

ZICO HOLDINGS INC.
AND ITS SUBSIDIARIES
(Co. Reg. No. LL07968)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR SIX MONTHS FINANCIAL PERIOD ENDED
30 JUNE 2023

ZICO HOLDINGS INC. AND ITS SUBSIDIARIES

UNAUDITED INTERIM FINANCIAL STATEMENTS

For six months financial period ended 30 June 2023

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Consolidated statement of comprehensive income
For six months financial period ended 30 June 2023

| | Group | | |
|---|--|--|---------------------------|
| | Six Months Ended | | |
| | 30 June 2023 (Unaudited) RM'000 | 30 June 2022 (Unaudited) RM'000 | Change % |
| Revenue | 30,029 | 29,784 | 0.8 |
| Other items of income | | | |
| Interest income | 1,316 | 1,134 | 16 |
| Other income | 3,182 | 3,355 | (5.2) |
| | 34,527 | 34,273 | 0.7 |
| Other gains and (losses) | | | |
| Others | 1,646 | 1,350 | 21.9 |
| Loss allowance on trade and other receivables | (314) | 1,166 | (126.9) |
| | 35,859 | 36,789 | (2.5) |
| Items of expense | | | |
| Amortisation and depreciation expenses | (2,704) | (2,957) | (8.5) |
| Employee benefits expense | (22,406) | (25,325) | (11.5) |
| Operating lease expenses | (223) | (374) | (40.4) |
| Retainer fees and consultancy fees | (2,792) | (2,490) | 12.1 |
| Other expenses | (6,822) | (5,533) | 23.3 |
| Finance costs | (1,608) | (1,082) | 48.6 |
| | (36,555) | (37,761) | (3.2) |
| | (696) | (972) | (28.4) |
| Share of results of associates, net of tax | 756 | 18 | 4,100.0 |
| Share of results of joint venture, net of tax | - | 1,490 | (100) |
| Profit before income tax | 60 | 536 | (88.8) |
| Income tax expenses | (1,045) | (402) | 160.0 |
| (Loss) / profit for the financial period | (985) | 134 | (835.1) |
| Other comprehensive (loss) / income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation differences | (67) | 412 | (116.2) |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Fair value losses on financial assets, at FVOCI | (343) | (939) | (63.5) |
| Foreign currency translation differences | 171 | 176 | (2.8) |
| Other comprehensive (loss) for the financial period, net of tax | (239) | (351) | (31.9) |
| Total comprehensive (loss) for the financial period | (1,224) | (217) | 464 |
| Profit attributable to: | | | |
| Owners of the parent | (2,230) | (948) | 135.2 |
| Non-controlling interests | 1,245 | 1,082 | 15 |
| | (985) | 134 | (835.1) |
| Total comprehensive loss attributable to: | | | |
| Owners of the parent | (2,639) | (1,469) | 79.6 |
| Non-controlling interests | 1,415 | 1,252 | 13.0 |
| | (1,224) | (217) | 464.1 |

**Statement of financial position
As at 30 June 2023**

| | Group | | Company | |
|--|--|--|--|--|
| | 30 June 2023 (Unaudited) RM'000 | 31 December 2022 (Audited) RM'000 | 30 June 2023 (Unaudited) RM'000 | 31 December 2022 (Audited) RM'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Plant and equipment | 2,972 | 2,648 | 66 | 66 |
| Right-of-use assets | 10,263 | 9,311 | - | - |
| Intangible assets | 29,414 | 29,668 | 82 | 163 |
| Subsidiaries | - | - | 46,112 | 43,161 |
| Associates | 2,393 | 805 | 2 | 2 |
| Investments | 578 | 886 | - | - |
| Deferred income tax assets | 11,565 | 11,227 | - | - |
| Trade and other receivables | 53,962 | 53,292 | 67,856 | 67,856 |
| | 111,147 | 107,837 | 114,118 | 111,248 |
| Current assets | | | | |
| Trade and other receivables | 39,885 | 39,227 | 48,814 | 30,903 |
| Contract Assets | 11,642 | 7,539 | - | - |
| Prepayments | 3,896 | 2,947 | 128 | 68 |
| Current income tax recoverable | 292 | 251 | 60 | 15 |
| Cash and cash equivalents | 17,894 | 16,888 | 5,543 | 2,211 |
| Other current assets | 5,203 | 19,572 | 6 | 15,597 |
| | 78,812 | 86,424 | 54,551 | 48,794 |
| Total assets | 189,959 | 194,261 | 168,669 | 160,042 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 112,282 | 103,086 | 112,282 | 103,086 |
| Retained earnings | 5,343 | 7,456 | 1,813 | 7,821 |
| Share based-reserve | 2,106 | 2,106 | 2,106 | 2,106 |
| Currency translation reserve | 1,367 | 1,434 | 26,756 | 16,301 |
| Capital reserve | (458) | (458) | - | - |
| Fair value reserve | (1,998) | (1,538) | (2,109) | - |
| Equity attributable to owners of the parent | 118,642 | 112,086 | 140,848 | 129,314 |
| Non-controlling interests | 2,539 | 1,915 | - | - |
| Total equity | 121,181 | 114,001 | 140,848 | 129,314 |
| Non-current liabilities | | | | |
| Interest-bearing liabilities | 7,397 | 6,737 | 7,295 | 6,737 |
| Lease liabilities | 9,218 | 8,429 | - | - |
| Provisions | 168 | 353 | - | - |
| Deferred income tax liabilities | 737 | 766 | - | - |
| | 17,520 | 16,285 | 7,295 | 6,737 |
| Current liabilities | | | | |
| Trade and other payables | 8,671 | 21,569 | 385 | 782 |
| Interest-bearing liabilities | 30,861 | 33,733 | 20,141 | 23,208 |
| Lease liabilities | 1,949 | 1,455 | - | - |
| Contract liabilities | 5,103 | 3,821 | - | - |
| Provisions | 22 | 21 | - | - |
| Current income tax payable | 4,652 | 3,376 | - | 1 |
| | 51,258 | 63,975 | 20,526 | 23,991 |
| Total liabilities | 68,778 | 80,260 | 27,821 | 30,728 |
| Total equity and liabilities | 189,959 | 194,261 | 168,669 | 160,042 |

