ZICO HOLDINGS INC.

THE GO-TO INTEGRATED PROVIDER OF PROFESSIONAL SERVICES IN ASEAN

ZICO HOLDINGS INC.
ANNUAL REPORT 2019

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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.

ZICO

Listed on Catalist Board of the Singapore Exchange Securities Trading Ltd on 11 November 2014.

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^
- Offer legal services in Myanmar, Thailand and Laos PDR through our subsidiary law firms

SHARIAH ADVISORY
- Advise 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
- Carry out trust company business in the Labuan International Banking and Financial Centre
- Provide trust services in Singapore

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

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

INVESTOR SERVICES
- Provide a comprehensive suite of share registrar services

IP SERVICES
- Provision of intellectual property services

ASSET MANAGEMENT
- Wealth planning and multi-asset management services in Singapore

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

INSOURCING
- Provides insourcing and consultancy services for legal, human capital, and corporate communication

IMMIGRATION SERVICES#
- Provides a broad range of immigration services to help with client's employee mobility needs
- Develops 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
- Business Development and Corporate Communications

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

BUSINESS AGREEMENTS

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

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 ZICOlaw network, in compliance with local professional regulations.

Acquired 50% of Fragomen (Malaysia) Sdn. Bhd. on 31 July 2018.

INNOVATIVE BUSINESS MODEL

ZICO | law

PARTNERSHIP MODEL

- Focus on core competence of practising law
- Maintain professional independence and autonomy
- Compliant with regulatory rules on law forms

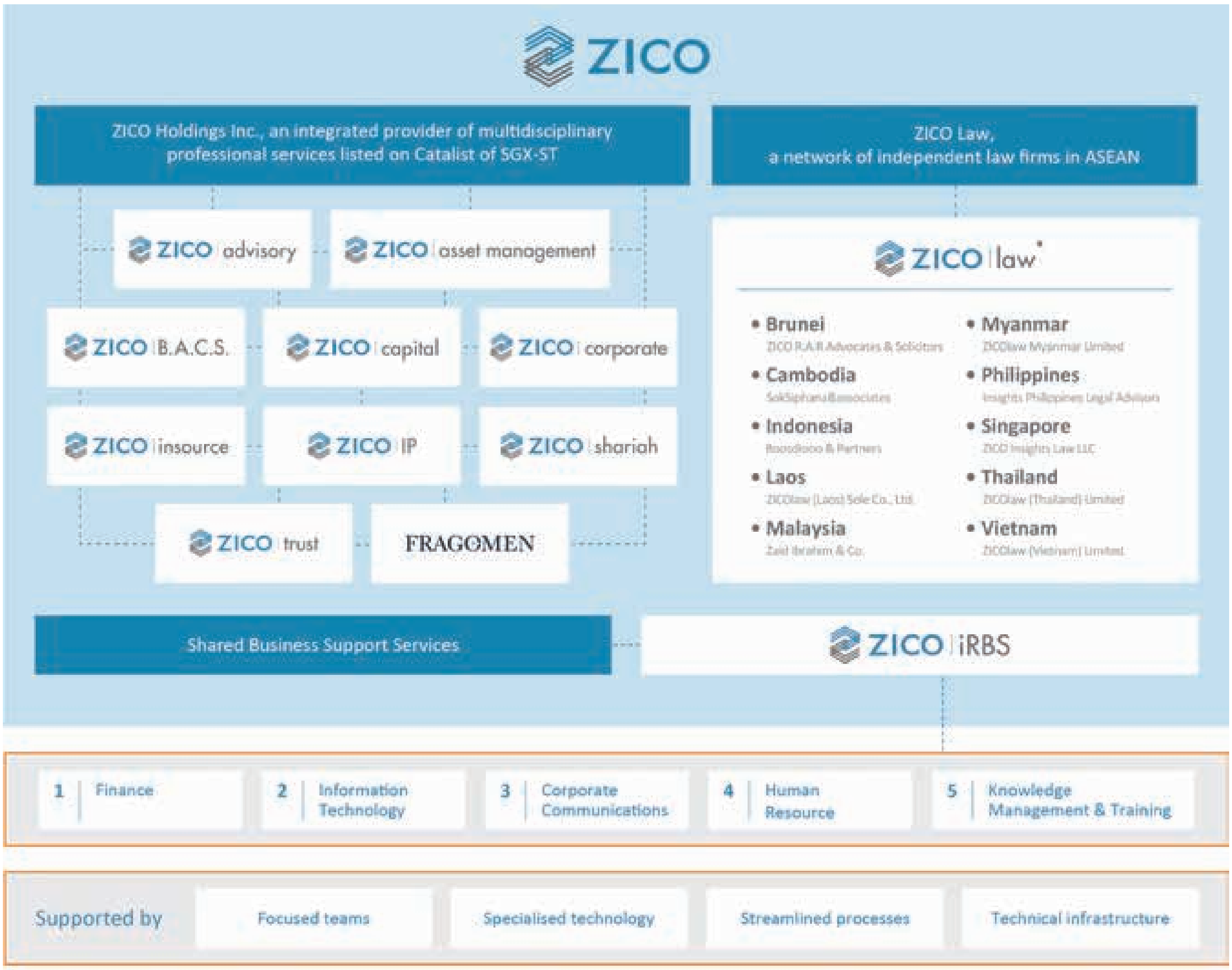
INTEGRATION AND CROSS-SELLING OF SERVICES

