ZICO
HOLDINGS INC.

CONNECTING ACROSS BOUNDARIES

2021 ANNUAL REPORT

CONTENTS

CORPORATE PROFILE

ZICO Holdings Inc. ("ZICO" and together with its subsidiaries and associated companies, the "Group") is an integrated provider of multidisciplinary professional services. ZICO was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited on 11 November 2014.

ZICO is widely regarded as the Go-To Professional Services Provider of 'cradle-to-grave' business lifecycle solutions in the ASEAN region. Through its multidisciplinary services, regional capabilities and local insights, ZICO creates a unique brand offering that enables its clients to capitalise on opportunities across Southeast Asia.

The Group's clients include governments and government-linked companies, law firms, private and public listed companies, multinational corporations and high-net-worth individuals. The Group offers its client a collective expertise derived from its legal professionals and consultants, led by a management team of Executive Directors who have, in total, more than seven decades of experience in the professional services industry.

The Group has business operations in Indonesia, Lao PDR, Malaysia, Myanmar, Singapore, Thailand and the Philippines. The Group augments its existing regional presence with that of the ZICO Law network to extend its reach across all ten countries in Southeast Asia.

These ten countries include those where ZICO has business operations in as well as Brunei, Cambodia, and Vietnam where ZICO does not presently have business operations.

The Group currently operates in the following key business segments:

(i) advisory and transactional services; and
(ii) management, support services and licensing services.

AN INTEGRATED PROVIDER OF MULTIDISCIPLINARY SERVICES IN ASEAN

*"We are **innovative entrepreneurs** riding on disruptions in legal services."*

CROSS SELLING & INTEGRATED SERVICES

Framework to facilitate referrals and cross-selling of clients including public sector entities, government-linked companies, public-listed and private companies, MNCs, SMEs, law firms, and individuals.

MULTIDISCIPLINARY PRACTICE (MDP)

An integrated services provider housed under a regional brand synonymous with quality solutions. Resource sharing ensures efficient delivery of comprehensive services to clients.

STRONG RELATIONSHIP WITH ZICO LAW

Offices across 10 countries in ASEAN member countries. Regional expertise with local grounding. Ability to serve clients across the ASEAN region.

FOCUS ON THE ASEAN REGION

Integrated collective of ASEAN-based professional services firms, offering advisory and transactional services, management, support services, and licensing services.

OUR BUSINESS SEGMENTS

ZICO

ADVISORY & TRANSACTIONAL SERVICES

LEGAL SERVICES ^
- Offering of legal services in Myanmar, Thailand and Laos PDR through our subsidiary law firms

SHARIAH ADVISORY SERVICES
- Advising on Sukuk issuances, Islamic funds, as well as on other Islamic capital market products and instruments
- Approved Shariah advisor and provider of Shariah review and Shariah audit services

TRUST SERVICES
- Carrying out trust company businesses in the Labuan International Banking and Financial Centre
- Providing trust services in Singapore

CORPORATE SERVICES
- Incorporation and corporate secretarial services in Malaysia and Singapore

ADVISORY SERVICES
- Providing strategic advice on business and governmental issues in the ASEAN region

INVESTOR SERVICES
- Providing a comprehensive suite of share registrar services

IP SERVICES
- Providing intellectual property services

ASSET MANAGEMENT SERVICES
- Providing wealth planning and multi-asset management services in Singapore

CORPORATE FINANCE SERVICES
- Providing corporate finance advisory services and activities as a Catalist full sponsor and accredited issue manager in Singapore
- Providing corporate finance advisory services in Malaysia

INSOURCING SERVICES
- Providing insourcing and consultancy services for legal, human capital and corporate communications

IMMIGRATION SERVICES
- Providing a broad range of immigration services to help with clients' employee mobility needs
- Developing clients' corporate immigration policies and programs

MANAGEMENT, SUPPORT SERVICES AND LICENSING SERVICES

REGIONAL MANAGEMENT SERVICES
- Strategic advisory
- Market intelligence
- Business relations
- Public sector relations
- Risk management

BUSINESS SUPPORT SERVICES
- Accounting, finance and budgeting
- Information technology
- Human resource
- Knowledge management and training ("KMT")
- Business development and corporate communications ("BDCC")

LICENSING SERVICES
- Licensing of the "ZICO", "ZICOlaw" and "ZICOlaw Trusted Business Advisor" trademarks

BUSINESS AGREEMENTS

ZICO LAW NETWORK
- ZICO Insights Law LLC *
- Effendi & Co. **
- Gala and Tomik Advocates **
- Roosdiono & Partners **
- SokSiphana&associates **
- ZICOlaw (Laos) Sole Co., Ltd.**
- ZICOlaw Myanmar Limited **
- ZICOlaw (Thailand) Limited **
- ZICOlaw (Vietnam) Ltd **
- Insights Philippines Legal Advisors ***
- Zaid Ibrahim & Co.***
- ZICO R.A.R.***

CROSS-PROMOTION OF COMPLIMENTARY SERVICES

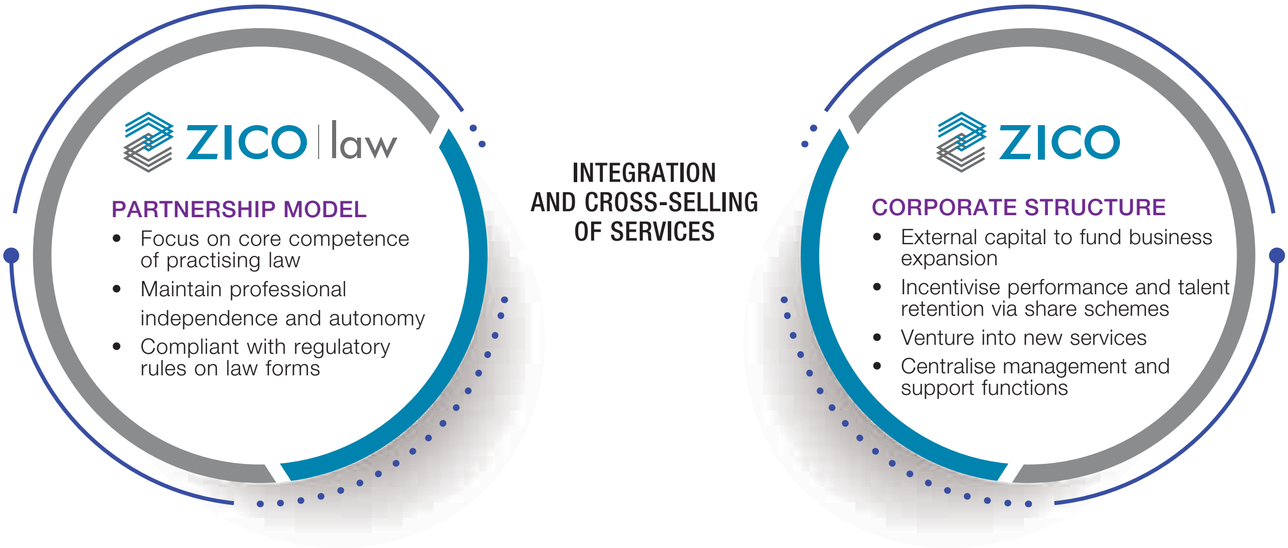
^ We provide legal services only to the extent permitted in the relevant jurisdictions. In other jurisdictions, we cooperate with and support independent and autonomous law firms which are members of the ZICO Law network, in compliance with local professional regulations.

* Our business agreements with ZICO Insights Law LLC are in relation to Regional Management Services, Business Support Services (not including KMT and BDCC services), and Licensing Services.

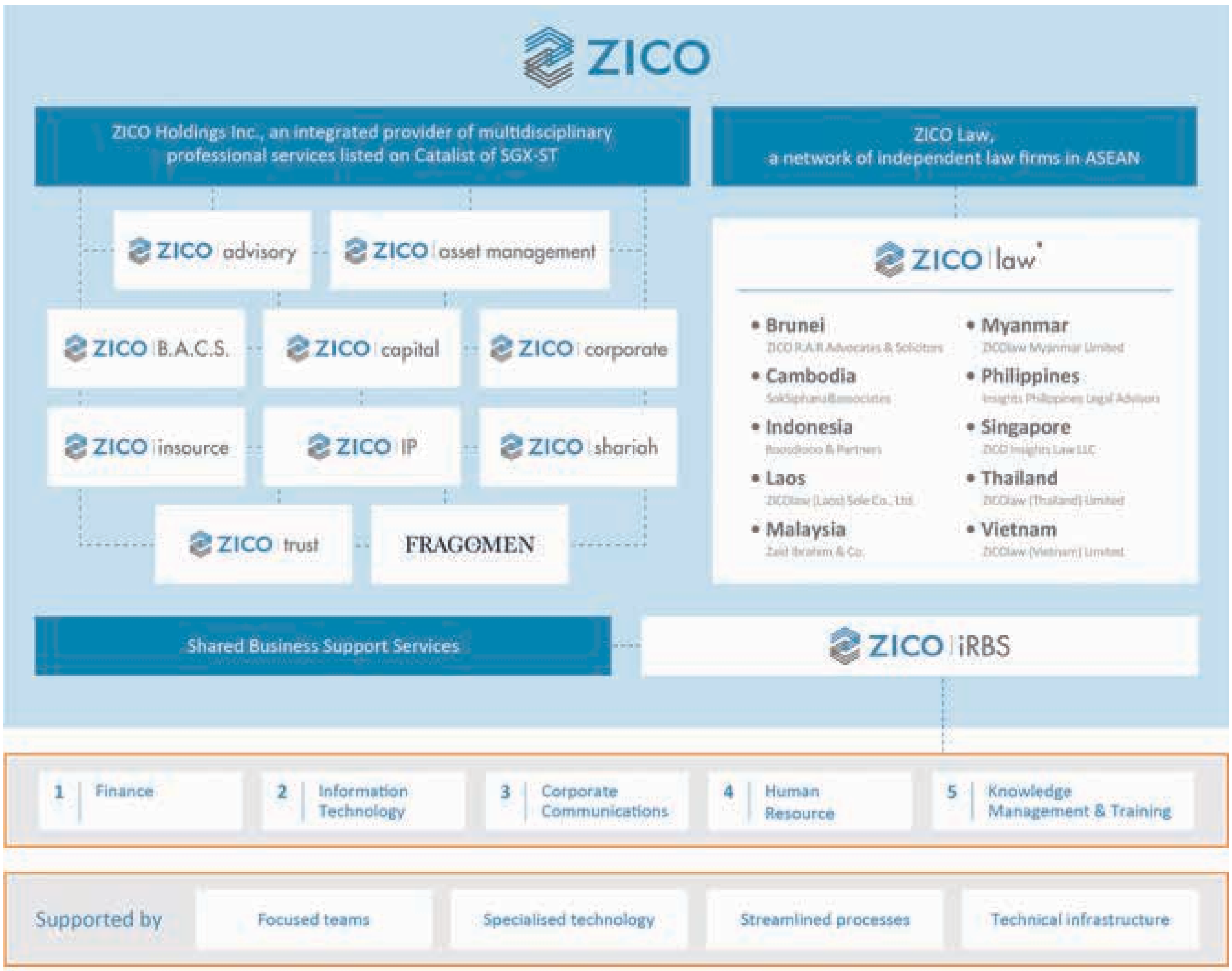
** Our business agreements with these law firms are in relation to Business Support Services (not including KMT and BDCC services) and Licensing Services only.

*** Our business agreements with these law firms are in relation to Licensing Services only.

INNOVATIVE BUSINESS MODEL



MULTIDISCIPLINARY PRACTICES ASEAN INTEGRATED SERVICES PLATFORM



* Except for Laos, Myanmar and Thailand, these members of ZICO Law network are legally separate from our Group.

OUR SERVICES ACROSS THE ENTIRE BUSINESS LIFE CYCLE

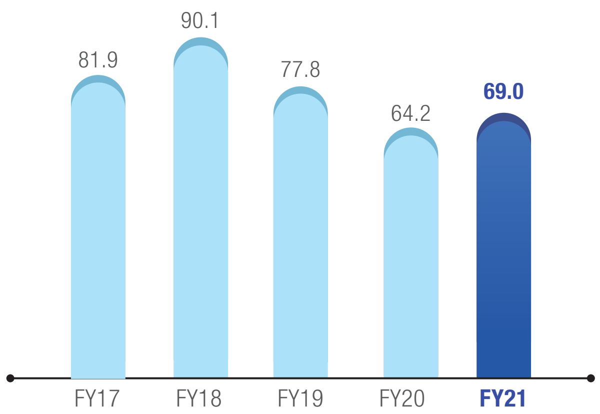
OUR PRESENCE

3 DECADES OF INNOVATION AND GROWTH

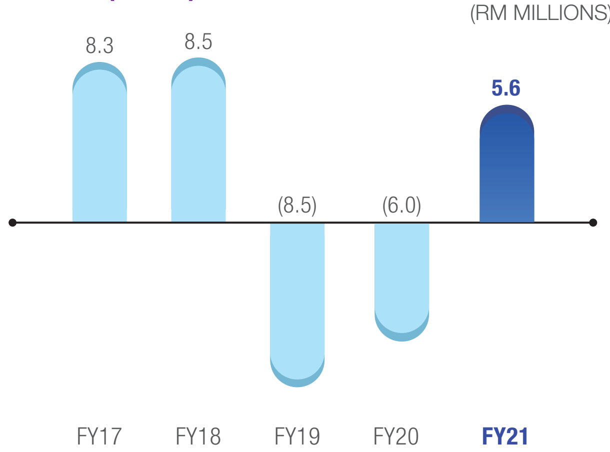
Together with the ZICO Law network,
ZICO has a presence across all 10 ASEAN countries

FINANCIAL HIGHLIGHTS

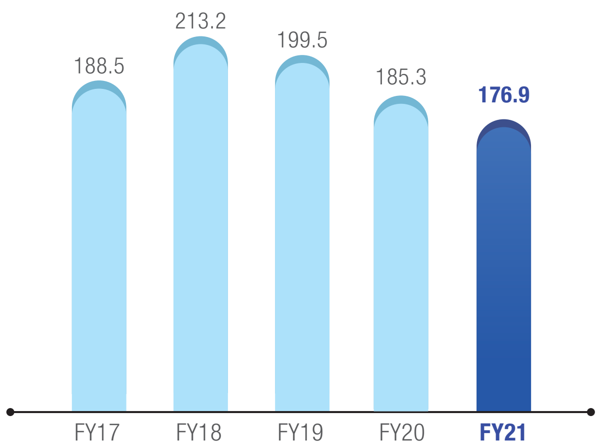
REVENUE (RM MILLIONS)



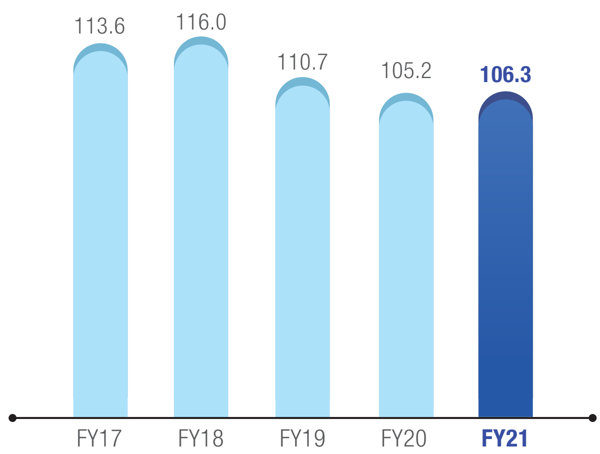
PROFIT/(LOSS) BEFORE INCOME TAX (RM MILLIONS)



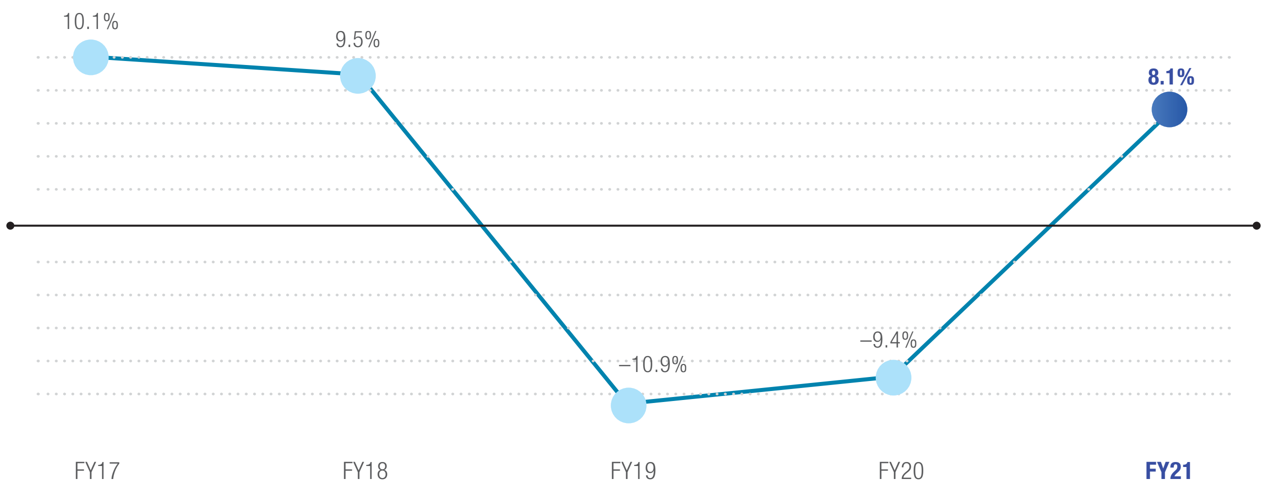
TOTAL ASSETS (RM MILLIONS)



TOTAL EQUITY (RM MILLIONS)

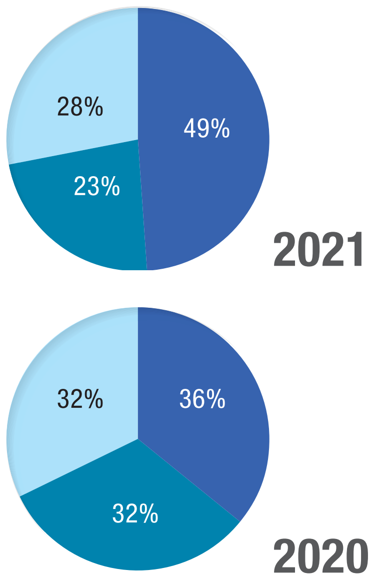


PROFIT/(LOSS) BEFORE INCOME TAX MARGIN (RM MILLIONS)



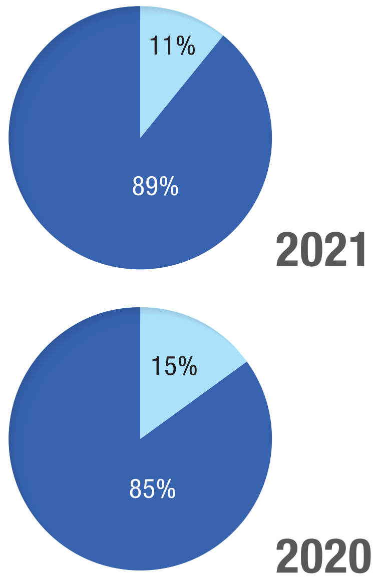
REVENUE BREAKDOWN

REVENUE BY GEOGRAPHICAL (%)



- Singapore
- Malaysia
- Other (Others comprise Indonesia, Hong Kong, Thailand, United Kingdom, United States of America, and United Arab Emirates.)

REVENUE BY SEGMENT (%)



- Advisory and Transactional Services Segment
- Management, Support Services and Licensing Services Segment

	FY2017	FY2018	FY2019	FY2020	FY2021
REVENUE AND PROFITABILITY					
Revenue (RM millions)	81.9	90.1	77.8	64.2	69.0
Profit/(Loss) before income tax (RM millions)	8.3	8.5	(8.5)	(6.0)	5.6
FINANCIAL POSITION					
Current ratio	1.4	1.3	1.2	0.9	1.1
Total assets (RM millions)	188.5	213.2	199.5	185.3	176.9
Total equity (RM millions)	113.6	116.0	110.7	105.2	106.3
KEY FINANCIAL RATIOS					
Return on assets	3.7%	2.7%	-3.9%	-3.2%	1.1%
Return on equity	6.1%	5.0%	-7.1%	-5.6%	1.9%
Debt to equity	0.4	0.5	0.6	0.6	0.5
REVENUE BY GEOGRAPHICAL					
Singapore				36%	49%
Malaysia				32%	23%
Others				32%	28%
REVENUE BY SEGMENT					
Advisory & Transactional Services				85%	89%
Management, Support Services & Licensing Services				15%	11%
PROFIT/(LOSS) BEFORE INCOME TAX MARGIN	10.1%	9.5%	-10.9%	-9.4%	8.1%

CHAIRMAN'S MESSAGE

DEAR VALUED SHAREHOLDERS,

It is my honour to once again present to you ZICO's Annual Report for the financial year ended 31 December 2021 ("FY2021"). The continuing geopolitical tensions amongst the major powers and the ongoing COVID-19 pandemic muddied sentiments in the market and disrupted the origination and execution of deal flows, especially in the capital markets of Singapore.

In view of the above, the business volume of our subsidiaries' services, comprising corporate finance, trust and corporate service was adversely affected during the year. In spite of this, we recognised the growing potential in the corporate and wealth management business. Towards this end, the Group made a strategic decision to focus on our asset management business by leveraging on Singapore's status as a wealth management hub. The Group's subsidiaries in trust, asset management and capital market services managed to grow in FY2021 despite a severe drop in new business opportunities and onboarding of new clients. With the improvement in the current COVID-19 situation and relaxation of COVID-19 restrictions in our operating jurisdictions, along with vaccine implementation, these businesses expect to see improved revenue and profit growth in 2022.

In Malaysia, we made good progress by expanding our existing range of regulated services through our subsidiary, ZICO Capital Sdn. Bhd. ("ZICO Capital"). In particular ZICO Capital was licensed as an "approved adviser" of the LEAP Market by Bursa Malaysia Berhad ("Bursa Malaysia") on 29 November 2021. The LEAP Market is an adviser-driven market which is only accessible to sophisticated investors, providing emerging companies, such as small- and medium-sized enterprises with greater fundraising access and visibility via the capital market. As an approved adviser, ZICO Capital is authorised to undertake both initial listing activities and post-listing activities pursuant to the LEAP Market listing requirements of Bursa Malaysia. This new development will enhance our service offerings to our clients, allowing us to maintain our competitive edge in the market.

During the year, the Group delayed our business development activities, marketing plans and engagement with potential investors in view of the prevailing challenges, especially COVID-19. Besides this, a number of proposed corporate activities with third parties were also rescheduled to 2022 when local movement restrictions in Malaysia and Singapore have been relaxed.

Nevertheless, in FY2021 we had the opportunity to deepen and broaden our relationships with existing clients and focused on target companies with strong post-pandemic business potential.

As part of our corporate restructuring and transformation efforts, we rigorously reviewed and managed our operating costs, specifically payroll and rental of offices without compromising our service quality, by adopting cost reducing strategies. By adopting technology and alternative service delivery approaches, we improved cost effectiveness in the utilisation of our resources including work-from-home setups.

As we move forward with resilience in this challenging COVID-19 period, we remain quietly confident of achieving our goals.

PERFORMANCE HIGHLIGHTS

For the year ended 31 December 2021, due to higher revenue from the Advisory and Transactional Services segment, the Group recorded 7.5% revenue increase from RM64.22 million in the previous year to RM69.03 million. This was mainly due to a gradual return to normality with the improvement in the current COVID-19 situation and relaxation of COVID-19 restrictions after two challenging years of COVID-19.

Profit before tax climbed by 192.8% to RM5.58 million, while profit after tax was back in the black at RM1.99 million against a loss after tax of RM5.86 million in the corresponding period of FY2020.The improvement in after-tax result in FY2021 was largely attributable to higher revenue, gains from the disposal of non-core businesses (being ZICO Knowledge Services Sdn. Bhd.'s business of providing business development and corporate communication services and knowledge management and training services to the ZICOlaw Network, and ZICO RMC Pte. Ltd.'s business of providing regional management services to the ZICOlaw network) and lower expenses incurred during the financial year.

Separately, cash and cash equivalents surged from RM13.13 million as at 31 December 2020 to RM18.17 million as at 31 December 2021.

In view of the ongoing challenges posed by the Omicron COVID-19 variant and subvariants, the Group continued to implement strict safe distancing measures and safety protocols in all our offices in compliance with the relevant authorities' guidelines, so as to ensure the safety of our clients and staff.

BUSINESS OUTLOOK

As the COVID-19 infection wave begins to peak around the world, countries have moved towards the phased easing of pandemic-related restrictions and border controls. Travel mobility between the main economic hubs of the ASEAN region, especially between Malaysia and Singapore, is expected to increase in the very near future. In view of this positive development, the Group is carefully positioning itself to gear up operations in tandem with the projected economic recovery of the ASEAN economies.

While preparing for an uptick in the regional economies, we are conscious of the uncertainties that may arise from COVID-19 mutations, geopolitical risks and trade tensions. As such, the Group remains cautiously optimistic about the global and regional business outlook. We will be prudent in managing our resources and operational costs. We will continue to monitor closely the situation in Myanmar given our vested interest in that country, as well as the developments in the Ukraine conflict and its related economic impact on the ASEAN region.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my appreciation for our business partners, clients and valued shareholders for their unwavering support as we rode the headwinds during this challenging period. I would also like to thank our staff for the passion, commitment and dedication towards the Group. Last but not least, my fellow Board of Directors have been exceptional in their collective efforts to help build Group resilience as we forge ahead. My sincere thanks to all our stakeholders.

DATO' T. JASUDASEN
Independent Chairman

"The Group is carefully positioning itself to gear up operations in tandem with the projected economic recovery of the ASEAN economies.

While preparing for an uptick in the regional economies, we are conscious of the uncertainties that may arise from COVID-19 mutations, geopolitical risks and trade tensions. As such, the Group remains cautiously optimistic about the global and regional business outlook."

DATO' T. JASUDASEN
Independent Chairman

MANAGING DIRECTOR'S MESSAGE

DEAR VALUED SHAREHOLDERS,

The financial year ended 31 December 2021 ("FY2021") continued to be dominated by the uncertainties for businesses due to the pandemic.

In response to a challenging business environment, the Group reduced its costs for management support services and other non-essential functions and embraced more work-from-home dynamics in the "new normal". We leveraged on rapid digitalisation to focus on new channels for delivery of quality services to our clients. Through cross-selling and referral initiatives under a business convergence strategy, we have been able to deepen and broaden relationships with existing clients by giving them access to other services within the Group or other new markets with the Group's presence or connection.

During this challenging period, we appreciate the need to be cost-effective, innovative and flexible, in order to respond promptly and appropriately to any market disruptions arising from causes beyond our control. As such, we have worked to strengthen our internal systems and processes to be better prepared for any shift in situational outlook.

The Company disposed certain businesses of 2 subsidiaries namely, ZICO Knowledge Services Sdn Bhd ("ZKS") and ZICO RMC Pte Ltd ("ZRMC") to Rentas Mesra Sdn Bhd for a total consideration of about RM6.5 million on 27 July 2021. These businesses were (a) the provision of business development and corporate communication services ("BDCC") and knowledge management and training ("KMT") services by ZKS to the law firms of the ZICOlaw network, and (b) the provision of regional management services by ZRMC to the law firms of the ZICOlaw network. The transaction, which was completed on 27 October 2021, was carried out after taking into consideration the compressed margins of the industry due to increased competition, a difficult business environment and the high costs of maintaining the operations. With this disposal, the Group will be able to reallocate our resources to support businesses with greater growth potential and higher profit margins.

The Group has made a strategic decision to pivot more to the wealth management business.

