltaic panels⁽²⁾ 	3	1	2	6

For information, there is no amount due from and owing by the related parties pursuant to the RRPTs that has exceeded the credit terms as at 31 December 2021.

Notes:

- (1) Pursuant to a space licensing agreement dated 1 June 2021 between Senheng KL and Tenn Pacific Sdn Bhd, Tenn Pacific Sdn Bhd occupies spare office space at our central distribution centre since 1 June 2021. This arrangement will subsist unless terminated by Senheng KL with 2 months prior written notice. Senheng KL charges Tenn Pacific Sdn Bhd a monthly rate of RM200 per employee occupying the office space.
- (2) Planet Sonata Sdn Bhd is involved in the operation of solar panels and rents the rooftop space at our Group's regional hub in Penang for the installation and operation of solar panels at a monthly rental of RM500 pursuant to a tenancy agreement dated 1 January 2019 between Senheng KL (as landlord) and Planet Sonata Sdn Bhd (as tenant) (as supplemented by a letter dated 1 January 2019). It is not a competing business as our Group is not involved in the operation of solar panels.
- (3) Commission payable by Senheng KL to S Ecosystem comprise of the following:
 - (a) 50% of the value of the S-Coin redeemed and a transaction fee of RM2.00 per transaction upon redemption of S-Coins for purchases made by PlusOne members from Senheng Stores;
 - (b) RM4.00 for every paid PlusOne membership renewed, recruited and/or upgraded from a free membership tier through the "Senheng APP"; and
 - (c) 1% of the total monthly sales amount of consumer electric goods sold by Senheng Group through the "Senheng APP".

- (4) The details in respect of the renting of premises between Senheng KL (as tenant) and Eight Development (M) Sdn Bhd (as landlord) are as follows:
- (i) A regional hub located at No. 131-133, Lot 3606-3610, Ground Floor, Block 217, Kuching North Land District, Sublot 6-8, Batu 4 ½ Jalan Batu Kawa, 93250 Kuching, Sarawak for a term of 3 years up to 31 January 2024 with an option to renew for a further 3 years upon expiry pursuant to a tenancy agreement dated 8 March 2021 between Eight Development (M) Sdn Bhd and Senheng KL. The monthly rental is RM17,000. The tenant may terminate the tenancy at any time by giving 2 months prior written notice to the landlord or by paying to the landlord an amount equivalent to 2 months rental.
 - (ii) A shoplot located at Lot No. 1049-1, Ground Floor, Wisma Ladang, Jalan Sultan Sulaiman, 20000 Kuala Terengganu for a term of 2 years up to 31 March 2022 with an option to renew for a further 2 years upon expiry pursuant to a tenancy agreement dated 6 August 2020 between Eight Development (M) Sdn Bhd and Senheng KL. The monthly rental is RM9,000. The tenant may terminate the tenancy by giving 2 months prior written notice to the landlord.
 - (iii) Four (4) shoplots located at Lot 1-6-1, 1-7-G, 1-7-1, 1-7-2, 1-8-G, 1-8-1, 1-9-G and 1-9-1 Jalan Setia Prima WU13/W, Seksyen U13, Setia Alam, 40170 Shah Alam, Selangor for a term of 3 years up to 30 April 2022 pursuant to a tenancy agreement dated 14 June 2016 and letters dated 11 March 2019 and 1 December 2019 respectively between Eight Development (M) Sdn Bhd and Senheng KL. The monthly rental is RM30,000. The tenant may terminate the tenancy at any time by giving 3 months prior written notice to the landlord.
 - (iv) A regional hub located at No. 10, Jalan Ekoperniagaan 1/5, Taman Ekoperniagaan, 81000 Johor Bahru, Johor for a term of 3 years up to 30 October 2022 with an option to renew for a further 3 years upon expiry pursuant to a tenancy agreement dated 30 May 2019 and a letter dated 1 December 2019 between Eight Development (M) Sdn Bhd and Senheng KL. The monthly rental is RM16,916.67. The tenant may terminate the tenancy by giving 2 months prior written notice to the landlord.
 - (v) Two (2) double-storey shoplots located at Lot No. 93 and 93A (ground floor and first floor) and a 3 storey shoplot located at Lot 95 (ground floor, first floor and second floor), Jalan BPS 5, Bandar Prima Senawang, 70450 Seremban, Negeri Sembilan for a term of 3 years up to 14 September 2023 pursuant to a tenancy agreement dated 10 October 2017 and letters dated 1 December 2019 and 11 August 2020 between Eight Development (M) Sdn Bhd and Senheng KL. The monthly rental is RM13,799. The tenant may terminate the tenancy by giving 3 months prior written notice to the landlord.
 - (vi) A 3 storey shoplots located at Lot No. 4209 (ground floor, first floor, second floor), Jalan Diwarta, Bintulu Town District, 97000 Bintulu, Sarawak for a term of 2 years up to 30 April 2023 pursuant to a tenancy agreement dated 8 May 2018 and a letter dated 7 April 2021 between Eight Development (M) Sdn Bhd and Senheng KL. The monthly rental is RM4,280. The tenant may terminate the tenancy at anytime by giving 2 months prior written notice to the landlord.
 - (vii) Two (2) shoplots located at No. 15, ground floor and No. 17, ground floor, Jalan 2/50, Jalan Gombak, Batu 3 ½, Setapak 53000, Kuala Lumpur for a tenure of 3 years up to 30 April 2023 with an option to renew for a further 2 years upon expiry pursuant to a tenancy agreement dated 18 September 2020 between Eight Development (M) Sdn Bhd and Senheng KL. The monthly rental is RM8,480. The tenant may terminate the tenancy at any time by giving 2 months prior written notice to the landlord or by paying to the landlord an amount equivalent to 2 months rental.