**Interim condensed statements of changes in equity
For 6 months financial period ended 30 June 2023**

| Group | | | | | | | | | |
|---|----------------------|----------------------------|--------------------------|-------------------------------------|---------------------------|------------------------|--|----------------------------------|---------------------|
| (Unaudited) | Share capital | Share-based reserve | Retained earnings | Currency translation reserve | Fair value reserve | Capital reserve | Equity attributable to owners of the parent | Non-controlling interests | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 January 2023 | 103,086 | 2,106 | 7,456 | 1,434 | (1,538) | (458) | 112,086 | 1,915 | 114,001 |
| (Loss) / profit for the financial period | - | - | (2,230) | - | - | - | (2,230) | 1,245 | (985) |
| Other comprehensive (loss) / income for the financial period: | | | | | | | | | |
| Net fair value changes on financial assets, at FVOCI | - | - | - | - | (343) | - | (343) | - | (343) |
| Foreign currency translation differences arising on consolidation | - | - | - | (67) | - | - | (67) | 171 | 104 |
| Total comprehensive (loss) / income for the financial period | - | - | (2,230) | (67) | (343) | - | (2,640) | 1,416 | (1,224) |
| Transfer upon disposal of financial assets, at FVOCI | - | - | 117 | - | (117) | - | - | - | - |
| Contributions by and distributions to equity holders of the Company: | | | | | | | | | |
| Issuance of new share | 9,104 | - | - | - | - | - | 9,104 | - | 9,104 |
| Grant of share awards | 92 | - | - | - | - | - | 92 | - | 92 |
| Total transactions with equity holders of the Company | 9,196 | - | - | - | - | - | 9,196 | - | 9,196 |
| Transactions with non-controlling interests: | | | | | | | | | |
| Dividends paid | - | - | - | - | - | - | - | (792) | (792) |
| Total transactions with non-controlling interests | - | - | - | - | - | - | - | (792) | (792) |
| Balance as at 30 June 2023 | 112,282 | 2,106 | 5,343 | 1,367 | (1,998) | (458) | 118,642 | 2,539 | 121,181 |

Interim condensed statements of changes in equity

For 6 months financial period ended 30 June 2022

Group

(Unaudited)

| | Share capital | Share-based reserve | Retained earnings | Currency translation reserve | Fair value reserve | Capital reserve | Equity attributable to owners of the parent | Non-controlling interests | Total equity |
|---|---------------|---------------------|-------------------|------------------------------|--------------------|-----------------|---|---------------------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 January 2022 | 95,314 | 2,106 | 9,306 | 982 | (2,067) | (458) | 105,183 | 1,103 | 106,286 |
| (Loss) / profit for the financial period | - | - | (948) | - | - | - | (948) | 1,082 | 134 |
| Other comprehensive (loss)/income for the financial period: | | | | | | | | | |
| Net fair value changes on financial assets, at FVOCI | - | - | - | - | (939) | - | (939) | - | (939) |
| Foreign currency translation differences arising on consolidation | - | - | - | 412 | - | - | 412 | 176 | 588 |
| Total comprehensive (loss)/income for the financial period | - | - | (948) | 412 | (939) | - | (1,475) | 1,258 | (217) |
| Contributions by and distributions to equity holders of the Company: | | | | | | | | | |
| Issuance of new share | 7,675 | - | - | - | - | - | 7,675 | - | 7,675 |
| Grant of share awards | 97 | - | - | - | - | - | 97 | - | 97 |
| Total transactions with equity holders of the Company | 7,772 | - | - | - | - | - | 7,772 | - | 7,772 |
| Balance as at 30 June 2022 | 103,086 | 2,106 | 8,358 | 1,394 | (3,006) | (458) | 111,480 | 2,361 | 113,841 |

Interim condensed statements of changes in equity

For six months financial period ended 30 June 2023

Company

| (Unaudited) | Share capital | Share-based reserve | Retained earnings | Fair value reserve | Currency translation reserve | Total equity |
|--|---------------|---------------------|-------------------|--------------------|------------------------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 January 2023 | 103,086 | 2,106 | 7,821 | - | 16,301 | 129,314 |
| Loss for the financial period | - | - | (2,500) | - | - | (2,500) |
| Other comprehensive (loss) / income for the financial period: | | | | | | |
| Foreign currency translation | - | - | (3,508) | (2,109) | 10,455 | 4,838 |
| Total comprehensive (loss)/ income for the financial period | - | - | (6,008) | (2,109) | 10,455 | 2,338 |
| Contributions by and distributions to equity holders of the Company | | | | | | |
| Issuance of ordinary shares | 9,106 | - | - | - | - | 9,104 |
| Grant of shares awards | 92 | - | - | - | - | 92 |
| Total transactions with equity holders of the Company | 9,196 | - | - | - | - | 9,196 |
| Balance as at 30 June 2023 | 112,282 | 2,106 | 1,813 | (2,109) | 26,756 | 140,848 |

**Interim condensed statements of changes in equity
For six months financial period ended 30 June 2022**

Company

| (Unaudited) | Share capital | Share-based reserve | Retained earnings | Currency translation reserve | Total equity |
|---|------------------|------------------------|----------------------|------------------------------------|-----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 January 2022 | 95,314 | 2,106 | 9,510 | 12,297 | 119,227 |
| Loss for the financial period | - | - | (983) | - | (983) |
| Other comprehensive (loss): Foreign currency translation differences | - | - | - | 663 | 663 |
| Total comprehensive (loss)/ income for the financial period | - | - | (983) | 663 | (320) |
| Contributions by and distributions to owners of the parent | | | | | |
| Issuance of ordinary shares | 7,675 | - | - | - | 7,675 |
| Grant of shares award | 97 | - | - | - | 97 |
| Total transactions with owners of the parent | 7,772 | - | - | - | 7,772 |
| Balance as at 30 June 2022 | 103,086 | 2,106 | 8,527 | 12,960 | 126,679 |