We also entered into a conditional sale and purchase agreement on 17 December 2021 to dispose 49% of our shares in ZICO Trust Limited to Riau Capital Pte. Ltd. for a consideration of RM9.6 million. Riau Capital Pte. Ltd. is a family-owned investment company based in Singapore, which has among its portfolio a joint venture with Carte Blanche Family Office AG ("CBFO"), an independent, family-owned multi-family office platform in the long-standing Swiss tradition of dedicated wealth management of both private and institutional clients. CBFO is regulated in Switzerland by the self-regulatory organisation – Association Romande des Intermédiares Financiers. As at to-date, this proposed disposal has yet to be completed.

We strengthened our Advisory & Transactional Services ("ATS") segment when Bursa Malaysia Berhad on 29 November 2021 approved ZICO Capital Sdn Bhd as an approved adviser pursuant to Rule 4.02 of the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad. The LEAP Market is an adviser-driven market that aims to provide emerging companies with greater fundraising access and visibility via the capital market. This marks the start of our ability to undertake both initial listing activities and post-listing activities for the LEAP Market in Malaysia. We believe this license will enhance the Group's ability to provide a wider range of regulated services to our clients in Malaysia.

In terms of performance, the Group reported a 7.5% increase in revenue to RM69.03 million in FY2021 due to higher revenue contributions from the ATS segment.

Our Management and Support Services Business & Licensing Services ("MSSL") segment delivered lower revenue from the supports services under ZKS and royalty fees under ZICO IP INC ("IP INC"). This was mainly due to the cessation of BDCC and KMT services by ZKS to the ZICOlaw network firms, coupled with lower royalty rates charged to ZICOlaw network firms.

Loss on allowance of trade and other receivables reduced by 30.8% to RM3.8 million in FY2021. This positive shift points to a better collection trend that is indicative of the recovery strength of economies in the countries where we operate.

As such, profit for the year reverted to a gain of RM2.0 million as compared to a loss of RM5.9 million in FY2020.

OPERATIONAL OUTLOOK

Against the backdrop of rising uncertainties in the business environment, the Group was able to sustain the upward trajectory of our performance since the turnaround recorded in 1H2021. This validates the success of our strategy to expand into the growing wealth management industry and targeted advisory services in the ASEAN region. We are cautiously optimistic of delivering a stable performance in 2022.

With experience learnt from the previous year, the world has adapted better to living with the COVID-19 restrictions in 2021. Although the pandemic appeared to be less disruptive towards late 2021, there are continuing concerns about ongoing mutations of the COVID-19 virus which can cause disruptions to business from time to time.

We also recognise uncertainties for businesses from external factors such as geopolitical risks, including the Ukraine crisis, Taiwan-China tensions, record inflation and rising interest rates, which could undermine trade and investment flow in the ASEAN region where the Group operates.

In conclusion, I would like to thank our clients, business partners, Board, staff, and shareholders for their faith in the Group. With your support, we will emerge stronger in time to come, so as to create greater value for our stakeholders.

CHEW SENG KOK
Managing Director

BOARD OF DIRECTORS

DATO' T. JASUDASEN
Independent Chairman

CHEW SENG KOK
Managing Director

Dato' T. Jasudasen, our Independent Chairman, was appointed to the Board on 16 February 2015 and was last re-elected on 30 April 2021.

He retired from full-time diplomacy in September 2014 after 37 years of government service. Despite that, he is still continuing with his diplomatic work as the Non-Resident Ambassador to Peru, apart from being actively engaged in the private sector.

In addition, Dato' T. Jasudasen represents Temasek on the board of directors of RTS Operations Pte Ltd, which is a joint venture between SMRT Corporation and Pasarana Malaysia Berhad to build and operate the Johor Bahru-Singapore Rapid Transit System. He also sits on the Management Committee of the Singapore Turf Club, which is a non-profit organisation.

Dato' T. Jasudasen was previously the Non Resident Ambassador to Ethiopia and the African Union from 2015 to 2021, the High Commissioner to the United Kingdom from 2011 to 2014, High Commissioner to Malaysia from 2006 to 2011, Ambassador to Myanmar from 2004 to 2006 and the Ambassador to France from 1997 to 2004. He has worked in all ten ASEAN countries and with international organisations including the United Nations. He has been a member of the advisory Board of Nanyang Business School's Centre for African Studies since 2015 and retired in 2021.

The Singapore government awarded Dato' T. Jasudasen a Gold Medal PPA(E) in 2011 and a Silver Public Administration Medal PPA(P) in 1990, and a long service medal (PBS) in 2002. He has two French government awards including the Legion D'Honneur. He also received a Dato'ship from HRH the Sultan of Pahang, Malaysia.

Dato' T. Jasudasen graduated with an Honours degree in Law from the University of Singapore and studied Public Administration at the Ecole Nationale d'Administration in France.

Mr Chew Seng Kok, our Managing Director, was appointed to the Board on 9 December 2010 and was last re-elected on 29 June 2020.

He is primarily responsible for the business development and overall strategy and management of the Group. He manages the Advisory & Transactional Services business of the Group to drive the delivery of integrated services to clients through a multi-disciplinary platform.

Mr Chew graduated with a LLB (Honours) in 1984 and obtained a LLM (First Class Honours) from Victoria University of Wellington, New Zealand in 1989. He started practice in Malaysia in 1985 and subsequently worked in Chapman Tripp in Wellington, New Zealand, and Baker & McKenzie, Singapore. In 1991, he joined Zaid Ibrahim & Co. where he rose up the ranks to become its managing partner in 2004. He founded ZICOLaw, a network of independent law firms in ASEAN region. He assumed the role of regional managing partner of the ZICO Law network in 2011. In November 2014, Mr Chew left his managing role in Zaid Ibrahim & Co. to take up a full time role as the Managing Director of ZICO and as the non-Executive Chairman of the ZICO Law network.

Mr Chew is very active in supporting the public and private sectors on promoting trade and investments in the ASEAN region. He is a director of the ASEAN Business Club ("ABC"), an association of the chief executives of the region's leading business enterprises. Mr Chew was given an award by the New Zealand government in August 2015 in recognition of his significant contribution in building strong ties between New Zealand and Malaysia and within ASEAN.

DATUK NG HOCK HENG
Executive Director

CHEW LIONG KIM
Non-Independent Non-Executive Director

Datuk Ng Hock Heng, our Executive Director, was appointed to the Board on 9 December 2010 and was last re-elected on 30 April 2021.

He is primarily responsible for the overall management of the Management, Support Services and Licensing Services segment of the Group. He is also responsible for the management of the Group's Advisory and Transaction Services Segment in Malaysia, as well as developing and managing new services of the Group.

Datuk Ng started his career in KPMG (Australia) as a tax consultant before joining Deloitte Touche Tohmatsu (Australia & Hong Kong) as a senior tax consultant in 1993. In 1995, Datuk Ng joined Zaid Ibrahim & Co. and became a partner in 1999. Datuk Ng is an independent non-executive director of Ecofirst Consolidated Bhd., a public listed company listed on the Main Board of Bursa Malaysia. He is the Chairman of Fragomen Malaysia Sdn. Bhd. and a non-executive director of Posco-Malaysia Sdn. Bhd. On 5 November 2017, he was conferred the honorific title "Datuk" by the TYT Yang di-Pertua Negeri of Malacca, Malaysia.

Datuk Ng graduated with a Bachelor of Economics (double major in Banking & Accountancy) in 1990, a Bachelor of Laws and a Masters of Laws (Distinctions) from Monash University in 1992 and 1995 respectively. He was a Notary Public, Registered Tax Agent and an associate of Certified Practising Accountants, Australia. Datuk Ng was an Advocate and Solicitor of the High Court of Malaya and was a Registered Foreign Lawyer of the Law Society of New South Wales, Australia.

Mr Chew Liong Kim, our Non-Independent Non-Executive Director, was appointed to the Board on 7 August 2014 and was last re-elected on 22 April 2019.

He is currently the executive chairman of CLK Advisors, Malaysia, which provides business advisory and business analytics services in the ASEAN region. He is also currently the senior advisor at Roland Berger Strategy Consultants, Southeast Asia.

Mr Chew is an independent non-executive director of MISC Berhad, Bursa Malaysia-listed world leading provider of energy related maritime shipping solutions and services from 1 September 2021. He is also a member of MISC Berhad's Board Audit Committee.

Mr Chew was a commission member of the Malaysian Communications and Multimedia Commission ("MCMC") from 7 July 2020 to 31 December 2021 and chaired its Audit & Risk Committee and Whistleblowing Committee. He was also a commission member of MCMC between 2013 to 2015 and chaired its Audit Committee.

Mr Chew was the managing director of Maybank Investment Bank Bhd's strategic advisory division and the managing director of Bina Fikir Sdn. Bhd. from November 2008 to October 2010. He was also executive chairman of HRM Business Consulting Sdn. Bhd. and executive director and the chief executive officer of Bursa Malaysia-listed Dataprep Holdings Berhad from 2003 to 2008. Mr Chew was the former worldwide partner of Arthur Andersen ("AA") from 1990 to 2002 and served as area managing partner of AA's business consulting Asia Pacific from 1992 to 1998 and member of Andersen Worldwide Board Nominating Committee from 1997 to 1998.

Mr Chew graduated with a Bachelor of Commerce major in accountancy from the University of Auckland in 1980. He is a Fellow of the Chartered Accountants of Australia and New Zealand. Mr Chew is also a Public Accountant of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Chartered Secretaries and Administrators.

BOARD OF DIRECTORS

JOHN LIM YEW KONG
Independent Director

Mr John Lim Yew Kong, our Independent Director, was appointed to the Board on 7 August 2014 and was last re-elected on 29 June 2020.

He is a lead independent director of Global Invacom Group Limited, the chairman of its audit and risk committee and a member of its nominating and remuneration committees. He is also an independent non-executive director and chairman of the remuneration committee and a member of the nominating and audit and risk management committees of Karin Technology Holdings Limited. Global Invacom Group Limited and Karin Technology Holdings Limited are listed on the Mainboard of the SGX-ST.

Mr Lim was a director of Axia Equity Pte. Ltd., a business advisory company from February 2006 to January 2012 and was the managing director of Enterprise Asean Fund Pte. Ltd. from April 2005 to August 2006. From September 1999 to March 2005, he was also the associate director of ASC Equity Pte. Ltd. and the executive director of ASC Capital Pte. Ltd. Mr Lim spent four years with Arthur Andersen & Co., London before joining Dowell Schlumberger in the United Kingdom, from 1988 to 1991 as an internal auditor before assuming the position of United Kingdom controller, Aberdeen.

Mr Lim graduated with a Bachelor of Science in Economics from the London School of Economics and Political Science in 1984 and is also a Chartered Accountant from the Institute of Chartered Accountants in England and Wales.

KEY MANAGEMENT

PAUL SUBRAMANIAM
Chief Risk Officer

Mr Paul Subramaniam, our Chief Risk Officer, is responsible for the overall risk management and mitigation measures for the Group. He also assists the Regional Director of Knowledge Management and the Regional Director of Training in designing and implementing knowledge management and training initiatives for the Group and the clients of the Group, including the ZICOLaw network. He joined Zaid Ibrahim & Co. in 1998 as the head of litigation and was the knowledge management and training partner of Zaid Ibrahim & Co. from 2008 until assuming the post of Chief Risk Officer of the Group.

Mr Subramaniam graduated with a Bachelor of Science in Applied Mathematics and a Bachelor of Laws from Monash University, Australia in 1983 and 1985 respectively. He has been a member of the Malaysian Bar since 1986 and is the author of a number of legal reference books and articles.

ADELINE CHEAH
Chief Financial Officer

Ms Adeline Cheah is our Chief Financial Officer and is responsible for all finance-related functions of the Group. She joined the Group on 1 January 2014.

Ms Cheah started her career in KPMG Peat Marwick as an auditor in 1992 and joined Pengkalen Holdings Bhd in 1996 as a treasury accountant. In 1997, Ms Cheah joined Asteria Group as its group financial controller, and in 2006, she joined SEG International Bhd as its financial controller. She subsequently joined Zaid Ibrahim & Co. in 2008 as the financial controller and was designated as the chief financial officer in 2009 before joining ZICO Consultancy Sdn. Bhd. in January 2014 as the Group's Chief Financial Officer.

Ms Cheah graduated with a Bachelor of Business from the Curtin University of Technology, Perth, Western Australia in 1992 and is also a Certified Practising Accountant of CPA Australia and a Chartered Accountant of the Malaysian Institute of Accountants.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' T. Jasudasen
(Independent Chairman)

Chew Seng Kok
(Managing Director)

Datuk Ng Hock Heng
(Executive Director)

Chew Liong Kim
(Non-Executive Non-Independent Director)

John Lim Yew Kong
(Independent Director)

AUDIT AND RISK COMMITTEE

John Lim Yew Kong *(Chairman)*
Chew Liong Kim
Dato' T. Jasudasen

NOMINATING COMMITTEE

Dato' T. Jasudasen *(Chairman)*
John Lim Yew Kong
Chew Liong Kim

REMUNERATION COMMITTEE

Dato' T. Jasudasen *(Chairman)*
John Lim Yew Kong
Chew Liong Kim

COMPANY SECRETARY

ZICO Secretarial Limited

REGISTERED OFFICE

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AUDITOR

Baker Tilly TFW LLP

Partner-in-charge:
Guo Shuqi
(a member of the Institute of
Singapore Chartered Accountants)
(Date of appointment: 4 November 2019)

PRINCIPAL BANKER

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2 Battery Road
#16-01 Maybank Tower
Singapore 049907

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90 Cecil Street
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CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of ZICO Holdings Inc. (the "**Company**" and together with its subsidiaries and associated companies, the "**Group**") are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 2021 ("**FY2021**"), with specific reference made to the principles of the Code of Corporate Governance 2018 (the "**Code**"), SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

COMPLIANCE STATEMENT

The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide. The Company did not adopt any alternative corporate governance practices in FY2021.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Group.

Provision 1.1 and Provision 1.2

All Directors understand the business of the Company and the Group, as well as their directorship duties (including their roles as executive, non-executive and independent directors) and objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The executive directors are members of the Company's senior management ("**Management**") and are involved in the day-to-day running of the business. Their duties are to:

(a) provide insights to the Company's day-to-day operations, as appropriate;

(b) provide Management's views without undermining management accountability to the Board; and

(c) collaborate closely with non-executive directors for the long term success of the Company.

The non-executive directors are not part of the Company's Management. They are not employees of the Company and do not participate in the Company's day-to-day management. Their duties are to:–

(a) be familiar with the business and stay informed of the activities of the Company;

(b) constructively challenge Management and help develop proposals on strategy;

(c) review Management's performance in meeting agreed goals and objectives; and

(d) participate in decisions on the appointment, assessment and remuneration of the executive directors and key management personnel generally.

CORPORATE GOVERNANCE REPORT

The independent directors are non-executive directors who are deemed independent by the Board. They have the duties of the non-executive directors and additionally provide an independent and objective check on Management. In certain cases, the Catalist Rules require independent directors to make certain decisions and determinations. However, they should avoid focusing solely on the duties relating to compliance with rules. As with all directors, they are to act in the best interests of the Company as a whole and not of any particular group of shareholders or stakeholders.

The Board's principle functions include:

(a) To chart broad policies and strategies of the Company.

(b) To approve annual budgets and financial plans.

(c) To review and approve acquisitions and disposals.

(d) To approve material borrowings and fund raising exercises.

(e) To review performance and succession planning of the key management personnel.

(f) To advise and counsel key management personnel.

(g) To monitor and manage potential conflicts of interest between the key management personnel, the Board, and the shareholders.

(h) To establish a framework of prudent and effective controls which enables risks to be assessed and managed.

(i) To identify the key stakeholder groups, with the recognition that their perceptions affect the Company's reputation.

(j) To set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met.

(k) To consider sustainability issues, e.g., environmental and social factors, as part of its strategic formulation.

(l) To provide entrepreneurial leadership; and ensure that the necessary resources are in place for the Company to meet its strategic objectives.

(m) To set objectives and goals for Management, monitor the results, and assess and remunerate Management on its performance.

The Board has clear policies and procedures for dealing with conflicts of interest. Any director who is interested in any matter being considered recuses himself from deliberations and abstains from voting in relation to any such resolution(s) relating to such matter.

The Board works with the Management for the long-term success of the Company. The Management is accountable to the Board for the Group's performance.

To ensure proper accountability within the Group, the Board works with the Management to put in place internal controls governing employee's day-to-day conduct of the Group's business.

CORPORATE GOVERNANCE REPORT

The Board's approval is required for certain matters, which include the following: *Provision 1.3*

(a) acquisitions and disposals of assets;

(b) material borrowings and fund raising exercises;

(c) share issuance and proposal of dividends;

(d) budgets, half-yearly and full-year financial results announcements, annual reports and audited financial statements; and

(e) interested person transactions.

This is communicated to Management in writing.

The Company formally communicates to each of the directors on their appointment and their roles, duties, obligations and responsibilities and the Company's expectations. This includes each director developing his competencies to effectively discharge his duties. *Provision 1.2 and Provision 4.5*

The Directors are provided with updates and/or briefings from time to time by professional advisers, the external and internal auditors, Management, the Continuing Sponsor, the Chief Risk Officer, and the Head of Legal in areas such as corporate governance practices, risk management matters, changes and updates in financial reporting standards and regulatory requirements and directors' duties and responsibilities.

The Company also encourages the development and maintenance of the Directors' skills and knowledge. Where appropriate, the Company will arrange for training courses to supplement and keep Directors updated on areas such as accounting, legal, regulatory and industry-specific knowledge. The Company is responsible for funding the training of the Directors.

All newly appointed Directors will undergo an orientation programme where the Director will be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To obtain a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational offices and facilities and meet with key management personnel.

All newly appointed Directors are also encouraged to attend the "Listed Company Director Essentials: Understanding the Regulatory Environment in Singapore – What Every Director Ought to Know" course conducted by the Singapore Institute of Directors.

The Board does not have a policy and criteria for directors' development. The Company will address the training and professional needs of any director on an ad-hoc basis.

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GOVERNANCE REPORT

Provision 1.4

The Board has delegated certain responsibilities to the Audit and Risk Committee (the "**ARC**"), the Remuneration Committee (the "**RC**"), and the Nominating Committee (the "**NC**") (collectively, the "**Board Committees**"). The compositions of the Board Committees are as follows:

Composition of the Board Committees				
	ARC	**NC**	**RC***	
Chairman	John Lim Yew Kong	Dato' T. Jasudasen	Chew Liong Kim *(up to 31 December 2021)*	Dato' T. Jasudasen *(with effect from 1 January 2022)*
Member	Chew Liong Kim	John Lim Yew Kong	John Lim Yew Kong	
Member	Dato' T. Jasudasen	Chew Liong Kim	Dato' T. Jasudasen *(up to 31 December 2021)*	Chew Liong Kim *(with effect from 1 January 2022)*

* The Company refers to its announcements on 31 December 2021 ("**Re-designation Announcements**"). As announced, the RC was reconstituted with effect from 1 January 2022. Under this reconstitution, Mr Chew Liong Kim stepped down as chairman of the RC and remained as a member of the RC, whilst Dato' T. Jasudasen was re-designated from member of the RC to the new chairman of the RC in place of Mr Chew Liong Kim.

Provision 1.5

In FY2021, following the amendment to Rule 705(2) of the Catalist Rules effective on 7 February 2020, the Company has since then reported its financial statements on a half-yearly basis. The Board meets twice a year and as and when circumstances require.

During FY2021, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below.

Board and Board Committee Meetings in FY2021				
	Board	**ARC**	**NC**	**RC**
Number of Meetings Held	3	4	1	2
Name of Director	**Number of Meetings Attended**			
Dato' T. Jasudasen	2	4	1	2
Chew Seng Kok	3	4*	1*	2*
Liew Foong Yuen#	1	1*	–	–
Datuk Ng Hock Heng	3	4*	–	2*
Chew Liong Kim	3	4	1	2
John Lim Yew Kong	3	4	1	2

** By invitation*

 # Mr Liew Foong Yuen had decided not to renew his service contract with the Company, which expired on 28 February 2021. Following the expiry of the service contract, he had stepped down as Executive Director of the Company with effect from 28 February 2021.

The Company's Articles of Association ("**Articles**") allow meetings to be held through telephone and/or video-conference.

Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

CORPORATE GOVERNANCE REPORT

The considerations in assessing the capacity of Directors include the following:

(a) expected and/or competing time commitments of Directors;

(b) geographical location of Directors;

(c) size and composition of the Board; and

(d) nature and scope of the Group's operations and size.

The Management provides the Board with complete, adequate, and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and to discharge their duties and responsibilities. *Provision 1.6*

Types of Information Provided by Key Management Personnel to Independent Directors	**Frequency**
Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Half yearly, and as and when relevant
Updates to the Group's operations and the markets in which the Group operates in	Half yearly and as and when relevant
Half yearly and full year financial results	Half yearly
Reports on on-going or planned corporate actions	As and when relevant
Enterprise risk framework and internal auditors' ("**IA**") report(s)	Half yearly
Research report(s)	As and when requested
Shareholding statistics	As and when requested

The Management also provides additional material or information that may be requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. Management provides information in a timely manner.

Directors have separate and independent access to Management, the Company Secretary, and external advisers (where necessary) at the Company's expense. The Board also has a procedure for Directors, in the furtherance of their duties, to take independent professional advice and at the Company's expense. *Provision 1.7*

The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:

(a) ensuring that Board procedures are observed and that the Company's memorandum and the Articles, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Labuan Companies Act 1990, the Catalist Rules and the Monetary Authority of Singapore, are complied with;

(b) assisting the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value;

(c) assisting the Chairman to ensure good information flows within the Board and the Board Committees and key management personnel;

(d) designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information;

CORPORATE GOVERNANCE REPORT

(e) attending and preparing minutes for all Board meetings;

(f) coordinating and liaising between the Board, the Board Committees and key management personnel; and

(g) assisting the Chairman, the chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings.

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

As at the date of this annual report, the Board comprises the following members.

Provision 2.1 and Provision 2.2

Name of Director	Designation	Date Appointed
Dato' T. Jasudasen	Independent Chairman	16 February 2015
Mr Chew Seng Kok	Managing Director	9 December 2010
Datuk Ng Hock Heng	Executive Director	9 December 2010
Mr Chew Liong Kim	Non-Independent Non-Executive Director *(with effect from 1 January 2022)**	7 August 2014
Mr John Lim Yew Kong	Independent Director	7 August 2014

* Mr Chew Liong Kim was an Independent Director up to 31 December 2021. As stated in the Re-designation Announcements, he was re-designated as a Non-Executive Non-Independent Director and ceased to be chairman of the RC but remained as a member of the RC with effect from 1 January 2022 ("**Re-designation**").

During the period of FY2021, there were three Board members who were independent in accordance with Provision 2.1 of the Code. In light of the Re-designation, this number has been reduced to two from 1 January 2022 onwards. These two independent Board members include the Chairman.

As the Chairman is independent, Provision 2.2 of the Code does not apply. The Board also considered and observes Rule 406(3) of the Catalist Rules.

Provision 2.1 provides that an "independent" Director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

The Company does not have any alternate directors.

Provision 2.3

As at the date of this annual report, the majority of the Board members are Non-Executive Directors, i.e., Dato' T. Jasudasen, Mr Chew Liong Kim, and Mr John Lim Yew Kong, in compliance with Provision 2.3 of the Code. The Non-Executive Directors constructively challenge and assist in the development of business strategies, review the Management's performance against set targets, and monitor the reporting of the performance.

Provision 2.5

The Non-Executive Directors and/or Independent Directors, led by the Independent Chairman or other independent chairman as appropriate, have met several times in FY2021 prior to each of the Company's half-yearly ARC and Board of Directors' meetings in the absence of key management personnel. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

CORPORATE GOVERNANCE REPORT

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. *Provision 2.4*

This is reflected in the current Board composition, which provides a diversity of skills, experience and knowledge to the Company as follows:

Balance and Diversity of the Board		
Core Competencies	**Number of Directors**	**Proportion of Board**
Accounting or finance	3	60%
Business management	5	100%
Legal or corporate governance	2	40%
Relevant industry knowledge or experience	5	100%
Strategic planning experience	5	100%
Customer-based experience or knowledge	5	100%

The Board has taken the following steps to maintain or enhance its balance and diversity:

(a) by assessing the existing attributes and ensuring that core competencies of the Board are complementary and enhance the efficacy of the Board; and

(b) by evaluating the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

The Board has reviewed its size and is of the opinion that its current size is appropriate to facilitate effective decision-making.

Principle 3: Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of the Chairman and Managing Director are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. *Provision 3.1*

The Chairman oversees the business of the Board. He leads the Board discussions, ensures that Board meetings are convened when necessary, and facilitates the effective contribution of the Non-Executive Directors in particular. He sets the Board's meeting agenda in consultation with the Managing Director and ensures the quality, quantity, and timeliness of the flow of information between the Board and key management personnel to facilitate efficient decision-making. The Chairman also assumes the lead role in promoting a culture of openness and debate at Board meetings and high standards of corporate governance. He also ensures effective communication with shareholders. *Provision 3.2*

The Managing Director takes a leading role in developing the businesses of the Group and manages the day-to-day operations with the assistance of key management personnel. He also oversees the execution of the business and corporate strategy decisions made by the Board.

The Company did not appoint a lead independent director in FY2021 as the Chairman is an independent Director, and the Chairman and the Managing Director are not related. *Provision 3.3*

CORPORATE GOVERNANCE REPORT

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Company has established an NC, which comprises the following members. As at the date of this report, the chairman of the NC and Mr John Lim Yew Kong are Independent Directors, whereas Mr Chew Liong Kim is a Non-Independent Director. *Provision 4.2*

Chairman	Dato' T. Jasudasen
Member	John Lim Yew Kong
Member	Chew Liong Kim

NC's Key Terms of Reference *Provision 4.1*

The NC is guided by the key terms of reference below:

(a) establish criteria of new appointees to the Board;

(b) review and recommend the re-appointment of Directors having regard to the Directors' contribution and performance;

(c) determine on an annual basis whether a Director is independent;

(d) review and recommend to the Board the succession plans for the Directors, Chairman and the Managing Director; and

(e) review and recommend to the Board the training and professional development programs for the Board.

Provision 4.3 and Provision 4.5

Process for the Selection and Appointment of New Directors		
1.	Determination of selection criteria	The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge/gender to complement and strengthen the Board and increase its diversity.
2.	Search for suitable candidates	The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.
3.	Assessment of shortlisted candidates	The NC would meet and interview the shortlisted candidates to assess their suitability.
4.	Appointment of director	The NC would recommend the selected candidate to the Board for consideration and approval.

In its search and nomination process for new Directors, the NC may rely on search companies, personal contacts, and recommendations for the right candidates. The NC would ensure that new directors are aware of their duties and obligations.

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Process for the Re-election of Incumbent Directors		
1.	Assessment of director	The NC would assess the performance of the director in accordance with the performance criteria set by the Board. The NC would also consider the current needs of the Board.
2.	Re-appointment of director	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.

Provision 4.3

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to the Articles, at least one-third of the Board (including the Managing Director and Executive Directors) are to retire from office by rotation and be subject to re-election at the Annual General Meeting ("**AGM**") of the Company. Additional Directors appointed by the Board after the AGM but during the financial year, shall only hold office until the next AGM and thereafter be eligible for re-election at the AGM, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

The Directors who are retiring at the forthcoming AGM pursuant to the respective Articles and are to be nominated for re-election are as follows:

Name of Director	Designation	Article
Chew Seng Kok	Managing Director	97
Chew Liong Kim	Non-Independent Non-Executive Director	97

Mr Chew Seng Kok, upon re-election as a Director, will remain the Managing Director of the Company. Mr Chew Liong Kim, upon re-election as a Director, will remain the Non-Independent Non-Executive Director of the Company and a member of the NC, RC and AC.