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2.7 Amount due from and owing by Related Parties pursuant to the RRPTs

As at the LPD, there is no amount due from and owing by Related Parties who are the vendors supplying products and provide services to Senheng Group.

Since the amount due to or owing by Related Parties were always paid promptly, no late payment charge was imposed.

The Board is confident that the Group's current payment pattern will continue as and when incurred.

2.8 Review procedures for the RRPTs

Senheng Group has established the following review procedures to be carried out to ensure that the RRPTs are undertaken on transaction prices at arm's length basis, on transaction prices and at normal commercial terms, which are not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company who are not part of the transactions:-

- i. The definition of related party, list of related parties and the review procedures will be circulated and/or updated within the Group;
- ii. The review of RRPTs falls within the scope of the ARMC;
- iii. Records will be maintained to record all RRPTs which are/will be entered into, which will be available for review by, among others, the auditors and ARMC, on a quarterly basis. Any member of the ARMC may as he deems fit, request for additional information pertaining to RRPTs from independent sources or advisers;
- iv. Where applicable, the terms of the pricing of the RRPTs shall be consistent with the Group's usual business practices and policies and will take into consideration to, amongst others, the demand and supply of the products, quality, level of service, credit terms and reliability of supply, where relevant, practical and feasible. At least two other contemporaneous transactions with unrelated third parties for similar products and/or quantities will be used as comparison, wherever available or possible, to determine whether the price and terms offered to/by all related parties are fair and reasonable and comparable to those offered to/by unrelated third parties for the same or substantially similar type of products/services and/or quantities;

In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on usual business practices and policies of the Group to ensure that the recurrent related party transactions are not detrimental to the Company and/or the Group;
- v. The ARMC shall continue to review the above established guidelines and procedures, on an annual basis and as and when required with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate;
- vi. Where any Directors or persons connected to him/her or the Board member has an interest (direct and indirect) in any related party transactions or RRPTs, he/she will abstain from voting on any matter relating to any decision making by the Board or the ARMC in respect of the such transactions;
- vii. The said interested Director shall undertake that he / she will ensure that persons connected with him/her abstain from voting on the resolution deliberating or approving the RRPTs at a general meeting;
- viii. Transaction of RRPTs which is below 1% of Senheng's Net asset will be reviewed by ARMC and update the RRPTs register (current, accumulated and forecasted) on quarterly basis;
- ix. Draft announcement will be prepared for transaction of RRPTs equal to or more than 1% to less than 5%. The Management ensures that the transactions entered into is in the best interest of the Company at arm's length, normal commercial terms, all terms of transactions are reasonable

and the policy and procedures of RRPTs are followed and reported to ARMC; and

- x. Draft contract / arrangements / transactions for transactions equal to or more than 5% of Senheng's Net assets will review by Chief Financial Officer and subsequently seek clearance from ARMC. The Board's approval is required before the arrangement of signing the Limit of Authority / contract or entering into transaction by Senheng / subsidiaries / related parties and the Management will update the RRPTs register.

2.9 Disclosure in Annual Report

Disclosure will be made in the Company's Annual Report on the breakdown of the aggregate value of the RRPTs made during the financial year, amongst others, based on the following information:

- i. the type of RRPTs made; and
- ii. the names of the Related Parties involved in each type of the RRPT and their relationship with the Group.