Interim condensed consolidated statement of cash flow
For six months financial period ended 30 June 2023

| | Six Months Ended | |
|---|-------------------------|---------------------|
| | 30 June 2023 | 30 June 2022 |
| | (Unaudited) | (Unaudited) |
| | RM'000 | RM'000 |
| Operating activities | | |
| Profit before income tax | 60 | 536 |
| Adjustments for: | | |
| Loss / (Reversal of) allowance on trade and other receivables | 314 | (1,166) |
| Amortisation of intangible assets | 598 | 1,066 |
| Depreciation of plant and equipment | 455 | 478 |
| Depreciation of right-of-use | 1,651 | 1,413 |
| Interest income | (1,316) | (1,133) |
| Interest expense | 1,607 | 1,082 |
| Gain on disposal of plant and equipment | (53) | - |
| Plant and equipment written off | - | 89 |
| (Reversal of provisions) / Provisions | (184) | 95 |
| Share of results of associates, net of tax | (756) | (18) |
| Share of results of joint venture, net of tax | - | (1,490) |
| Unrealised foreign exchange gain, net | (1,723) | (1,538) |
| Share based payment expenses | 92 | 97 |
| Operating cash flows before working capital changes | 745 | (489) |
| Working capital changes: | | |
| Trade and other receivables | (3,086) | 3,113 |
| Prepayments | (950) | 261 |
| Trade and other payables | (1,080) | (4,537) |
| Cash used in operations | (4,371) | (1,652) |
| Income tax paid | (602) | (916) |
| Net cash used in operating activities | (4,973) | (2,568) |

Interim condensed consolidated statement of cash flow
For six months financial period ended 30 June 2023

| | Six Months Ended | |
|--|---------------------------------------|---------------------------------------|
| | 30 June 2023 (Unaudited) RM'000 | 30 June 2022 (Unaudited) RM'000 |
| Investing activities | | |
| Advances to associates | (507) | (608) |
| Uplift of fixed deposits | 3,991 | - |
| Interest received | 1,316 | 1,133 |
| Dividend received | - | 1,241 |
| Proceeds from disposal of financial asset, FVOCI | 895 | 622 |
| Proceeds from disposal of plant and equipment | 53 | 61 |
| Purchase of plant and equipment | (639) | (1,568) |
| Purchase of intangible assets | (3) | (48) |
| Net cash generated from investing activities | 5,106 | 833 |
| Financing activities | | |
| Dividend paid | (792) | - |
| Interest paid | (1,607) | (1,082) |
| Issuance of ordinary shares | 9,104 | 7,675 |
| Repayments of revolving credit facilities | (2,244) | (2,058) |
| Repayments of term loan facilities | (1,816) | (1,510) |
| Repayments of lease liabilities | (1,923) | (1,693) |
| Net cash generated from financing activities | 722 | 1,332 |
| Net change in cash and cash equivalents | 855 | (403) |
| Cash and cash equivalents at beginning of financial period | 8,570 | 9,871 |
| Effect of exchange rate changes on cash and cash equivalents | 144 | (320) |
| Cash and cash equivalents at end of the financial period | 9,569 | 9,148 |
| Cash and cash equivalents comprise: | | |
| Cash and cash equivalents as shown in the Consolidated Statement of Financial Position | 17,894 | 17,351 |
| Less: Bank overdraft | (8,325) | (8,203) |
| | 9,569 | 9,148 |

**Notes to the interim condensed financial statements
For six months financial period ended 30 June 2023**

1. Corporate Information

ZICO Holdings Inc. (the “Company”) is domiciled in the Federal Territory of Labuan, Malaysia and was incorporated on 9 December 2010 under the Labuan Companies Act 1990 as a Labuan company. The Company’s registration number is LL07968.

The Company was listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 11 November 2014.

The address of the Company’s registered office is Unit Level 13(A), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia. The principal place of business is 77 Robinson Road, #06-03 Robinson 77, Singapore 068896.

The principal activity of the Company is that of an investment holding company.

The principal activities of the Group is an integrated provider of multidisciplinary professional services. The Group is organised into business units based on advisory and transactional services.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with IFRSs, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed financial statements are presented in Ringgit Malaysia (RM) which is the Company’s functional currency, and all values are rounded to the nearest thousand (RM’000), unless otherwise indicated.

2.1 New and amended standards that are adopted

In the current financial year, the Group has adopted all the new and revised IFRS and Interpretations of IFRS (“IFRIC”) that are relevant to its operations and effective for the current financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC. The Group did not have to make retrospective adjustments as a result of adopting those standards.

The adoption of these new/revised IFRS and IFRIC did not have any material effect on the financial results or position of the Group and the Company.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2023 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

2.2. Use of judgements and estimates

In preparing the condensed consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities are as follow:

Estimated impairment of goodwill

Management performs an annual impairment assessment of goodwill. Valuation model based on discounted cash flow analysis of the cash-generating unit (“CGU”) is used by management to determine the value in use (“VIU”) for the purposes of the impairment assessment.

Significant judgements are used to estimate the revenue growth rates, pre-tax weighted average cost of capital and terminal growth rates applied in computing the recoverable amounts of the different CGUs. In making these estimates, management has relied on past performance and its expectations of the future business developments in Singapore, Malaysia, Thailand, Laos PDR and Myanmar.

Impairment on trade and other receivables

When measuring expected credit loss (“ECL”), the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions with consideration on the impact of post COVID-19 global economic recovery and how these conditions will affect the Group’s ECL assessment. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade and other receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade and other receivables.

For trade receivables and contract assets, the Group applied the simplified approach and determined the lifetime ECL. The Group determined the ECL of trade receivables by segregating trade receivables from the former ZICOlaw network firms which has engaged in a repayment plan with the Group and using a provision matrix for the remaining trade receivables. The Group categorises these trade receivables based on shared credit risk characteristics and days past due. The ECL rates for each category of debtors are estimated based on historical credit loss experience adjusted as appropriate to reflect forward-looking information where relevant which is based on assumptions and forecasts of future economic conditions and how these conditions will affect the Group’s ECL assessment.

For trade receivables from the former ZICOlaw network firms, the Group determined the lifetime ECL, taking into consideration the historical payment trend, the agreed repayment plan, the creditworthiness of the former ZICOlaw network firms and their ability to repay and forecasts of future economic conditions. Contract assets relate to unbilled work in progress for longer term advisory and transactional projects which have substantially different risk characteristics as the trade receivables. The Group determined the loss given default and probability of default of contract assets, taking into consideration the historical payment trend and whether a credit impairment event has occurred.

The Group applied the general 3-step approach in the determination of ECL for non-trade amounts due from the former ZICOlaw network firms and associated companies and other receivables. For the non-trade amounts due from associated companies, the Group determined the loss given default and probability of default, taking into consideration the future cashflows and business plans of the associated companies.