Please refer to pages 39 to 43 of this annual report for information pursuant to Rule 720(5) of the Catalist Rules on the Directors who are retiring at the forthcoming AGM pursuant to the respective Articles and are to be nominated for re-election.

Provision 4.4

The independence of Directors are reviewed by the NC annually, and as and when circumstances require, having regard to the circumstances under Provision 2.1 of the Code.

Other than the re-designation of Mr Chew Liong Kim from Independent Director to Non-Executive Non-Independent Director, the NC has, during FY2021, reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors have also confirmed their independence in accordance with the Code. The Board has determined, taking into account the views of the NC, that each of the Independent Director is independent in character and judgment. There are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgments.

Directors would disclose to the Board, their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence. There is no Director who has a relationship as stated in the Code that would otherwise deem him not to be independent and therefore requiring the Company to determine his independence.

Provision 4.5

The NC has reviewed and is satisfied that each Director has adequately discharged their duties and has contributed effectively and demonstrated commitment to their respective roles including their commitment of time for the Board and Board Committee meetings, attention given to the Company's affairs and any other duties in FY2021.

The Board has not capped the maximum number of listed company board representations each Director may hold. Where a Director holds a significant number of directorships and principal commitments, the NC will assess his/her ability to diligently discharge his/her duties.

The Board and NC have considered the practicality of multiple directorships and principal commitments. The NC is of the view that the effectiveness of each Director is best assessed by a qualitative assessment of the Director's contributions, after taking into account his or her other listed company board directorships and other principal commitments. The NC also believes that it is for each Director to assess his or her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

The key information of the Directors, including their appointment dates, their listed company directorships and principal commitments held in the past 3 years (if any), are set out on pages 12 to 14 of this annual report.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1

The performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board and its Board Committees, are set out below.

Board's and Board Committees' Performance Criteria

The performance criteria for the evaluation of the Board and Board Committees are as follows:

(a) size and composition;

(b) independence;

(c) effectiveness in its monitoring role and attainment of the strategic and long-term objectives;

(d) information and accountability;

(e) the Board's performance in relation to discharging its principal functions; and

(f) the Board's committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

Individual Director's Performance Criteria

Individual director's performance is evaluated annually and informally by the NC and the Chairman. In assessing the individual director's performance, the NC takes into consideration the following performance criteria:

(a) interactive skills (whether the director works well with other directors and participates actively);

(b) knowledge (the director's industry and business knowledge, functional expertise, whether the director provides valuable inputs, the director's ability to analyse, communicate and contribute to the productivity of meetings, and understanding of finance and accounts, are taken into consideration);

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(c) director's duties (the director's Board Committee work contribution, whether the director takes his role as director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgment, and meeting preparation are taken into account);

(d) availability (the director's attendance at Board and Board Committee meetings, whether the director is available when needed, and his informal contribution via email, telephone, written notes, etc. are considered);

(e) overall contribution, bearing in mind that each director was appointed for his strength in certain areas which taken together provides the Board with the required mix of skills and competencies; and

(f) willingness and ability to constructively challenge and contribute effectively to the Board.

The Board uses the guidelines in the Code as a basis for evaluation of director's performance, hence does not use peer comparisons and other objective third party benchmarks.

The NC assesses the performance and effectiveness of the Board as a whole and the Board Committees as well as the contribution of individual Directors to the effectiveness of the entire Board. The evaluation exercise is carried out annually by way of a Board Performance Evaluation checklist, which is circulated to the Board members for completion and thereafter the NC to review and determine the actions required to ensure continuous improvement of the corporate governance of the Company and effectiveness of the Board as a whole and the Board Committees. *Provision 5.2*

The performance of each Director is evaluated annually using agreed criteria, aligned as far as possible with appropriate corporate objectives.

Each member of the NC has abstained from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

The NC is satisfied that the Board as a whole and Board Committees have met the performance evaluation criteria and objectives in FY2020, and each Director has contributed effectively and demonstrated commitment to their respective roles, including commitment of time for the Board and Board Committee meetings, and any other duties.

The Board has not considered the use of external facilitators as it is of the view that the NC has a sufficient level of objectivity in its evaluation process.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The Company has established an RC, which considers all aspects of remuneration, including termination terms, to ensure that they are fair. *Provision 6.3*

CORPORATE GOVERNANCE REPORT

During FY2021, the RC comprised the following members, all of whom including the Chairman were Non-Executive Independent Directors: *Provision 6.2*

Chairman	Chew Liong Kim
Member	John Lim Yew Kong
Member	Dato' T. Jasudasen

As stated in page 19 of this annual report, the RC has been reconstituted with effect from 1 January 2022. It now comprises the following members, of whom the Chairman and Mr. John Lim Yew Kong are Non-Executive Independent Directors, whilst Mr Chew Liong Kim is a Non-Executive Non-Independent Director.

Chairman	Dato' T. Jasudasen
Member	John Lim Yew Kong
Member	Chew Liong Kim

<u>RC's Key Terms of Reference</u> *Provision 6.1*

The RC is guided by key terms of reference as follows: *Provision 8.1*

(a) review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel;

(b) review and recommend to the Board the service contracts of Executive Directors and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; and

(c) review and recommend on the compensation arrangements for the loss or termination of office, or dismissal or removal of the Executive Directors and key management personnel.

The Company did not engage any remuneration consultant in FY2021. *Provision 6.4*

<u>Principle 7: Level and Mix of Remuneration</u>

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

The Company's remuneration policy for the Board and key management personnel seeks to attract, retain and motivate talent to achieve the Company's business vision and long-term success, and to create sustainable value for its stakeholders, in alignment with the interests of shareholders and other stakeholders. *Provision 7.1*

The policy is tailored to the specific role and circumstances of each director and key management to ensure an appropriate remuneration level and mix that recognises their performance, potential and responsibilities.

The policy articulates to staff the link on total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

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The Non-Executive Directors' remunerations are appropriate to their level of contribution, after taking into account their contribution, effort and time spent, and responsibilities. They are not over-compensated, such that their independence is compromised. The Non-Executive Directors are granted share awards under the ZICO Holdings Performance Share Plan ("**PSP**") (see section below).

The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group in FY2021. Their remuneration comprises fixed and variable compensations. The fixed compensation consists of an annual base salary and AWS. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

Provision 7.1, Provision 7.2, Provision 7.3 and Provision 8.1

The Company has adopted a policy that allows the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances, including for example, a misstatement of financial results or misconduct resulting in financial loss to the Company.

Provision 8.1

The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:

Performance Conditions	Short-Term Incentives (such as performance bonus)	Long-Term Incentives (such as Employee Share Option Scheme and PSP)
Executive Directors		
Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors	1. Cross selling or internal process improvements – measures mutual support and synergies across business units 2. Mentoring – measures ability to support the development of future leaders 3. Professional development and reputation – incentivises the constant upgrading of skills critical to the success of the Group 4. External/internal client satisfaction – measures overall ability to serve key accounts
Quantitative	1. Growth of pre-tax profit	None
Key Management Personnel		
Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors	1. Cross selling or internal process improvements – measures mutual support and synergies across business units 2. Mentoring – measures ability to support the development of future leaders 3. Professional development and reputation – incentivises the constant upgrading of skills critical to the success of the Group 4. External/internal client satisfaction – measures overall ability to serve key accounts
Quantitative	None	None

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Information on the Company's Employee Share Option Scheme and PSP are set out on in pages 114 to 116 of this annual report. *Provision 8.3*

The RC has reviewed the performance of the Directors and key management personnel and is satisfied that these performance conditions were met in FY2021.

Principle 8: Disclosure on Remuneration

Disclosure of Relationships between Remuneration, Performance and Value Creation

For FY2021, the Board does not have a comprehensive written policy that details the relationships between remuneration, performance and value creation. The Company may consider putting such written policy in place in the near future as part of the group-wide corporate governance improvement initiative.

The Board however opines that the current remuneration framework has the end objective of value creation for its stakeholders and shareholders. Governance of the process of formulating remuneration policies is as specified in Principle 6 above. Since FY2018, the Group has adopted a policy that allows reclaiming of incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances as specified in Principle 7 above. In addition, as part of the qualitative assessment of the Executive Directors and key management personnel, the RC and the Board have authority to adjust their variable bonus with respect to enterprise value creation and enterprise risk management for the year under review.

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Details of the remuneration paid to the Directors for FY2021 are as follows: *Provision 8.1 and Provision 8.3*

Name	Salary (%)(1)	AWS (%)(1)	Bonus (%)	Directors Fees (%)	Total (%)
Above S$500,000					
Chew Seng Kok	83	7	5	5	100
S$250,001 to S$500,000					
Datuk Ng Hock Heng	83	7	3	7	100
Below S$250,000					
Liew Foong Yuen(2)	92	–	–	8	100
Dato' T. Jasudasen	–	–	–	100	100
John Lim Yew Kong(3)	–	–	–	100	100
Chew Liong Kim	–	–	–	100	100

(1) *The salary and AWS amounts shown are inclusive of Malaysia Employees Provident Fund.*

(2) *Mr Liew Foong Yuen stepped down as Executive Director of the Company on 28 February 2021 and the director's fee payable to him was pro-rated accordingly.*

(3) *Mr John Lim Yew Kong received director's fees from the Company's subsidiaries, namely, ZICO Capital Pte. Ltd. and ZICO Asset Management Pte. Ltd.*

No stock options were granted to the Directors in FY2021.

CORPORATE GOVERNANCE REPORT

A total of 166,670 shares, representing one-third of the share awards granted to the Directors on 21 May 2018 ("**FY2018 Awards**"), were vested in the Directors on 21 May 2021, being the third anniversary of the date of grant of FY2018 Awards.

Please refer to further details set out on pages 47 to 49 of this annual report.

There were no termination, retirement and post-employment benefits granted to Directors and key management personnel in FY2021.

After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment.

The Company only has 2 top key management personnel as at the end of FY2021. *Provision 8.1 and Provision 8.3*

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the Managing Director) in FY2021 was as follows:

Name	Salary (%)(1)	AWS & Bonus (%)(1)	Total (%)
Below S$250,000			
Paul Subramaniam	91	9	100
Adeline Cheah Li Meng	90	10	100

(1) *The salary, AWS and bonus amounts shown are inclusive of Malaysia Employees Provident Fund.*

No stock options were granted to the key management personnel in FY2021.

The total remuneration paid to the 2 top key management personnel in FY2021 was S$470,718.

There were no employees of the Company or its subsidiaries who were immediate family members of any Director, the Managing Director or a substantial shareholder of the Company and whose remuneration exceeded S$100,000 during FY2021. During the year, there were no employees who were substantial shareholders of the Company. *Provision 8.2*

The Company complies with Practice Guidance 8 of the Practice Guidance to the Code of Corporate Governance 2018 on the relationship between remuneration, performance and value creation.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The Board determines the Company's levels of risk tolerance and risk policies, oversees Management in the design, implementation and monitoring of risk management and internal control systems. *Provision 9.1*

CORPORATE GOVERNANCE REPORT

The Board reviews at least annually the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology control, either internally or with the assistance of competent third parties. The Board delegates risk governance to the ARC.

Provision 9.2

The Company has a Chief Risk Officer ("**CRO**"), Mr Paul Subramaniam, who handles risk issues, except financial risk which is dealt with directly by the ARC in conjunction with the Chief Financial Officer ("**CFO**"). The CRO also oversees the compliance function of licensed subsidiaries, through their Compliance Officers and the Group's Compliance Services. The CRO works with the business units of the Group to identify, measure, and monitor the various key and emerging compliance risks of the Group and provides a report to the ARC at each ARC meeting. The report sets out the issues and proposed solutions for the governance and management of the risks. The legal risks of the Group is managed by the Legal department of the Group. The Board is in charge of the Group's enterprise risk.

The Board with the concurrence of the ARC is of the view that the Company's internal controls (addressing financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2021.

The bases for the Board's view are as follows:

(a) assurance has been received from the Chief Executive Officer ("**CEO**") and CFO that the financial statements in respect of FY2021 give a true and fair view of the Company's operations and finances;

(b) internal controls established and maintained by the Group, work performed by the IA and external auditors ("**EA**"), and reviews performed by the key management personnel and the Board;

(c) report received from the IA on the audit findings and significant matters highlighted to the ARC and key management personnel were appropriately addressed;

(d) assurance has been received from the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems;

(e) key management personnel regularly evaluates, monitors and reports to the ARC on material risks; and

(f) discussion held between the ARC and EA of the Company in the absence of the key management personnel to review and address any potential concerns on 26 February 2021.

The Board has relied on the independent auditors' report as set out in this annual report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances.

The Board has additionally relied on IA reports issued to the Company since FY2015 as assurances that the Company's risk management and internal control systems are effective.

The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.

CORPORATE GOVERNANCE REPORT

Principle 10: Audit Committee

The Board has an Audit Committee which discharges its duties objectively.

As at the date of this report, the Company has an ARC which comprises the following members, the chairman of the ARC and Dato' T. Jasudasen are Independent Directors, whereas Mr Chew Liong Kim is a Non-Independent Director. Mr John Lim Yew Kong is a Chartered Accountant from the Institute of Chartered Accountants in England and Wales. Mr Chew Liong Kim is a Fellow of the Chartered Accountants of Australia and New Zealand. He is also a Public Accountant of the Malaysian Institute of Accountants. *Provision 10.2*

Chairman	John Lim Yew Kong
Member	Chew Liong Kim
Member	Dato' T. Jasudasen

ARC's Key Terms of Reference *Provision 10.1*

The ARC is guided by the key terms of reference below:

(a) review the assurance from CEO and CFO in financial records and financial statements, review the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before submission to the Board for approval;

(b) review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management system (such review can be carried out internally or with the assistance of any competent third parties);

(c) review the effectiveness and adequacy of the Group's internal audit function, at least on an annual basis;

(d) review the scope and results of the external audit, and the adequacy, effectiveness, independence and objectivity of the external auditors;

(e) recommend to the Board on proposals to shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;

(f) review the system of internal controls and management of financial risks with the internal and external auditors;

(g) review the co-operation given by the management to the external auditors and the internal auditors, where applicable;

(h) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time;

(i) review and approve interested person transactions and review procedures thereof;

(j) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;

CORPORATE GOVERNANCE REPORT

(k) review the risk management framework, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET;

(l) investigate any matters within its terms of reference;

(m) review the policy and arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and

(n) undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

The ARC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation. *Provision 10.3*

Messrs Baker Tilly TFW LLP ("**Baker Tilly**"), an audit firm registered with the Accounting and Corporate Regulatory Authority, have been the external auditors of the Company since the Company's extraordinary general meeting on 4 November 2019. Ms Guo Shuqi is the audit partner in charge assigned to the audit of the Group.

The ARC has not considered the Audit Quality Indicators Disclosure Framework ("**Framework**") in its entirety in the appointment and reappointment of Baker Tilly, as the adoption of the Framework is voluntary. The ARC's consideration of Baker Tilly as the external auditors of the Company is based on the Company's internal criteria, which include costs, quality and scope of audit, and adequacy of the resources, experience and reputation of the audit firm.

Fees Paid/Payable to the EA of the Group for FY2021		
	S$	**% of total**
Audit fees	243,709	100.0
Non-audit fees	–	–
Total	**243,709**	**100.0**

The ARC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of Baker Tilly as auditors of the Company at the forthcoming AGM. There were no non-audit services rendered during FY2021. The Company is in compliance with Catalist Rules 712 and 715.

The Company's internal audit function is outsourced to Nexia TS Risk Advisory Pte. Ltd. that reports directly to the ARC Chairman and administratively to the Managing Director. The ARC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The ARC is satisfied that Nexia TS Risk Advisory Pte Ltd is adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively. *Provision 10.4*

The Company cooperates fully with the IA in terms of allowing unfettered access to all the Company's documents, records, properties and personnel, including the ARC.

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The ARC meets with the EA and the IA at least once a year without the presence of the Management to review any matter that might be raised. *Provision 10.5*

The Company has a whistle-blowing policy. The whistle-blowing policy sets out the Company's framework to promote responsible and secure whistleblowing by affording protection to the whistleblower against detrimental and unfair treatment. Unless required by law, the identity of the whistleblower will be kept in strict confidence. The ARC is responsible for oversight and monitoring of whistleblowing. The Company's staff and any other persons may in confidence raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to the CRO, Mr Paul Subramaniam who will investigate whistleblowing reports made in good faith. The contact information of the CRO is set out in the Company's corporate website at www.zicoholdings.com. *Provision 10.1*

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12: Engagement with Shareholders

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

The Company adopts a policy that allows for an ongoing exchange of views with shareholders and which actively engages and promotes regular, effective, and fair communication with them. *Provision 12.2*

The AGM is a principal forum for dialogue and interaction with all shareholders. All shareholders of the Group receive the annual report. They also receive circulars and notices of all shareholders' meetings. The notices are advertised in the newspapers and made available on both SGXNET and on the Company's corporate website. The Company may consider providing longer notice for meetings, especially when dealing with complex transactions, or if the Company has numerous overseas shareholders. The Company would use its best endeavours to avoid scheduling meetings during peak periods. *Provision 11.1 and Provision 12.1*

If any shareholder is unable to attend, the Articles allow the shareholder to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance, at least 48 hours prior to the meeting. Attendance by proxies is allowed as stipulated in the Articles.

The Company's Articles allow for absentia voting. However, as the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided not to implement voting in absentia by mail, email or fax until issues on security and integrity are satisfactorily resolved. *Provision 11.4*

All Directors, Management, Company Secretary, EA and Continuing Sponsor attend the general meetings. The Company requires all Directors (including the respective Chairman of the Board Committees) to be present at all general meetings of shareholders for the entire duration, except in the case of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. *Provision 11.3*

The entire Board, including the Chairman, was present at the AGM of the Company on 30 April 2021.

CORPORATE GOVERNANCE REPORT

Separate resolutions on each distinct issue are tabled at general meetings unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company would explain the reasons and material implications in the notice of meeting. The procedures of general meetings provide shareholders the opportunity to ask questions relating to each resolution tabled for approval and open communication are encouraged by the shareholders with the Directors on their views on matters relating to the Company. *Provision 11.2*

The Group encourages shareholder participation at general meetings. Shareholders' views are sought at general meetings via question and answer sessions. They are given the opportunity to air their views and ask the Board and Management questions regarding the proposed resolutions as well as the business and affairs of the Company and the Group. *Provision 12.1*

The Company will conduct poll voting for all resolutions to be passed at all general meeting of shareholders and the detailed results will be announced via SGXNET after the conclusion of the general meeting. *Provision 11.2*

All minutes of general meetings will be made available to shareholders upon their request after the general meeting. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management. *Provision 11.5*

Conduct of forthcoming AGM by way of electronic means

The Company's forthcoming AGM will be held on 30 April 2022, notice of which is set out in pages 147 to 151 of this annual report. Pursuant to the COVID-19 (Temporary measures) (Alternative Arrangements for Meetings of Companies, Variable Capital Companies, Business Trust, Unit Trusts and Debenture Holders) Order 2020, the SGX-ST's "Regulator's Column: What SGX RegCo expects on the conduct of general meetings amid the ongoing COVID-19 situation" dated 16 December 2021, and the SGX-ST's updated "Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation" dated 4 February 2022, the forthcoming AGM will be held by electronic means and members of the Company will not be allowed to attend the forthcoming AGM in person. This annual report, notice of AGM and proxy form ("**AGM documents**") are available to shareholders through electronic means via publication on the SGX-ST website at the URL https://www.sgx.com/securities/company-announcements or under the "Newsroom and Press Releases" tab of the Company's corporate website at www.zicoholdings.com.

Notwithstanding the proceedings and/or regulations of the conduct of general meetings disclosed above, shareholders shall refer to the notice of AGM on pages 147 to 151 of this annual report for the details on the alternative arrangements of the AGM in relation to members' entitlement to submit questions in advance, to attend and vote and appointment of proxies. The minutes of the AGM will be published within one month after the AGM on SGXNET and on the Company's corporate website. The Directors and the Company's statutory auditors will be attending the AGM and their attendance and right to be heard will be satisfied by electronic means.

Apart from general meetings, the Company communicates with shareholders through the release of announcements to the SGX-ST through SGXNET, including the Company's financial results announcements, which are published through the SGXNET on a half-yearly basis. *Provision 12.1 and Provision 12.3*

The Company updates shareholders on its corporate developments through its corporate website at www.zicoholdings.com. Shareholders may make enquiries with the Company via the contact information published on this corporate website.

CORPORATE GOVERNANCE REPORT

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to, inter alia, the Group's level of cash and retained earnings, actual and projected financial performance, projected levels of capital expenditure and expansion plans, working capital requirements and general financing condition, and any restrictions on payment of dividends imposed by the Group's financing arrangements. *Provision 11.6 – Deviation*

The Board has not declared or recommended for FY2021, as key management personnel is of the view that it can better use the cash to invest in new business opportunities to grow the Group at this juncture.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. The Company's stakeholder identification and engagement process was set out in the Company's sustainability report for FY2020, which was published on 31 May 2021. The Company's strategy and key areas of focus in managing stakeholder relationships were also set out in the sustainability report. *Provision 13.1 and Provision 13.2*

There has been no change to the aforesaid stakeholder engagement process and strategy for FY2021. This will be similarly reflected in the Company's sustainability report for FY2021 to be published by 31 May 2022.

Stakeholders may communicate with the Company via the contact details available on its corporate website at www.zicoholdings.com. *Provision 13.3*

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH APPLICABLE CATALIST RULES

Rule	Description	Company's Compliance or Explanation
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance with the Catalist Rules 712 and 715. The Board and the ARC are satisfied that the appointment of the different auditors for the Company's subsidiaries and associates would not compromise the standard and effectiveness of the audit of the Company. Hence, the Company further confirms its compliance with Catalist Rule 716.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of any Director, or controlling shareholder, which are either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of Adequacy of Internal Controls	The Board, with the concurrence of the ARC, are of the opinion that the internal controls are effective and adequate to address the financial, operational and compliance and information technology risks in FY2021 based on the following: (a) internal controls and the risk management system established by the Company; (b) works performed by the IA and EA; (c) assurance from the Managing Director and CFO; and (d) reviews done by the various Board Committees and key management personnel.
1204(10A)	Relationship between Chairman and CEO	The Chairman and the CEO are not immediate family members.
1204(10B)	Designations and Roles of Directors	The Directors, their designations and roles are set out on pages 19 and 21 of the annual report.
1204(10C)	ARC confirmation on Internal Audit Function	The ARC is of the opinion that the internal audit function is independent, effective, and adequately resourced.
1204(17)	Interested Persons Transaction ("**IPT**")	The Group has procedures governing all IPTs to ensure that they are properly documented and reported in a timely manner to the ARC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The Company does not have a general mandate for IPTs. There were no IPTs with value which is equal to or more than S$100,000 transacted in FY2021.

CORPORATE GOVERNANCE REPORT

Rule	Description	Company's Compliance or Explanation
1204(19)	Dealing in Securities	The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information. The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-yearly financial statements and one month before the announcement of the Company's full-year financial statements respectively, and ending on the date of the announcement of the relevant results.
1204(21)	Non-Sponsor Fees	The Company appointed Stamford Corporate Services Pte. Ltd. as its Continuing Sponsor in place of Asian Corporate Advisors Pte. Ltd. with effect from 15 October 2021. In FY2021, no non-sponsor fees were paid to either Asian Corporate Advisors Pte. Ltd. or Stamford Corporate Services Pte. Ltd.
1204(22)	Use of IPO Proceeds	The Company refers to the net proceeds amounting to S$12.52 million (excluding listing expenses of approximately S$1.88 million raised from the IPO on the Catalist Board of the SGX-ST on 11 November 2014). As announced on 13 August 2018, the proceeds from the IPO have been fully utilised. The use of proceeds from the IPO was consistent with the prospectus dated 30 October 2014. Please refer to page 41 of the Company's annual report for FY2019 on the breakdown of the use of proceeds from the IPO.
1204(22)	Use of Placement Proceeds	The Company refers to the net proceeds amounting to S$4 million raised from the placement exercise announced on 24 March 2017 and completed on 12 April 2017 ("**2017 Placement**"). As announced on 13 August 2018, the proceeds from the 2017 Placement have been fully utilised. The use of proceeds from the 2017 Placement was consistent with the announcement dated 27 March 2017. The Company further refers to the net proceeds amounting to S$3 million raised from the placement exercise announced on 14 March 2019 and completed on 25 March 2019 ("**2019 Placement**"). As announced on 13 May 2019, the proceeds from the 2019 Placement have been fully utilised. The use of proceeds from the 2019 Placement was consistent with the announcement dated 14 March 2019. Please refer to page 42 of the Company's annual report for FY2019 on the breakdown of the use of proceeds from the 2017 Placement and 2019 Placement.

CORPORATE GOVERNANCE REPORT

Information pursuant to Appendix 7F of the Catalist Rules on the Directors who are retiring at the forthcoming AGM pursuant to the respective Articles and are to be nominated for re-election:

DETAILS REQUIRED UNDER APPENDIX 7F OF THE CATALIST RULES	
CHEW LIONG KIM	
Date of initial appointment	7 August 2014
Date of last re-appointment (if applicable)	22 April 2019
Age	66
Country of principal residence	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Chew Liong Kim to have contributed effectively and demonstrated commitment to his role including commitment of time for the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-executive
Job title (e.g., Lead ID, AC Chairman, AC Member etc.)	Non-executive non-independent director, member of the Remuneration Committee, member of the Audit and Risk Committee, and member of the Nominating Committee
Professional qualifications	• Bachelor of Commerce, University of Auckland • Fellow of the Chartered Accountants of Australia and New Zealand • Public Accountant of the Malaysian Institute of Accountants • Member of the Malaysian Institute of Chartered Secretaries and Administrators
Working experience and occupation(s) during the past 10 years	• ZICO Holdings Inc., Non-Executive Non-Independent Director • CLK Advisors, Executive Chairman • Roland Berger Strategy Consultants, Southeast Asia, Senior Advisor • MISC Berhad, Independent Non-Executive Director and member of its Board Audit Committee • Commission member of the Malaysian Communications and Multimedia Commission and Chairman of its audit & risk committee and whistleblowing committee
Shareholding interest in the listed issuer and its subsidiaries	As at 14 April 2022, Mr Chew Liong Kim holds 2,171,421 ordinary shares in the Company amounting to 0.66% of the ordinary shares in the Company.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil

CORPORATE GOVERNANCE REPORT

Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Present Principal Commitments* including directorships *"Principal Commitments" has the same meaning as defined in the Code, and includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.	• CLK Advisors, 2011 to date, Executive Chairman • Roland Berger Strategy Consultants, Southeast Asia, 2011 to date, Senior Advisor • MISC Berhad, 2021 to date, Independent Non-Executive Director and member of its Board Audit Committee
Past Principal Commitments for the last 5 years, including directorships	• Commission member of the Malaysian Communications and Multimedia Commission and Chairman of its audit & risk committee and whistleblowing committee, 2020 to 2021
CHEW SENG KOK	
Date of initial appointment	9 December 2010
Date of last re-appointment (if applicable)	20 June 2020
Age	61
Country of principal residence	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Chew Seng Kok to have contributed effectively and demonstrated commitment to his role including commitment of time for the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive. If re-elected, Mr Chew Seng Kok will continue to be primarily responsible for the business development and overall strategy and management of the Group.
Job title (e.g., Lead ID, AC Chairman, AC Member etc.)	Managing Director
Professional qualifications	• Bachelor of Laws, Victoria University of Wellington, New Zealand • Master of Laws, Victoria University of Wellington, New Zealand • Advocate and Solicitor, High Court of Malaya • Barrister and Solicitor, High Court of New Zealand

CORPORATE GOVERNANCE REPORT

Working experience and occupation(s) during the past 10 years	• ZICO Holdings Inc., Managing Director • Zaid Ibrahim Co., Managing Partner • PT Anugerah Sumber Makmur, Non-Executive Director • PT Minamas Gemilang, Non-Executive Director
Shareholding interest in the listed issuer and its subsidiaries	As at 14 April 2022, Mr Chew Seng Kok holds 85,993,425 ordinary shares in the Company, amounting to 26.26% of the ordinary shares in the Company. The 85,993,425 ordinary shares consist of 80,699,688 ordinary shares directly held by Mr Chew and 5,293,737 ordinary shares held by Leandar Pte. Ltd., a company wholly owned by him.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Present Principal Commitments* including directorships *"Principal Commitments" has the same meaning as defined in the Code, and includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.	• ZICO Holdings Inc., 2014 to date, Managing Director
Past Principal Commitments for the last 5 years, including directorships	• PT Anugerah Sumber Makmur, Non-Executive Director • PT Minamas Gemilang, Non-Executive Director

CORPORATE GOVERNANCE REPORT

GENERAL STATUTORY DISCLOSURES		
	CHEW LIONG KIM	**CHEW SENG KOK**
Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
Whether there is any unsatisfied judgment against him?	No	No
Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

CORPORATE GOVERNANCE REPORT

GENERAL STATUTORY DISCLOSURES		
	CHEW LIONG KIM	**CHEW SENG KOK**
Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

DISCLOSURE APPLICABLE TO THE APPOINTMENT OF DIRECTOR ONLY		
	CHEW LIONG KIM	**CHEW SENG KOK**
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable, as this is a re-election of a director	Not applicable, as this is a re-election of a director

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2021 and the balance sheet of the Company as at 31 December 2021.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 55 to 143 are drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Chew Seng Kok
Datuk Ng Hock Heng
Chew Liong Kim
John Lim Yew Kong
Dato' T. Jasudasen

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" and "Share awards" in this statement.

