

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**31 DECEMBER 2021**

**ZICO HOLDINGS INC. AND ITS SUBSIDIARIES**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the financial year ended 31 December 2021**

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**Interim condensed consolidated statement of comprehensive income  
For the financial year ended 31 December 2021**

	Note	Group			Group		
		Six Months Ended			Full Year Ended		
		31 December 2021	31 December 2020	Change	31 December 2021	31 December 2020	Change
		(Unaudited) RM'000	(Unaudited) RM'000	%	(Unaudited) RM'000	(Audited) RM'000	%
Revenue	4	31,861	31,367	1.6	69,032	64,217	7.5
<b>Other items of income</b>							
Interest income		1,631	1,374	18.7	1,792	1,488	20.4
Other income		1,695	3,711	(54.3)	4,601	7,662	(40.0)
		<u>35,187</u>	<u>36,452</u>	<u>(3.5)</u>	<u>75,425</u>	<u>73,367</u>	<u>2.8</u>
<b>Other gains and losses</b>							
Others	5	6,543	753	768.9	5,538	(176)	3,246.6
Loss allowance on trade and other receivables		(2,370)	(4,789)	(50.5)	(3,764)	(5,442)	(30.8)
		<u>39,360</u>	<u>32,416</u>	<u>21.4</u>	<u>77,199</u>	<u>67,749</u>	<u>13.9</u>
<b>Items of expense</b>							
Amortisation and depreciation expenses	5	(6,319)	(4,249)	48.7	(8,343)	(9,202)	(9.3)
Employee benefits expense		(22,704)	(24,906)	(8.8)	(49,016)	(49,537)	(1.1)
Operating lease expenses	5	1,542	(960)	(260.6)	(210)	(1,121)	(81.3)
Retainer fees and consultancy fees		(4,128)	(2,959)	39.5	(6,155)	(5,820)	5.8
Other expenses		(4,659)	(4,229)	10.2	(9,076)	(9,030)	0.5
Finance costs		(748)	(978)	(23.5)	(1,187)	(2,184)	(45.7)
		<u>(37,016)</u>	<u>(38,281)</u>	<u>(3.3)</u>	<u>(73,987)</u>	<u>(76,894)</u>	<u>(3.8)</u>
		<u>2,344</u>	<u>(5,865)</u>	<u>140.0</u>	<u>3,212</u>	<u>(9,145)</u>	<u>135.1</u>
Share of results of associates, net of tax		31	22	40.9	48	40	20.0
Share of results of joint venture, net of tax		942	340	177.1	2,320	3,094	(25.0)
		<u>3,317</u>	<u>(5,503)</u>	<u>160.3</u>	<u>5,580</u>	<u>(6,011)</u>	<u>192.8</u>
<b>Profit / (Loss) before income tax</b>							
Income tax (expense) / credit	7	(1,952)	(323)	(504.3)	(3,592)	155	(2,417.4)
		<u>1,365</u>	<u>(5,826)</u>	<u>123.4</u>	<u>1,988</u>	<u>(5,856)</u>	<u>133.9</u>
<b>Profit / (loss) for the financial period / year</b>							

	Group			Group		
	Six Months Ended			Full Year Ended		
	31 December 2021	31 December 2020	Change	31 December 2021	31 December 2020	Change
	(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
RM'000	RM'000	%	RM'000	RM'000	%	
<b>Other comprehensive (loss) / income</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	(1,152)	(985)	(17.0)	474	67	607.5
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Fair value losses on financial assets, at FVOCI	121	810	(85.1)	(49)	(1)	4,800
Foreign currency translation differences	159	99	60.6	400	83	381.9
<b>Other comprehensive income / (loss) for the financial period/ year, net of tax</b>	(872)	(76)	(1,247.4)	825	149	453.7
<b>Total comprehensive income/ (loss) for the financial period / year</b>	493	(5,902)	108.4	2,813	(5,707)	149.3
<b>Profit / (loss) attributable to:</b>						
Owners of the parent	754	(7,233)	110.4	882	(7,406)	111.9
Non-controlling interests	611	1,407	56.6	1,106	1,550	(28.6)
	1,365	(5,826)	123.4	1,988	(5,856)	133.9
<b>Total comprehensive income / (loss) attributable to:</b>						
Owners of the parent	(257)	(7,400)	96.5	1,308	(7,340)	117.8
Non-controlling interests	750	1,498	49.9	1,505	1,633	(7.8)
	493	(5,902)	108.4	2,813	(5,707)	149.3

**Interim condensed balance sheets  
As at 31 December 2021**

	Note	Group		Company	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		(Unaudited) RM'000	(Audited) RM'000	(Unaudited) RM'000	(Audited) RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Plant and equipment	11	2,012	3,893	52	55
Right-of-use assets		1,957	7,078	132	443
Intangible assets	12	30,315	33,126	606	1,040
Subsidiaries		-	-	40,536	39,102
Associates		46	39	2	2
Joint venture		12,309	13,014	9,501	9,336
Investments		3,981	2,312	-	-
Deferred income tax assets		8,548	9,384	-	-
Trade and other receivables		50,546	56,466	70,683	70,022
Prepayments		619	-	-	-
		<u>110,333</u>	<u>125,312</u>	<u>121,512</u>	<u>120,000</u>
<b>Current assets</b>					
Trade and other receivables		37,123	34,570	34,601	44,039
Contract assets		5,785	7,962	-	-
Prepayments		970	652	61	89
Current income tax recoverable		221	240	-	-
Cash and cash equivalents		18,169	13,125	990	290
Other current assets		3,068	3,414	6	5
		<u>65,336</u>	<u>59,963</u>	<u>35,658</u>	<u>44,423</u>
<b>Total assets</b>		<u>175,669</u>	<u>185,275</u>	<u>157,170</u>	<u>164,423</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	15	95,314	95,014	95,314	95,014
Retained earnings		10,179	9,297	8,990	10,084
Share based-reserve	17	2,106	2,350	2,106	2,350
Currency translation reserve		982	443	12,297	10,130
Capital reserve		(458)	(432)	-	-
Fair value reserve		(2,940)	(2,019)	-	-
<b>Equity attributable to owners of the parent</b>		<u>105,181</u>	<u>104,653</u>	<u>118,707</u>	<u>117,578</u>
Non-controlling interests		1,103	584	-	-
<b>Total equity</b>		<u>106,284</u>	<u>105,237</u>	<u>118,707</u>	<u>117,578</u>
<b>Non-current liabilities</b>					
Interest-bearing liabilities	14	9,819	6,757	9,819	6,757
Lease liabilities	14	804	3,775	-	-
Provisions		341	230	-	-
Deferred income tax liabilities		709	1,365	-	-
		<u>11,673</u>	<u>12,127</u>	<u>9,819</u>	<u>6,757</u>
<b>Current liabilities</b>					
Trade and other payables		13,501	14,729	2,773	7,321
Interest-bearing liabilities	14	36,026	42,553	25,640	32,065
Lease liabilities	14	1,279	5,376	145	618
Contract liabilities		2,377	2,462	-	-
Provisions		20	20	-	-
Current income tax payable		4,507	2,771	86	84
		<u>57,710</u>	<u>67,911</u>	<u>28,644</u>	<u>40,088</u>
<b>Total liabilities</b>		<u>69,383</u>	<u>80,038</u>	<u>38,463</u>	<u>46,845</u>
<b>Total equity and liabilities</b>		<u>175,669</u>	<u>185,275</u>	<u>157,170</u>	<u>164,423</u>