Impairment of investments in subsidiaries

The Company assesses at each balance sheet date whether there are any indicators of impairment for investments in subsidiaries. Investments in subsidiaries are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of the investment exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the business and a suitable terminal growth rate and discount rate, in order to determine the present value of those cash flows.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For lease of office space, the following factors are considered to be most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group typically includes the extension option in lease liabilities;
- If there are significant penalties to terminate the lease, the Group will typically reasonably certain not to terminate the lease;
- Otherwise, the Group considers other factors including its historical lease periods and the costs and business disruption required to replace the leased asset.

The assessment of reasonable certainty to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee.

Deferred income tax assets

The Group recognises deferred income tax assets on carried forward tax losses to the extent that there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised and that the Group is able to satisfy the continuing ownership test. Significant judgement is required in determining the projected revenue and the estimated costs necessary to generate the revenue. These projection and estimates are based on the current market condition and could change significantly as a result of competitor actions.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Executive Committee ("Exco") is the Group's main operational decision maker. The Exco comprises the 2 executive directors and the Chief Financial Officer.

Management has determined the operating segments based on the reports reviewed by the Exco. For management purposes, the Group is organised into business units based on its services, and has two reportable operating segments as follows:

- i) Advisory and transactional services ("ATS"); and
- ii) Management, support services and licensing services ("MSSL").

With effect from December 2022, MSSL segment ceased to generate revenue from third parties.

Expenses relating to the investment holding entities are not allocated to segments as this type of activity is not used by management to evaluate segment performance.

Management monitors the operating results of the segment separately for the purposes of making strategic decisions, allocation of resources and assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses.

There is no change from prior years in the measurement methods used to determine reported segment profit or loss.

Sales between segments are carried out at market terms. The revenue from external parties reported to the Exco is measured in a manner consistent with that in the statement of comprehensive income.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The following table presents revenue by segment for the six months period ended 30 June 2023 (“1H2023”) and 30 June 2022 (“1H2022”), respectively:

| | 1H2023 (RM’000) (Unaudited) | 1H2022 (RM’000) |
|---|--|----------------------------------|
| Advisory and Transactional Services (“ ATS ”) | 30,029 | 28,728 |
| Management and Support Services Business & Licensing Services (“ MSSL ”) | - | 1,056 |
| Total | 30,029 | 29,784 |

Geographical information

Revenue is based on the country in which the customer is located. Non-current assets comprise primarily plant and equipment, right-of-use assets, intangible assets, associated companies and joint venture. Non-current assets are shown by the geographical area in which the assets are located.

The following table presents revenue and non-current assets information based on the geographical location of customers and assets as at 30 June 2023 and 30 June 2022 respectively.

Geographical information

| | Singapore | Malaysia | Thailand | Indonesia | China | Hong Kong | United States of America | Others | Total |
|--------------------|-----------|----------|----------|-----------|--------|-----------|--------------------------|--------|--------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 1H2023 | | | | | | | | | |
| External revenue | 17,890 | 2,684 | 1,008 | 2,562 | 381 | 778 | 503 | 4,223 | 30,029 |
| Non-current assets | 32,064 | 12,478 | 223 | 239 | - | - | - | 38 | 45,042 |
| 1H2022 | | | | | | | | | |
| External revenue | 14,575 | 4,060 | 1,462 | 3,810 | 448 | 1,249 | 369 | 3,811 | 29,784 |
| Non-current assets | 34,819 | 12,298 | 31 | 383 | - | - | - | 27 | 47,558 |

5. Significant items included in profit before taxation

Profit for the financial period is stated after charging/(crediting) the following:

| | Group | |
|--|-------------------------|---------------------|
| | Six Months Ended | 30 June 2022 |
| | 30 June 2023 | (Unaudited) |
| | (Unaudited) | (Unaudited) |
| | RM'000 | RM'000 |
| | | |
| <i>Other gains and (losses)</i> | | |
| (Loss) / Reversal of allowance on trade and other receivables | (218) | 1,257 |
| Bad debts written off | (96) | (91) |
| Unrealised foreign exchange gain, net | 1,736 | 1,538 |
| Realised foreign exchange loss, net | (130) | (246) |
| | | |
| <i>Amortisation and depreciation expenses</i> | | |
| Amortisation of intangible assets | 598 | 1,066 |
| Amortisation of right-of-use assets | 1,651 | 1,413 |
| Depreciation of plant and equipment | 455 | 478 |
| | | |
| <i>Employee benefits expense</i> | | |
| Share based payment expenses | 92 | 97 |
| | | |
| <i>Operating lease expenses</i> | | |
| Rental of premises | 216 | 374 |
| Rental of accommodation | 7 | - |
| | | |
| <i>Other expenses</i> | | |
| (Gain) / Loss on disposal of plant and equipment | (53) | 61 |
| Property, plant and equipment written off | - | 89 |
| | | |
| <i>Income tax credit, net</i> | | |
| Under provision of income tax expense in respect of prior year | - | 169 |
| | | |

6. Significant related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties at terms agreed between the parties:

| | <u>Group</u> | |
|---|------------------|--------------|
| | Six Months ended | |
| | 30 June 2023 | 30 June 2022 |
| | RM'000 | RM'000 |
| | (Unaudited) | (Unaudited) |
| <i>Transactions with associated companies</i> | | |
| Corporate guarantee given for banking facilities utilised by an associated company | (714) | (743) |
| Dividend income | - | 50 |
| Advances to associated companies | 507 | 608 |
| Loss allowance on non-trade receivables | 653 | 653 |
| <i>Transactions with joint venture</i> | | |
| Dividend income | - | 1,191 |

7. Income tax expense

| | <u>Group</u> | |
|---|------------------|--------------|
| | Six Months Ended | |
| | 30 June 2023 | 30 June 2022 |
| | RM'000 | RM'000 |
| | (Unaudited) | (Unaudited) |
| Tax expense attributable to profit is made up of: | | |
| Current income tax | (1,193) | (248) |
| Deferred income tax | 198 | 24 |
| Withholding tax | (51) | (178) |
| | <u>(1,046)</u> | <u>(402)</u> |

8. Dividends

No dividends have been declared or recommended for the current reporting period.