Directors' interests in shares or debentures

a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		**Holdings in which director is deemed to have an interest**	
	At 31.12.2021/ date of resignation	At 1.1.2021	**At 31.12.2021**	At 1.1.2021
ZICO Holdings Inc.				
(No. of ordinary shares)				
Chew Seng Kok	**80,699,688**	80,699,688	**5,293,737**	5,293,737
Datuk Ng Hock Heng	**6,620,000**	6,553,332	**–**	–
Liew Foong Yuen				
(Resigned on 28 February 2021)	**6,643,332***	6,643,332	**–**	–
Chew Liong Kim	**2,171,421**	2,138,087	**–**	–
John Lim Yew Kong	**300,000**	266,666	**–**	–
Dato' T. Jasudasen	**240,000**	206,666	**–**	–

* *These shareholdings are as of date of resignation.*

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Directors' interests in shares or debentures (continued)

b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the ZICO Holdings Employee Share Option Scheme ("ESOS") as set out below and under "Share options" below.

	No. of unissued ordinary shares under option	
	At 31.12.2021/ date of resignation	At 1.1.2021
ZICO Holdings Inc.		
Datuk Ng Hock Heng	200,000	200,000
Liew Foong Yuen (Resigned on 28 February 2021)	–	200,000

c) Certain directors holding office at the end of the financial year had interests in share awards of the Company granted pursuant to the ZICO Holdings Performance Share Plan ("PSP") as set out below and under "Share awards" below.

	No. of unissued ordinary shares under award	
	At 31.12.2021/ date of resignation	At 1.1.2021
ZICO Holdings Inc.		
Datuk Ng Hock Heng	–	66,668
Liew Foong Yuen (Resigned on 28 February 2021)	–	66,668
Chew Liong Kim	–	33,334
John Lim Yew Kong	–	33,334
Dato' T. Jasudasen	–	33,334

d) In accordance with the continuing listing requirements of the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the directors of the Company state that, according to the register of directors' shareholdings, the directors' interests as at 21 January 2022 in the shares of Company have not changed from those disclosed as at 31 December 2021.

Share options

ZICO Holdings Employee Share Option Scheme

The ZICO Holdings Employee Share Option Scheme was approved and adopted at the Company's extraordinary general meeting held on 19 September 2014 and will continue to remain in force until 18 September 2024, unless terminated in accordance with the Rules of the ESOS. The ESOS is administered by the Remuneration Committee comprising Mr Chew Liong Kim, Mr John Lim Yew Kong and Dato' T. Jasudasen (the "Committee"). The ESOS provides for the grant of incentive share options to employees and directors of the Group.

Under the ESOS, the total number of shares over which the Committee may grant options on any date, when added to the number of shares issued and issuable in respect of (a) all options granted under the ESOS; (b) all awards granted under the PSP; and (c) all outstanding options or awards granted under such other share-based incentive schemes of the Company, shall not exceed 15% of the number of issued shares (including treasury shares) on the day immediately preceding the offer date of the option.

The aggregate number of shares issued and issuable in respect of all options granted under the ESOS available to the controlling shareholders or associates of the controlling shareholders shall not exceed 25% of the total number of shares available under the ESOS.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Share options (continued)

ZICO Holdings Employee Share Option Scheme (continued)

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof), at any time, by a participant after the first anniversary of the offer date of that option, provided always that the options shall be exercised before the tenth anniversary of the relevant offer date, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

Options granted with the exercise price set at a discount to market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof), at any time, by a participant after the second anniversary from the offer date of that option, provided always that the options shall be exercised before the tenth anniversary of the relevant offer date, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

An option shall, to the extent unexercised, immediately lapse and become null and void and a participant shall have no claim against the Company:

a) subject to the rules of the ESOS, upon the participant ceasing to be in employment of the Company or any of the companies within the Group for any reason whatsoever;

b) upon the bankruptcy of the participant or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such option; or

c) in the event of misconduct on the part of the participant, as determined by the Committee.

Activities under the ESOS

The number of unissued ordinary shares of the Company under option in relation to the ZICO Holdings ESOS outstanding at the end of the financial year was as follows:

Exercise price	Grant date	Exercise period	2021 Number of options
S$0.24	31 October 2014	1 November 2016 to 30 October 2024	3,300,000

The table below summarises the number of options that were outstanding, their weighted average exercise price as at the end of the financial year as well as the movements during the financial year.

	2021 Number of options	2021 Weighted average exercise price S$
Outstanding at 1 January/31 December	**3,300,000**	**0.24**
Exercisable at 31 December	**3,300,000**	**0.24**

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Share options (continued)

ZICO Holdings Employee Share Option Scheme (continued)

Activities under the ESOS (continued)

The following table summarises information about directors' share options outstanding as at 31 December 2021:

	No. of unissued ordinary shares of the Company under option				
	Granted in financial year ended 31.12.2021	**Aggregate granted since commencement of ESOS to 31.12.2021**	**Aggregate exercised since commencement of ESOS to 31.12.2021**	**Forfeited in financial year ended 31.12.2021**	**Aggregate outstanding as at 31.12.2021**
Directors of the Company					
Datuk Ng Hock Heng	–	200,000	–	–	200,000
Liew Foong Yuen (Resigned on 28 February 2021)	–	200,000	–	(200,000)*	–
Total	–	400,000	–	(200,000)	200,000

(a) Exercise price of S$0.24. Exercisable from 1 November 2016 to 30 October 2024.

* The unissued ordinary shares of 200,000 pursuant to the ESOS have been forfeited as a result of the resignation of the director during the financial year.

No participant has received 5% or more of the total number of shares under option available under the ESOS.

There were no options granted to (a) controlling shareholders and independent directors of the Company; (b) associates of the controlling shareholders; and (c) independent directors of its subsidiaries, from the commencement of the ESOS up to the end of the financial year.

No options were granted to directors and employees of the parent company and its subsidiaries as the Company does not have any parent company.

No options were granted during the financial year.

There were no options exercised during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries as at the end of the financial year except for those disclosed above.

Share awards

ZICO Holdings Performance Share Plan

In conjunction with the Company's listing on the Catalist of SGX-ST, the Group adopted the ZICO Holdings Performance Share Plan which was approved at the Company's extraordinary general meeting held on 19 September 2014. The PSP is administered by the Remuneration Committee comprising Mr Chew Liong Kim, Mr John Lim Yew Kong and Dato' T. Jasudasen. The PSP provides for the grant of incentive share awards to employees and directors.

The selection of participants and number of shares which are subject of each award to be granted to a participant in accordance with the PSP shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Share awards (continued)

ZICO Holdings Performance Share Plan (continued)

Under the PSP, the total number of shares which may be delivered pursuant to the vesting of awards on any date, when added to the aggregate number of shares issued and/or issuable in respect of (a) all awards granted under the PSP; and (b) all other shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time.

The aggregate number of shares available to the controlling shareholders or associates of the controlling shareholder (including adjustments made) shall not exceed 25% of the shares available under the PSP. The number of shares that are available to each controlling shareholder or associates of the controlling shareholder under the PSP shall not exceed 10% of the shares available under the PSP.

Notwithstanding that a participant may have met his performance targets, no awards shall be vested:

(a) upon the bankruptcy of the participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such award;

(b) in the event of any misconduct on the part of the participant as determined by the Committee in its discretion;

(c) subject to the rules of the PSP, upon the participant ceasing to be in the employment of the Group for any reason whatsoever; or

(d) in the event that the Committee shall, at its discretion, deem it appropriate that such award to be given to a participant shall so lapse on the grounds that any of the objectives of the PSP have not been met.

As at 31 December 2021, there were Nil unissued ordinary shares and 8,789,779 issued ordinary shares granted pursuant to the PSP.

Activities under the PSP

The following table summarises information about directors' share awards outstanding as at 31 December 2021:

	No. of unissued ordinary shares of the Company under award			
	Granted in financial year ended 31.12.2021	Aggregate granted since commencement of PSP to 31.12.2021	Aggregate vested since commencement of PSP to 31.12.2021	Aggregate outstanding as at 31.12.2021
Directors of the Company				
Chew Seng Kok	–	300,000	(300,000)	–
Datuk Ng Hock Heng	–	530,000	(530,000)	–
Liew Foong Yuen (Resigned on 28 February 2021)	–	530,000	(530,000)	–
Chew Liong Kim	–	300,000	(300,000)	–
John Lim Yew Kong	–	300,000	(300,000)	–
Dato' T. Jasudasen	–	240,000	(240,000)	–
Total	–	**2,200,000**	**(2,200,000)**	–

No participant has received 5% or more of the total number of shares available under the PSP.

During the financial year under review, there were no shares granted pursuant to the PSP to the controlling shareholders of the Company and their associates.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Audit and Risk Committee

The members of the Audit and Risk Committee at the end of the financial year were as follows:

John Lim Yew Kong (Chairman)
Chew Liong Kim
Dato' T. Jasudasen

All members of the Audit and Risk Committee were non-executive and independent directors except for Chew Liong Kim who was a non-executive and a non-independent director.

The Audit and Risk Committee carried out its functions and reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2021 before their submission to the Board of Directors.

The Audit and Risk Committee has recommended to the Board that the independent auditor, Baker Tilly TFW LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Auditors

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Chew Seng Kok
Director

Datuk Ng Hock Heng
Director

8 April 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZICO HOLDINGS INC.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ZICO Holdings Inc. (the "Company") and its subsidiaries (the "Group") as set out on pages 55 to 143 which comprise the balance sheets of the Group and of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Recoverability of trade and other receivables and contract assets

As disclosed in Note 21 to the financial statements, the Group had gross trade and other receivables and contract assets of RM103.4 million against which loss allowance of RM8.8 million were recognised in accordance with IFRS 9 *Financial Instruments*. The carrying amount of trade and other receivables and contract assets of RM94.6 million represented 54% of the Group's total assets. This mainly comprised trade and non-trade amounts due from ZICOlaw network firms amounting to RM44.6 million and RM15.5 million respectively. The remaining RM34.5 million comprised RM17.1 million of trade receivables and contract assets from other third parties, RM11.5 million of non-trade amounts due from associated companies and RM5.9 million of deposits and other receivables.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZICO HOLDINGS INC.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

1. Recoverability of trade and other receivables and contract assets (continued)

The assessment of recoverability of trade and other receivables and contract assets is considered a key audit matter as it requires the application of significant estimates and judgements by management and trade and other receivables and contract assets is significant to the Group's total assets.

For trade receivables and contract assets, the Group applied the simplified approach and determined the lifetime expected credit loss ("ECL"). The Group determined the ECL of trade receivables by segregating trade receivables from 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 applied the general 3-step approach in the determination of ECL for non-trade amounts due from ZICOlaw network firms and associated companies and other receivables.

The significant estimates and judgements applied in the assessment of recoverability of trade and other receivables and contract assets are disclosed in Note 3.2 and Note 34.1 to the financial statements.

Our procedures to address the key audit matter

We obtained an understanding of the Group's credit policy, credit assessment procedures, factors for determination of default event and recoverability assessment for trade and other receivables and contract assets. We tested the aging of trade receivables at year end on a sample basis and evaluated and challenged the reasonableness of management's estimates and judgements applied in the provision matrix including management's determination of historical credit loss rates and management's consideration of forward-looking information.

We have also evaluated and challenged management's assessment of loss given default and probability of default for trade and non-trade amounts due from ZICOlaw network firms, non-trade amounts due from associated companies, contract assets and other receivables. For ZICOlaw network firms, we checked that the scheduled repayments for the current financial year based on the previous year's repayment plan have been met by checking payments received during the financial year. We also reviewed the historical payment trend, obtained written confirmations on their revised repayment plan, reviewed the letter of undertaking by a third party and assessed the ability of the third party to provide the undertaking. For non-trade amounts due from associated companies, we assessed the recoverability with reference to the future cashflows, business plans and relevant supporting documents for the associated companies provided by management. For contract assets, we discussed with management on their credit impairment assessment of the customer, and reviewed the historical payment trend.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZICO HOLDINGS INC.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. Impairment assessment of goodwill

As at 31 December 2021, the carrying amount of goodwill amounted to RM22.9 million (2020: RM22.6 million). Goodwill had been allocated to certain cash-generating units ("CGUs") as disclosed in Note 15 to the financial statements. Management has performed impairment assessment to determine the value-in-use of the respective CGUs taking into account current market conditions.

Impairment assessment of goodwill is considered a key audit matter due to the significance of the assets to the Group's consolidated balance sheet and the key estimation involved in the determination of the value-in-use of the CGUs by management. The key estimation relates to the revenue growth rate of the CGUs, pre-tax weighted average cost of capital and terminal growth rate applied to future cash flow projections as disclosed in Note 3.2 and Note 15 to the financial statements.

Our procedures to address the key audit matter

We obtained an understanding of management's impairment assessment process.

We assessed the key estimates applied in the value-in-use calculations by comparing the cash flow projections to historical data, existing contracts and market trends. We also compared current year actual results to prior year forecast where relevant to assess the reliability of management's estimates. We assessed the sensitivity of the key estimates on the impairment assessment based on reasonably possible changes in the key estimates. We involved our internal valuation specialists in assessing the reasonableness of the terminal growth rates and pre-tax weighted average cost of capital used. We recomputed the comparison between the recoverable amounts based on value-in-use calculation and the carrying value of the CGU in which goodwill is attributable to.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2021, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZICO HOLDINGS INC.

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZICO HOLDINGS INC.

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Guo Shuqi.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

8 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	2020 RM'000
Revenue	4	**69,032**	64,217
Other item of income			
Other income	5	**8,183**	9,150
Other gains and (losses)			
- Others	6	**6,516**	(176)
- Loss allowance on trade and other receivables and contract assets	34.1	**(3,764)**	(5,442)
Items of expenses			
Amortisation and depreciation expenses	7	**(10,309)**	(9,202)
Employee benefits expense	8	**(49,016)**	(49,537)
Operating lease expenses		**(452)**	(1,121)
Retainer fees and consultancy fees		**(5,627)**	(5,820)
Other expenses	9	**(9,583)**	(9,030)
Finance costs	10	**(1,768)**	(2,184)
		3,212	(9,145)
Share of results of associated companies, net of tax		**48**	40
Share of results of joint venture, net of tax		**2,320**	3,094
Profit/(loss) before income tax		**5,580**	(6,011)
Income tax (expense)/credit	11	**(3,592)**	155
Profit/(loss) for the financial year		**1,988**	(5,856)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences arising on consolidation	26	**539**	67
Items that will not be reclassified subsequently to profit or loss:			
Net fair value change on financial assets, at FVOCI	27	**(921)**	(1)
Foreign currency translation differences arising on consolidation	26	**401**	83
Other comprehensive income, net of tax		**19**	149
Total comprehensive income/(loss) for the financial year		**2,007**	(5,707)
Profit/(loss) attributable to:			
Owners of the parent		**882**	(7,406)
Non-controlling interests		**1,106**	1,550
		1,988	(5,856)
Total comprehensive income/loss attributable to:			
Owners of the parent		**500**	(7,340)
Non-controlling interests		**1,507**	1,633
		2,007	(5,707)
Earnings/(losses) per share	12		
- Basic (RM)		**0.003**	(0.023)
- Diluted (RM)		**0.003**	(0.023)

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
ASSETS					
Non-current assets					
Plant and equipment	13	**2,012**	3,893	**52**	55
Right-of-use assets	14	**1,957**	7,078	**132**	443
Intangible assets	15	**30,315**	33,126	**606**	1,040
Investments in subsidiaries	16	**–**	–	**40,536**	39,102
Investments in associated companies	17	**46**	39	**2**	2
Investment in joint venture	18	**12,309**	13,014	**9,501**	9,336
Investments	19	**3,981**	2,312	**–**	–
Deferred income tax assets	20	**8,548**	9,384	**–**	–
Prepayments		**958**	–	**–**	–
Trade and other receivables	21	**51,686**	56,466	**70,841**	70,022
		111,812	125,312	**121,670**	120,000
Current assets					
Trade and other receivables	21	**37,176**	34,570	**34,977**	44,039
Contract assets	4(b)	**5,799**	7,962	**–**	–
Prepayments		**631**	652	**59**	89
Current income tax recoverable		**221**	240	**–**	–
Cash and cash equivalents	22	**18,169**	13,125	**990**	290
Other current assets	23	**3,068**	3,414	**6**	5
		65,064	59,963	**36,032**	44,423
Total assets		**176,876**	185,275	**157,702**	164,423
EQUITY AND LIABILITIES					
Equity					
Share capital	24	**95,314**	95,014	**95,314**	95,014
Share-based reserve	25	**2,106**	2,350	**2,106**	2,350
Currency translation reserve	26	**982**	443	**12,297**	10,130
Fair value reserve	27(a)	**(2,067)**	(2,019)	**–**	–
Capital reserve	27(b)	**(458)**	(432)	**–**	–
Retained earnings		**9,306**	9,297	**9,510**	10,084
Equity attributable to owners of the parent		**105,183**	104,653	**119,227**	117,578
Non-controlling interests	16	**1,103**	584	**–**	–
Total equity		**106,286**	105,237	**119,227**	117,578
Non-current liabilities					
Interest-bearing liabilities	28	**9,819**	6,757	**9,819**	6,757
Lease liabilities	14	**246**	3,775	**–**	–
Provisions	30	**341**	230	**–**	–
Deferred income tax liabilities	20	**709**	1,365	**–**	–
		11,115	12,127	**9,819**	6,757
Current liabilities					
Trade and other payables	29	**14,708**	14,729	**2,786**	7,321
Interest-bearing liabilities	28	**36,026**	42,553	**25,640**	32,065
Lease liabilities	14	**1,837**	5,376	**145**	618
Contract liabilities	4(b)	**2,377**	2,462	**–**	–
Provisions	30	**20**	20	**–**	–
Current income tax payable		**4,507**	2,771	**85**	84
		59,475	67,911	**28,656**	40,088
Total liabilities		**70,590**	80,038	**38,475**	46,845
Total equity and liabilities		**176,876**	185,275	**157,702**	164,423

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Share capital RM'000	Share-based reserve RM'000	Currency translation reserve RM'000	Fair value reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to equity holders of the Company								
2021										
Balance as at 1 January 2021		95,014	2,350	443	(2,019)	(432)	9,297	104,653	584	105,237
Profit for the financial year		–	–	–	–	–	882	882	1,106	1,988
Other comprehensive (loss)/income for the financial year:										
Net fair value changes on financial assets, at FVOCI	27	–	–	–	(921)	–	–	(921)	–	(921)
Foreign currency translation differences arising on consolidation	26	–	–	539	–	–	–	539	401	940
Total comprehensive income/(loss) for the financial year		–	–	539	(921)	–	882	500	1,507	2,007
Transfer upon disposal of financial assets, at FVOCI		–	–	–	873	–	(873)	–	–	–
Contributions by and distributions to owners of the parent:										
Exercise of share awards	25	300	(300)	–	–	–	–	–	–	–
Grant of share awards	25	–	92	–	–	–	–	92	–	92
Forfeiture of share awards	25	–	(36)	–	–	–	–	(36)	–	(36)
Total transactions with owners of the parent		300	(244)	–	–	–	–	56	–	56
Transactions with non-controlling interests:										
Dividends paid		–	–	–	–	–	–	–	(1,014)	(1,014)
Changes in ownership interest in subsidiary that do not result in loss of control	16(d)	–	–	–	–	(26)	–	(26)	26	–
Total transactions with non-controlling interests		–	–	–	–	(26)	–	(26)	(988)	(1,014)
Balance as at 31 December 2021		**95,314**	**2,106**	**982**	**(2,067)**	**(458)**	**9,306**	**105,183**	**1,103**	**106,286**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Share capital RM'000	Share-based reserve RM'000	Currency translation reserve RM'000	Fair value reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		← Attributable to equity holders of the Company →								
2020										
Balance as at 1 January 2020		94,328	2,882	376	(2,018)	–	16,703	112,271	(1,618)	110,653
Loss for the financial year		–	–	–	–	–	(7,406)	(7,406)	1,550	(5,856)
Other comprehensive (loss)/income for the financial year:										
Fair value loss on financial assets, at FVOCI	27	–	–	–	(1)	–	–	(1)	–	(1)
Foreign currency translation differences arising on consolidation	26	–	–	67	–	–	–	67	83	150
Total comprehensive income/(loss) for the financial year		–	–	67	(1)	–	(7,406)	(7,340)	1,633	(5,707)
Contributions by and distributions to owners of the parent:										
Exercise of share awards	25	686	(686)	–	–	–	–	–	–	–
Grant of share awards	25	–	237	–	–	–	–	237	–	237
Forfeiture of share awards	25	–	(83)	–	–	–	–	(83)	–	(83)
Total transactions with owners of the parent		686	(532)	–	–	–	–	154	–	154
Changes in ownership interest in subsidiaries:										
Changes in ownership interest in subsidiaries that do not result in loss of control	16(d)	–	–	–	–	(432)	–	(432)	569	137
Total transactions with non-controlling interests		–	–	–	–	(432)	–	(432)	569	137
Balance as at 31 December 2020		95,014	2,350	443	(2,019)	(432)	9,297	104,653	584	105,237

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	2020 RM'000
Cash flows from operating activities			
Profit/(loss) before tax		**5,580**	(6,011)
Adjustments for:			
Loss allowance on trade and other receivables and contract assets		**3,764**	5,442
Amortisation and depreciation expenses		**10,309**	9,202
Impairment loss on intangible assets		**5**	239
Interest income		**(1,792)**	(1,488)
Interest expense		**1,753**	2,105
Gain on termination of leases		**(973)**	–
Gain on transfer of business and assets		**(5,981)**	–
Plant and equipment written off		**10**	–
Loss on disposal of plant and equipment		**–**	18
Provisions		**105**	(5)
Share of results of associated companies, net of tax		**(48)**	(40)
Share of results of joint venture, net of tax		**(2,320)**	(3,094)
Unrealised loss/(gain) on foreign exchange, net		**342**	(44)
Share-based payment expense		**56**	154
Operating cash flows before working capital changes		**10,810**	6,478
Working capital changes:			
Trade and other receivables		**(1,146)**	(1,822)
Prepayments		**(937)**	(243)
Trade and other payables		**238**	(5,531)
Cash generated from/(used in) operations		**8,965**	(1,118)
Income tax paid		**(1,772)**	(1,199)
Net cash provided by/(used in) operating activities		**7,193**	(2,317)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000
Investing activities			
Advances to associated companies		**(555)**	(788)
Advances to third parties		–	(65)
Capital contribution from non-controlling interest in a subsidiary	16(d)	–	137
Dividends received		**4,531**	1,496
Proceeds from transfer of business and assets		**6,528**	–
Interest received		**81**	52
Proceeds from disposal of financial assets, FVOCI		**1,362**	89
Purchase of plant and equipment		**(354)**	(139)
Purchase of intangible assets		**(56)**	(130)
Net cash provided by investing activities		**11,537**	652
Financing activities			
Dividends paid to non-controlling interests		**(1,014)**	–
Interest paid		**(1,753)**	(2,105)
Repayments of revolving credit facilities		**(6,770)**	(4,680)
Proceeds from term loan facility		**6,179**	7,038
Repayment of term loan facility		**(3,455)**	(536)
Repayment of lease liabilities		**(6,552)**	(4,409)
Net cash used in financing activities		**(13,365)**	(4,692)
Net changes in cash and cash equivalents		**5,365**	(6,357)
Cash and cash equivalents at beginning of financial year	22	**4,644**	10,950
Effect of exchange rate changes on cash and cash equivalents		**(138)**	51
Cash and cash equivalents at end of financial year	22	**9,871**	4,644

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Reconciliation of liabilities arising from financing activities:

	Lease liabilities RM'000	Revolving credit facilities RM'000	Term Loan ("TL") facility RM'000	Total RM'000
2021				
Balance at 1 January 2021	9,151	30,841	9,988	49,980
Changes from financing cash flows:				
- Drawdown	–	–	6,179	6,179
- Repayments	(6,552)	(6,770)	(3,455)	(16,777)
- Interest paid	(488)	(674)	(400)	(1,562)
Non-cash changes:				
- Interest expense	488	674	400	1,562
- Additions of new leases	2,865	–	–	2,865
- Termination of leases	(4,207)	–	–	(4,207)
- Modification of lease liabilities	694	–	–	694
Effect of changes in foreign exchange rates	132	589	175	896
Balance at 31 December 2021	**2,083**	**24,660**	**12,887**	**39,630**
2020				
Balance at 1 January 2020	13,785	35,543	3,417	52,745
Changes from financing cash flows:				
- Drawdown	–	–	7,038	7,038
- Repayments	(4,409)	(4,680)	(536)	(9,625)
- Interest paid	(658)	(960)	(316)	(2,105)
Non-cash changes:				
- Interest expense	658	960	316	2,105
Effect of changes in foreign exchange rates	(225)	(22)	69	(178)
Balance at 31 December 2020	9,151	30,841	9,988	49,980

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General 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 8 Robinson Road, #03-00 ASO Building, Singapore 048544.

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

The principal activities of the subsidiaries are set out in Note 16.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

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 Revenue recognition

Ad hoc services

The Group provides ad hoc services that include business and management consultancy services, corporate finance advisory services, tax administration, payroll and accounting support services. The Group is compensated for these services in the form of a fee which is payable based on event-based milestones, at the end of the project or on a monthly basis. At contract inception, the Group will analyse the scope of works required and assess whether the revenue is to be recognised over time or at a point in time by determining if the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Where the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, such services are recognised as performance obligation satisfied over time by reference to the Group's progress towards completing the performance obligations. Where the fee payable is based on event-based milestones, the measure of progress is determined based on the milestones achieved that corresponds directly with the value to customer of the Group's performance completed to date. Where the fee is payable on a monthly basis, revenue is recognised at the end of each period for the fees associated with the services performed. It is common for the contract to include success fee clauses, where the fee is only payable on the successful execution of a specific milestone (such as the completion of a successful IPO). Success fee is included as revenue to the extent that it is highly probable that a significant reversal of the revenue will not occur when the uncertainty associated with the variable consideration is resolved. For contracts where the performance obligation is not satisfied over time, revenue is only recognised when the performance obligation is fulfilled. The customers are required to pay within 14 to 60 days from the invoice date. No element of financing is deemed present.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

Retainer services

The Group provides retainer services such as corporate secretarial, share registrar, trustee, continuing sponsorship and business support services. The Group is compensated for services through a monthly, quarterly or half yearly fee earned based on the promised consideration in the relevant agreements. All these services represent a series of distinct daily services rendered over time and such services are recognised as a performance obligation satisfied over time as the Group transfers the benefit of the services to the customer as it performs. Consistent with the transfer of control for distinct and daily services to the customers, revenue is recognised at the end of each period for the fees associated with the services performed. The billing cycle varies with each client. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. A contract liability is recognised when the Group has not yet performed under the contract but receives advanced payments from the customer. The customers are required to pay within 14 to 60 days from the invoice date. No element of financing is deemed present.