**Interim condensed statements of changes in equity  
For the financial year ended 31 December 2021**

**Group**

<b>(Unaudited)</b>	<b>Share capital</b>	<b>Share-based reserve</b>	<b>Retained earnings</b>	<b>Currency translation reserve</b>	<b>Fair value reserve</b>	<b>Capital reserve</b>	<b>Equity attributable to owners of the parent</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 2021	95,014	2,350	9,297	443	(2,019)	(432)	104,653	584	105,237
<b>Profit for the financial year</b>	-	-	882	-	-	-	882	1,106	1,988
<b>Other comprehensive loss:</b>									
Fair value loss on financial assets, at FVOCI	-	-	-	-	(48)	-	(48)	(1)	(49)
Foreign currency translation differences	-	-	-	474	-	-	474	400	874
<b>Total comprehensive (loss)/income for the financial year</b>	-	-	882	474	(48)	-	1,308	1,505	2,813
Transfer upon disposal of financial assets, at FVOCI	-	-	-	-	(873)	-	(873)	-	(873)
<b>Contributions by and distributions to owners of the parent</b>									
Exercise of share awards	300	(300)	-	-	-	-	-	-	-
Forfeiture of share awards	-	(36)	-	-	-	-	(36)	-	(36)
Grant of share awards	-	92	-	-	-	-	92	-	92
<b>Total transactions with owners of the parent</b>	300	(244)	-	-	-	-	56	-	56
<i>Changes in ownership interest in Subsidiaries:</i>									
Changes in ownership interest in subsidiaries that do not result in loss of control	-	-	-	-	-	(26)	(26)	160	134
Dividends	-	-	-	-	-	-	-	(1,081)	(1,081)
<b>Total transactions with non-controlling interests</b>	-	-	-	-	-	(26)	(26)	(921)	(947)
Balance as at 31 December 2021	95,314	2,106	10,179	982	(2,940)	(458)	105,183	1,103	106,284

**Interim condensed statements of changes in equity**  
**For the financial year ended 31 December 2021**

**Group**

<b>(Audited)</b>	<b>Share capital</b>	<b>Share-based reserve</b>	<b>Retained earnings</b>	<b>Currency translation reserve</b>	<b>Fair value reserve</b>	<b>Capital reserve</b>	<b>Equity attributable to owners of the parent</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 2020	94,328	2,882	16,703	376	(2,018)	-	112,271	(1,618)	110,653
<b>Profit for the financial year</b>	-	-	(7,406)	-	-	-	(7,406)	1,550	(5,856)
<b>Other comprehensive loss:</b>									
Fair value loss on financial assets, at FVOCI	-	-	-	-	(1)	-	(1)	-	(1)
Foreign currency translation differences	-	-	-	67	-	-	67	83	150
<b>Total comprehensive (loss)/income for the financial year</b>	-	-	(7,406)	67	(1)	-	(7,340)	1,633	(5,707)
<b>Contributions by and distributions to owners of the parent</b>									
Exercise of share awards	686	(686)	-	-	-	-	-	-	-
Forfeiture of share awards	-	(83)	-	-	-	-	(83)	-	(83)
Grant of share awards	-	237	-	-	-	-	237	-	237
<b>Total transactions with owners of the parent</b>	686	(532)	-	-	-	-	154	-	154
<i>Changes in ownership interest in Subsidiaries:</i>									
Changes in ownership interest in subsidiaries that do not result in loss of control	-	-	-	-	-	(432)	(432)	569	137
<b>Total transactions with non-controlling interests</b>	-	-	-	-	-	(432)	(432)	569	137
Balance as at 31 December 2020	95,014	2,350	9,297	443	(2,019)	(432)	104,653	584	105,237

## Interim condensed statements of changes in equity

For the financial year ended 31 December 2021

### 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 2021	95,014	2,350	10,084	10,130	117,578
<b>Loss for the financial year</b>	-	-	(1,094)	-	(1,094)
<b>Other comprehensive loss:</b> Foreign currency translation differences	-	-	-	2,168	2,168
<b>Total comprehensive income for the financial year</b>	-	-	(1,094)	2,168	1,074
<b>Contributions by and distributions to owners of the parent</b>					
Exercise of share awards	300	(300)	-	-	-
Forfeited share awards	-	(36)	-	-	(36)
Grant of share awards	-	92	-	-	92
<b>Total transactions with owners of the parent</b>	300	(244)	-	-	56
Balance as at 31 December 2021	95,314	2,106	8,990	12,297	118,707