9. Earnings / (Loss) per share

| Earnings per share ("EPS") | Group | |
|---|-----------------------------|-----------------------------|
| | Six Months Ended | |
| | 30 June 2023 (Unaudited) | 30 June 2022 (Unaudited) |
| Loss attributable to owners of the parent (RM'000) | (2,230) | (948) |
| Weighted average number of ordinary shares in issue (in thousands) | 370,264 ⁽¹⁾ | 342,759 ⁽²⁾ |
| Basic EPS (RM cents) | (0.60) | (0.27) |
| Weighted average number of ordinary shares in issue on fully diluted basis (in thousands) | 372,998 ⁽³⁾ | 345,917 ⁽⁴⁾ |
| Fully diluted EPS (RM cents) | (0.60) | (0.27) |

Note:-

- (1) Adjusted for 423,766 ordinary shares allotted and issued to employees pursuant to the vesting of share awards under the PSP on 17 March 2023 and issuance of 30,000,000 new ordinary shares to Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani on 27 April 2023 pursuant to the placement announced on 14 April 2023 and completed on 26 April 2023.
- (2) Issuance of new 425,314 ordinary shares to employees pursuant to the new award under the ZICO Holdings Performance Shares Plan ("PSP") on 4 March 2022, and subscription of 22,000,000 placement shares by Dynac Sdn Bhd on 21 April 2022.
- (3) Adjusted for 3,300,000 ordinary shares which may be allotted and issued to employees upon the exercise of 3.3 million outstanding ESOS as at 30 June 2023.
- (4) Adjusted for 3,300,000 ordinary shares which may be allotted and issued to employees upon the exercise of 3.3 million outstanding Employees Shares Options ("ESOS") as at 30 June 2022.

10. Net assets value

| Net asset value ("NAV") | Group | | Company | |
|---|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| | 30 June 2023 (Unaudited) | 31 December 2022 (Audited) | 30 June 2023 (Unaudited) | 31 December 2022 (Audited) |
| NAV (RM'000) | 118,637 | 112,086 | 140,848 | 129,314 |
| Number of ordinary shares in issue (in thousands) | 379,886 | 349,462 | 379,886 | 349,462 |
| NAV per ordinary share (RM cents) | 31.23 | 32.07 | 37.08 | 37.00 |

11. Plant and equipment

During the financial period, the Group acquired assets amounting to RM639,000 (30.06.2022: RM1,568,000).

| | <u>Motor vehicles</u> | <u>Computer hardware</u> | <u>Office equipment</u> | <u>Leasehold improvement</u> | <u>Total</u> |
|----------------------------------|----------------------------------|-------------------------------------|------------------------------------|---|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | |
| 2023 | | | | | |
| Cost | | | | | |
| Beginning of financial period | 230 | 3,864 | 3,166 | 4,809 | 12,069 |
| Additions | 221 | 143 | 54 | 221 | 639 |
| Disposals | (147) | (29) | – | (404) | (580) |
| Reclassification | 147 | (7) | (4) | 1,100 | 1,236 |
| Currency translation differences | 4 | 84 | 68 | (214) | (58) |
| End of financial period | 455 | 4,055 | 3,284 | 5,512 | 13,306 |
| Accumulated depreciation | | | | | |
| Beginning of financial period | 230 | 3,623 | 2,445 | 3,123 | 9,421 |
| Depreciation charge | 11 | 111 | 112 | 221 | 455 |
| Disposals | (147) | (29) | – | (404) | (580) |
| Reclassification | 147 | (6) | (5) | 1,100 | 1,236 |
| Currency translation differences | 4 | 49 | 43 | (294) | (198) |
| End of financial period | 245 | 3,748 | 2,595 | 3,746 | 10,334 |
| Net book value | | | | | |
| End of financial period | 210 | 307 | 689 | 1,766 | 2,972 |

12. Intangible assets

| | <u>Computer software</u> | <u>Goodwill</u> | <u>Trademark</u> | <u>Customer acquisition costs</u> | <u>Customer relationships</u> | <u>Total</u> |
|----------------------------------|--------------------------|-----------------|------------------|-----------------------------------|-------------------------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | | |
| 2023 | | | | | | |
| Cost | | | | | | |
| Beginning of financial period | 13,216 | 23,905 | 2,000 | 4,077 | 8,475 | 51,673 |
| Additions | 3 | – | – | – | – | 3 |
| Currency translation differences | 53 | (415) | – | 212 | 428 | 278 |
| End of financial period | 13,272 | 23,490 | 2,000 | 4,289 | 8,903 | 51,954 |
| Accumulated amortisation | | | | | | |
| Beginning of financial period | 12,853 | – | 680 | 3,919 | 4,553 | 22,005 |
| Amortisation | 185 | – | 25 | 85 | 303 | 598 |
| Currency translation differences | 75 | – | – | 205 | (343) | (63) |
| End of financial period | 13,113 | – | 705 | 4,209 | 4,513 | 22,540 |
| Net book value | | | | | | |
| End of financial period | 159 | 23,490 | 1,295 | 79 | 4,390 | 29,414 |

The Group performed its annual impairment test in December and when circumstances indicated that the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the financial year ended 31 December 2022.

13. Financial assets and financial liabilities

The following table sets out the financial instruments as at 30 June 2023 and 31 December 2022:

Financial Assets and Financial Liabilities

| | Group | | Company | |
|--|----------------|------------------|----------------|------------------|
| | 30 June 2023 | 31 December 2022 | 30 June 2023 | 31 December 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial assets | | | | |
| Loans and receivables | | | | |
| - Trade and other receivables | 93,847 | 92,519 | 116,670 | 98,759 |
| - Cash and cash equivalents | 17,894 | 16,888 | 5,543 | 2,211 |
| - Other current assets | 5,203 | 19,572 | 6 | 15,597 |
| - Financial assets, at FVOCI | 578 | 886 | - | - |
| | <u>117,522</u> | <u>129,865</u> | <u>122,219</u> | <u>116,567</u> |
| Financial liabilities | | | | |
| Other financial liabilities, at amortised cost | | | | |
| - Trade and other payables | 8,671 | 21,569 | 384 | 782 |
| - Interest-bearing liabilities | 38,258 | 40,470 | 27,436 | 29,945 |
| - Lease liabilities | 11,167 | 9,884 | - | - |
| | <u>58,096</u> | <u>71,923</u> | <u>27,820</u> | <u>30,727</u> |