Royalty income

The Group earns royalties arising from the use by others of the Group's intellectual property. The sales-based royalties (royalties based upon a specified percentage of customer's revenue) are recognised as revenue as the subsequent usage occurs.

Management fee income

The Group provides business and management consultancy services to customers. Such services are recognised as a performance obligation satisfied over time as management services are performed. The customers are required to pay within 14 to 60 days from the invoice date. A receivable is recognised as the consideration is unconditional and only passage of time is required before the payment is due. No element of financing is deemed present as the consideration is repayable on demand.

Other income

Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the term of the relevant lease.

2.3 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

a) ***Defined contribution plans***

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee benefits expense when they are due.

2. Significant accounting policies (continued)

2.3 Employee benefits (continued)

b) *Defined benefit plans*

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period when they arise. The experience adjustments are not to be reclassified to profit or loss in a subsequent period.

Past service costs are recognised immediately in profit or loss.

c) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

d) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (continued)

2.4 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.5 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (continued)

2.6 Group accounting

a) *Subsidiaries*

i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets - Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (continued)

2.6 Group accounting (continued)

a) *Subsidiaries (continued)*

iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, associated companies, and joint ventures" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

c) *Associated companies and joint ventures*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (continued)

2.6 Group accounting (continued)

c) *Associated companies and joint ventures (continued)*

ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income.

Dividend received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint ventures equals to or exceeds its interest in the associated company or joint ventures, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint ventures. If the associated company or joint ventures subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company or joint venture includes any long-term loans for which settlement is neither planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint ventures" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2. Significant accounting policies (continued)

2.7 Plant and equipment

a) *Measurement*

i) Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

ii) Components of costs

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

b) *Depreciation*

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Motor vehicles	5
Computer hardware	3
Office equipment	$6\,^{2}/_{3}$
Leasehold improvement	1 to 10

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each financial year-end. The effects of any revision are recognised in profit or loss when the changes arise.

c) *Subsequent expenditure*

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

d) *Disposal*

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.8 Intangible assets

a) *Goodwill*

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (continued)

2.8 Intangible assets (continued)

a) *Goodwill (continued)*

Goodwill on acquisitions of joint ventures and associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on joint ventures and associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

b) *Acquired trademarks*

Trademarks acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 40 years.

c) *Customer relationships*

Customer relationships are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 13.7 years.

d) *Acquired computer software licences*

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 5 years.

e) *Customer acquisition costs*

Customer acquisition costs are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 8 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.9 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (continued)

2.10 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.11 Impairment of non-financial assets

a) ***Goodwill***

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

b) ***Intangible assets***
Plant and equipment
Investments in subsidiaries, associated companies and joint ventures
Investments - Corporate club membership
Right-of-use assets

Intangible assets, plant and equipment, investments in subsidiaries, associated companies, joint ventures, investments - corporate club membership and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

2. Significant accounting policies (continued)

2.11 Impairment of non-financial assets (continued)

b) ***Intangible assets***
Plant and equipment
Investments in subsidiaries, associated companies and joint ventures
Investments - Corporate club membership
Right-of-use assets (continued)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.12 Financial assets

Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income ("FVOCI").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables (excluding grant receivables) and other current assets.

Based on the Group's business model for managing the asset and the cash flow characteristics of the asset, the Group subsequently measures all its debt instruments at amortised cost.

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

2. Significant accounting policies (continued)

2.12 Financial assets (continued)

Classification and measurement (continued)

At subsequent measurement (continued)

ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. The Group has elected to recognise the changes in fair value of equity investments not held for trading in other comprehensive income as these are strategic investments and the Group considered this to be more relevant. Movement in fair values of investments classified as FVOCI are presented as “net fair value change on financial assets, FVOCI” in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as “dividend income”.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained earnings along with the amount previously recognised in other comprehensive income relating to that asset.

2.13 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. Significant accounting policies (continued)

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.16 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. Significant accounting policies (continued)

2.16 Leases (continued)

When a Group entity is the lessee (continued)

Lease liabilities (continued)

The lease liability is presented as a separate line in the balance sheets.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of use assets are presented as a separate line in the balance sheets.

The Group applies IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.11(b).

As a practical expedient, IFRS 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has applied this practical expedient of its leases of office units.

When a Group entity is the lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

2.17 Provisions

Provisions for reinstatement are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The Group recognises the estimated costs of reinstatement arising from use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value. Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related asset unless the decrease in liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.18 Currency translation

a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is Singapore Dollar. The financial statements are presented in Ringgit Malaysia as a significant portion of operations of the Group is in Malaysia.

b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (continued)

2.18 Currency translation (continued)

c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities are translated at the closing exchange rates at the reporting date;

ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions and fixed deposits net of fixed deposits pledged, which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.21 Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (continued)

2.23 Financial guarantees

A subsidiary of the Company has issued corporate guarantees to a bank for bank borrowings of its associated company. These guarantees are financial guarantees as they require the subsidiary of the Company to reimburse the banks if the associated company fails to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- The amount determined in accordance with the expected credit loss model under IFRS 9 *Financial Instruments*; and
- The amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 *Revenue from Contracts with Customers*.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associated company are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

3. Critical accounting estimates, assumptions and judgements

3.1 Critical judgements in applying the Group’s accounting policies

In the process of applying the Group’s accounting policies, which are described in Note 2, management has made the following judgement that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the subsequent paragraphs).

Going concern assumption

The Group’s net profit of RM1,988,000 (2020: net loss of RM5,856,000) for the financial year ended 31 December 2021 is attributable to one-off gain on transfer of business and assets of RM5,981,000. The Group’s net assets as at 31 December 2021 were RM106,286,000 (2020: RM105,237,000). Management continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months from the date of authorisation of these financial statements and that going concern basis of preparation of these financial statements remains appropriate.

Whist the outbreak of the COVID-19 pandemic continues to impact the Group’s financial performance during the financial year, the Group has cash and cash equivalents of RM18,169,000 (2020: RM13,125,000) as at 31 December 2021. The Group’s liquidity position has improved with a positive net cash generated from operating activities of RM7,193,000 for the financial year ended 31 December 2021 versus a negative position in 2020 (2020: negative RM2,317,000).

3. Critical accounting estimates, assumptions and judgements (continued)

3.1 Critical judgements in applying the Group's accounting policies (continued)

Going concern assumption (continued)

The appropriateness of the going concern basis of accounting is dependent on the continued availability of borrowings by compliance with loan covenants, the cash flows generated from operations and the Company's plans to strengthen its capital base going forward. As at the date of authorisation of these financial statements, the directors are satisfied that the Group will be able to comply with its covenant requirements.

Management has taken many mitigating actions to reduce costs, optimise the Group's cash flow and preserve liquidity inter alia:

- Focus on sustaining revenue streams;
- Reduce non-essential spending and capital expenditure;
- Right sizing of the Group's manpower requirements including remuneration adjustments where possible; and
- Right sizing and optimising office space requirements given the new normal of working from home.

After considering the effectiveness and viability of the mitigating actions described above, the directors believe that they have adequate resources to continue its operations as a going concern.

Based on the above factors, the financial statements have been prepared on a going concern basis.

3.2 Critical accounting estimates and assumptions

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. Details of the impairment assessment, sensitivity analysis and the carrying value of the Group's goodwill are disclosed and further explained in Note 15.

3. Critical accounting estimates, assumptions and judgements (continued)

3.2 Critical accounting estimates and assumptions (continued)

Impairment on trade and other receivables and contract assets

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 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 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 ZICOlaw network firms, the Group determined the lifetime ECL, taking into consideration their recent business developments, the historical payment trend, the revised repayment plan following the negotiated letter of undertaking as disclosed in Note 34.1, the creditworthiness of 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 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.

The carrying amount of trade receivables and other receivables (including contract assets) is disclosed in Note 21. Details of ECL measurement of trade and other receivables are disclosed in Note 34.1.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Critical accounting estimates, assumptions and judgements (continued)

3.2 Critical accounting estimates and assumptions (continued)

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 pre-tax weighted average cost of capital, in order to determine the present value of those cash flows. The carrying amount of investments in subsidiaries is disclosed in Note 16.

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 unit, 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; and
- Otherwise, the Group considers other factors including its historical lease periods and the costs and business disruption required to replace the leased asset.

As at 31 December 2021, potential future cash outflows of RM1,285,000 (2020: RM9,839,000) (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

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. The carrying amount of the deferred income tax assets is disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. Revenue

a) Disaggregation of revenue from contracts with customers

	At a point in time RM'000	Over time RM'000	Total RM'000
2021			
Management fees			
- Singapore	–	1,614	1,614
- Malaysia	–	1,400	1,400
- Indonesia	–	21	21
- Others	–	624	624
	–	**3,659**	**3,659**
Advisory and transactional services			
- Singapore	5,684	26,278	31,962
- Malaysia	6,397	5,405	11,802
- Thailand	157	2,879	3,036
- Indonesia	1,250	4,098	5,348
- China	89	502	591
- Hong Kong	201	1,070	1,271
- United States of America	306	767	1,073
- Others	1,879	4,300	6,179
	15,963	**45,299**	**61,262**
Royalty income			
- Singapore	–	541	541
- Malaysia	–	2,669	2,669
- Indonesia	–	210	210
- Others	–	691	691
	–	**4,111**	**4,111**
Total	**15,963**	**53,069**	**69,032**

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. Revenue (continued)

a) Disaggregation of revenue from contracts with customers (continued)

	At a point in time RM'000	Over time RM'000	Total RM'000
2020			
Management fees			
- Singapore	–	68	68
- Malaysia	–	4,359	4,359
- Indonesia	–	443	443
- Others	–	624	624
	–	5,494	5,494
Advisory and transactional services			
- Singapore	4,981	18,080	23,061
- Malaysia	5,280	7,684	12,964
- Thailand	247	2,357	2,604
- Indonesia	303	5,262	5,565
- China	316	640	956
- Hong Kong	435	715	1,150
- United States of America	375	794	1,169
- Others	2,929	4,050	6,979
	14,866	39,582	54,448
Royalty income			
- Singapore	–	297	297
- Malaysia	–	3,071	3,071
- Indonesia	–	518	518
- Others	–	389	389
	–	4,275	4,275
Total	14,866	49,351	64,217

b) Contract assets and liabilities

	Group		
	31.12.2021 RM'000	31.12.2020 RM'000	1.1.2020 RM'000
Contract assets			
- Advisory and transactional services	**7,003**	8,554	7,422
Less: Loss allowance	**(1,204)**	(592)	–
Total contract assets	**5,799**	7,962	7,422
Contract liabilities			
- Advisory and transactional services	**2,377**	2,462	2,756

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. Revenue (continued)

b) Contract assets and liabilities (continued)

Contract assets relate to advisory and transactional services contracts. The contract assets balance decreased (2020: increased) as the Group provided fewer (2020: more) services ahead of the agreed payment schedules. The Group recognised a loss allowance of RM612,000 (2020: RM592,000) for contract assets during the financial year.

Contract liabilities for service rendered has decreased due to fewer contracts in which the Group billed and received consideration ahead of the provision of services.

i) Revenue recognised in relation to contract liabilities

	Group	
	2021	2020
	RM'000	RM'000
Revenue recognised in current financial year that was included in the contract liabilities balance at the beginning of the financial period		
- Advisory and transactional services	**2,462**	2,756

5. Other income

	Group	
	2021	2020
	RM'000	RM'000
Disbursement income	**3,124**	1,874
Interest income on financial assets measured at amortised cost		
- ZICOlaw network firms	**1,318**	955
- Associated companies	**393**	505
- Bank deposits	**81**	28
Rental income		
- Office premises	**1,286**	1,793
Government grant income (Note A)	**1,186**	3,233
Others	**795**	762
	8,183	9,150

Note A

Included in Government grant income recognised during the financial year was RM431,000 (2020: RM2,325,000) relating to the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees. The JSS is a temporary scheme introduced in the Singapore Budget 2020 and had been extended up to 2021 by the Government.

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6. Other gains and (losses) - Others

	Group	
	2021	2020
	RM'000	RM'000
Plant and equipment written off	**(10)**	–
Gain on transfer of business and assets*	**5,981**	–
Gain on termination of leases	**973**	–
Unrealised (loss)/gain on foreign exchange, net	**(342)**	44
Realised foreign exchange loss, net	**(86)**	(78)
Others	**–**	(142)
	6,516	(176)

* On 27 July 2021, two subsidiaries of the Group entered into business transfer agreements with a third party for the sale of their support and regional management services business provided to the various law firms of the ZICOlaw network for a total consideration of RM6,528,000. Pursuant to the business transfer agreements, the Group transferred computer software with a net carrying amount of RM547,000 to the third-party purchaser and accordingly, recorded a gain on transfer of business and assets of RM5,981,000.

7. Amortisation and depreciation expenses

	Group	
	2021	2020
	RM'000	RM'000
Amortisation of intangible assets (Note 15)	**2,719**	3,026
Depreciation of plant and equipment (Note 13)	**2,257**	1,141
Depreciation of right-of-use assets (Note 14)	**5,333**	5,035
	10,309	9,202

8. Employee benefits expense

	Group	
	2021	2020
	RM'000	RM'000
Salaries, wages, bonuses and other short-term staff benefits	**45,381**	45,790
Contributions to defined contribution plans	**3,579**	3,593
Share-based payments (Note 25)	**56**	154
	49,016	49,537

Included in the employee benefits expense were the remuneration of directors of the Company and other key management personnel of the Group as set out in Note 32(b).

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9. Other expenses

	Group	
	2021	2020
	RM'000	RM'000
Audit fees		
- auditors of the Company	**355**	279
- other auditors*	**397**	319
Fees for non-audit services paid to		
- auditors of the Company	–	–
- other auditors*	**49**	–
Disbursements	**127**	270
Impairment loss on intangible assets	**5**	239
Loss on disposal of plant and equipment	–	18
Postage and courier charges	**310**	947
Printing and stationery	**408**	563
Travelling and entertainment	**252**	338
Insurance	**1,050**	1,001
Maintenance and upkeep of office	**240**	232
IT maintenance	**1,124**	764
Professional fee	**141**	137
Secretarial fee	**280**	215
Registration and processing	**1,234**	765
Others	**3,611**	2,943
	9,583	9,030

* Includes independent member firms of the Baker Tilly International network.

10. Finance costs

	Group	
	2021	2020
	RM'000	RM'000
Interest on lease liabilities	**488**	658
Revolving credit facility ("RCF") charges	**674**	960
Overdraft charges	**191**	171
Term loan ("TL") charges	**400**	316
Others	**15**	79
	1,768	2,184

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11. Income tax expense/(credit)

	Group	
	2021	2020
	RM'000	RM'000
Tax expense/(credit) attributable to profit/(loss) is made up of:		
- Current income tax	**2,372**	810
- Deferred income tax (Note 20)	**715**	(1,739)
	3,087	(929)
Under/(over) provision in prior financial years		
- Current income tax	**446**	268
- Deferred income tax (Note 20)	**(554)**	(277)
	(108)	(9)
Withholding tax	**613**	783
	3,592	(155)

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the domestic statutory income tax rates applicable to the countries where the Group operates due to the following factors:

	Group	
	2021	2020
	RM'000	RM'000
Profit/(loss) before income tax	**5,580**	(6,011)
Share of results of associated companies, net of tax	**(48)**	(40)
Share of results of joint venture, net of tax	**(2,320)**	(3,094)
Profit/(loss) before tax and share of results of associated companies and joint venture	**3,212**	(9,145)
Income tax expense calculated at the applicable tax rates in the respective countries	**977**	(2,775)
Effects of:		
- tax incentives	**–**	(24)
- expenses not deductible for tax purposes	**2,994**	2,365
- income not subject to tax	**(2,946)**	(1,176)
- income tax exemption	**(261)**	(158)
- over provision of tax in prior financial years	**(108)**	(9)
- deferred tax assets not recognised	**2,162**	958
- withholding tax	**613**	783
- others	**161**	(119)
Tax charge/(credit)	**3,592**	(155)

In accordance with the Labuan Business Activity Tax Act, 1990, the Company is carrying on an offshore business activity which is an offshore non-trading activity for the basis period for year of assessment and therefore shall not be charged to tax for that year of assessment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. Earnings/(losses) per share

Basic earnings/(losses) per share is calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2021	2020
Profit/(loss) attributable to owners of the parent (RM'000)	**882**	(7,406)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**326,618**	325,334
Basic earnings/(losses) per share (RM per share)	**0.003**	(0.023)

Basic earnings/(losses) per share and diluted earnings/(losses) per share are the same for the financial years ended 31 December 2021 and 31 December 2020 as the employee share options and share awards are anti-dilutive.

13. Plant and equipment

	Motor vehicles RM'000	Computer hardware RM'000	Office equipment RM'000	Leasehold improvement RM'000	Total RM'000
Group					
2021					
Cost					
Beginning of financial year	508	3,460	3,266	5,139	12,373
Additions	–	148	13	193	354
Write off	–	(24)	(25)	–	(49)
Currency translation differences	2	123	622	52	799
End of financial year	**510**	**3,707**	**3,876**	**5,384**	**13,477**
Accumulated depreciation					
Beginning of financial year	508	3,099	2,297	2,576	8,480
Depreciation charge	–	137	368	1,752	2,257
Write off	–	(24)	(15)	–	(39)
Currency translation differences	2	339	410	16	767
End of financial year	**510**	**3,551**	**3,060**	**4,344**	**11,465**
Net book value					
End of financial year	**–**	**156**	**816**	**1,040**	**2,012**

NOTES TO THE FINANCIAL STATEMENTS

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13. Plant and equipment (continued)

	Motor vehicles RM'000	Computer hardware RM'000	Office equipment RM'000	Leasehold improvement RM'000	Total RM'000
Group					
2020					
Cost					
Beginning of financial year	509	3,412	3,251	5,201	12,373
Additions	–	66	60	13	139
Disposals	–	–	(74)	–	(74)
Currency translation differences	(1)	(18)	29	(75)	(65)
End of financial year	508	3,460	3,266	5,139	12,373
Accumulated depreciation					
Beginning of financial year	509	2,939	1,925	2,071	7,444
Depreciation charge	2	190	412	537	1,141
Disposals	–	–	(56)	–	(56)
Currency translation differences	(3)	(30)	16	(32)	(49)
End of financial year	508	3,099	2,297	2,576	8,480
Net book value					
End of financial year	–	361	969	2,563	3,893

	Computer hardware RM'000	**Office equipment RM'000**	**Leasehold improvement RM'000**	**Total RM'000**
Company				
2021				
Cost				
Beginning of financial year	1	2	140	143
Additions	–	–	51	51
Currency translation differences	–	–	3	3
End of financial year	**1**	**2**	**194**	**197**
Accumulated depreciation				
Beginning of financial year	1	–*	87	88
Depreciation charge	–	1	55	55
Currency translation differences	–	–	1	1
End of financial year	**1**	**1**	**143**	**145**
Net book value				
End of financial year	–	**1**	**51**	**52**
2020				
Cost				
Beginning and end of financial year	1	2	140	143
Accumulated depreciation				
Beginning of financial year	1	–*	72	73
Depreciation charge	–	–*	15	15
End of financial year	1	–*	87	88
Net book value				
End of financial year	–	2	53	55

* Amount below RM1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. Plant and equipment (continued)

During the financial year, the Group conducted a review of the useful life of leasehold improvement following the negotiation of the office units lease renewal with the landlord prior to the end of the current lease term. The Group revised the estimated useful life of leasehold improvement from ten to between one to ten years, after reassessment of the expected average lease terms of the respective office units. The revision in estimate has been applied on a prospective basis from 1 January 2021. The effect of the above revision on depreciation charge in current and future periods is as follows:

	2021 RM'000	2022 RM'000	2023 RM'000	Subsequent years RM'000
Increase/(decrease) in depreciation expense	**1,241**	**(262)**	**(262)**	**(717)**

14. Right-of-use assets and lease liabilities

i) The Group as a lessee

Nature of the Group's and the Company's leasing activities

The Group's and the Company's leasing activities comprise the following:

i) The Group and the Company lease office units from non-related parties. The leases have an average tenure of between one to three years; and
ii) In addition, the Group leases certain office units and apartment with contractual terms of 12 months or below. These leases are short-term and the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 34.3.

Information about leases for which the Group and the Company are a lessee is presented below:

Amounts recognised in balance sheet

Carrying amount of right-of-use assets

	Group		Company	
	2021 RM'000	2020 RM'000	**2021 RM'000**	2020 RM'000
Office units	**1,957**	7,078	**132**	443

14. Right-of-use assets and lease liabilities (continued)

i) The Group as a lessee (continued)

Carrying amount of lease liabilities

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Current	**1,837**	5,376	**145**	618
Non-current	**246**	3,775	**–**	–
	2,083	9,151	**145**	618

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Additions to right-of-use assets	**2,865**	–	–	–

Amounts recognised in profit or loss

	Group	
	2021	2020
	RM'000	RM'000
Depreciation charge for the financial year		
Office units	**5,333**	5,035
Lease expense not included in the measurement of lease liabilities		
Lease expense - short-term leases	**452**	1,121
Interest expense on lease liabilities	**488**	658

Total cash flows for leases amounted to RM7,492,000 (2020: RM6,188,000).

Future cash outflow which are not capitalised in lease liabilities

Extension options

The leases of office units contain extension options, for which the related lease payments had not been included in the lease liabilities as the Group and the Company are not reasonably certain to extend the lease. These are used to maximise operational flexibility in terms of managing the assets used in the Group's and the Company's operations. The majority of extension option held are exercisable only by the Group and the Company.

Leases not yet commenced to which the lessee is committed

On 22 October 2021, a subsidiary of the Group entered into a 3-year lease to rent an office premise, of which the lease period will only commence in February 2022. The aggregate future cash outflows to which the subsidiary is exposed is fixed payment of RM608,306 per year, for the next three years. The lease includes an extension option by the subsidiary of three years, of which the subsidiary is currently not reasonably certain will exercise.

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15. Intangible assets

	Computer software RM'000	Goodwill RM'000	Trademark RM'000	Customer acquisition costs RM'000	Customer relationships RM'000	Total RM'000
Group						
2021						
Cost						
Beginning of financial year	14,031	22,567	2,000	3,772	7,840	50,210
Additions	56	–	–	–	–	56
Disposal (Note 6)	(1,000)	–	–	–	–	(1,000)
Currency translation differences	6	291	–	66	138	501
End of financial year	**13,093**	**22,858**	**2,000**	**3,838**	**7,978**	**49,767**
Accumulated amortisation and impairment						
Beginning of financial year	10,601	–	580	2,743	3,160	17,084
Amortisation	1,609	–	50	449	611	2,719
Disposal (Note 6)	(453)	–	–	–	–	(453)
Impairment loss	–	–	–	5	–	5
Currency translation differences	51	–	–	43	3	97
End of financial year	**11,808**	–	**630**	**3,240**	**3,774**	**19,452**
Representing:						
Accumulated amortisation	11,808	–	630	2,992	–	19,204
Accumulated impairment	–	–	–	248	–	248
	11,808	–	**630**	**3,240**	**3,774**	**19,452**
Net book value						
End of financial year	**1,285**	**22,858**	**1,370**	**598**	**4,204**	**30,315**
2020						
Cost						
Beginning of financial year	13,838	22,577	2,000	3,642	7,873	49,930
Additions	130	–	–	–	–	130
Currency translation differences	63	(10)	–	130	(33)	150
End of financial year	14,031	22,567	2,000	3,772	7,840	50,210
Accumulated amortisation and impairment						
Beginning of financial year	8,612	–	530	1,915	2,614	13,671
Amortisation	1,964	–	50	460	552	3,026
Impairment loss	–	–	–	239	–	239
Currency translation differences	25	–	–	129	(6)	148
End of financial year	10,601	–	580	2,743	3,160	17,084
Representing:						
Accumulated amortisation	10,601	–	580	2,504	3,160	16,845
Accumulated impairment	–	–	–	239	–	239
	10,601	–	580	2,743	3,160	17,084
Net book value						
End of financial year	3,430	22,567	1,420	1,029	4,680	33,126

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15. Intangible assets (continued)

	Computer software RM'000	Customer acquisition costs RM'000	Total RM'000
Company			
2021			
Cost			
Beginning of financial year	19	3,772	3,791
Currency translation differences	–	66	66
End of financial year	**19**	**3,838**	**3,857**
Accumulated amortisation			
Beginning of financial year	8	2,743	2,751
Amortisation	3	449	452
Impairment loss	–	5	5
Currency translation differences	–	43	43
End of financial year	**11**	**3,240**	**3,251**
Net book value			
End of financial year	**8**	**598**	**606**
2020			
Cost			
Beginning of financial year	19	3,642	3,661
Currency translation differences	–	130	130
End of financial year	19	3,772	3,791
Accumulated amortisation			
Beginning of financial year	4	1,915	1,919
Amortisation	4	458	462
Impairment loss	–	239	239
Currency translation differences	–	131	131
End of financial year	8	2,743	2,751
Net book value			
End of financial year	11	1,029	1,040

Trademark

The trademark is amortised on a straight-line basis over a period of forty years. Amortisation expense was included within "amortisation and depreciation expenses" in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

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15. Intangible assets (continued)

Goodwill

Goodwill is attributable mainly to the acquired workforce and marketing network and the synergies expected to be achieved from integrating the investees into the Group's existing businesses.

Impairment tests for goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGU") identified according to services provided by the entities and business segments as follows:

	Advisory and transactional services	
	2021	2020
	RM'000	RM'000
B.A.C.S. Private Limited ("B.A.C.S.")	**16,788**	16,497
ZICO Corporate Services Sdn. Bhd.	**1,216**	1,216
ZICO (Labuan) LLP	**964**	964
ZICOlaw Myanmar Limited	**500**	500
ZICOlaw (Laos) Sole Co., Ltd.	**316**	316
ZICO International Corporation	**26**	26
ZICOlaw (Thailand) Limited	**3,048**	3,048
	22,858	22,567

The recoverable amount of the CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the business in which the CGU operates.

Key estimates used for value-in-use calculations

	Group	
	2021	2020
	%	%
Revenue - Compound Annual Growth Rate		
B.A.C.S.	**7.64**	6.90
ZICO Corporate Services Sdn. Bhd.	**7.11**	6.40
ZICO (Labuan) LLP	**9.96**	(3.57)
ZICOlaw Myanmar Limited	**14.46**	10.36
ZICOlaw (Laos) Sole Co., Ltd.	**(29.86)**	6.00
ZICOlaw (Thailand) Limited	**(10.96)**	12.05

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15. Intangible assets (continued)

Goodwill (continued)

Key estimates used for value-in-use calculations (continued)

	Group	
	2021	2020
	%	%
Pre-tax weighted average cost of capital		
B.A.C.S.	**10.4**	12.8
ZICO Corporate Services Sdn. Bhd.	**13.2**	13.2
ZICO (Labuan) LLP	**13.2**	13.2
ZICOlaw Myanmar Limited	**20.3**	16.7
ZICOlaw (Laos) Sole Co., Ltd.	**19.6**	23.1
ZICOlaw (Thailand) Limited	**9.9**	9.9
Terminal growth rate		
B.A.C.S.	**2.0**	2.0
ZICO Corporate Services Sdn. Bhd.	**2.0**	2.0
ZICO (Labuan) LLP	**2.0**	2.0
ZICOlaw Myanmar Limited	**2.0**	2.0
ZICOlaw (Laos) Sole Co., Ltd.	**2.0**	2.0
ZICOlaw (Thailand) Limited	**2.0**	2.0

These assumptions were used for the analysis of each CGU within the business segment. Management determined revenue growth rates based on past performance and its expectations of the future business developments. These key inputs and assumptions were estimated by management based on prevailing market and economic conditions at the balance sheet date. The discount rates used were pre-tax and reflected specific risks relating to the relevant territories.