**Interim condensed statements of changes in equity**  
**For the financial year ended 31 December 2021**

<b>Company (Audited)</b>	<b>Share capital</b>	<b>Share-based reserve</b>	<b>Retained earnings</b>	<b>Currency translation reserve</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 2020	94,328	2,882	15,528	10,112	122,850
<b>Loss for the financial year</b>	-	-	(5,444)	-	(5,444)
<b>Other comprehensive loss:</b> Foreign currency translation differences	-	-	-	18	18
<b>Total comprehensive income / (loss) for the financial year</b>	-	-	(5,444)	18	(5,426)
<b>Contributions by and distributions to owners of the parent</b>					
Issuance of ordinary shares	-	-	-	-	-
Exercise of share awards	686	(686)	-	-	-
Forfeited share awards	-	(83)	-	-	(83)
Grant of share awards	-	237	-	-	237
<b>Total transactions with owners of the parent</b>	686	(532)	-	-	154
Balance as at 31 December 2020	95,014	2,350	10,084	10,130	117,578

**Interim condensed consolidated cash flow statement  
For the financial year ended 31 December 2021**

	<b>Full Year Ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating activities</b>		
Profit/(Loss) before income tax	5,580	(6,011)
Adjustments for:		
Loss allowance on trade and other receivables	3,764	5,442
Amortisation of intangible assets	2,719	3,026
Impairment loss on intangible assets	-	239
Depreciation of plant and equipment	2,260	1,141
Depreciation of right-of-use	3,367	5,035
Interest income	(1,792)	(1,488)
Interest expense	1,199	2,105
Gain on disposal of business	(5,880)	-
Gain on disposal of intangible asset	(91)	-
Loss on disposal of plant and equipment	-	18
Provisions	111	(5)
Share of results of associates, net of tax	(48)	(40)
Share of results of joint venture, net of tax	(2,320)	(3,094)
Unrealised foreign exchange gain, net	342	(44)
Share based payment expenses	56	154
<b>Operating cash flows before working capital changes</b>	<b>9,257</b>	<b>6,478</b>
<b>Working capital changes:</b>		
Trade and other receivables	313	(1,822)
Prepayments	(937)	(243)
Trade and other payables	(2,355)	(5,531)
Cash generated from operations	6,278	(1,118)
Income tax paid	(1,182)	(1,199)
<b>Net cash generated from / (used in) operating activities</b>	<b>5,096</b>	<b>(2,317)</b>

**Interim condensed consolidated cash flow statement  
For the financial year ended 31 December 2021**

	<b>Full Year Ended</b>	
	<b>31 December 2021 (Unaudited) RM'000</b>	<b>31 December 2020 (Audited) RM'000</b>
<b>Investing activities</b>		
(Advances to) / Repayment from associates	(555)	(788)
Repayment from / (Advances to) third parties	1,849	(65)
Capital contribution from non- controlling interest in subsi	-	137
Interest received	71	52
Dividend received	3,026	1,496
Proceeds from disposal of financial asset, FVOCI	1,362	89
Proceeds from disposal of business	6,528	-
Purchase of plant and equipment	(354)	(139)
Purchase of intangible assets	(56)	(130)
<b>Net cash generated from investing activities</b>	<b>11,871</b>	<b>652</b>
<b>Financing activities</b>		
Interest paid	(1,187)	(2,105)
Dividend paid to non-controlling interest	(1,081)	-
Proceeds from term loan facility	6,179	7,038
Repayments from revolving credit facilities	(6,770)	(4,680)
Repayments of term loan facilities	(3,455)	(536)
Repayments of lease liabilities	(5,827)	(4,409)
<b>Net cash used in financing activities</b>	<b>(12,143)</b>	<b>(4,692)</b>
Net change in cash and cash equivalents	5,368	(6,357)
Cash and cash equivalents at beginning of financial year	4,644	10,950
Effect of exchange rate changes on cash and cash equivalents	(137)	51
<b>Cash and cash equivalents at end of the financial year</b>	<b>9,873</b>	<b>4,644</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and cash equivalents as shown in the Consolidated Statement of Financial Position	18,169	13,125
Less: Bank overdraft	(8,296)	(8,481)
	<b>9,873</b>	<b>4,644</b>

**Notes to the interim condensed financial statements  
For the financial year ended 31 December 2021**

**1. Corporate Information**

ZICO Holdings Inc. (the “**Company**”, and together with its subsidiaries and associated companies, the “**Group**”) 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 8 Robinson Road, #03-00 ASO Building, Singapore 048544.

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

The principal activity of the Group is an integrated provider of multidisciplinary professional services. The Group is organised into business units based on its services and has two reportable operating segments, being (i) Advisory and transactional services; and (ii) Management, support services and licensing services.

**2. Basis of preparation**

The condensed interim financial statements for the financial year ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. 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 condensed interim financial statements for the six months ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, 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 revised 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 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 2021 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 interim 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 financial year ended 31 December 2020.

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 follows:

##### *Estimated impairment of goodwill*

Management performs an annual impairment assessment of goodwill. The 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. Details of the impairment assessment, the implications of the COVID-19 pandemic on the assumptions, sensitivity analysis and the

carrying value of the Group's goodwill are disclosed and further explained in Note 15 to the financial statements.

#### *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 which take into consideration the impact of the COVID-19 pandemic 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.

The Group determined the ECL of trade receivables and contract assets by segregating amounts due from ZICOLaw network firms which are engaged in a repayment plan with the Group and using a provision matrix for the remaining trade receivables and contract assets. The Group categorises these trade receivables and contract assets based on shared credit risk characteristics and days past due. The Group estimates the ECL rates for each category of past due status of the debtors based on historical credit loss experience, adjusted as appropriate to reflect COVID-19 impact considerations and forecasts of future economic conditions.

For trade receivables from ZICOLaw network firms, a revised repayment plan had been negotiated and the repayment period had been extended to be over six years to 2027 from 2025. In assessing the ECL, the Group applied the simplified approach and determined the lifetime ECL, taking into consideration the historical payment trend, the revised repayment plan, the creditworthiness of ZICOLaw network firms and their ability to repay, and forecasts of future economic conditions taking into consideration the impact of the COVID-19 pandemic.

The Group applied the general 3-step approach in the determination of ECL for non-trade amounts due from ZICOLaw network firms and other receivables.

#### *Impairment of investments in subsidiaries*

The Company assesses at each balance sheet date whether there are any indicators of impairment of 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.

#### *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 projections and estimates are based on the current market conditions and could change significantly as a result of competitor actions.

### **3. Seasonal operations**

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

### **4. Segment and revenue information**

The Executive Committee ("**Exco**") is the Group's chief operating 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; and
- ii) Management, support services and licensing services.