14. Interest bearing liabilities

Aggregate amount of group's borrowings and debt securities are as follows-

Amount repayable in one year or less, or on demand

| As at 30 June 2023 (Unaudited) | | As at 31 December 2022 (Audited) | |
|-----------------------------------|---------------------|-------------------------------------|---------------------|
| Secured RM'000 | Unsecured RM'000 | Secured RM'000 | Unsecured RM'000 |
| 32,810 | - | 35,188 | - |

Amount repayable after one year

| As at 30 June 2023 (Unaudited) | | As at 31 December 2022 (Audited) | |
|-----------------------------------|---------------------|-------------------------------------|---------------------|
| Secured RM'000 | Unsecured RM'000 | Secured RM'000 | Unsecured RM'000 |
| 16,615 | - | 15,166 | - |

Details of any collateral

The secured borrowings comprised:

| | As at 30 June 2023 (Unaudited) RM'000 | As at 31 December 2022 (Audited) RM'000 | Secured by |
|-------------------|---|---|--|
| Term loan | 8,946 | 10,232 | Corporate guarantee for all moneys owing by certain subsidiaries |
| Revolving credit | 20,830 | 21,920 | Corporate guarantee for all moneys owing by certain subsidiaries |
| Bank overdraft | 8,325 | 8,318 | Corporate guarantee by a subsidiary |
| Lease liabilities | 11,167 | 9,884 | Secured over the rights and benefits to lease the office units |
| Hire Purchase | 157 | - | |
| | <u>49,425</u> | <u>50,354</u> | |

15. Share Capital

Shares Capital – Ordinary Shares

| | Number of issued shares | Issued and paid-up share capital (RM) |
|---|----------------------------|--|
| Balance as at 1 January 2023 | 349,461,791 | 103,086,252 |
| Issue of new ordinary shares ⁽¹⁾ | 30,423,766 | 9,196,016 |
| Balance as at 30 June 2023 | 379,885,557 | 112,282,268 |

Notes:-

(1) Adjusted for 423,766 ordinary shares allotted and issued to employees pursuant to the vesting of share awards under the PSP on 17 March 2023 and issuance of 30,000,000 new ordinary shares to Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani on 27 April 2023 pursuant to the placement announced on 14 April 2023 and completed on 26 April 2023.

There were 3,300,000 outstanding options (30 June 2022: 3,300,000 options) and all share awards granted have been vested under the PSP as at 30 June 2023 (30 June 2022: 3,300,000). There were no unvested PSP shares that had expired as at 30 June 2023.

Save for the above, the Company did not have any convertibles or treasury shares as at 30 June 2023 and 30 June 2022.

The Company did not have any subsidiary holdings as at 30 June 2023 and 30 June 2022.

16. Treasury shares

| | As at 30 June 2023 | As at 31 December 2022 |
|-------------------------------|--------------------|---------------------------|
| Total number of issued shares | 379,885,557 | 349,461,791 |

The Company did not have any treasury shares as at 30 June 2023 and 31 December 2022.

The Company did not have any treasury shares during and as at the end of the current financial period reported on.

There were no subsidiary holdings during and as at the end of the current financial period reported on.

17. Share-based reserve

| | Group and Company | |
|-----------------------|--------------------------|-----------------------------|
| | 30 June 2022 | 31 December 2022 |
| | RM'000 | RM'000 |
| Share options reserve | 556 | 556 |
| Share awards reserve | 1,550 | 1,550 |
| | 2,106 | 2,106 |

Share options – employee share option scheme

During the financial period under review, the Company did not issue any shares under the employee share option scheme.

As at 30 June 2023, there were 3,300,000 outstanding options under the employee share option scheme (30 June 2022: 3,300,000).

Performance share plan

During the financial period under review, awards for 423,766 ordinary shares were granted pursuant to the PSP on 17 March 2023.

In the previous financial period under review (1H2022), awards for 425,314 ordinary shares were granted pursuant to the ZICO Holdings Performance Share Plan on 4 March 2022.

18. Subsequent events

On 23 June 2023, ZICOInsource (Thailand) Co., Ltd was incorporated. The shareholders were Chan May May 49% (490 shares) and Phattharaphon Yomthaisong 51% (510 shares). On 13 July 2023, Chan May May transferred the 490 shares to ZICOInsource Inc. and it became an associated company of the group.

On 30 June 2023, the Company had entered into a share sale and purchase agreement with Mr Lim Khoon Siong for the acquisition of 522,458 ordinary shares representing 25% of the entire issued share capital of ZICO Asset Management Pte. Ltd. ("ZAM") for a consideration of SGD690,000. The said acquisition has been completed on 14 July 2023. Please refer to the Company's announcements dated 30 June 2023 and 14 July 2023 for further details.

Other Information Required by Appendix 7C of the Catalist Rules

Other Information

1. Review

The interim condensed consolidated balance sheet of ZICO Holdings Inc and its subsidiaries as at 30 June 2023 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

1A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. The Company's latest financial statements for the financial year ended 31 December 2022 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial year reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial year reported on

Interim Condensed Consolidated Statement of Comprehensive Income

Review for the performance of the Group for the period ended 30 June 2023 ("1H2023") as compared to the period ended 30 June 2022 ("1H2022").

Revenue

The Group's revenue breakdown for each business segment was as follows:

| | 1H2023 | 1H2022 | % change |
|--|---------------------|---------------------|-----------------|
| | (RM million) | (RM million) | |
| Advisory and Transactional Services ("ATS") | 30.03 | 28.78 | 4.3 |
| Management and Support Services Business & Licensing Services ("MSSL") | - | 1.0 | (100) |
| Total | 30.03 | 29.78 | 0.8 |

The increase in the Group's revenue was due to higher revenue from ATS segments.

The decrease in revenue from MSSL of RM1 million was mainly due to no revenue contributions from royalty fees under ZICO Trademark Pte Ltd ("ZTPL"). ZTPL has stopped charging royalty fee to third parties, being the ZICOLaw network firms, with effect from December 2022.

The increase in revenue from ATS segment of RM1.3 million was due to higher revenue contributions from trust advisory services under ZICO Trust (S) Pte Ltd ("ZTS").