As at 31 December 2021 and 31 December 2020, the recoverable amounts of the CGUs were higher than the respective carrying amounts and thus, no impairment charge was recorded.

Sensitivity to changes in assumptions

For its goodwill attributable to B.A.C.S., ZICO Corporate Services Sdn. Bhd., ZICO (Labuan) LLP, ZICOlaw Myanmar Limited, ZICOlaw (Laos) Sole Co., Ltd. and ZICOlaw (Thailand) Limited, if the estimated revenue growth rate in year 2022 used in the value-in-use calculation had been 6.8, 38.0, 6.5, 17.0, 16.7 and 2.0 percentage point lower than management's estimates respectively, the respective recoverable amount would have been equal to its carrying amount.

Customer acquisition costs

The balance pertains to the customers acquired by the Group from Stamford Law Corporation for a purchase consideration of S$1,556,897 (equivalent of RM4,813,422).

An impairment loss of RM5,000 (2020: RM239,000) has been recognised on the customer acquisition costs during the financial year. The impairment loss has arisen from the reduction of fees charged to certain customers during the financial year. The Group has reassessed the useful lives of its intangible assets and determined that a change in useful lives is not required. Amortisation expense has been included within "amortisation and depreciation expenses" in the consolidated statement of comprehensive income.

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15. Intangible assets (continued)

Customer relationships

The balance pertains to the customers acquired by the Group from the acquisition of B.A.C.S.. The Group has reassessed the useful lives of its intangible assets and determined that a change in useful lives is not required. Amortisation expense has been included within "amortisation and depreciation expenses" in the consolidated statement of comprehensive income.

16. Investments in subsidiaries

	Company	
	2021	2020
	RM'000	RM'000
Equity investments, at cost		
Beginning of financial year	**39,102**	39,028
Additions	**615**	–
Capital contribution in the form of share awards issued to employees of subsidiaries	**130**	98
Currency translation differences	**689**	(24)
End of financial year	**40,536**	39,102

a) Details of subsidiaries held by the Company are:

Name of subsidiary	Principal place of business	Principal activities	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2021	2020	**2021**	2020
			%	%	**%**	%
ZICO Malaysia Sdn. Bhd.[(1)]	Malaysia	Investment holding	**100**	100	**–**	–
ASEAN Advisory Pte. Ltd.[(2)]	Singapore	Business and management consultancy services	**100**	100	**–**	–
ZICO RMC Pte. Ltd.[(2)]	Singapore	Business and management consultancy services	**100**	100	**–**	–
B.A.C.S Sdn. Bhd.[(6)]	Malaysia	Business and management consultancy services	**100**	100	**–**	–

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16. Investments in subsidiaries (continued)

a) Details of subsidiaries held by the Company are (continued):

Name of subsidiary	Principal place of business	Principal activities	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2021	2020	**2021**	2020
			%	%	**%**	%
ZICO (Labuan) LLP(6)	Federal Territory of Labuan	Consultancy services	**100**	100	**–**	–
ZICO International Corporation(6)	Federal Territory of Labuan	Investment holding	**100**	100	**–**	–
ZICO Consultancy Limited(6)	Federal Territory of Labuan	Investment holding	**100**	100	**–**	–
ZICO Consultancy Sdn. Bhd.(1)	Malaysia	Business and management consultancy services	**100**	100	**–**	–
ZICO Shariah Advisory Services Sdn. Bhd.(1)	Malaysia	Shariah advisory services	**100**	100	**–**	–
ZICO Corporate Services Sdn. Bhd.(1)	Malaysia	Company secretarial, corporate services and related consultancy services	**100**	100	**–**	–
ZICO Trust Limited(1)	Federal Territory of Labuan	Trust services, company secretarial, corporate services and related consultancy services	**100**	100	**–**	–
ZICO IP Inc.(1)	British Virgin Islands	Owner of intellectual property rights	**100**	100	**–**	–
PT ZICO Konsultan Indonesia(3)	Indonesia	Business and management consultancy services	**100**	100	**–**	–
ZICOlaw Myanmar Limited(4)	Myanmar	Legal advisory and consultancy services	**100**	100	**–**	–
ZICOlaw (Laos) Sole Co., Ltd.(6)	Lao PDR	Legal advisory and consultancy services	**100**	100	**–**	–
ZICO Secretarial Services Sdn. Bhd.(1)	Malaysia	Company secretarial, corporate services and related consultancy services	**100**	100	**–**	–

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16. Investments in subsidiaries (continued)

a) Details of subsidiaries held by the Company are (continued):

Name of subsidiary	Principal place of business	Principal activities	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2021	2020	**2021**	2020
			%	%	**%**	%
ZICO Corporate Services Pte. Ltd.(2)	Singapore	Company secretarial, corporate services and related consultancy services	**100**	100	**–**	–
ZICO-Stamford Corporate Services Pte. Ltd.(2)	Singapore	Company secretarial, corporate services and related consultancy services	**51**	51	**49**	49
ZICO Trust (S) Ltd.(2)	Singapore	Trustee, fiduciary and custody services, business and management consultancy services	**51**	51	**49**	49
ZICO Secretarial Limited(6)	Federal Territory of Labuan	Company secretarial, corporate services and related consultancy services	**100**	100	**–**	–
ZICOInsource Sdn. Bhd.(1)	Malaysia	Insourcing, outsourcing and consultancy services	**80**	80	**20**	20
ZICOInsource Inc.(6)	Federal Territory of Labuan	Resourcing and advisory services	**80**	80	**20**	20
ZICO Knowledge Services Sdn. Bhd.(1)	Malaysia	Business support service	**100**	100	**–**	–
B.A.C.S. Private Limited(2)	Singapore	Share registration services	**100**	100	**–**	–
ZICO Regional IP Inc.(5)	Federal Territory of Labuan	Investment holding	**51**	51	**49**	49
ZATS Management Ltd.(5)	British Virgin Islands	Nominee director company	**51**	51	**49**	49

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16. Investments in subsidiaries (continued)

a) Details of subsidiaries held by the Company are (continued):

Name of subsidiary	Principal place of business	Principal activities	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2021	2020	**2021**	2020
			%	%	**%**	%
ZICO AA Sdn. Bhd.(1)	Malaysia	Business and management consultancy services	**100**	100	**–**	–
ZICO Capital Pte. Ltd. (2)	Singapore	Corporate finance advisory and capital markets services	**90**	90	**10**	10
ZICO Asset Management Pte. Ltd.(2)	Singapore	Asset, wealth and legacy management	**75**	75	**25**	25
ZICO Capital International Inc.(6)	Federal Territory of Labuan	Investment holding	**100**	100	**–**	–
ZICO Capital Sdn. Bhd.(1)	Malaysia	Corporate finance advisory services	**94**	93	**6**	7
ZICO IP Asean Inc. (6)	Federal Territory of Labuan	Provide marketing services in relation to intellectual property -related services in ASEAN countries	**51**	51	**49**	49
ZICOlaw (Thailand) Limited (7)*	Thailand	Legal advisory and consultancy services	**49**	49	**51**	51
ZICO Trademark Pte. Ltd (2) (8)	Singapore	Leasing of non-financial intangible assets	**100**	–	**–**	–

Notes:

(1) Audited by independent overseas member firms of Baker Tilly International.
(2) Audited by Baker Tilly TFW LLP.
(3) Audited by Tanubrata Sutanto Fahmi & Rekan, Certified Public Accountants, a member firm of BDO International.
(4) Audited by Win Thin & Associates, Certified Public Accountants.
(5) Not required to be audited as the subsidiary is dormant since the date of its incorporation.
(6) The subsidiary is not material to the Group.
(7) Audited by N&W office.
(8) Incorporated on 26 April 2021.

* Deemed to be a subsidiary of ZICO Holdings Inc. as ZICO Malaysia Sdn. Bhd. has the ability to appoint 3 out of 5 directors on the Board of ZICOlaw (Thailand) Limited.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. Investments in subsidiaries (continued)

b) Summarised financial information of subsidiaries with material non-controlling interests:

Carrying value of non-controlling interests

	Group	
	2021	2020
	RM'000	RM'000
ZICO Trust (S) Ltd.	**3,673**	3,964
ZICOlaw (Thailand) Limited	**(4,123)**	(4,314)
Other subsidiaries with immaterial non-controlling interest	**1,553**	934
Total	**1,103**	584

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 December 2021 and 31 December 2020, except for dividends as disclosed in Note 31.

Summarised balance sheet

	ZICO Trust (S) Ltd. As at 31 December		ZICOlaw (Thailand) Limited As at 31 December	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Current				
Assets	**8,557**	9,441	**8,683**	3,106
Liabilities	**(1,319)**	(2,268)	**(14,909)**	(11,818)
Total current net assets/(liabilities)	**7,238**	7,173	**(6,226)**	(8,712)
Non-current				
Assets	**430**	1,144	**321**	253
Liabilities	**(124)**	(179)	**(2,179)**	–
Total non-current net assets	**306**	965	**(1,858)**	253
Net assets/(liabilities)	**7,544**	8,138	**(8,084)**	(8,459)
Net assets/(liabilities) attributable to NCI	**3,697**	3,988	**(4,123)**	(4,314)

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16. Investments in subsidiaries (continued)

b) Summarised financial information of subsidiaries with material non-controlling interests (continued):

Summarised income statement

	ZICO Trust (S) Ltd. For year ended 31 December		ZICOlaw (Thailand) Limited For year ended 31 December	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Revenue	**10,514**	10,393	**4,846**	4,639
Profit/(loss) before income tax	**1,275**	2,591	**(210)**	529
Income tax (expense)/credit	**(161)**	(241)	–	6
Profit/(loss) for the financial year	**1,114**	2,350	**(210)**	535
Other comprehensive income/(loss)	**140**	(14)	**585**	185
Total comprehensive income	**1,254**	2,336	**375**	720
Total comprehensive income allocated to non-controlling interests	**615**	1,145	**191**	367
Dividends paid to non-controlling interests	**906**	–	**–**	–

Summarised cash flows

	ZICO Trust (S) Ltd. For year ended 31 December		ZICOlaw (Thailand) Limited For year ended 31 December	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Cash flows from operating activities				
Cash generated from operations	**1,625**	2,235	**377**	157
Income tax paid	**(377)**	(113)	–	–
Net cash generated from operating activities	**1,248**	2,122	**377**	157
Net cash used in investing activities	**(155)**	(29)	**(1)**	(11)
Net cash used in financing activities	**(2,367)**	(501)	–	–
Net (decrease)/increase in cash and cash equivalents	**(1,274)**	1,592	**376**	146
Cash and cash equivalents at beginning of financial year	**6,452**	5,027	**501**	726
Exchange gains/(losses) on cash and cash equivalents	**181**	(167)	**(33)**	(371)
Cash and cash equivalents at end of financial year	**5,359**	6,452	**844**	501

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. Investments in subsidiaries (continued)

c) Company level - impairment review of investments in subsidiaries

B.A.C.S. Private Limited

During the financial year, the management performed the impairment test for the investment in B.A.C.S.. The assessment by management did not result in an impairment charge to cost of investment in B.A.C.S. as at 31 December 2021, as the estimated recoverable amount of the investment in B.A.C.S. exceeded its carrying amount.

The recoverable amount of the investment in B.A.C.S. has been determined based on a value-in-use calculation using cash flow projections from forecasts approved by management covering a five-year period. Key estimates are disclosed in Note 15.

If the estimated revenue growth rate in year 2022 used in the value-in-use calculation had been 0.6 percentage point lower than management's estimates, the recoverable amount of the investment in B.A.C.S. would have been equal to its carrying amount.

d) Changes in ownership interest in subsidiaries

In December 2021, the Group subscribed for 450,000 ordinary shares in a non-wholly owned subsidiary, ZICO Capital Sdn. Bhd. ("ZCSB") for a total consideration of RM450,000 by way of capitalising the advances given to the subsidiary. Consequently, the Group's effective equity interest in ZCSB increased from 93% to 94%.

During the financial year 2020, a subsidiary, ZICO Asset Management Pte. Ltd. ("ZAM") issued 348,232 ordinary shares to an existing shareholder of ZAM at consideration of RM137,000 (equivalent to SGD 45,270). Consequently, the Group's effective equity interest in ZAM is diluted from 90% to 75%.

In January, September and December 2020, the Group subscribed for 530,000, 690,000 and 420,000 ordinary shares respectively in a non-wholly owned subsidiary, ZICO Capital Sdn. Bhd. ("ZCSB") for a total consideration of RM1,640,000 by way of capitalising the advances given to the subsidiary. Consequently, the Group's effective equity interest in ZCSB increased from 70% to 93%.

The following summarises the effects of changes in the Group's ownership interest in ZAM and ZCSB on the equity attributable to owners of the parent:

	Group	
	2021	2020
	RM'000	RM'000
Capital contribution from a non-controlling interest	–	137
Changes in non-controlling interests	**(26)**	(569)
Difference recognised in capital reserves (Note 27(b))	**(26)**	(432)

17. Investments in associated companies

The Group's investments in associated companies are summarised below:

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Carrying amount:				
Sunflower Villa Sdn. Bhd.	**46**	39	**–**	–
Goldfield Alliance Sdn. Bhd.	**–**	–	**–**	–
ShakeUp Online Sdn. Bhd.	**–**	–	**–**	–
ZICO Corporate Services Inc.	**–**	–	**2**	2
	46	39	**2**	2

The following information relates to associated companies of the Group.

Name of entity	**Place of business/ country of incorporation**	**% of ownership interest**	
		2021	2020
		%	%
Sunflower Villa Sdn. Bhd.[(1)]	Malaysia	**50**	50
Goldfield Alliance Sdn. Bhd.[(2)]	Malaysia	**50**	50
ShakeUp Online Sdn. Bhd.[(3)]	Malaysia	**20**	20
ZICO Corporate Services Inc.[(4)]	Philippines	**40**	40

Notes:
(1) Audited by Choo & Co CPA, Malaysia.
(2) Audited by Siew Boon Yong & Associates.
(3) Audited by SBY Partners PLT.
(4) Audited by Palinsad Jimenez & Associates CPA, Philippines.

Sunflower Villa Sdn. Bhd. provides management and consultancy services.

Goldfield Alliance Sdn. Bhd. is an investment holding company.

ShakeUp Online Sdn. Bhd. provides online legal services. The associate is currently in start-up phase.

ZICO Corporate Services Inc. provides business, management, corporate and consultancy services.

There are no contingent liabilities relating to the Group's interest in the associated companies, except as disclosed in Note 35.

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17. Investments in associated companies (continued)

Summarised financial information of associated companies

Set out below are the summarised financial information for ShakeUp Online Sdn. Bhd. and ZICO Corporate Services Inc.

Summarised balance sheet

	ShakeUp Online Sdn. Bhd. As at 31 December		ZICO Corporate Services Inc. As at 31 December	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Current assets	**149**	147	**1,582**	1,372
Current liabilities	**(7,868)**	(7,574)	**(4,936)**	(4,550)
Non-current assets	**441**	710	**755**	1,051
Non-current liabilities	**–**	–	**–**	–
Net liabilities	**(7,278)**	(6,717)	**(2,599)**	(2,127)

Summarised statement of comprehensive income

	ShakeUp Online Sdn. Bhd.		ZICO Corporate Services Inc.	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Revenue	**–**	–	**492**	77
Expenses				
Includes:				
- Depreciation and amortisation	**(22)**	(58)	**(64)**	(51)
- Interest expense	**(268)**	(306)	**–**	–
Loss before tax	**(561)**	(827)	**(297)**	(642)
Income tax expense	**–**	–	**(217)**	77
Loss after tax	**(561)**	(827)	**(514)**	(565)
Other comprehensive income	**–**	–	**42**	(61)
Total comprehensive loss	**(561)**	(827)	**(514)**	(442)
Dividends received from associated companies	**–**	–	**–**	–

17. Investments in associated companies (continued)

Summarised statement of comprehensive income (continued)

The information above reflects the amounts presented in the financial statements of the associated companies (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated companies.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated companies, is as follows:

	ShakeUp Online Sdn. Bhd. As at 31 December		**ZICO Corporate Services Inc. As at 31 December**	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Net assets				
At 1 January	**(6,717)**	(5,890)	**(2,127)**	(1,501)
Loss for the year	**(561)**	(827)	**(514)**	(565)
Other comprehensive income	**–**	–	**42**	(61)
Dividends	**–**	–	**–**	–
At 31 December	**(7,278)**	(6,717)	**(2,599)**	(2,127)
Interest in associated companies (20%; 40%)	**(1,456)**	(1,343)	**(1,040)**	(851)
Shares of losses not recognised	**1,244**	1,131	**1,038**	849
Other adjustment	**–**	–	**2**	2
Fair value adjustment	**212**	212	**–**	–
Carrying value of Group's interest in associated companies	**–**	–	**–**	–

The unrecognised share of losses in Goldfield Alliance Sdn. Bhd., ShakeUp Online Sdn. Bhd. and ZICO Corporate Services Inc. amount to Nil, RM113,000 and RM189,000 (2020: Nil, RM165,000 and RM250,000), respectively, in the current financial year and RM30,000, RM1,244,000 and RM1,038,000 (2020: RM43,000, RM1,131,000 and RM849,000), on a cumulative basis. The Group has stopped recognising its share of losses since there are no further obligations in respect of those losses using the equity method of accounting.

18. Investment in joint venture

	2021	2020
	RM'000	RM'000
Company		
Equity investments at cost		
Beginning of financial year	**9,336**	9,342
Currency translation differences	**165**	(6)
End of financial year	**9,501**	9,336

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18. Investment in joint venture (continued)

Set out below is the joint venture of the Group as at 31 December 2021, which is material to the Group.

Name of entity	Place of business/ country of incorporation	% of ownership interest 31 December 2021	2020
Fragomen ZICO Inc.	Labuan	**50**	50

During the financial year 2018, the Company entered into a joint venture agreement with Fragomen Global Immigration Service LLC. With the incorporation of Fragomen ZICO Inc ("JV"), which is an investment holding company, the JV acquired 100% of Fragomen Malaysia Sdn. Bhd. in 2018. Fragomen Malaysia Sdn. Bhd. provides full range of immigration solution and consultancy services.

Summarised financial information for joint venture

Set out below is the summarised financial information for Fragomen ZICO Inc..

Summarised balance sheet

	Fragomen ZICO Inc. 2021 RM'000	2020 RM'000
Current assets	**8,909**	10,932
Includes:		
- Cash and cash equivalents	**979**	236
Current liabilities	**(3,248)**	(3,951)
Includes:		
- Financial liabilities (excluding trade payables)	**(3,248)**	(3,951)
Non-current assets	**295**	375
Net assets	**5,956**	7,356

Summarised statement of comprehensive income

	Fragomen ZICO Inc. 2021 RM'000	2020 RM'000
Revenue	**16,800**	20,581
Expenses		
Includes:		
- Depreciation and amortisation	**(283)**	(305)
Profit before tax	**6,190**	8,267
Income tax expense	**(1,538)**	(2,215)
Profit after tax	**4,652**	6,052
Other comprehensive income	**–**	–
Total comprehensive income	**4,652**	6,052
Dividends received from joint venture	**3,026**	1,479

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts).

18. Investment in joint venture (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in joint venture, is as follows:

	Fragomen ZICO Inc.	
	2021	2020
	RM'000	RM'000
Net assets	**5,956**	7,356
Group's equity interest	**50%**	50%
Group's share of net assets	**2,978**	3,678
Goodwill	**9,331**	9,336
Carrying value	**12,309**	13,014

19. Investments

	Group	
	2021	2020
	RM'000	RM'000
Corporate club membership, at cost	**31**	30
Financial assets, FVOCI[(i)]	**3,950**	2,282
	3,981	2,312

(i) Financial assets, FVOCI represent the Group's interest in quoted equity investments in Singapore. These instruments are included in Level 1 of the fair value hierarchy (Note 34.5).

During the financial year ended 31 December 2021, the Group disposed partial listed equity securities as the underlying investment was no longer aligned with the Group's long-term investment strategy. These investments had a fair value of RM1,362,000 (2020: RM89,000) at the date of disposal, and the cumulative loss on disposal amounted to RM873,000 (2020: RM Nil), net of tax. The cumulative loss on disposal was reclassified from fair value reserve to retained earnings.

20. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2021	2020
	RM'000	RM'000
Deferred income tax assets		
- To be recovered after one year	**8,548**	9,384
Deferred income tax liabilities		
- To be settled after one year	**(709)**	(1,365)
	7,839	8,019

Movement in deferred income taxes account is as follows:

	Group	
	2021	2020
	RM'000	RM'000
Beginning of financial year	**8,019**	6,050
Currency translation differences	**69**	151
(Charged)/credited to profit or loss	**(161)**	2,016
Others	**(88)**	(198)
End of financial year	**7,839**	8,019

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of RM13,820,000 (2020: RM5,747,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses have no expiry dates except in Malaysia, where losses amounting to RM4,695,000 (2020: RM1,247,000), representing the total losses unrecognised to-date, can be carried forward for a maximum of 10 (2020: 7) consecutive years of assessment and will expire in 2031 to 2032 (2020: 2031).

Deferred tax liabilities of RM574,000 (2020: RM742,000) have not been recorded for the withholding and other taxes that will be payable on the unremitted earnings of an overseas joint venture. These unremitted profits are permanently reinvested at the balance sheet date.

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20. Deferred income taxes (continued)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Deferred income tax assets

	Provisions RM'000	Tax losses RM'000	Total RM'000
Group			
2021			
Beginning of financial year	7	9,377	9,384
Currency translation differences	–	(92)	(92)
Charged to profit or loss	–	(656)	(656)
Others	–	(88)	(88)
End of financial year	**7**	**8,541**	**8,548**
2020			
Beginning of financial year	7	7,513	7,520
Currency translation differences	–	140	140
Credited to profit or loss	–	1,922	1,922
Others	–	(198)	(198)
End of financial year	7	9,377	9,384

Deferred income tax liabilities

	Accelerated tax depreciation RM'000	Intangible assets RM'000	Total RM'000
Group			
2021			
Beginning of financial year	(343)	(1,022)	(1,365)
Currency translation differences	161	–	161
Credited/(charged) to profit or loss	501	(6)	495
End of financial year	**319**	**(1,028)**	**(709)**
2020			
Beginning of financial year	(353)	(1,117)	(1,470)
Currency translation differences	11	–	11
Credited to profit or loss	–	94	94
Others	(1)	1	–
End of financial year	(343)	(1,022)	(1,365)

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21. Trade and other receivables and contract assets

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Current assets				
Trade receivables				
- other third parties	**16,188**	21,277	**–**	–
Less: Loss allowance	**(4,863)**	(5,020)	**–**	–
	11,325	16,257	**–**	–
- ZICOlaw network firms	**13,589**	4,695	**–**	–
Less: Loss allowance	**(134)**	(134)	**–**	–
	13,455	4,561	**–**	–
- subsidiaries	**–**	–	**9,745**	7,593
Less: Loss allowance	**–**	–	**(22)**	(102)
	–	–	**9,723**	7,491
Total current trade receivables	**24,780**	20,818	**9,723**	7,491
Non-trade receivables				
- other third parties	**3,445**	1,741	**404**	102
- ZICOlaw network firms	**1,608**	4,108	**–**	–
Less: Loss allowance	**(108)**	(108)	**–**	–
	1,500	4,000	**–**	–
- joint venture	**–**	1,478	**8**	1,478
- associated companies	**5,682**	4,951	**5,211**	4,445
Less: Loss allowance	**(721)**	(521)	**(718)**	(496)
	4,961	4,430	**4,493**	3,949
- subsidiaries	**–**	–	**20,209**	31,596
Less: Loss allowance	**–**	–	**(19)**	(705)
	–	–	**20,190**	30,891
Total current non-trade receivables	**9,906**	11,649	**25,095**	36,420
Grant receivables	**–**	329	**–**	–
Deposits	**2,490**	1,774	**159**	128
	37,176	34,570	**34,977**	44,039
Non-current assets				
Trade receivables				
- ZICOlaw network firms	**35,203**	44,776	**–**	–
Less: Loss allowance	**(669)**	(669)	**–**	–
	34,534	44,107	**–**	–
Non-trade receivables				
- ZICOlaw network firms	**10,690**	5,726	**1,508**	1,241
Less: Loss allowance	**(41)**	(41)	**–**	–
	10,649	5,685	**1,508**	1,241
- associated companies	**7,581**	7,299	**831**	785
Less: Loss allowance	**(1,078)**	(625)	**(115)**	(66)
	6,503	6,674	**716**	719
- subsidiaries	**–**	–	**68,617**	68,062
	17,152	12,359	**70,841**	70,022
	51,686	56,466	**70,841**	70,022
Trade and other receivables	**88,862**	91,036	**105,818**	114,061
Contract assets				
- third parties	**7,003**	8,554	**–**	–
Less: Loss allowance	**(1,204)**	(592)	**–**	–
	5,799	7,962	**–**	–
Total	**94,661**	98,998	**105,818**	114,061

21. Trade and other receivables and contract assets (continued)

Trade receivables are unsecured and are generally on 14 to 60 days (2020: 14 to 60 days) credit terms.

Current non-trade receivables from other third parties, joint venture, associated companies and subsidiaries are unsecured, interest free, repayable on demand and expected to be settled in cash. Non-current non-trade receivables from associated companies are expected to be received 12 months after the balance sheet date and are subjected to an interest charge of 4% (2020: 4%) per annum.

Trade and non-trade receivables due from ZICOlaw network firms amounted to RM44,627,000 (2020: RM48,668,000) and RM15,511,000 (2020: RM9,685,000) after providing for loss allowances. As at 31 December 2021, balances aged more than one year amounting to RM43,905,000 will be subjected to an interest charge of 4% per annum in subsequent years. During the current financial year, interest of 3% (2020: 3%) per annum had been charged on balances aged more than one year as mutually agreed by the parties.

The non-trade amount of the Company of RM68,617,000 (2020: RM68,062,000) due from subsidiaries is considered to be part of the Company's net investment in these subsidiaries.

Deposits mainly relate to the rental deposits of office premises.

22. Cash and cash equivalents

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Cash and bank balances	**18,169**	13,125	**990**	290

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Cash and bank balances (as above)	**18,169**	13,125	**990**	290
Less: Bank overdrafts (Note 28)	**(8,298)**	(8,481)	**–**	–
Cash and cash equivalents per statement of cash flows	**9,871**	4,644	**990**	290

23. Other current assets

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Monies held in trust for clients	**3,062**	3,409	**–**	–
Bank balances with restricted use	**6**	5	**6**	5
	3,068	3,414	**6**	5

Bank balances with restricted use were pledged in relation to the security granted for the term loan facilities (Note 28).