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 operations 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 financial year ended 31 December 2021 (“FY2021”) and 31 December 2020 (“FY2020”), respectively:

	<b>FY2021 (RM'000) (Unaudited)</b>	<b>FY2020 (RM'000) (Audited)</b>
Advisory and Transactional Services (“ATS”)	60,845	54,448
Management and Support Services Business & Licensing Services (“MSSL”)	8,187	9,769
<b>Total</b>	<b>69,032</b>	<b>64,217</b>

### **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, the joint venture company and associated companies. 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 31 December 2021 and 31 December 2020 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
<b>2021</b>									
External revenue	<b>41,412</b>	<b>7,371</b>	<b>3,362</b>	<b>6,073</b>	<b>693</b>	<b>1,534</b>	<b>1,270</b>	<b>7,317</b>	<b>69,032</b>
Non-current assets	<b>32,480</b>	<b>13,280</b>	<b>143</b>	<b>641</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>95</b>	<b>46,639</b>
<b>2020</b>									
External revenue	23,426	20,394	2,604	6,526	956	1,150	1,169	7,992	64,217
Non-current assets	40,312	11,569	253	4,843	–	–	–	173	57,150

<b>Business Segment</b>	<b>Advisory and transactional services RM'000</b>	<b>Management and support services business &amp; licensing services RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>FY2021</b>				
<b>Revenue</b>				
External revenue	61,172	7,860	-	69,032
Inter-segment revenue	3,316	19,865	(23,181)	-
	<u>64,488</u>	<u>27,725</u>	<u>(23,181)</u>	<u>69,032</u>
<b>Results</b>				
Segment profit	10,208	1,108	-	11,316
Interest income	385	1,407	-	1,792
Finance costs	(1,187)	-	-	(1,187)
	<u>9,406</u>	<u>2,515</u>	<u>-</u>	<u>11,921</u>
Unallocated expenses				(8,709)
Share of results of associates, net of tax				48
Share of results of joint venture, net of tax				<u>2,320</u>
Profit before income tax				5,580
Income tax expense				<u>(3,592)</u>
Profit for the financial year				<u><u>1,988</u></u>

<b>Business Segment</b>	<b>Advisory and transactional services RM'000</b>	<b>Management and support services business &amp; licensing services RM'000</b>	<b>Total RM'000</b>
<b>Non-cash items</b>			
Loss allowance on trade and other receivables	(229)	2,241	2,192
Bad debts written off	789	1,080	1,870
Amortisation of intangible assets	125	2,097	2,222
Depreciation of plant and equipment	871	1,112	1,983
Depreciation of right-of-use assets	2,054	855	2,909
Intangible assets written off	-	-	-
Share-based payment expenses	10	20	30
Unrealised foreign exchange gain, net	8	335	343
<b>Unallocated non-cash item</b>			
Amortisation of intangible assets	-	-	497
Depreciation of plant and equipment	-	-	58
Depreciation of right-of-use assets	-	-	463
Share-based payment expenses	-	-	26
Unrealised foreign exchange gain, net	-	-	1
<b>Capital expenditure</b>			
Plant and equipment	38	316	354
Intangible assets	17	39	56
<b>As at 31 December 2021</b>			
<b>Assets and Liabilities</b>			
Segment assets	44,522	81,094	125,616
-Current income tax recoverable	-	221	221
-Deferred tax assets	1,298	7,250	8,548
	<u>45,821</u>	<u>88,565</u>	<u>134,385</u>
Unallocated assets			<u>41,284</u>
			<u>175,669</u>
Segment liabilities	21,045	13,041	34,086
- Current income tax payable	1,133	3,374	4,507
- Deferred tax liabilities	69	640	709
	<u>22,247</u>	<u>17,055</u>	<u>39,302</u>
Unallocated liabilities			<u>28,681</u>
			<u>67,983</u>

<b>Business Segment</b>	<b>Advisory and transactional services RM'000</b>	<b>Management and support services business &amp; licensing services RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>FY2020</b>				
<b>Revenue</b>				
External revenue	54,448	9,769	-	64,217
Inter-segment revenue	<u>3,283</u>	<u>5,426</u>	<u>(8,709)</u>	<u>-</u>
	<u>57,731</u>	<u>15,195</u>	<u>(8,709)</u>	<u>64,217</u>
<b>Results</b>				
Segment profit/(loss)	6,086	(3,550)	-	2,536
Interest income	137	1,058	-	1,195
Finance costs	<u>(701)</u>	<u>(181)</u>	<u>-</u>	<u>(882)</u>
	<u>5,522</u>	<u>(2,673)</u>	<u>-</u>	<u>2,849</u>
Unallocated expenses				(11,994)
Share of results of associates, net of tax				40
Share of results of joint venture, net of tax				<u>3,094</u>
Loss before income tax				(6,011)
Income tax credit				<u>155</u>
Loss for the financial year				<u>(5,856)</u>

<b>Business Segment</b>	<b>Advisory and transactional services RM'000</b>	<b>Management and support services business &amp; licensing services RM'000</b>	<b>Total RM'000</b>
<b>Non-cash items</b>			
Loss allowance on trade and other receivables	3,703	1,739	5,442
Amortisation of intangible assets	581	1,932	2,513
Depreciation of plant and equipment	914	213	1,127
Depreciation of right-of-use assets	4,126	464	4,590
Share-based payment expenses	(10)	11	1
Unrealised foreign exchange gain, net	(291)	(290)	(581)
<b>Unallocated non-cash item</b>			
Amortisation of intangible assets	-	-	513
Depreciation of plant and equipment	-	-	14
Depreciation of right-of-use assets	-	-	445
Impairment loss on intangible assets	-	-	239
Share-based payment expenses	-	-	153
Unrealised foreign exchange gain, net	-	-	537
<b>Capital expenditure</b>			
Plant and equipment	139	-	139
Intangible assets	8	122	130
<b>As at 31 December 2020</b>			
<b>Assets and Liabilities</b>			
Segment assets	76,984	68,640	145,624
-Current income tax recoverable	231	9	240
-Deferred tax assets	5,741	3,643	9,384
	<u>82,956</u>	<u>72,292</u>	<u>155,248</u>
Unallocated assets			<u>30,027</u>
			<u>185,275</u>
Segment liabilities	25,993	7,403	33,396
- Current income tax payable	3,017	(246)	2,771
- Deferred tax liabilities	923	442	1,365
	<u>29,933</u>	<u>7,599</u>	<u>37,532</u>
Unallocated liabilities			<u>43,906</u>
			<u>81,438</u>