2.10 Statement by Audit and Risk Management Committee

The ARMC has seen and reviewed the guidelines and procedures mentioned in Section 2.8 above and is satisfied that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner as well as to ensure that the RRPTs are carried out:

- (a) on terms not more favourable to the Related Parties than those generally available to the public;
- (b) at arm's length basis and on the Group's normal commercial terms; and
- (c) not detrimental to the minority shareholders of the Company.

The ARMC is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The ARMC shall review these procedures and processes once a year. This is to ensure that the RRPTs are not detrimental or prejudicial to the minority shareholders of the Company.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSALS

The Proposed Shareholders' Ratification serves to ratify the RRPTs entered into by the Group since its Listing Date up to the date of its forthcoming AGM. Given that Senheng is in its first year of listing, ratification of RRPTs entered from the Listing Date up to its AGM allows the Company to coincide the Proposed Shareholders' Ratification and Proposed New Shareholders' Mandate with its AGM and eliminate the need for separate general meetings for each RRPT entered into which reduces expenses for the Company.

The RRPTs entered into by the Senheng Group with the Related Parties are all in the ordinary course of business. The RRPTs are recurring transactions of a revenue or trading nature which will occur with some degree of frequency and could arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case-to-case basis before entering into such RRPTs. By obtaining the Proposed New Shareholders' Mandate on an annual basis, the necessity to make regular announcements to Bursa Securities and to convene separate general meetings to seek shareholders' approval from time to time is eliminated. This would substantially avoid incurring substantial expenses associated with the convening of general meetings on an ad hoc basis, thereby improving administrative efficiency.

The Board is of the view that the RRPTs are beneficial to Senheng Group. The close commercial relationships that have been established with the Related Parties have created an effective network that Senheng Group can draw upon to support its operational needs, deriving synergistic, operational benefits to support its retail and distribution functions.

4. EFFECTS OF THE PROPOSALS

The Proposals will not have any material effect on the share capital, shareholdings of the substantial shareholders, earnings and net assets of Senheng.

5. APPROVAL REQUIRED

The Proposals are subject to the approval being obtained from the shareholders of the Company at the forthcoming AGM.

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

The direct and indirect interest of the Interested Directors and Interested Major Shareholders of the Company as at the LPD are as follows:-

	Direct Shareholding		Indirect Shareholding	
	No. of Shares	%	No. of Shares	%
<u>Interested Directors</u>				
Lim Kim Heng	83,800,000	5.587	870,955,600 ⁽¹⁾	58.064
Lim Kim Chieng	81,800,000	5.453	870,790,600 ⁽²⁾	58.053
Lim Kim Yew	81,300,000	5.420	869,600,000 ⁽³⁾	57.973
<u>Interested Major Shareholders</u>				
SQ Digital	869,600,000	57.973	-	-
Lim Kim Heng	83,800,000	5.587	870,955,600 ⁽¹⁾	58.064
Lim Kim Chieng	81,800,000	5.453	870,790,600 ⁽²⁾	58.053
Lim Kim Yew	81,300,000	5.420	869,600,000 ⁽³⁾	57.973

⁽¹⁾ Deemed interested by virtue of his shareholdings in SQ Digital pursuant to Section 8 of the Act and the shareholdings of his child pursuant to Section 59(11)(c) of the Act

⁽²⁾ Deemed interested by virtue of his shareholding in SQ Digital pursuant to Section 8 of the Act and the shareholdings of his spouse and child pursuant to Section 59(11)(c) of the Act

⁽³⁾ Deemed interested by virtue of his shareholding in SQ Digital pursuant to Section 8 of the Act

By virtue of their directorships and shareholdings in Senheng, the Interested Directors, namely Lim Kim Heng, Lim Kim Chieng and Lim Kim Yew have abstained and will continue to abstain from the Board's deliberations and voting on the relevant resolution. They will also abstain from voting in respect of their direct and/or indirect shareholdings in Senheng, on the resolution approving the Proposals at the forthcoming AGM.

The aforementioned Interested Directors and Interested Major Shareholders of the Company have also undertaken to ensure that the persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution, deliberating or approving the Proposals at the forthcoming AGM.

Save as disclosed above, none of the other Directors, Major Shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposals.

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7. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Directors), having considered all aspects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company and accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the ordinary resolution on Proposals to be tabled at the forthcoming AGM.