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24. Share capital

	Group and Company			
	2021	2020	**2021**	2020
	Number of ordinary shares		**RM'000**	RM'000
Issued and fully paid:				
Beginning of financial year	**325,946,062**	324,250,742	**95,014**	94,328
Issue of new ordinary shares [(1)]	**1,090,415**	1,695,320	**300**	686
At end of financial year	**327,036,477**	325,946,062	**95,314**	95,014

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

[(1)] The newly issued shares of 753,360 and 337,055 (2020: 675,020, 793,319 and 226,981) were share awards vested in previous year under Performance Share Plan granted on 21 May 2018 and 21 May 2021 (2020: 21 April 2017, 21 May 2018 and 26 May 2020) respectively.

25. Share-based reserve

	Group and Company	
	2021	2020
	RM'000	RM'000
Share options reserve	**556**	556
Share awards reserve	**1,550**	1,794
	2,106	2,350

Share options reserve

ZICO Holdings Employee Share Option Scheme

The ZICO Holdings Employee Share Option Scheme ("ESOS") was approved and adopted at the Company's extraordinary general meeting held on 19 September 2014 and will continue to remain in force until 18 September 2024, unless terminated in accordance with the Rules of the ESOS. The ESOS is administered by the Remuneration Committee comprising Mr Chew Liong Kim, Mr John Lim Yew Kong and Dato' T. Jasudasen (the "Committee"). The ESOS provides for the grant of incentive share options to employees and directors of the Group.

Under the ESOS, the total number of shares over which the Committee may grant options on any date, when added to the number of shares issued and issuable in respect of (a) all options granted under the ESOS; (b) all awards granted under the PSP; and (c) all outstanding options or awards granted under such other share-based incentive schemes of the Company, shall not exceed 15% of the number of issued shares (including treasury shares) on the day immediately preceding the offer date of the option.

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25. Share-based reserve (continued)

Share options reserve (continued)

ZICO Holdings Employee Share Option Scheme (continued)

The aggregate number of shares issued and issuable in respect of all options granted under the ESOS available to the controlling shareholders or associates of the controlling shareholders shall not exceed 25% of the total number of shares available under the ESOS.

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof), at any time, by a participant after the first anniversary of the offer date of that option, provided always that the options shall be exercised before the tenth anniversary of the relevant offer date, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

Options granted with the exercise price set at a discount to market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof), at any time, by a participant after the second anniversary from the offer date of that option, provided always that the options shall be exercised before the tenth anniversary of the relevant offer date, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

An option shall, to the extent unexercised, immediately lapse and become null and void and a participant shall have no claim against the Company:

a) subject to the rules of the ESOS, upon the participant ceasing to be in employment of the Company or any of the companies within the Group for any reason whatsoever;
b) upon the bankruptcy of the participant or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such option; or
c) in the event of misconduct on the part of the participant, as determined by the Committee.

	Group and Company	
	2021	2020
	RM’000	RM’000
Beginning and end of financial year	**556**	556

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25. Share-based reserve (continued)

Share options reserve (continued)

ZICO Holdings Employee Share Option Scheme (continued)

The outstanding number of options at the end of the reporting period was:

Exercise price	Grant date	Exercise period	2021 Number of options
S$0.24	31 October 2014	1 November 2016 to 30 October 2024	**3,300,000**

The table below summarises the number of options that were outstanding, their weighted average exercise price as at the end of the financial year as well as the movements during the financial year.

	2021 and 2020	
	Number of options	**Weighted average exercise price S$**
Outstanding and exercisable at 1 January /31 December 2020	**3,500,000**	**0.24**
Forfeited	**(200,000)**	
Outstanding and exercisable at 31 December 2021	**3,300,000**	**0.24**

The share options outstanding as at the end of the financial year have a remaining contractual life of 3 years (2020: 4 years).

The fair value of options granted on 31 October 2014 was RM556,033. The estimate of the fair value of each option issued on grant date was based on the Black Scholes option pricing model. In order to approximate the expectations that would be reflected in a current market or negotiated exchange price for these options, the calculation takes into consideration factors like behavioural considerations and non-transferability of the options granted.

The Black Scholes option pricing model used the following assumptions:

	2014
Weighted average share price (RM)	0.78
Weighted average exercise price (RM)	0.62
Dividend yield expected	2.00%
Risk-free annual interest rates	2.5%
Expected volatility	0.10%
Expected life	5 years

Expected volatility was determined by calculating the historical volatility of the Company's share price over a period similar to the expected lives of the option. The expected lives used in the model have been adjusted, based on management best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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25. Share-based reserve (continued)

Share awards reserve

ZICO Holdings Performance Share Plan

In conjunction with the Company's listing on the Catalist of SGX–ST, the Group adopted the ZICO Holdings Performance Share Plan ("PSP") which was approved at the Company's extraordinary general meeting held on 19 September 2014. The PSP is administered by the Remuneration Committee. The PSP provides for the grant of incentive share awards to employees and directors.

The selection of the participants and number of shares which are subject of each award to be granted to a participant in accordance with the PSP shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as, inter alia, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

Under the PSP, the total number of shares which may be delivered pursuant to the vesting of awards on any date, when added to the aggregate number of shares issued and/or issuable in respect of (a) all awards granted under the PSP; and (b) all other shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time.

The aggregate number of shares available to the controlling shareholders or associates of the controlling shareholder (including adjustments made) shall not exceed 25% of the shares available under the PSP. The number of shares that are available to each controlling shareholder or associates of the controlling shareholder under the PSP shall not exceed 10% of the shares available under the PSP.

Notwithstanding that a participant may have met his performance targets, no awards shall be vested:

a) upon the bankruptcy of the participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such award;
b) in the event of any misconduct on the part of the participant as determined by the Committee in its discretion;
c) subject to the rules of the PSP, upon the participant ceasing to be in the employment of the Group for any reason whatsoever; or
d) in the event that the Committee shall, at its discretion, deem it appropriate that such award to be given to a participant shall so lapse on the grounds that any of the objectives of the PSP have not been met.

On 26 May 2020, awards for 226,981 shares were granted pursuant to the ZICO Holdings Performance Share Plan.

On 21 May 2021, awards for 337,055 shares were granted pursuant to the ZICO Holdings Performance Share Plan.

The exercise price of the awards is $0 (2020: $0). The vesting of the awards is conditional on the employee or director completing another 0 (2020: 0.4) years of service to the Group.

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25. Share-based reserve (continued)

Share awards reserve (continued)

ZICO Holdings Performance Share Plan (continued)

Movement in the number of unissued ordinary shares of the Company under share award for the Group's employees are as follows:

	No. of ordinary shares under award				
	Beginning of financial year	**Granted during financial year**	**Forfeited during financial year**	**Vested during financial year**	**End of financial year**
2021					
21 May 2018	760,038	–	(6,678)	(753,360)	–
21 May 2021	–	337,055	–	(337,055)	–
	760,038	**337,055**	**(6,678)**	**(1,090,415)**	–
2020					
21 April 2017	908,362	–	(233,342)	(675,020)	–
21 May 2018	1,876,683	–	(323,326)	(793,319)	760,038
26 May 2020	–	226,981	–	(226,981)	–
	2,785,045	226,981	(556,668)	(1,695,320)	760,038

Share awards on 21 May 2018 (2020: 21 April 2017) have expired during the financial year.

The fair value of share awards granted on 21 May 2018, determined based on the market price of the shares on that date, was RM2,161,195.

	Group and Company	
	2021	2020
	RM'000	RM'000
Beginning of financial year	**1,794**	2,326
Performance share plan		
- Granted during the financial year (Note 8)	**92**	237
- Vested during the financial year (Note 24)	**(300)**	(686)
- Forfeited during the financial year (Note 8)	**(36)**	(83)
End of financial year	**1,550**	1,794

26. Currency translation reserve

The foreign currency translation account comprises all foreign exchange differences arising from the translation of the financial statements of the Company and certain foreign operations whose functional currencies are different from that of the Group's presentation currency and is non-distributable.

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Beginning of financial year	**443**	376	**10,130**	10,112
Net currency translation differences of financial statements of foreign subsidiaries	**940**	150	–	–
Non-controlling interests	**(401)**	(83)	–	–
Currency translation differences	**–**	–	**2,167**	18
	539	67	**2,167**	18
End of financial year	**982**	443	**12,297**	10,130

27. Other reserves

a) Fair value reserve

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Beginning of financial year	**(2,019)**	(2,018)	**–**	–
Financial assets, at FVOCI				
- Fair value losses	**(921)**	(1)	**–**	–
- Transfer upon disposal	**873**	–	**–**	–
End of financial year	**(2,067)**	(2,019)	**–**	–

b) Capital reserve

The reserve represents the effects of changes in ownership interests in subsidiaries when there is no change in control (Note 16).

28. Interest-bearing liabilities

		Group		Company	
		2021	2020	**2021**	2020
		RM'000	RM'000	**RM'000**	RM'000
Non-current liabilities					
TL facilities	(a)	**9,819**	6,757	**9,819**	6,757
Current liabilities					
TL facilities	(a)	**3,068**	3,231	**3,068**	3,231
RCF loan	(b)	**24,660**	30,841	**22,572**	28,834
Bank overdrafts	(c)	**8,298**	8,481	**–**	–
		36,026	42,553	**25,640**	32,065
Total		**45,845**	49,310	**35,459**	38,822

As at 31 December 2021, the Group and the Company have banking facilities amounting to RM46,047,000 (2020: RM49,343,000) and RM35,459,000 (2020: RM38,837,000), respectively, of which approximately RM45,845,000 (2020: RM49,310,000) and RM35,459,000 (2020: RM38,822,000), respectively, have been utilised as at balance sheet date.

a) *TL facilities*

The TL facilities bears interest at floating rates, thus exposing the Group to cash flow interest rate risk. Effective interest rate is at 2.32% - 4.00% (2020: 3.94% - 5.68%) per annum.

b) *RCF loan*

The RCF loan is repayable on demand and bears interest at floating rates, thus exposing the Group to cash flow interest rate risk. Effective interest rate is at 1.82% - 2.47% (2020: 1.75% - 3.75%) per annum.

As at 31 December 2021 and 31 December 2020, the RCF loan was secured by the corporate guarantee of certain subsidiary companies.

c) *Bank overdrafts*

The bank overdrafts bear interest rate of 6.22% (2020: 6.22%) per annum.

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29. Trade and other payables

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Current				
Trade payables - third parties	**1,822**	2,021	**13**	13
Non-trade payables				
- third parties	**9,923**	7,549	**1,871**	1,545
- joint venture	**66**	–	**–**	–
- subsidiaries	**–**	–	**–**	3,828
	9,989	7,549	**1,871**	5,373
Deferred grant income	**–**	468	**–**	–
Accrued expenses	**2,897**	4,691	**902**	1,935
	14,708	14,729	**2,786**	7,321

Trade payables are unsecured, non-interest bearing and are normally settled within 60 days (2020: 60 days) payment terms.

Included in the current portion of non-trade payables of the Group is monies held in trust for stakeholders of RM3,062,000 (2020: RM3,409,000). The balance payable for monies held in trust for stakeholders are unsecured, interest-free and payable upon demand.

30. Provisions

		Group	
		2021	2020
		RM'000	RM'000
Current			
Provision for leave benefits	(a)	**20**	20
Non-current			
Provision for reinstatement costs	(b)	**62**	60
Provision for retirement benefits	(c)	**279**	170
		341	230
		361	250

a) *Provision for leave benefits*

	Group	
	2021	2020
	RM'000	RM'000
Current		
Beginning and end of financial year	**20**	20

Provision for leave benefits refers to estimated costs made by management required to compensate its employees for leave benefits.

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30. Provisions (continued)

b) *Provision for reinstatement costs*

	Group	
	2021	2020
	RM'000	RM'000
Non-current		
Beginning of financial year	**60**	60
Currency translation differences	**2**	–
End of financial year	**62**	60

Provision for reinstatement costs refers to estimated costs made by the management required to reinstate its office premise to its original state according to the terms and conditions of the respective tenancy agreements.

c) *Provision for retirement benefits*

A subsidiary of the Group operates a defined benefit plan for its eligible employees of which the assets are held in an administered trust. Under this plan, eligible employees are entitled to retirement benefits upon reaching the retirement age of fifty-six (56).

Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2021	2020
	RM'000	RM'000
Non-current		
Beginning of financial year	**170**	175
Provision made	**105**	–
Currency translation differences	**4**	(5)
End of financial year	**279**	170

The principal actuarial assumptions used are as follows:

	Group	
	2021	2020
	RM'000	RM'000
Discount rate	**7.50%**	7.75%
Salary growth rate	**10.00%**	9.00%
Retirement age	**56 years**	56 years
Participants (employees)	**8**	10

31. Dividends

The directors of the Company did not recommend any final dividend in respect of the financial years ended 31 December 2020 and 31 December 2021.

32. Significant related party transactions

a) 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:

	Group	
	2021	2020
	RM'000	RM'000
Transactions with associated companies		
Corporate guarantee given for banking facilities utilised by an associated company	**750**	792
Dividend income	**40**	18
Interest income	**393**	505
Payment on behalf for	**–**	33
Advances to	**555**	788
Loss allowance on non-trade receivables	**653**	671
Transactions with joint venture		
Dividend income	**3,026**	2,957

b) Directors of the Company and other key management personnel compensation

Directors of the Company and other key management personnel compensation is as follows:

	Group	
	2021	2020
	RM'000	RM'000
Short-term employee benefits	**5,119**	5,506
Post-employment benefits	**164**	148
Share-based payments under the ESOS and PSP	**16**	81
	5,299	5,735

33. Segment 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.

33. Segment information (continued)

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.

Segment assets comprise primarily of plant and equipment, intangible assets, trade and other receivables, cash and cash equivalents. Segment liabilities comprise operating liabilities.

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one financial year.

Business segment

	Advisory and transactional services RM'000	Management, support services and licensing services RM'000	Elimination RM'000	Total RM'000
2021				
Revenue				
External revenue	61,262	7,770	–	69,032
Inter-segment revenue	3,316	5,145	(8,461)	–
	64,578	12,915	(8,461)	69,032
Results				
Segment profit/(loss)	9,135	(3,699)	–	5,436
Interest income	178	1,407	–	1,585
Finance costs	(554)	(53)	–	(607)
Gain on transfer of business and assets	–	5,981	–	5,981
	8,759	3,636	–	12,395
Unallocated expenses				(9,183)
Share of results of associated companies, net of tax				48
Share of results of joint venture, net of tax				2,320
Profit before income tax				5,580
Income tax expense				(3,592)
Profit for the financial year				1,988

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33. Segment information (continued)

Business segment (continued)

	Advisory and transactional services RM'000	Management, support services and licensing services RM'000	Total RM'000
2021			
Non-cash items			
Loss allowance on trade and other receivables and contract assets	176	3,588	3,764
Amortisation of intangible assets	125	2,097	2,222
Depreciation of plant and equipment	1,090	1,112	2,202
Depreciation of right-of-use assets	2,062	2,808	4,870
Share-based payment expenses	10	20	30
Unrealised foreign exchange loss, net	8	333	341
Unallocated non-cash items			
Amortisation of intangible assets	–	–	497
Depreciation of plant and equipment	–	–	55
Depreciation of right-of-use assets	–	–	463
Gain on termination of leases	–	–	973
Impairment loss on intangible assets	–	–	5
Share-based payment expenses	–	–	26
Unrealised foreign exchange loss, net	–	–	1
Capital expenditure			
Plant and equipment	37	317	354
Intangible assets	17	39	56
Right-of-use assets	514	2,351	2,865
As at 31 December 2021			
Assets and liabilities			
Segment assets	44,815	81,980	126,795
- Current income tax recoverable	–	221	221
- Deferred income tax assets	1,298	7,250	8,548
	46,113	89,451	135,564
Unallocated assets			41,312
			176,876
Segment liabilities	21,045	15,647	36,692
- Current income tax payable	1,133	3,374	4,507
- Deferred income tax liabilities	69	640	709
	22,247	19,661	41,908
Unallocated liabilities			28,682
			70,590

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. Segment information (continued)

Business segment (continued)

	Advisory and transactional services RM'000	Management, support services and licensing services RM'000	Elimination RM'000	Total RM'000
2020				
Revenue				
External revenue	54,448	9,769	–	64,217
Inter-segment revenue	3,283	5,426	(8,709)	–
	57,731	15,195	(8,709)	64,217
Results				
Segment profit/(loss)	6,086	(3,550)	–	2,536
Interest income	137	1,058	–	1,195
Finance costs	(701)	(181)	–	(882)
	5,522	(2,673)	–	2,849
Unallocated expenses				(11,994)
Share of results of associated companies, net of tax				40
Share of results of joint venture, net of tax				3,094
Loss before income tax				(6,011)
Income tax credit				155
Loss for the financial year				(5,856)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. Segment information (continued)

Business segment (continued)

	Advisory and transactional services RM'000	Management, support services and licensing services RM'000	Total RM'000
2020			
Non-cash items			
Loss allowance on trade and other receivables and contract assets	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)
Unallocated non-cash items			
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 loss, net	–	–	537
Capital expenditure			
Plant and equipment	139	–	139
Intangible assets	8	122	130
As at 31 December 2020			
Assets and liabilities			
Segment assets	76,984	68,640	145,624
- Current income tax recoverable	231	9	240
- Deferred income tax assets	5,741	3,643	9,384
	82,956	72,292	155,248
Unallocated assets			30,027
			185,275
Segment liabilities	25,993	7,403	33,396
- Current income tax payable	3,017	(246)	2,771
- Deferred income tax liabilities	923	442	1,365
	29,933	7,599	37,532
Unallocated liabilities			42,506
			80,038

33. Segment information (continued)

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.

	Singapore RM'000	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	China RM'000	Hong Kong RM'000	United States of America RM'000	Others RM'000	Total RM'000
2021									
External revenue	**34,117**	**15,871**	**3,043**	**5,579**	**591**	**1,271**	**1,073**	**7,487**	**69,032**
Non-current assets	**35,453**	**10,473**	**143**	**475**	–	–	–	**95**	**46,639**
2020									
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

Major customer

The revenue of the Group is mainly derived from customers which are mainly corporations, both domestic and multinationals. Due to the diverse base of customers to whom the Group renders services in each of the reporting period, the Group is not reliant on any customer for its sales and no one single customer accounted for 10% or more of the Group's total revenue except for Nil (2020: 1) customer which accounted for RMNil (2020: RM8.4 million or 13%) of the Group's total revenue for the financial year and is attributable to both business segments of the Group.

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34. Financial risk management

The Group's activities expose it to credit risk, market risk (including foreign currency risk and interest rate risk), liquidity risk and capital risk arising in the ordinary course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. Management then establishes the detailed policies such as risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, in interest rates and foreign exchange rates.

34.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate, to mitigate credit risk.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Chief Financial Officer based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management teams and at the Group level by the Chief Financial Officer.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics, except for the amounts due from ZICOlaw network firms and associated companies which comprised 64% and 12% (2020: 59% and 11%) respectively of the total trade and other receivables and contracts assets as at 31 December 2021.

As the Group and the Company do not hold collateral except that the Group has been provided with a negotiated letter of undertaking by a third party in relation to an amount of RM31,319,000 (2020: RM43,136,000) due from ZICOlaw network firms included in the trade and other receivables, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet and the amount of RM750,000 (2020: RM792,000) relating to corporate guarantees given by a subsidiary of the Company to a bank for an associated company's bank borrowing. The reduction of the negotiated amount in the letter of undertaking is a reflection of the economic environment due to the COVID-19 pandemic.

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34. Financial risk management (continued)

34.1 Credit risk (continued)

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	**Basis for recognition and measurement of ECL**
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 365 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

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34. Financial risk management (continued)

34.1 Credit risk (continued)

Significant increase in credit risk (continued)

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial asset has a low risk of default and the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the long term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable.

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowance.

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34. Financial risk management (continued)

34.1 Credit risk (continued)

The movements in credit loss allowance are as follows:

	Trade receivables RM'000	Contract assets RM'000	Non-trade receivables RM'000	Total RM'000
Group				
Balance at 1 January 2021	5,823	592	1,295	7,710
Loss allowance recognised in profit or loss during the financial year on:				
Lifetime ECL				
- Simplified approach	2,509	602	–	3,111
- Significant increase in credit risk	–	–	653	653
	2,509	602	653	3,764
Receivables written off as uncollectable	(1,868)	–	–	(1,868)
Currency translation differences	(798)	10	–	(788)
Balance at 31 December 2021	**5,666**	**1,204**	**1,948**	**8,818**
Balance at 1 January 2020	4,095	–	468	4,563
Loss allowance recognised in profit or loss during the financial year on:				
Lifetime ECL				
- Simplified approach	4,023	592	–	4,615
- Significant increase in credit risk	–	–	827	827
	4,023	592	827	5,442
Receivables written off as uncollectable	(2,181)	–	–	(2,181)
Currency translation differences	(114)	–	–	(114)
Balance at 31 December 2020	5,823	592	1,295	7,710

34. Financial risk management (continued)

34.1 Credit risk (continued)

The movements in credit loss allowance are as follows: (continued)

	Trade receivables RM'000	Non-trade receivables RM'000	Total RM'000
Company			
Balance at 1 January 2020	–	475	475
Loss allowance recognised in profit or loss during the financial year on:			
Lifetime ECL			
- Significant increase in credit risk	102	792	894
Balance at 31 December 2020	102	1,267	1,369
Loss allowance recognised in profit or loss during the financial year on:			
Lifetime ECL			
- Reversal of unutilised amount	(80)	(415)	(495)
Balance at 31 December 2021	**22**	**852**	**874**

Trade receivables and contract assets

The Group determined the ECL of trade receivables by segregating amounts due from ZICOlaw network firms which has engaged in a repayment plan with the Group and using a provision matrix for the remaining trade receivables. In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, adjusts the historical loss rates based on assumptions and forecasts of future economic conditions affecting the ability of the customers to settle the receivables. For trade receivables from ZICOlaw network firms, the Group applied the simplified approach and determined the lifetime ECL, taking into consideration their recent business developments, the historical payment trend, the revised repayment plan following the negotiated letter of undertaking, the creditworthiness of 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, taking into consideration the historical payment trend and whether a credit impairment event has occurred.

The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 365 days when they fall due. Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

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34. Financial risk management (continued)

34.1 Credit risk (continued)

Trade receivables and contract assets (continued)

The trade receivables from third parties disclosed in Note 21 comprised amounts due from ZICOlaw network firms, amounting to RM44,627,000 (2020: RM48,668,000). The Group has recognised a loss allowance of RM803,000 (2020: RM803,000) relating to trade amounts due from ZICOlaw network firms.

The Group's credit risk exposure in relation to trade receivables (excluding ZICOlaw network firms) under IFRS 9, grouped according to their credit characteristics as at 31 December 2021 and 31 December 2020 are set out in the provision matrix as follows:

	Past due					
	Within 90 days RM'000	**91 to 180 days RM'000**	**181 to 270 days RM'000**	**270 to 365 days RM'000**	**More than 365 days RM'000**	**Total RM'000**
Group						
As at 31 December 2021						
Professional services rendered						
Expected loss rate	**1.35%**	**4.28%**	**11.22%**	**31.97%**	**81.90%**	
Trade receivables	**6,014**	**2,362**	**1,230**	**1,373**	**5,209**	**16,188**
Loss allowance	**(81)**	**101**	**138**	**439**	**4,266**	**4,863**
As at 31 December 2020						
Professional services rendered						
Expected loss rate	1.26%	4.53%	5.46%	9.65%	57.90%	
Trade receivables	7,916	2,362	1,585	1,502	7,912	21,277
Loss allowance	100	107	87	145	4,581	5,020

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34. Financial risk management (continued)

34.1 Credit risk (continued)

Other financial assets at amortised cost

The table below details the credit quality of the Group's financial assets:

Group 2021	12-month or lifetime ECL	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	**18,169**	–	**18,169**
Other current assets	N.A. Exposure Limited	**3,068**	–	**3,068**
Trade receivables from ZICOlaw network firms	Lifetime ECL	**48,792**	**(803)**	**47,989**
Non-trade receivables from ZICOlaw network firms	Lifetime ECL	**12,298**	**(149)**	**12,149**
Non-trade receivables from associated companies	Lifetime ECL	**13,263**	**(1,799)**	**11,464**
Contract assets	Lifetime ECL	**7,003**	**(1,204)**	**5,799**
Other non-trade receivables	12-month ECL	**3,445**	**–**	**3,445**
Deposits	12-month ECL	**2,490**	**–**	**2,490**
2020				
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	13,125	–	13,125
Other current assets	N.A. Exposure Limited	3,414	–	3,414
Trade receivables from ZICOlaw network firms	Lifetime ECL	49,471	(803)	48,668
Non-trade receivables from ZICOlaw network firms	Lifetime ECL	9,834	(149)	9,685
Non-trade receivables from associated companies	Lifetime ECL	12,250	(1,146)	11,104
Contract assets	Lifetime ECL	8,554	(592)	7,962
Other non-trade receivables	12-month ECL	3,219	–	3,219
Deposits	12-month ECL	1,774	–	1,774

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34. Financial risk management (continued)

34.1 Credit risk (continued)

Other financial assets at amortised cost (continued)

The table below details the credit quality of the Company's financial assets:

Company 2021	12-month or lifetime ECL	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	**990**	–	**990**
Other current assets	N.A. Exposure Limited	**6**	–	**6**
Non-trade receivables from ZICOlaw network firms	Lifetime ECL	**1,508**	–	**1,508**
Non-trade receivables from associated companies	Lifetime ECL	**6,042**	**(833)**	**5,209**
Other non-trade receivables	12-month ECL	**70,838**	–	**70,838**
	Lifetime ECL	**18,276**	**(19)**	**18,257**
Deposits	12-month ECL	**159**	–	**159**
2020				
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	290	–	290
Other current assets	N.A. Exposure Limited	5	–	5
Non-trade receivables from ZICOlaw network firms	Lifetime ECL	1,241	–	1,241
Non-trade receivables from associated companies	Lifetime ECL	5,230	(562)	4,668
Other non-trade receivables	12-month ECL	71,809	–	71,809
	Lifetime ECL	29,343	(705)	28,638
Deposits	12-month ECL	128	–	128

34. Financial risk management (continued)

34.2 Market risk

Foreign currency risk

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The Group transacts business in various foreign currencies and therefore is exposed to foreign exchange risk mainly from Ringgit Malaysia ("RM"), United States Dollar ("USD"), Singapore Dollar ("SGD") and Thai Baht ("THB") transactions.