## 5. Significant items included in profit before taxation

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

	Group	
	31 December 2021	31 December 2020
	(Unaudited)	(Audited)
	RM'000	RM'000
<b><i>Other gains and (losses)</i></b>		
Gain on disposal of business	5,880	-
Gain on disposal of intangible assets	91	-
Others	-	142
Unrealised foreign exchange (loss)/ gain, net	(342)	44
Realised foreign exchange loss, net	(86)	(78)
<b><i>Amortisation and depreciation expenses</i></b>		
Amortisation of intangible assets	2,719	2,916
Amortisation of right-of-use assets	3,367	5,035
Depreciation of plant and equipment	2,260	1,251
<b><i>Employee benefits expense</i></b>		
Share based payment expenses	56	154
<b><i>Operating lease expenses</i></b>		
Rental of premises	189	988
Rental of accommodation	11	133
<b><i>Other income / (expenses)</i></b>		
Loss on disposal of plant and equipment	-	(18)
<b><i>Income tax (expenses) /credit, net</i></b>		
Under provision of income tax expense in respect of prior year	336	279

## 6. Significant related party transactions

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

	<b>Group</b>	
	<b>Full Year ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<i>Transactions with associated companies</i>		
Corporate guarantee given for banking facilities utilised by an associated company	(741)	(792)
Dividend income	40	18
Advances to an associated company	555	788
<i>Transactions with a joint venture company</i>		
Dividend income	3,026	2,957

## 7. Income tax (expense) / credit

	<b>Group</b>	
	<b>Full Year ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Tax expense attributable to profit / (loss) is made up of:		
Current income tax	(2,267)	(1,078)
Deferred income tax	(712)	2,016
Withholding tax	(613)	(783)
	<b>(3,592)</b>	<b>155</b>

## 8. Dividends

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

## 9. Earnings / (Loss) per share

Earnings / (Loss) per share ("EPS" and "LPS" respectively)	Group	
	Full Year Ended	
	31 December 2021 (Unaudited)	31 December 2020 (Audited)
Profit / (Loss) attributable to owners of the parent (RM'000)	882	(7,406)
Weighted average number of ordinary shares in issue (in thousands)	326,618 <sup>(1)</sup>	325,334 <sup>(2)</sup>
Basic EPS / (LPS) (RM cents)	0.27	(2.28)
Weighted average number of ordinary shares in issue on a fully diluted basis (in thousands)	329,568 <sup>(3)</sup>	328,362 <sup>(4)</sup>
Fully diluted EPS / (LPS) (RM cents)	0.27	(2.26)

### Notes:-

- (1) Adjusted for 753,360 ordinary shares allotted and issued pursuant to the vesting of share awards under the PSP and issuance of new 337,055 shares pursuant to the New Award (new performance shares granted to employees) under the PSP on 21 May 2021.
- (2) Adjusted for (a) 1,695,320 new ordinary shares allotted and issued pursuant to the vesting of share awards under the PSP (675,020 shares on 21 April 2020 and 1,020,300 shares on 26 May 2020) and (b) the issuance of 226,981 new ordinary shares pursuant to the New Award under the PSP on 26 May 2020.
- (3) Adjusted for 3,500,000 ordinary shares which may be allotted and issued upon the exercise of 3.5 million outstanding options as at 31 December 2021.
- (4) Adjusted for 4,269,362 ordinary shares which may be allotted and issued upon the exercise of 3.5 million outstanding options and vesting of 769,362 outstanding share awards as at 31 December 2020.

## 10. Net assets value

Net asset value ("NAV")	Group		Company	
	31 December 2021 (Unaudited)	31 December 2020 (Audited)	31 December 2021 (Unaudited)	31 December 2020 (Audited)
NAV (RM'000)	106,583	104,653	118,707	117,578
Number of ordinary shares in issue (in thousands)	327,036	325,946	327,036	325,946
NAV per ordinary share (RM cents)	32.59	32.11	36.30	36.07

## 11. Plant and equipment

During the financial year, the Group acquired assets amounting to RM354,000 (FY2020: RM139,000).

	<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
<b>Group</b>					
<b>2021</b>					
<b>Cost</b>					
Beginning of financial year	508	3,460	3,266	5,139	12,373
Additions	–	148	13	193	354
Disposals	–	–	(25)	–	(25)
Write offs	–	(24)	–	–	(24)
Currency translation differences	2	123	622	52	799
End of financial year	<b>510</b>	<b>3,707</b>	<b>3,876</b>	<b>5,384</b>	<b>13,477</b>
<b>Accumulated depreciation</b>					
Beginning of financial year	508	3,099	2,297	2,576	8,480
Depreciation charge	–	138	369	1,753	2,260
Disposals	–	(26)	(15)	–	(39)
Currency translation differences	2	338	409	15	764
End of financial year	<b>510</b>	<b>3,551</b>	<b>3,060</b>	<b>4,344</b>	<b>11,465</b>
<b>Net book value</b>					
End of financial year	–	<b>156</b>	<b>816</b>	<b>1,040</b>	<b>2,012</b>

## 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
<b>Group</b>						
<b>2021</b>						
<b>Cost</b>						
Beginning of financial period	14,031	22,567	2,000	3,772	7,840	50,210
Additions	56	–	–	–	–	56
Disposals	(1,000)	–	–	–	–	(1,000)
Currency translation differences	6	291	–	66	138	501
End of financial year	<b>13,093</b>	<b>22,858</b>	<b>2,000</b>	<b>3,838</b>	<b>7,978</b>	<b>49,767</b>
<b>Accumulated amortisation</b>						
Beginning of financial period	10,601	–	580	2,743	3,160	17,084
Amortisation	1,609	–	50	449	611	2,719
Disposals	(403)	–	–	–	–	(403)
Currency translation differences	1	–	–	48	3	52
End of financial year	<b>11,808</b>	<b>–</b>	<b>630</b>	<b>3,240</b>	<b>3,74</b>	<b>19,452</b>
<b>Net book value</b>						
End of financial year	<b>1,285</b>	<b>22,858</b>	<b>1,370</b>	<b>598</b>	<b>4,204</b>	<b>30,315</b>

The Group performed its annual impairment test in December 2021 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 2020.