8. AGM

The AGM, the notice of which is enclosed in the Annual Report 2021 will be conducted on a virtual manner through live streaming from the Broadcast Venue on Friday, 24 June 2022 at 10.00 a.m., for the purpose of considering and, if thought fit, passing, inter alia, the ordinary resolution set out in the Notice of AGM, to give effect to the Proposals. If you are unable to attend or vote in person at the AGM, you will find attached to the Annual Report 2021, a Proxy Form which may be made in hard copy form or by electronic means. In case of an appointment made in hard copy form, the proxy form must be deposited at the Company's Share Registrar's office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time fixed for the 1st AGM. In the case of electronic appointment, the proxy form must be deposited via TIIH Online at <https://tiih.online>. The lodging of the Proxy Form will not, however, preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

9. FURTHER INFORMATION

You are advised to refer to the attached appendices of this Circular for further information.

Yours faithfully,
for and on behalf of the Board of
SENHENG NEW RETAIL BERHAD

HO KIM POI
INDEPENDENT NON-EXECUTIVE DIRECTOR

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and its members who 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 Circular misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (including contracts not reduced into writing), not being contracts entered into the ordinary course of business which have been entered into by Senheng and or/subsidiary companies during the two (2) years immediately preceding the date of this Circular:

- i. Share Sale Agreement dated 28 June 2021 entered into between Senheng as Purchaser and Lim Kim Heng, Lim Kim Chieng and Lim Kim Yew and SQ Digital as Vendors for the acquisition of 100% equity interest in Senheng Electric (KL) Sdn Bhd for a purchase consideration of RM166,206,168 satisfied by the issuance of 166,206,168 new shares in the Company at an issue price of approximately RM1.00 per share, which was completed on 16 December 2021;
- ii. Underwriting Agreement dated 10 December 2021 entered into between Senheng with Mercury Securities Sdn Bhd, CIMB Investment Bank Berhad and AmInvestment Bank Berhad for the underwriting of 30,000,000 Issue Shares which will be made available for application by the Malaysian Public and 22,500,000 Issue Shares which will be made available for application by our eligible Directors, employees and persons who have contributed to the success of our Group;
- iii. Placement Agreement dated 11 January 2021 between Senheng with Mercury Securities Sdn Bhd, CIMB Investment Bank Berhad and AmInvestment Bank Berhad being the Joint Bookrunners in relation to the placement of 149,500,000 Issue Shares which will be made available for application by the institutional and selected investors; and
- iv. Sale & Purchase Agreement dated 31 March 2022 between Senheng (KL) Sdn Bhd, a wholly-owned subsidiary of Senheng with Pintaras Jaya Berhad in relation to the proposed acquisition of a piece of freehold industrial land held under H.S.(D) 139744, PT 69171, Mukim Kapar, Daerah Klang, Negeri Selangor, measuring approximately 11,744 square metres for a total cash consideration of RM25,282,272.00.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, Senheng Group is not engaged in any material litigation, either as plaintiff or defendant, claims or arbitration and the Board is not aware of any proceedings, pending or threatened, against the Group or any facts likely to give rise to any proceedings which may materially affect the financial position and/or business of the Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office located at BO-B-13-1, Level 13, Menara 3A, KL Eco City, No. 3, Jalan Bangsar, 59200 Kuala Lumpur during office hours from Monday to Friday (except on public holidays) from the date of this Circular up to and including the date of the AGM:

- i. Constitution of the Company;
- ii. Material contracts referred to in Section 2 of Appendix I of this Circular;
- iii. Unaudited consolidated financial statements of the Company for the 3-months financial period ended 31 December 2021; and
- iv. Audited financial statements of the Company for the FYE 31 December 2021.

ORDINARY RESOLUTION 11

Proposed Shareholders’ Ratification and Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

“**THAT** approval be and is hereby given to the Company and its subsidiary(ies) (“Group”) to enter into and give effect to the recurrent related party transactions of a revenue or trading nature particulars with the specified classes of related parties as specified in Section 2.6 of the Circular to Shareholders dated 29 April 2022, provided that:

- (a) such arrangements and/or transactions are necessary for the Group’s day-to-day operations;
- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders’ mandate during the financial year in relation to:
 - (i) the related transacting parties and their respective relationship with the Company; and
 - (ii) the nature of the recurrent transactions.

THAT such authority shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”), unless the authority is renewed by a resolution passed at the next AGM; or
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT all Recurrent Related Party Transactions entered into by the Related Parties, from 25 January 2022, being the date of listing of the Company on the Main Market of Bursa Malaysia Securities Berhad, up to the date of this Ordinary Resolution, particulars which are set out in Section 2.6 of the Circular to Shareholders dated 29 April 2022 be and are hereby approved, confirmed and ratified;

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”