As at the balance sheet date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective functional currency of entities within the Group are as follows:

	Cash and cash equivalents RM'000	Trade and other receivables RM'000	Other current assets RM'000	Intragroup receivables RM'000	Intragroup payables RM'000	Net financial (liabilities)/ assets denominated in foreign currencies RM'000
Group						
At 31 December 2021						
Denominated in /respective functional currency						
RM/SGD	**20**	**–**	**–**	**3,511**	**(5,082)**	**(1,551)**
RM/THB	**–**	**–**	**–**	**–**	**(2,710)**	**(2,710)**
RM/USD	**1**	**431**	**–**	**11,957**	**(30,906)**	**(18,517)**
USD/RM	**105**	**5,028**	**98**	**29,520**	**(14,137)**	**20,614**
USD/SGD	**2,255**	**4,174**	**17**	**1,505**	**(9,886)**	**(1,935)**
USD/THB	**–**	**–**	**–**	**188**	**(4,134)**	**(3,946)**
SGD/USD	**309**	**19**	**–**	**9,597**	**(12,287)**	**(2,362)**
SGD/RM	**–**	**189**	**–**	**13,982**	**(78,460)**	**(64,289)**
SGD/THB	**–**	**–**	**–**	**–**	**(2,182)**	**(2,182)**
SGD/IDR	**–**	**–**	**–**	**95**	**(3,780)**	**(3,685)**
THB/USD	**–**	**–**	**–**	**2,238**	**(190)**	**2,048**
At 31 December 2020						
Denominated in /respective functional currency						
RM/SGD	20	–	–	3,747	(7,392)	(3,625)
RM/THB	–	–	–	–	(2,955)	(2,955)
RM/USD	1	228	–	10,268	(24,863)	(14,366)
USD/RM	85	1,978	141	24,559	(12,784)	13,979
USD/SGD	5,980	7,032	16	1,379	(9,877)	4,530
USD/THB	–	–	–	201	(4,276)	(4,075)
SGD/USD	248	146	–	9,025	(13,200)	(3,781)
SGD/RM	–	165	–	9,356	(75,156)	(65,635)
SGD/THB	–	–	–	–	(2,206)	(2,206)
SGD/IDR	–	–	–	92	(4,193)	(4,101)
THB/USD	–	–	–	2,154	(182)	1,972

The Company's currency exposure based on the information provided to key management is as follows:

	2021 USD RM'000	2020 USD RM'000
Denominated in:		
Cash and cash equivalents, representing net financial assets denominated in foreign currency	**10**	15

34. Financial risk management (continued)

34.2 Market risk (continued)

Foreign currency risk (continued)

If the foreign currencies change against the respective functional currencies of the Group's entities, with all other variables being held constant, the effects arising from the net financial (liability)/assets position will be as follows:

	Group (decrease)/increase 2021 Profit before tax RM'000	Group (decrease)/increase 2020 Loss before tax RM'000
Group		
RM against USD		
- Strengthened by 4% (2020: 2%)	**(741)**	287
- Weakened by 4% (2020: 2%)	**741**	(287)
USD against SGD		
- Strengthened by 3% (2020: 2%)	**(58)**	(91)
- Weakened by 3% (2020: 2%)	**58**	91
USD against RM		
- Strengthened by 4% (2020: 2%)	**825**	(280)
- Weakened by 4% (2020: 2%)	**(825)**	280
USD against THB		
- Strengthened by 12% (2020: 1%)	**(473)**	41
- Weakened by 12% (2020: 1%)	**473**	(41)
SGD against RM		
- Strengthened by 2% (2020: 1%)	**(1,286)**	656
- Weakened by 2% (2020: 1%)	**1,286**	(656)
SGD against IDR		
- Strengthened by 20% (2020: 3%)	**(145)**	(123)
- Weakened by 20% (2020: 3%)	**145**	123
SGD against THB		
- Strengthened by 10% (2020: 2%)	**(218)**	44
- Weakened by 10% (2020: 2%)	**218**	(44)
THB against USD		
- Strengthened by 12% (2020: 1%)	**246**	(20)
- Weakened by 12% (2020: 1%)	**(246)**	20

Any reasonably possible changes in the RM and SGD exchange rates against the other respective functional currencies of the Group, with all other variables held constant, will not have a significant impact on the Group's profit or loss for the current and previous financial year.

The Group has investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Group's risk management policies to ensure that the net exposure is at an acceptable level.

Company

A 3% (2020: 3%) fluctuation in the USD exchange rate against SGD, with all other variables held constant, will not have a significant impact on the Company's loss for the current and previous financial year.

34. Financial risk management (continued)

34.2 Market risk (continued)

Equity price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified as financial assets, at FVOCI. These securities are listed in Singapore. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Sensitivity analysis of the Group's equity price risk exposures is not presented as a reasonably possible change of 5% (2020: 5%) in the price of equity securities listed in Singapore, with all other variables including tax rate being held constant will have no significant impact on the Group's other comprehensive income.

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to market risks for changes in interest rates relates primarily to interest-bearing borrowings as set out in Note 28.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest income and expenses from time deposit and interest-bearing borrowings which are floating interest rates. It is the Group's policy to obtain quotes from reputable banks to ensure that the most favourable rates are made available to the Group.

The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If the SGD interest rates had been higher/lower by 0.03% (2020: 1.4%) with all other variables including tax rate and foreign currency rate being held constant, the Group's profit (2020: loss) after tax would have been higher/lower by RM12,000 (2020: lower/higher RM572,000) and the Company's loss after tax would have been lower/higher by RM9,000 (2020: RM434,000) as a result of higher/lower interest expense on these borrowings.

34.3 Liquidity risk

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group actively manages its operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group minimises liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintain sufficient levels of cash to meet its working capital requirements.

Contractual maturity analysis

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

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34. Financial risk management (continued)

34.3 Liquidity risk (continued)

The disclosed amounts for the financial guarantee contracts represent the maximum amount of issued financial guarantees in the earliest time period for which the guarantees could be called upon in the contractual maturity analysis.

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Total RM'000
Group				
At 31 December 2021				
Financial liabilities				
Trade and other payables	**14,708**	**–**	**–**	**14,708**
TL loan	**3,355**	**3,184**	**7,061**	**13,600**
RCF loan	**25,807**	**–**	**–**	**25,807**
Bank overdrafts	**8,298**	**–**	**–**	**8,298**
Lease liabilities	**1,881**	**256**	**–**	**2,137**
Financial guarantee contracts (Note 35)	**750**	**–**	**–**	**750**
Total undiscounted financial liabilities	**54,799**	**3,440**	**7,061**	**65,300**
At 31 December 2020				
Financial liabilities				
Trade and other payables	14,261	–	–	14,261
TL loan	3,470	2,166	4,897	10,533
RCF loan	32,269	–	–	32,269
Bank overdrafts	8,481	–	–	8,481
Lease liabilities	5,817	4,029	–	9,846
Financial guarantee contracts (Note 35)	792	–	–	792
Total undiscounted financial liabilities	65,090	6,195	4,897	76,182
Company				
At 31 December 2021				
Financial liabilities				
Trade and other payables	**2,786**	**–**	**–**	**2,786**
TL loan	**3,355**	**3,184**	**7,061**	**13,600**
RCF loan	**23,630**	**–**	**–**	**23,630**
Lease liabilities	**145**	**–**	**–**	**145**
Total undiscounted financial liabilities	**29,916**	**3,184**	**7,061**	**40,161**
At 31 December 2020				
Financial liabilities				
Trade and other payables	7,321	–	–	7,321
TL loan	3,470	2,166	4,897	10,533
RCF loan	30,176	–	–	30,176
Lease liabilities	631	–	–	631
Total undiscounted financial liabilities	41,598	2,166	4,897	48,661

34. Financial risk management (continued)

34.4 Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

Management reviews the capital structure to ensure that the Group is able to service any debt obligations (including principal repayment and interest) based on its operating cash flows. Upon review, the Group will balance its overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's overall strategy remains unchanged since 31 December 2020.

The Group monitors capital based on gearing ratio of interest-bearing liabilities to shareholders' funds which is defined as equity attributable to owners of the parent.

	Group		**Company**	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Interest-bearing liabilities	**45,845**	49,310	**35,459**	38,822
Equity attributable to owners of the parent	**105,183**	104,653	**119,227**	117,578
Gearing ratio (times)	**0.44**	0.47	**0.30**	0.33

The Group is in compliance with all externally imposed capital requirement for the financial years ended 31 December 2021 and 31 December 2020.

34.5 Fair value measurements

Fair value hierarchy

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

34. Financial risk management (continued)

34.5 Fair value measurements (continued)

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2021				
Assets				
Financial assets, FVOCI	**3,950**	**–**	**–**	**3,950**
2020				
Assets				
Financial assets, FVOCI	2,282	–	–	2,282

Fair value of financial instruments that are not carried at fair value

The carrying amounts of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

34.6 Financial instruments by category

The following table sets out the financial instruments as at the end of the reporting period:

	Group RM'000	Company RM'000
31 December 2021		
Financial assets		
Financial assets, at amortised cost		
- Trade and other receivables	**88,862**	**105,818**
- Cash and cash equivalents	**18,169**	**990**
- Other current assets	**3,068**	**6**
Financial assets, at FVOCI	**3,950**	**–**
	114,049	**106,814**
Financial liabilities		
Financial liabilities, at amortised cost		
- Trade and other payables	**14,708**	**2,786**
- Interest-bearing liabilities	**45,845**	**35,459**
- Lease liabilities	**2,083**	**145**
	62,636	**38,390**

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34. Financial risk management (continued)

34.6 Financial instruments by category (continued)

The following table sets out the financial instruments as at the end of the reporting period (continued):

	Group RM'000	Company RM'000
31 December 2020		
Financial assets		
Financial assets, at amortised cost		
- Trade and other receivables	90,707	114,061
- Cash and cash equivalents	13,125	290
- Other current assets	3,414	5
Financial assets, at FVOCI	2,282	–
	109,528	114,356
Financial liabilities		
Financial liabilities, at amortised cost		
- Trade and other payables	14,261	7,321
- Interest-bearing liabilities	49,310	38,822
- Lease liabilities	9,151	618
	72,722	46,761

35. Contingent liabilities

	Group	
	2021 RM'000	2020 RM'000
Corporate guarantees provided by a subsidiary of the Company in favour of a bank for:		
- Bank facilities utilised by an associated company, Goldfield Alliance Sdn. Bhd.	**750**	792

The guarantees are subject to the impairment requirements of IFRS 9. The directors do not expect credit loss exposure arising from these guarantees in view of the financial strength of the associated company and that the borrowings of the associated company are secured by a first party first legal charge over the investment property of the associated company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

36. Subsequent events

i. On 3 March 2022, the Company had entered into a conditional placement agreement with a placee for the allotment and issuance of an aggregate of 22,000,000 ordinary shares in the capital of the Company at the issue price of S$0.11 per placement share to the placee for an aggregate subscription amount of S$2,420,000 (equivalent to RM7,476,000). On 11 March 2022, the Company had received the listing and quotation notice ("LQN") from the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of 22,000,000 placement shares on the Catalist Board of the SGX-ST at the issue price of S$0.11 per placement share pursuant to the placement agreement. The Company was required under the LQN to place out the placement shares within 7 market days from the date of the LQN. The Company had (through the Sponsor) applied to the SGX-ST on 17 March 2022 for an extension of 3 market days up to 25 March 2022 to place out the placement shares ("Extension Application"), to which the SGX-ST confirmed on 21 March 2022 that it had no objection. Following this further extension, the placement shares were not issued on 25 March 2022 and the LQN granted by the SGX-ST on 11 March 2022 and varied by the Extension Application lapsed on 25 March 2022. The Company will (through its Sponsor) make a revised additional listing application for a fresh LQN from the SGX-ST in respect of the placement shares. On 25 March 2022, the Company had entered into a supplemental letter to the placement agreement, to amend and extend the completion date as defined under the placement agreement.

ii. On 4 March 2022, the Company had allotted and issued an aggregate of 425,314 new shares pursuant to the vesting of ZICO Holdings Performance Share Plan. These new shares shall rank pari passu in all respects with the existing issued shares of the Company.

iii. On 17 December 2021, the Board of Directors of the Company had announced that the Company's wholly-owned direct subsidiary, ZICO Malaysia Sdn Bhd ("Vendor") has on 17 December 2021 entered into a conditional sale and purchase agreement ("SPA") with Riau Capital Pte. Ltd ("Purchaser"). Pursuant to the SPA, the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to acquire 1,935 ordinary shares in the capital of ZICO Trust Limited ("Sale Subsidiary"), representing 49% of the total issued share capital of the Sale Subsidiary ("Proposed Disposal"). Upon completion of the Proposed Disposal ("Completion"), the Company will hold 51% equity interest in the Sale Subsidiary.

On 31 March 2022, the Company announced that the Vendor and Purchaser had on 31 March 2022 mutually agreed in writing by way of a variation letter agreement dated 31 March 2022 ("Variation Letter Agreement") to extend the Long-Stop Date ("Completion Date") from 31 March 2022 to 30 June 2022. The estimated net proceeds from the Proposed Disposal attributable to the Company is RM9,600,000. However, as the Proposed Disposal has yet to be completed, the full financial effects of the Proposed Disposal cannot be ascertained.

iv. On 7 April 2022, the Company had announced that its indirect subsidiary, ZICO Trust (S) Ltd. ("ZICO Trust"), has on 4 April 2022 been served with a writ of summons, HC/S 319/2022, dated 31 March 2022, and statement of claim filed by CPS German 1 LLC in the High Court of the Republic of Singapore on 31 March 2022 ("Claim"). ZICO Trust intends to vigorously defend the Claim and has sought legal advice in respect of the above matter. Based on preliminary assessment from their solicitors, ZICO Trust believes strongly that they will successfully defend the Claim. Accordingly, no provision has been made in these financial statements.

37. Authorisation of financial statements

These consolidated financial statements of the Group and the balance sheet of the Company were authorised for issue in accordance with a resolution of the Board of Directors of ZICO Holdings Inc. on 8 April 2022.

SHAREHOLDER INFORMATION

AS AT 18 MARCH 2022

Issued and fully paid-up capital	:	RM95,406,342
Total number of issued shares	:	327,461,791
Class of shares	:	Ordinary shares fully paid
Voting rights	:	One vote for each ordinary share
Number of treasury shares	:	NIL

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 – 99	0	0.00	0	0.00
100 – 1,000	9	4.94	2,000	0.00
1,001 – 10,000	25	13.74	177,466	0.06
10,001 – 1,000,000	123	67.58	18,470,949	5.64
1,000,001 and above	25	13.74	308,811,376	94.30
Total	182	100.00	327,461,791	100.00

TOP TWENTY SHAREHOLDERS AS AT 18 MARCH 2022

	Name of Shareholders	No. of Shares	% of Shares
1.	UOB KAY HIAN PTE LTD	158,718,520	48.47
2.	PHILLIP SECURITIES PTE LTD	35,650,100	10.89
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	29,311,333	8.95
4.	RAFFLES NOMINEES (PTE) LIMITED	11,226,012	3.43
5.	JAMES KHONG POH WAH	9,475,367	2.89
6.	CHUA HOCK BENG DENNIS (CAI FUMING DENNIS)	8,054,000	2.46
7.	JUNE SONG PTE LTD	7,487,879	2.28
8.	TOH BENG SUAN	7,210,000	2.20
9.	LIEW FOONG YUEN ROBERT	6,710,000	2.05
10.	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	5,862,991	1.79
11.	KGI SECURITIES (SINGAPORE) PTE. LTD	5,460,400	1.67
12.	PRIMEPARTNERS GROUP PTE LTD	5,000,000	1.53
13.	KEK CHIN WU	2,121,400	0.65
14.	HANIM HAMZAH	2,060,000	0.63
15.	PUAN KAM FOOK	1,771,100	0.54
16.	SEAN LAI CHOONG CHANG	1,735,961	0.53
17.	OCBC SECURITIES PRIVATE LTD	1,696,700	0.52
18.	HSBC (SINGAPORE) NOMINEES PTE LTD	1,517,500	0.46
19.	DESMOND KOH SER CHER	1,250,907	0.38
20.	CHUN KWONG PONG	1,203,200	0.37
		303,523,370	**92.69**

SHAREHOLDER INFORMATION

AS AT 18 MARCH 2022

SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2022

	Direct Interest		Indirect Interest	
Substantial Shareholders	No. of Shares	% of Shareholdings	No. of Shares	% of Shareholdings
Chew Seng Kok	80,699,688	24.64	5,293,737[1]	1.62
Loh Wei Lian	17,090,842	5.22	0	0

(1) Deemed interested by virtue of shares held by Leandar Pte. Ltd. is a company incorporated in Singapore. Mr Chew Seng Kok holds 100% of the shareholding interests in Leandar Pte. Ltd.

PERCENTAGE OF SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 18 March 2022, approximately 65.67% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Catalist Rules has been complied with.

TREASURY SHARES AND SUBSIDIARY HOLDINGS

There are no subsidiary holdings or treasury shares. The number of subsidiary holdings held is “0”. The percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed is also “0”.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of ZICO HOLDINGS INC. ("**Company**") will be held by electronic means on Friday, 29 April 2022 at 11.00 a.m. (of which there will be a live audio and video webcast) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2021 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Article 97 of the Company's Articles of Association:

   Article 97:
   Chew Seng Kok **(Resolution 2)**
   Chew Liong Kim **(Resolution 3)**

   [Explanatory Note (i)]

3. To approve the payment of Directors' fees totalling S$275,000 (2021: S$270,000) for the financial year ending 31 December 2022, to be paid quarterly in arrears. **(Resolution 4)**

   [Explanatory Note (ii)]

4. To re-appoint Baker Tilly TFW LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

6. **AUTHORITY TO ALLOT AND ISSUE SHARES**

   That pursuant to Article 3 of the Company's Articles of Association and Rule 806 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Catalist Rules**"), authority be given to the Directors to:

   (a) issue shares ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (b) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit; and

NOTICE OF
ANNUAL GENERAL MEETING

(c) notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:

(i) the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) does not exceed one hundred percent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares and convertible securities to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (i) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time this resolution is passed, after adjusting for:

(aa) new Shares arising from the conversion or exercise of the Instruments or convertible securities;

(bb) new Shares arising from exercising share options or vesting of share awards (provided the options and awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules); and

(cc) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with (aa) or (bb) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate;

(iii) in exercising such authority, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[Explanatory Note (iii)] **(Resolution 6)**

7. **AUTHORITY TO ISSUE AND ALLOT SHARES UNDER:**

(a) **THE ZICO HOLDINGS PERFORMANCE SHARE PLAN**

THAT the Directors be and are hereby authorized to offer and grant awards ("**Awards**") in accordance with the provisions of the ZICO Holdings Performance Share Plan ("**Plan**") and to allot and issue from time to time such number of fully paid-up Shares as may be required to be issued pursuant to the vesting of Awards granted under the Plan, provided always that the aggregate number of Shares to be issued pursuant to the Plan, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company, shall not exceed fifteen percent (15%) of the total issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

[Explanatory Note (iv)] **(Resolution 7A)**

NOTICE OF
ANNUAL GENERAL MEETING

(b) **THE ZICO HOLDINGS EMPLOYEE SHARE OPTION SCHEME**

THAT the Directors be and are hereby authorized to offer and grant options ("**Options**") under the ZICO Holdings Employee Share Option Scheme ("**Scheme**") and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the Options under the Scheme, provided always that the aggregate number of Shares to be issued pursuant to the Scheme, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company shall not exceed fifteen percent (15%) of the total issued Share (excluding treasury shares and subsidiary holdings) of the Company from time to time.

[Explanatory Note (iv)] **(Resolution 7B)**

By Order of the Board

ZICO Secretarial Limited
Secretary

Singapore, 14 April 2022

Explanatory Notes:

(i) **Resolution 2** – Mr Chew Seng Kok, if re-elected, will remain as the Managing Director of the Company.

Resolution 3 – Mr Chew Liong Kim, if re-elected, will remain as a Non-Executive Non-Independent Director of the Company and a member of the Company's Nominating, Audit and Risk, and Remuneration Committees.

Mr Chew Liong Kim is currently the executive chairman of CLK Advisors, Malaysia, which provides business advisory and business analytics services in the ASEAN region. He is also currently the senior advisor at Roland Berger Strategy Consultants, Southeast Asia. He has been an independent non-executive director of MISC Berhad, which is Bursa Malaysia-listed, since 1 September 2021. He is also a member of MISC Berhad's Board Audit Committee.

Pursuant to Article 97 of the Company's Articles of Association, at each annual general meeting of the Company, at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that all Directors shall retire from office at least once every three years. In light of Article 97 and that the Company's Board of Directors consist of five Directors, they may retire by rotation in less than three years.

(ii) **Resolution 4** – This resolution is to facilitate payment of Directors' fees during the financial year in which the fees are incurred. The aggregate amount of Directors' fees provided in the resolution is calculated on the assumption that all the present Directors will hold office for the whole of the financial year ending 31 December 2022 ("FY2021"). Should any Director hold office for only part of FY2022 and not the whole of FY2022, the Director's fee payable to him will be appropriately pro-rated.

(iii) **Resolution 6** – This resolution, if passed, will empower the Directors, effective until (i) the conclusion of the next annual general meeting of the Company, or (ii) the date by which the next annual general meeting of the Company is required by law to be held or (iii) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred percent (100%) of issued Share capital of the Company (excluding treasury shares and subsidiary holdings), of which up to fifty percent (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

(iv) **Resolutions (7A) & (7B)** – Each of these resolutions, if passed, will empower the Directors to allot and issue Shares pursuant to the vesting of Awards and the exercise of Options under the Plan and Scheme, provided that the aggregate number of Shares to be issued pursuant to the Plan and Scheme, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company shall not exceed fifteen percent (15%) of the total issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

NOTICE OF
ANNUAL GENERAL MEETING

NOTES

Printed copies of this Notice of AGM, Proxy Form, and Annual Report will NOT be sent to members. These documents are available to members by electronic means only via publication on the SGX website at https://www.sgx.com/securities/company-announcements or at www.zicoholdings.com under the "Newsroom and Press Releases" tab from the date of this Notice of AGM, 14 April 2022. Any reference to a time of day refers to Singapore time.

To minimise physical interactions and COVID-19 transmission risks, the AGM will be convened and held by electronic means only pursuant to the COVID (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Company will not accept any physical attendance by members. Alternative arrangements for member's participation in the AGM are set out below.

Members' Participation in the AGM

Members may observe and/or listen to the AGM proceedings contemporaneously via a live webcast and live audio feed ("**Live AGM Webcast**") using computers, tablets or mobile phones. The Live AGM Webcast can be accessed through an online platform.

To access the Live AGM Webcast, members need to register by no later than **26 April 2022, 11 a.m.** being 72 hours before the time fixed for the AGM ("**Registration Deadline**") to enable the Company to verify their status. Following verification of shareholders' particulars and shareholding status by the Share Registrar, registered and authenticated members will receive an email a day before the AGM, containing the link and telephone number through which the Live AGM Webcast and the audio-only means can be accessed and the login details and credentials. Members are advised to register as early as possible via the registration website at https://globalmeeting.bigbangdesign.co/zico2022/.

Members should check their email junk folder in case emails are directed there instead of their inbox. Members who have registered by the Registration Deadline but do not receive an email response by **28 April 2022, 12 noon** may contact our Share Registrar by email at main@zicoholdings.com.

Submission of Questions in Advance

No questions can be taken during the Live AGM Webcast. Members may submit their questions in relation to the business of the AGM as follows:

(a) Members who register to observe and/or listen to the AGM proceedings may submit their questions via the registration website at https://globalmeeting.bigbangdesign.co/zico2022/.

(b) By email to joyce.yong@zicoholdings.com.

The Company will only address questions received from members who are verifiable against the Depository Register or the Register of Members. All questions must be submitted within seven calendar days from the Notice of AGM, i.e., by **11.00 a.m. on 21 April 2022** ("**Cut-Off Time**").

The Company's responses to members' questions will be posted on the SGXNet and the Company's website not later than forty-eight hours before the closing date and time for the lodgement of the Proxy Forms, i.e., by **11.00 a.m. on 25 April 2022**. Any subsequent clarifications sought by members after the Cut-off Time will be addressed at the AGM.

The minutes of the AGM will be published on the SGXNet and the Company's website within one month after the date of the AGM.

Submission of Proxy Forms to Vote

Members (whether individual or corporate) who wish to have their votes cast at the AGM must appoint the Chairman of the AGM as their proxy to attend and vote on his/her/its behalf at the AGM. Please note that a member may not vote at the AGM other than by appointing the Chairman of the AGM as the member's proxy. The Chairman of the AGM, as proxy, need not be a member of the Company. Members appointing the Chairman as proxy must give specific instructions as to voting or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

The Proxy Form duly completed and signed, must be submitted (a) by mail to the registered office of the Company's Singapore branch at 77 Robinson Road #06-03 Robinson 77 Singapore 068896; or (b) by email to main@zicoholdings.com using a clear scanned signed form in PDF. The Proxy Form must be received by the Company by **11.00 a.m. on 27 April 2022** being 48 hours before the time fixed for the AGM.

CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM (i.e. by **11.00 a.m. on 21 April 2022**).

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions specified in the instrument appointing the Chairman of the AGM as proxy. In the case of shares entered in the Depository Register, the Company may reject any lodged instrument appointing the Chairman of the AGM as proxy, if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

*This document 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 document, including the correctness of any of the statements or opinions made or reports contained in this document.*

The contact person for the Sponsor is Ms Vanessa Ng.

Tel: 6389 3065, Email: vanessa.ng@morganlewis.com

ZICO HOLDINGS INC.
(Incorporated in Labuan, Malaysia)
(Company Registration No. LL07968)

PROXY FORM – ANNUAL GENERAL MEETING

IMPORTANT:
This Proxy Form is not valid for use by investors who hold shares in the Company ("Shares") through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF/SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks or SRS Operators at least seven working days before the AGM to specify voting instructions. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators by 11.00 a.m. on 21 April 2022.

I/We, ____ (full name in capital letters),
NRIC No./Passport No./Company No. ____
of ____ (full address),
being a member/members of ZICO HOLDINGS INC. (the "**Company**") hereby appoint the Chairman of the annual general meeting ("**AGM**") of the Company, as my/our proxy to attend and to vote for me/us on my/our behalf at the AGM to be held by way of electronic means on Friday, 29 April 2022 at 11.00 a.m. and at any adjournment thereof.

In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Resolution No.	Ordinary Business	For*	Against*	Abstain*
1	To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2021 together with the Auditors' Report thereon			
2	To re-elect Mr Chew Seng Kok as a Director of the Company			
3	To re-elect Mr Chew Liong Kim as a Director of the Company			
4	To approve payment of Directors' Fees for the financial year ending 31 December 2022, to be paid quarterly in arrears			
5	To re-appoint of Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration			
	Special Business			
6	To approve the authority to allot and issue shares.			
7A	To approve the authority to allot and issue shares pursuant to the ZICO Holdings Performance Share Plan			
7B	To approve the authority to allot and issue shares pursuant to the ZICO Holdings Employee Share Option Scheme			

**If you wish to exercise all your votes "For" or "Against" or "Abstain", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Total Number of Shares held in:	
CDP Register	
Register of Members	

Dated this ________ day of ____________ 2022

____
Signature(s) of member(s) or Common Seal

NOTES:

1. In accordance with the alternative arrangements under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, **members of the Company who wish to have his/her/its votes cast at the AGM must appoint the Chairman of the AGM as his/her/its proxy to do so**. Please note that a member may not vote at the AGM otherwise than by way of appointing the Chairman of the AGM as the member's proxy. The Chairman of the AGM, as proxy, need not be a member of the Company.

2. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited, you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

3. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

4. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 11.00 a.m. on 21 April 2022) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date. "Relevant intermediary" is defined under Section 181(6) of the Companies Act (Cap. 50) as:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. If the appointor is an individual, the instrument appointing the Chairman of the AGM as proxy shall be signed by the appointor or his attorney. If the appointor is a corporation, the instrument appointing the Chairman of the AGM as proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM.

6. The signature on the instrument appointing the Chairman of the AGM as proxy need not be witnessed. Where an instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing the Chairman of the AGM as proxy, failing which the instrument may be treated as invalid.

7. The instrument appointing the Chairman of the AGM as proxy must be (a) submitted by mail to the Registered Office of the Company's Singapore Branch at 77 Robinson Road #06-03 Robinson 77 Singapore 068896, or (b) submitted by email to main@zicoholdings.com (using a clear scanned signed form in PDF) and received by the Company not less than 48 hours before the time appointed for holding of the AGM.

GENERAL

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy. In the case of shares entered in the Depository Register, the Company may reject any lodged instrument appointing the Chairman of the AGM as proxy, if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2022.

IMPORTANT NOTICE FROM THE COMPANY ON COVID-19

As the COVID-19 situation continues to evolve, the Company seeks its members' understanding that further measures and/or changes to the AGM arrangements may be made on short notice in the ensuring days leading up to the day of the AGM. The Company reserves the right to take such further precautionary measures as may be appropriate up to the date of the AGM, including any precautionary measures required or recommended by government agencies, in order to curb the spread of COVID-19. The Company will post updates on our corporate website at www.zicoholdings.com and via SGXNET announcements.

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ZICO HOLDINGS INC.

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