### 13. Financial assets and financial liabilities

The following table sets out the financial instruments as at 31 December 2021 and 31 December 2020:

#### Financial Assets and Financial Liabilities

	Group		Company	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
<b>Financial assets</b>				
Loans and receivables				
- Trade and other receivables	93,454	90,707	105,284	114,061
- Cash and cash equivalents	18,169	13,125	990	290
- Other current assets	3,068	3,414	6	5
- Financial assets, at FVOCI	3,950	2,282	-	-
	<u>118,641</u>	<u>109,528</u>	<u>106,280</u>	<u>114,356</u>
<b>Financial liabilities</b>				
Other financial liabilities, at amortised cost				
- Trade and other payables	12,101	14,729	2,773	7,321
- Interest-bearing liabilities	45,845	49,310	35,604	38,822
- Lease liabilities	2,083	9,151	-	618
	<u>60,014</u>	<u>72,722</u>	<u>38,377</u>	<u>46,761</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 31 December 2021 (Unaudited)		As at 31 December 2020 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
37,305	-	47,929	-

Amount repayable after one year

As at 31 December 2021 (Unaudited)		As at 31 December 2020 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
10,623	-	10,532	-

#### Details of any collateral

The secured borrowings comprised:

	As at 31 December 2021 (Unaudited) RM'000	As at 31 December 2020 (Audited) RM'000	Secured by
Term loan	12,887	9,988	1) Letter of undertaking by a director; 2) Assignment of dividends due to the Company by a subsidiary; and 3) Corporate guarantee by certain subsidiaries
Revolving credit	24,660	30,841	Corporate guarantee for all moneys owing by certain subsidiaries
Bank overdraft	8,298	8,481	Corporate guarantee by a subsidiary
Lease liabilities	2,083	9,151	Secured over the rights and benefits to lease the office units
	<u>47,928</u>	<u>58,461</u>	

## 15. Share Capital

### Share Capital – Ordinary Shares

	Number of issued shares	Issued and paid-up share capital (RM)
Balance as at 1 January 2021	325,946,062	95,014,322
Issue of new ordinary shares <sup>(1)</sup>	1,090,415	300,144
<b>Balance as at 31 December 2021</b>	<b>327,036,477</b>	<b>95,314,466</b>

Notes:-

- (1) The issuance of new ordinary shares is in relation to the vesting of 753,360 share awards and 337,055 new shares pursuant to the New Awards on 21 May 2021 under the ZICO Holdings Performance Share Plan (“PSP”).

There were no changes in the Company’s share capital since the previous financial period reported on, being the six months financial period ended 30 June 2021.

There were 3,500,000 outstanding options (31 December 2020: 3,500,000 options) and all share awards granted have been vested under the PSP as at 31 December 2021 (31 December 2020: share awards granted and unvested under the PSP was 760,028). There were 6,668 unvested PSP shares that had expired as at 31 December 2021.

Save for the above, the Company did not have any convertibles or treasury shares as at 31 December 2021 and 31 December 2020.

The Company did not have any subsidiary holdings as at 31 December 2021 and 31 December 2020.

## 16. Treasury shares

	As at 31 December 2021	As at 31 December 2020
Total number of issued shares	327,036,477	325,946,062

The Company did not have any treasury shares as at 31 December 2021 and 31 December 2020.

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

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

## 17. Share-based reserve

	<b>Group and Company</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Share options reserve	<b>556</b>	556
Share awards reserve	<b>1,550</b>	1,794
	<b>2,106</b>	2,350

### *Share options – employee share option scheme*

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

As at 31 December 2021, there were 3,500,000 outstanding options under the employee share option scheme (31 December 2020: 3,500,000).

### *Performance share plan*

During the financial year under review, awards for 337,055 shares were granted pursuant to the ZICO Holdings Performance Share Plan on 21 May 2021.

In the previous financial year under review, awards for 226,981 shares were granted pursuant to the ZICO Holdings Performance Share Plan on 26 May 2020.

## 18. Subsequent events

There are no known subsequent events which have led to adjustments to this set of financial statements.

## **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 31 December 2021 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the full financial year ended 31 December 2021 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 audited financial statements (for the financial year ended 31 December 2020) 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**

#### Condensed Consolidated Statement of Comprehensive Income

***Review for the performance of the Group for the 6 months ended 31 December 2021 ("2H2021") as compared to the 6 months ended 31 December 2020 ("2H2020") and the full year ended 31 December 2021 ("FY2021") as compared to the full year ended 31 December 2020 ("FY2020").***

## Revenue

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

	<b>2H2021</b> <b>(RM</b> <b>million)</b>	<b>2H2020</b> <b>(RM</b> <b>million)</b>	<b>%</b> <b>change</b>	<b>FY2021</b> <b>(RM</b> <b>million)</b>	<b>FY2020</b> <b>(RM</b> <b>million)</b>	<b>%</b> <b>change</b>
Advisory and Transactional Services (" <b>ATS</b> ")	28.6	26.2	9.2	60.8	53.3	14.1
Management and Support Services Business & Licensing Services (" <b>MSSL</b> ")	3.2	5.1	(37.3)	8.2	10.9	(24.8)
<b>Total</b>	<b>31.8</b>	<b>31.3</b>	<b>1.6</b>	<b>69.0</b>	<b>64.2</b>	<b>7.5</b>

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

The higher revenue from ATS in 2H2021 and FY2021 was due to the additional revenue contributions from corporate finance under ZICO Capital Pte. Ltd. ("**ZICAPSG**") of RM6.7 million, and additional revenue contributions from ZICO Asset Management Pte Ltd ("**ZAM**") of RM2.6 million due to an expansion in client base.