Other items of income

Interest income

Interest income increased by RM182k was mainly due to interest income derived from amounts owing by ZICOLaw Network firms with outstanding balances more than 1 year.

Other income

Other income decreased by RM173k mainly due to grant received by ZICO Shariah Advisory Services Sdn. Bhd in 1H2022 but not 1H2023.

Other gains and (losses)

Other gains increased by RM296k mainly due to the increase in unrealized and realized foreign exchange gain by RM302k.

Loss allowance on trade and other receivables

Loss allowance on trade and other receivables increased by RM1.5 million mainly due to higher general provisions being made due to overall slowdown in collection. Main increases are in the corporate services sector and corporate finance sector for RM375K and RM516K respectively.

Items of expense

Amortisation and depreciation expenses

Amortisation and depreciation expenses decreased by RM253k mainly due to investment in customer acquisition costs from Stamford Law Corporation being fully amortized and certain computer software of ZICO Knowledge Services Sdn Bhd (“ZKS”) being fully depreciated during 1H2023.

Employee benefits expense

Employee benefits expense decreased by RM2.9 million mainly due to lower variable compensation, i.e. lower advisors’ commissions and lower bonus provision in 1H2023.

Operating lease expenses

Operating lease expenses decreased by RM151k mainly due to lower rental rate for Malaysia office with effect from January 2023.

Retainer fees and consultancy fees

Retainer fees and consultancy fees increased by RM303k mainly due to higher consultancy fees incurred by ZICO Consultancy Sdn Bhd (“ZICON”) in line with its higher revenue stream.

Other expenses

Other expenses increased by RM1.3 million mainly due to higher disbursement expense of RM779k by ZICO Asset Management Pte Ltd (“ZAM”), higher business development expenses of RM318k, higher IT software maintenance incurred of RM306k due to migration of IT systems, and higher professional indemnity insurance expense by RM124k.

Finance Costs

Finance costs increased by RM526k mainly due to increase of bank borrowings’ rate and interest rate charges for Singapore office lease liabilities commencing in 2H2022.

Share of associates results

Share of associate results increased by RM738k mainly due to share of profit generated by an associate, ZICO Trust (M) Berhad (“ZTMB”) The Group acquired 40% of the issued share capital of ZTMB on 9 September 2022 which has led to the increase in share of profit.

Share of joint venture results

Share of joint venture results is decreased by RM1.5 million due to disposal of a joint venture company, Fragomen ZICO Inc in 2H2022.

Profit before income tax

Profit before income tax was lower by RM476k mainly due to higher expenses as indicated above.

Income tax expense

Income tax expense increased by RM643k in 1H2023 mainly due to higher provision of tax expenses to higher taxable profit during the financial period under review.

Fair value losses on financial assets at OCI

The fair value losses on financial assets were due to the fair value adjustment resulting from the revaluation of available-for-sale investments. Decrease in the fair value losses was mainly due to disposal of available-for-sale investments during the financial period under review.

Foreign currency translation difference

The foreign currency translation difference was mainly due to the fluctuation of Ringgit Malaysia against the United States Dollars and Singapore Dollars.

Profit for the financial period

Profit for the financial period was lower by RM1.2 million mainly due to lower profit before tax and higher income tax expenses, the reasons for which are indicated above.

Interim Condensed Consolidated Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the financial statements as at 30 June 2023 and 31 December 2022.

Non-current assets

Plant and equipment increased by RM324k mainly due to addition of assets arising from purchase of motor vehicle for business purposes under ZICO Consultancy Sdn. Bhd. amounting to RM221k .

Right-of-use assets increased by RM952k mainly due to the recognition of new leases under ZICO Consultancy Sdn. Bhd. ("ZICON") and ZICO Knowledge Services Sdn. Bhd. ("ZIKS") amortisation charge for right of use ("ROU") during the current financial period.

Intangible assets decreased by RM254k mainly due to amortisation of the computer software and identifiable assets for the current financial period.

Investment in associates increased by RM1.6 million mainly due to the share of associate's profit for ZICO Trust (M) Berhad during the financial period.

Investments decreased by RM308k million mainly due to disposal of shares as well as the fair value adjustments of shares held by ZICAPSG.

Deferred tax assets increased by RM339k mainly due to additional deferred tax assets recognized for the unutilized tax losses of certain subsidiaries.

Current assets

Current trade and other receivables increased by RM658k mainly due to the additional billings recognized during the financial period.

Contract assets increased by RM4.1 million mainly due to services that had been provided by ZTS (RM2.7 million) and ZICAPSG (RM0.8 million) ahead of the agreed billing milestones.

Current income tax recoverable increased by RM41k mainly due to the lower tax expense incurred for its Malaysia subsidiaries as compared to the actual tax installment paid to the Malaysia tax authorities.

Cash and cash equivalents increased by RM1 million mainly due to mainly due to collection from clients as at 30 June 2023 and offset against the cash being utilised for operations.

Other current assets (comprising clients' monies held in trust and fixed deposit with maturity of more than 90 days) decreased by RM11.6 million mainly due to the disbursement of monies held in trust for clients during the current financial period.

Non-current liabilities

The increase in non-current interest-bearing liabilities by RM660k was mainly due fluctuation of foreign exchange.

Lease liabilities increased by RM789k mainly due to the recognition of new leases liabilities under ZIKS and ZICONS.

The decrease in provisions by RM185k mainly due to the reversal of provision for retirement benefits due to no employee at PT ZICO Konsultan as of 30 June 2023.

The decrease in deferred tax liabilities ("DTL") by RM29k was mainly due to fluctuation of exchange rate.

Current liabilities

Trade and other payables decreased by RM12.9 million mainly due to reduction in client monies held in trust.

Current interest-bearing liabilities decreased by RM2.9 million mainly due to the repayments for the term loans and revolving credit facilities.

Lease liabilities increased by RM494k mainly due to the renewal of the rental of certain office premises in Malaysia .

Contracted liabilities increased by RM1.3 million mainly due to increase in billings to the clients under the corporate finance, corporate secretarial and trust business.

Interim Condensed Consolidated Statement of Cash Flow

The comparative performance for cash flow are based on the financial statements as at 30 June 2023 and 30 June 2022.

The net cash used in operating activities of RM5 million in 1H2023 (compared to RM2.6 million in 1H2022) was mainly due to increase in trade and other receivables by RM3.1 million and decrease in trade and other payables by RM1.1 million.

