



ZICO HOLDINGS INC.

Incorporated in Labuan, Malaysia

Company Registration No. LL07968

RESPONSE TO QUESTIONS FROM SHAREHOLDERS FOR ANNUAL GENERAL MEETING TO BE HELD ON 29 APRIL 2022

The board of directors (the “**Board**”) of ZICO Holdings Inc. (the “**Company**”, and together with its subsidiaries and associated companies, the “**Group**”) thanks its shareholder for submitting its questions in advance of the annual general meeting to be convened and held by way of electronic means on 29 April 2022 at 11.00 a.m..

The Company sets out below our responses to the shareholder’s questions and headed as follows:

“I noted that Trade and non-trade receivable amounts from ZICOlaw network firms amounted to RM 44.6 Million and RM 15.5 Million as at FYE 2021. This represents a distressingly high 57% of the total shareholders funds of our Group. Given that there is a repayment plan, a letter of undertaking from a third party and various references to negotiations with these entities, one must assume that there has been significant difficulties receiving payment of amounts owing. This situation should trigger major Shareholder’s concern of non-payment or delays in payments potentially resulting in massive losses / write offs to our Company. My questions are as follows:”

The wordings in italics are reproduced verbatim from the shareholder’s queries.

Shareholder Query 1: Please confirm that none of the Company’s Directors or their spouses own any shares or hold any directorships in any of the ZICOlaw network firms.

Company’s response:

- 1.1 Except as set out under Paragraph 1.2 below, none of the Company’s Directors or their spouses own any shares or hold any directorships in any of the ZICOlaw network firms.
- 1.2 The Company’s Managing Director, Mr Chew Seng Kok, and the Company’s Executive Director, Datuk Ng Hock Heng, are non-executive directors in the following ZICOlaw network firms, all three of which are indirect subsidiaries of the Company and are part of the Group:

ZICOlaw network firm	Director(s)
ZICOlaw (Laos) Sole Co., Ltd	Datuk Ng Hock Heng

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ZICOlaw network firm	Director(s)
ZICOlaw Myanmar Ltd	Mr Chew Seng Kok and Datuk Ng Hock Heng
ZICOlaw (Thailand) Limited	Mr Chew Seng Kok

- 1.3 Mr Chew Seng Kok and Datuk Ng Hock Heng are not involved in the management of these three ZICOlaw network firms.

Shareholder Query 2: Please provide a schedule of the names of these ZICOlaw network firms and the Aging of these Receivables by each individual ZICOlaw network firm.

Company's response:

- 2.1 The Board is of the view that information relating to trade debtors aging is confidential and is information generated for the internal management purposes of the entity. Such information therefore falls under the ambit of Rule 703(3) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**") and cannot be disclosed by the Company.

Shareholder Query 3: Please confirm that all Directors of ZICO Holdings have carefully considered and remain comfortable with the creditworthiness of each of the ZICOlaw network firms.

Company's response:

- 3.1 The Board has considered and remains comfortable with the creditworthiness of each of the ZICOlaw network firms. The Board is not aware of any matter or circumstance that may have a material adverse impact on creditworthiness of each of the ZICOlaw network firms.
- 3.2 The Board's consideration is based on the recommendation of the Company's Audit and Risk Committee, which has received and reviewed the Group Audit Report/Memorandum for the financial year ended 31 December 2021, presented by Baker Tilly TFW LLP, the company's external auditors (the "**EA**").
- 3.3 In arriving at their true and fair opinion, the EA has also set out, on page 51 of the annual report under '*Our procedures to address the key audit matters*', the steps taken by the EA on the assessment of the recoverability of trade and other receivables and contract assets. The creditworthiness of the receivables from the ZICOlaw network firms fall under this assessment.

Shareholder Query 4: Baker Tilly states that the Company has agreed a repayment plan with the ZICOlaw network firms. Please provide all relevant details of this repayment plan to help allay shareholder's fears of non-payment or delays in payment.

Company's response:

4.1 The Board recommends that Shareholders place reliance on the work carried out by the EA.

Shareholder Query 5: Please provide details of the letter of undertaking provide by a "third party" in respect of the monies owed by the ZICOlaw network firms including:

- The identity of the said third party
- Details of the Letter of Undertaking. Is this a personal guarantee by the said third party?
- The standing of the third party within the ZICOlaw network firms.
- Confirmation that all Directors of Zico Holdings have carefully considered and remain comfortable with the creditworthiness of the third party and the sources of his/her funds (for AML reasons)
- A clear and logical explanation of the reasons why the amount of undertaking was reduced from RM 43.13 Million to RM31.3 Million. The annual report states that the reduction is "a reflection of the economic environment due to the COVID-19 pandemic". Surely the COVID-19 pandemic would have significantly increased the risk of non-payment or payment delays by the ZICOlaw entities. Our company is the entity at risk and we should have been asking for more comfort not less

Company's response:

- 5.1 The Board is of the view that details relating to the letter of undertaking is confidential and is information generated for the internal management purposes of the entity. Such information therefore falls under the ambit of Catalist Rule 703(3) and cannot be disclosed by the Company.
- 5.2 The Board have however carefully considered and remain comfortable with the creditworthiness of the third party and the sources of his/her funds.

Shareholder Query 6: Please provide an explanation of why our Company is charging the ZICOlaw network firms only 4% on amounts owing despite the fact that these are over 365 days overdue. In comparison, our own Company pays 6.22% pa on bank overdrafts.

Company's response:

- 6.1 4% per annum is the weighted average cost of borrowing of the Company.

BY ORDER OF THE BOARD

Chew Seng Kok
Managing Director

25 April 2022



*This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Shareholder**") and the Shareholder assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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