The decrease in revenue from MSSL was mainly due to lower revenue contributions from support services under ZICO Knowledge Services Sdn. Bhd. ("**ZIKS**") and royalty fees under ZICO IP INC ("**IP INC**"). ZIKS has stopped providing support services to ZICOLaw network firms and there was revision in the royalty rates charged to ZICOLaw network firms with effects from 1<sup>st</sup> Aug 2021.

## Other items of income

### *Interest income*

Interest income increased by RM0.3 million in 2H2021 and FY2021 mainly due to an increase in percentage of interest income derived from amount owing by ZICOLaw Network firms with outstanding balances of more than 1 year.

### *Other income*

Other income decreased by RM2.0 million in 2H2021 mainly due to reduction in rental income derived from PT ZICO Konsultan Indonesia ("**PT ZICO**") from the sub-lessee and reduction in subsidies provided by the Singapore government.

Other income decreased by RM3.1 million in FY2021 mainly due to (i) lower wage subsidies of RM0.7 million received from the Singapore and Malaysia Governments during FY2021 as compared to RM2.7 million received in FY2020; and a (ii) reduction in rental income derived from PT ZICO Konsultan Indonesia ("**PT ZICO**") from the sub-lessee.

## Items of expense

### *Amortisation and depreciation expenses*

Amortisation and depreciation expenses increased by RM2.1 million in 2H2021 mainly due to there is changes in estimate on depreciation of current renovation costs for entities located in Singapore. Due to the move to new office premise end February 2022, depreciation charges are accelerated.

Amortisation and depreciation expenses decreased by RM1 million in FY2021 mainly due to a decrease in amortisation of right-of-use assets as there was derecognition of lease liabilities under PT ZICO. Also, the rental of Singapore office premise is reaching the end of its leasing period.

### *Employee benefits expense*

Employee benefits expense decreased by RM2.2 million in 2H2021 mainly from reduction of salaries due to decreased in headcount from ZKS. There is reorganization of manpower resources to the ZICOlaw Network group concurrently with the disposal of ZICOlaw business.

Employee benefits expense decreased by net RM521k in FY2021 mainly due to a decrease in headcount in ZIKS.

### *Operating lease expenses*

Operating lease expenses decreased by RM2.5 million in 2H2021 mainly due to short term leases under ZICO Consultancy and ZICO Knowledge Services Sdn Bhd being reduced in 2H2021.

Operating lease expenses decreased by RM911k in FY2021 as the IFRS16 impact is not applicable in FY2021 for tenancies that are reaching their end tenure.

### *Retainer fees and consultancy fees*

Higher retainer fees and consultancy fees by RM1.2 million mainly due to higher consultancy fees incurred by ZICOInsource Sdn Bhd (“ZII”) and ZICO Trust (S) Pte Ltd (“ZTS”) as compared to 2H2020.

Retainer fees and consultancy fees had increased by RM335k in FY2021 mainly due to higher consultancy fees incurred by ZICO Holdings Inc.

### *Other gains*

Other losses reverted to other gain position of RM5.5 million in 2H2021 and FY2021 mainly due to a gain on disposal of business and intangible assets of RM5.9 million during FY2021. This was offset by unrealized forex loss of RM0.3 million.

#### *Loss allowance on trade and other receivables*

Reduction in loss allowances on trade and other receivables (ECL) by RM2.3 million in 2H2021 as reversal of overprovision of ECL crystallised during 2H2021. ECL assessment undertaken by Management based on improved collection trend and improved GDP growth in the countries we operate resulted in this reversal.

The loss on allowance on trade and other receivables is lower by RM1.7 million in FY2021 due to the reversal of allowance for doubtful debts provided with the Group showing a better collection trend due to recovery of economies in countries that the Group operates in.

#### *Other expenses*

Other expenses increased by RM0.4 million in 2H2021 mainly due to certain IT related expenses was only incurred in 2H2021.

Other expenses increased by RM46k in FY2021 mainly due to increase in audit fee during FY2021.

#### *Finance Costs*

Finance costs decreased by RM0.2 million in 2H2021 and RM1 million in FY2021 mainly due to lower revolving credit and overdraft interest incurred as a result of a reduction in bank borrowings. In addition, IFRS16 impact is not taken up for tenancies that are reaching their end tenure.

#### *Share of associates results*

Share of associate results increased by RM7k in 2H2021 and FY2021 mainly due to higher income generated by the associate, Sunflower Villa Sdn Bhd.

#### *Share of joint venture results*

Share of joint venture results increased by RM0.6 million in 2H2021 due to higher income generated by the joint venture company, Fragomen Malaysia Sdn Bhd in 2H2021.

Share of joint venture results decreased by RM768k in FY2021 due to lower income generated by the joint venture company, Fragomen Malaysia Sdn Bhd in FY2021 as compared to FY2020.

#### Profit before income tax

Profit before income tax increased by RM8.5 million in 2H2021 and RM11.6 million in FY2021 mainly due to higher revenue generated by the Group and lower expenses as indicated above.

#### Income tax expense

Income tax expense increased by RM2.3 million in 2H2021 and RM3.7 million in FY2021 mainly due to lower deferred tax assets recognised for the unutilised tax losses of certain subsidiaries and higher provision of tax expenses due to profit making subsidiaries in 2H2021 and FY2021.

#### 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.

#### Foreign currency translation difference

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

#### Profit for the financial year

Profit for the financial year was higher by RM7.2 million in 2H2021 and RM7.8 million in FY2021 mainly due to higher revenue generated and lower expenses incurred during FY2021.

## Condensed Consolidated Statement of Financial Position

***The comparative performance for both the assets and liabilities are based on the financial statements as at 31 December 2021 and 31 December 2020.***

### Non-current assets

Plant and equipment decreased by RM1.9 million mainly due to (i) a change in the depreciation estimate on renovation which led to an increase in depreciation charges during the year and (ii) translation of plant and equipment at different closing rates as compared to 31 December 2020.

Right-of-use assets decreased by RM5.1 million mainly due to the derecognition of lease under PT ZICO and normal amortisation charge for ROU during the current financial year. Also, the rental of Singapore office premise is reaching the end of its leasing period.

Intangible assets decreased by RM2.8 million mainly due to (i) translation of goodwill and identifiable assets arising from the acquisition of B.A.C.S., as well as the corporate secretarial portfolio under ZICO-Stamford Corporate Services Pte. Ltd. at a different closing rate as compared to 31 December 2020, (ii) amortisation of the computer software and identifiable assets for the current financial year, and (iii) disposal of computer software under ZIKS.