Net cash generated from investing activities of RM5.1 million (compared to RM0.8 million in 1H2022) was mainly due to uplift of fixed deposit of RM4.0 million.

Net cash generated from financing activities of RM0.7 million (compared to RM1.3 million in 1H2022) was mainly due to repayments of revolving credit facilities, term loan facilities and lease liabilities which was partially offset by proceeds from a placement exercise.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

As the Group continues to operate in a dynamic and challenging industry characterized by inflationary pressure, economic and geo-political uncertainties, the management is making a strategic decision to place a stronger emphasis on the wealth management and trust industry which presents a window of opportunity for growth potential. This strategic direction aligns with the recent completion of the acquisition of the remaining equity interest in ZAM on 14 July 2023. The Group will continue to leverage its suite of multi-disciplinary professional services in order to provide seamless integrated solutions for our clients. The Group will maintain its commitment to prudent cost management and is cautiously optimistic that our steadfast commitment to excellence and our strategic expansion into the wealth management segment will pave the way for continued growth.

5. Dividend

If a decision regarding dividend has been made:-

- (a) Whether an interim (final) dividend has been declared (recommended); and

No dividend has been declared or recommended for the current financial year reported on.

- (b)(i) Amount per share (cents)
(Optional) Rate (%)

Not applicable.

- (b)(ii) Previous corresponding period (cents)
(Optional) Rate (%)

Not applicable. No dividend has been declared or recommended for the previous corresponding year.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

- (d) The date the dividend is payable.

Not applicable.

- (e) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

6. If no dividend has been declared/recommended, a statement to that effect for the reason(s) for the decision.

No dividend has been declared or recommended for 1H2023 in view of the current phase of growth and the need to consolidate cash resources for business purposes.

7. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate for recurrent interested person transactions. There were no interested person transactions of S\$100,000 and above in 1H2023.

IPT below S\$100,000 comprise the following:

- 1) Interest charged on advances to the Company's associated entity ShakeUp Online Sdn Bhd ("Shakeup") for operational requirements. Each transaction is below S\$100,000. Shakeup is an interested person under Chapter 9 of the Catalist Rules, as it is an associate of Mr Chew Liong Kim, a director of the Company. He holds 80% equity interest in Shakeup.

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

9. Negative confirmation by the Board Pursuant to Rule 705(5) of the Catalist Listing Manual.

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the six months ended 30 June 2023 to be false or misleading in any material aspect.

10. Use of Proceeds

The Company refers to the net proceeds amounting to S\$2.7 million raised from the placement exercise announced on 14 April 2023, 26 April 2023 and completed on 27 April 2023. The Company has subsequently announced a change in the use of proceeds on 30 June 2023.

The use of the net proceeds from the placement is in accordance with the intended use of proceeds stated in the Company's announcement dated 14 April 2023. A change in the use of proceeds was made by the Company following the announcement of acquisition of the remaining 25% interest in shares of ZAM on 30 June 2023.

Use of placement net proceeds

| | Amount allocated (S\$'000) | Amount utilized (S\$'000) | Balance (S\$'000) |
|---|-------------------------------|------------------------------|----------------------|
| Working Capital and General Corporate Purpose | 1,890,000 to 2,025,000 | 1,924,618 | 0 to 85,382 |
| Opportunistic Acquisition | 675,000 to 810,000 | 690,000 ⁽¹⁾ | 0 to 85,382 |
| | <hr/> 2,700,000 | <hr/> 2,614,618 | <hr/> 85,382 |

(1) The amount was utilized for the acquisition of 25% interest in shares of ZAM. Please refer to the Company's announcements dated 30 June 2023 and 14 July 2023 for further details.

11. Disclosure pursuant to Rule 706 (A) of the Catalist Rules

Investment of an associate company

On 23 June 2023, ZICO Insource (Thailand) Co., Ltd was incorporated. The shareholders were Chan May May 49% (490 shares) and Phattharaphon Yomthaisong 51% (510 shares). On 13 July 2023, Chan May May transferred the 490 shares at par value of 10 Thai Baht per share to ZICO Insource Inc. and it became an associate company of the group.

Capitalisation in a subsidiary company

On 30 June 2023, ZICO Capital Pte Ltd (“ZICAP”), a direct subsidiary of the Company has increased its issued and paid up share capital from SGD2,000,000 to SGD2,200,000.

Capitalisation in an associate company

On 11 May 2023 and 12 May 2023, ZICO Trust (M) Berhad, an indirect 40% associate company of the Company increased its issued share capital from RM500,000 consisting of 50,000 ordinary shares to RM2,500,000 consisting of 550,000 shares. Each share was issued at the price of RM10, of which only RM4 was called up, pursuant to the requirements under Section 3 of the Trust Companies Act 1949 of Malaysia.

Acquisition of shares of a subsidiary

On 30 June 2023, the Company announced that it had entered into a share sale and purchase agreement with Mr Lim Khoon Siong for the acquisition of 522,458 ordinary shares representing 25% of the entire issued share capital of ZAM for a cash consideration of SGD690,000. The consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the following factors:

- (a) the net asset value of ZAM amounting to SGD1,252,086;
- (b) historical financial position and the size of current asset under management (AUM);
- (c) regulatory licenses held by ZAM to engage in the business of fund management in Singapore;
- (d) ZAM’s well-established branding, client base and in-depth knowledge of management team in fund management industry;
- (e) inputted premium for full control over the corporate direction of ZAM; and
- (f) the rationale and benefits (including long-term growth prospects and sustained profitability) as described in the Company’s announcement dated 30 June 2023.

The Consideration has been satisfied by cash in two tranches as set out below:

- (a) SGD69,000 on the date of share sale and purchase agreement on 30 June 2023; and
- (b) SGD621,000 on the completion date of 14 July 2023.

Following the completion of acquisition on 14 July 2023, ZAM became a wholly-owned subsidiary of the Company. Please refer to the Company’s announcements dated 30 June 2023 and 14 July 2023 for further details.

BY ORDER OF THE BOARD

Datuk Ng Hock Heng
Group Chief Executive Officer

11 August 2023

*"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 SGX-ST and the SGX-ST 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.*

*The contact person for the Sponsor is Ms Vanessa Ng.
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