



ZICO HOLDINGS INC.

Incorporated in Labuan, Malaysia

Company Registration No. LL07968

PROPOSED CHANGE OF AUDITORS FROM BAKER TILLY LLP TO PKF-CAP LLP

1. The board of directors (the **"Board"**) of ZICO Holdings Inc. (the **"Company"**, and together with its subsidiaries and associated companies, the **"Group"**) wishes to announce the Company's intention to change its auditors from Baker Tilly LLP (**"Baker Tilly"**) to PKF-CAP LLP (**"PKF"**) (**"Proposed Change of Auditors"**). The Proposed Change of Auditors will be subject to the approval of shareholders of the Company (**"Shareholders"**) at an extraordinary general meeting to be convened in due course (**"EGM"**).
2. Baker Tilly were appointed as auditors of the Company at its extraordinary general meeting on 4 November 2019 and were most recently reappointed as auditors at the annual general meeting (**"AGM"**) on 29 April 2022 to hold office until the conclusion of the next AGM. Since then, having reviewed proposals from various audit firms which have experience in auditing public listed companies in Singapore, the Board, in consultation with the Audit and Risk Committee, and taking into consideration the requirements under Rules 712 and 715 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (**"Catalist Rules"**), has determined that PKF's proposal is best suited to meet the audit requirements of the Group, and that their proposed professional fees are reasonable and competitive. The Proposed Change of Auditors will result in cost savings of approximately 23% with no change in the scope of the audit.
3. The Proposed Change of Auditors is due to the Group's ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate and given the Group's current level of activities and business, it would be an opportune time to review the appointment of auditors and benchmark its audit fees and realise cost efficiencies. A change of auditors would also enable the Company to benefit from fresh perspectives and views of another professional audit firm, thus enhancing the value of the audit of the Group.
4. Compliance with Rule 712 of the Catalist Rules

The Audit and Risk Committee has reviewed and deliberated, and after taking into consideration the suitability of PKF and compliance with the Catalist Rules, has recommended the Proposed Change of Auditors.

The Directors have taken into account the Audit and Risk Committee's recommendation and considered the various factors including, *inter alia*, the adequacy of the resources and experience of PKF, the audit engagement partner assigned to the audit, the other audit engagements of PKF, the size

and complexity of the Group's operations, the number and experience of supervisory and professional staff assigned to audit the Group, the fee structure and audit arrangements proposed by PKF, and are of the opinion that PKF will be able to meet the audit requirements of the Group. In addition, PKF is registered with the Accounting and Corporate Regulatory Authority of Singapore.

The Audit and Risk Committee, after having reviewed and deliberated, and after taking into consideration, *inter alia*, the suitability and independence of PKF in meeting the audit requirements of the Group and compliance with the requirements of the Catalist Rules, has recommended the Proposed Change of Auditors for approval by the Board.

The Audit and Risk Committee has not considered the Audit Quality Indicators Disclosure Framework (the "**AQI Framework**") in its entirety when selecting the new auditors as the adoption of the AQI Framework is voluntary. However, the Audit and Risk Committee has based its selection of PKF as the proposed new auditors of the Company based on the Company's internal criteria, which includes costs, quality and scope of audit, and adequacy of the resources, experience and reputation of the audit firm, and is of the view that the quality and scope of the audit services to be provided by PKF will be comparable to that currently provided by Baker Tilly.

5. In connection with the above, Baker Tilly has given notice to the Directors of their resignation as auditors of the Company on 29 August 2022, and PKF has given their written consent to be appointed as the new auditors of the Company on 15 September 2022, subject to the approval of the Shareholders at the EGM to be convened in due course.
6. The resignation of Baker Tilly as the auditors of the Company and the appointment of PKF as the new auditors of the Company will take effect upon obtaining the approval of the Shareholders at the EGM.
7. In accordance with Rule 712(3) of the Catalist Rules:
 - (a) Baker Tilly has confirmed by way of its letter dated 2 September 2022 that they are not aware of any professional reasons why PKF should not accept appointment as auditors of the Company;
 - (b) the Board confirms that there were no disagreements with Baker Tilly on accounting treatments within the last 12 months up to the date of this announcement;
 - (c) the Board confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this announcement;
 - (d) the Company confirms that the specific reasons for the Proposed Change of Auditors are disclosed in this announcement and that the Proposed Change of Auditors is neither due to the dismissal of Baker Tilly nor Baker Tilly declining to stand for election nor was Baker Tilly dismissed or directed by the SGX-ST to be replaced under Rule 305(1)(e)(b) of the Catalist Rules; and
 - (e) the Company confirms that it is in compliance with Rule 712, Rule 715 and Rule 716 of the Catalist Rules in relation to the appointment of PKF.
8. Following Shareholders' approval of the Proposed Change of Auditors, PKF will become the auditors of the Company and of such significant subsidiaries of the Company (which are mainly incorporated in Singapore and Malaysia) in place of Baker Tilly save and except for Fragomen ZICO Inc, our joint venture entity, and its wholly-owned subsidiary, Fragomen Malaysia Sdn Bhd which will remain to be audited

by Rabin & Co and RSM Malaysia PLT respectively. The Company has no significant associated companies. While different audit firms are appointed for Fragomen ZICO Inc and Fragomen Malaysia Sdn Bhd, the Board and Audit and Risk Committee are satisfied that such appointment would not compromise the standard and effectiveness of the audit of the Company.

9. A circular containing further details of the Proposed Change of Auditors, together with a notice of EGM, will be despatched to the Shareholders at a later date for the Proposed Change of Auditors pursuant to the Catalist Rules.

BY ORDER OF THE BOARD

Chew Seng Kok
Managing Director
15 September 2022

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

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