Investment in associates decreased by RM7k mainly due to the share of associated entity's profit offset by the dividend income received during the year.

Investment in a joint venture reduced by RM700k mainly due to the share of joint venture's profit recognised during the current financial year of RM2.3 million offset by dividend income received of RM3 million in FY2021.

Investments increased by RM1.7 million mainly due to a new investment by ZICAPSG as well as the fair value adjustments of shares held by ZICAPSG.

Deferred tax assets decreased by RM700k mainly due to reversal of deferred tax assets for the profit making subsidiaries.

Non-current trade and other receivables decreased by RM4.1 million mainly due to the revision of the repayment plan by ZICOlaw network firms.

### Current assets

Current trade and other receivables decreased by RM1.4 million mainly due to repayment from clients during the current financial year.

Prepayments increased by RM0.9 million mainly due to prepayment of renovation costs for Singapore new office premise.

Current income tax recoverable decreased by RM20k 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 RM4.8 million mainly due to an increase in collection from clients supported by the reduction in receivables as at 31 December 2021 and offset with 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 RM130k mainly due to the disbursement of monies held in trust for clients during the financial year.

#### Non-current liabilities

The increase in non-current interest-bearing liabilities by RM3.1 million was mainly due to the additional drawdown of the term loan facility.

Lease liabilities decreased by RM3.0 million mainly due to the derecognition of lease liabilities under PT ZICO and the rental of the Singapore office premise is reaching the end of its leasing period.

The increase in provisions by RM0.1 million was mainly due to the fluctuation of the foreign exchange rate which affected the provision of retirement benefits.

The decrease in deferred tax liabilities (“DTL”) by RM0.7 million was mainly due to a reversal of deferred tax liabilities for ZICO Knowledge Services Sdn Bhd.

#### Current liabilities

Trade and other payables decreased by RM2.6 million mainly due to a lower provision of bonus and a decrease in accrual of consultancy fees.

Current interest-bearing liabilities decreased by RM6.5 million mainly due to the repayment for the term loans and revolving credit facilities.

Lease liabilities decreased by RM4.0 million mainly due to the rental of the Singapore office premise is reaching the end of its leasing period.

Contracted liabilities decreased by RM85k mainly due to a decrease in billings to clients under the corporate secretarial and trust business. This was offset by the deferred revenue at a different closing rate as compared to the prior year.

The increase in current income tax payable by RM1.7 million was mainly due to additional provision of tax on profit generating entities.

### Condensed Consolidated Statement of Cash Flow

The net cash generated from operating activities of RM3.4 million in FY2021 was mainly due to an increase in profit before income tax of RM11.6 million to RM5.6 million coupled with higher operating cash flows before working capital changes of RM15.2 million and cash generated from operations of RM4.7 million

Net cash generated from investing activities of RM12.1 million in FY2021 was mainly due to proceeds from disposal of business assets of RM6.5 million, dividend received from a joint venture company of RM3.0 million and repayment from third parties of RM0.9 million.

Net cash used in financing activities of RM10.2 million in FY2021 was mainly due to repayments of revolving credit facilities, term loan facilities and lease liabilities which was partially offset by proceeds from term loans.

### Disclosures pursuant to Rule 706A

In FY2021, the Company entered into the following transactions:

- (1) As disclosed in the Company's announcement dated 26 April 2021, the Company incorporated a new wholly-owned subsidiary, ZICO Trademark Pte. Ltd.
- (2) As disclosed in the Company's announcement dated 17 December 2021, the Company's wholly-owned direct subsidiary, ZICO Malaysian Sdn Bhd ("Vendor") had on the same date entered into a conditional sale and purchase agreement with Riau Capital Pte. Ltd. ("Purchaser") pursuant to which the Vendor has agreed to sell to the Purchaser 1,935 ordinary shares representing 49% of the total issued share capital of ZICO Trust Limited for a consideration of RM9,600,000 to be fully paid in a single tranche on the completion date. The foregoing sale has not yet been completed and the Company will provide an update announcement as and when there are material developments on this matter.

Except for the above transactions, there was no other acquisition or sale of a subsidiary or associate in FY2021.

### **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.**

The Group's improved results in FY2021 show that the Group have been able to maintain the upward trajectory of its performance since the turnaround recorded in the 1H 2021 results. The Company expects its strategy of evolving the Group's services by expanding into

the growing wealth management industry and targeted advisory services in the ASEAN region can generate better returns.

## 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 FY2021 in view of the current phase of growth and the need to consolidate cash resources for business purposes.

## 7. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Please refer to Note 4 of the condensed consolidated financial statement.

**8. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

As disclosed in paragraphs 2 and 4 above.

**9. A breakdown of sales as follows:**

	Group		
	FY2021 (Unaudited) RM'000	FY2020 (Audited) RM'000	Increase / (Decrease) %
(a) Sales reported for first half year	37,171	32,850	13.15
(b) Profit / (Loss) after tax before deducting non-controlling interest reported for first half year	623	(30)	2,176.67
(c) Sales reported for second half year	31,861	31,367	1.57
(d) Profit / (Loss) after tax before deducting non-controlling interest reported for second half year	1,365	(5,826)	123.43

**10. 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 FY2021.

In FY2021, interested person transactions each of a value less than S\$100,000 comprised the following:

- (1) Interest charged on advances made to the Company’s associated entity, ShakeUp Online Sdn Bhd (“**Shakeup**”) for operational requirements in previous financial years. Each such transaction was of a value less than 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 who also holds 80% equity interest in Shakeup. The Company’s shareholders have approved and ratified at an extraordinary general meeting held on 29 December 2021 past advances made by the Company to Shakeup for the purposes of capital and operating expenditure since the financial year ended 31 December 2017, including advances made prior to the disposal by ZICO Malaysia Sdn Bhd of 80% of its equity interest in Shakeup to Mr. Chew Liong Kim.

**11. 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.

**12. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10).

**BY ORDER OF THE BOARD**

Chew Seng Kok  
Managing Director

1 March 2022

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*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 "**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.*

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