ZICO

CORPORATE STRUCTURE

- External capital to fund business expansion
- Incentivise perfomance and talent retention via share schemes
- Venture into new services
- Centralise management and support functions

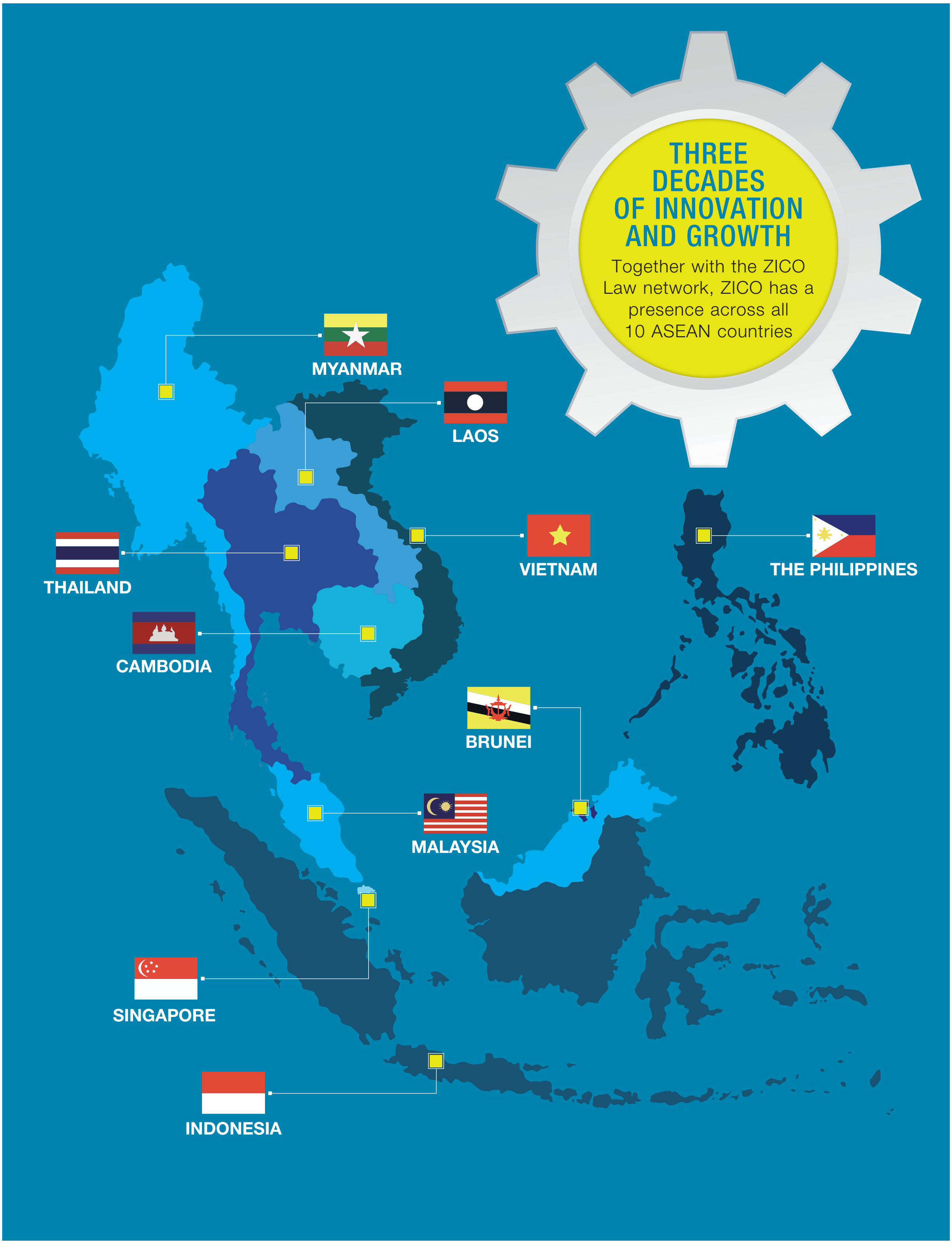
MULTIDISCIPLINARY PRACTICES ASEAN INTEGRATED SERVICES PLATFORM



* 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



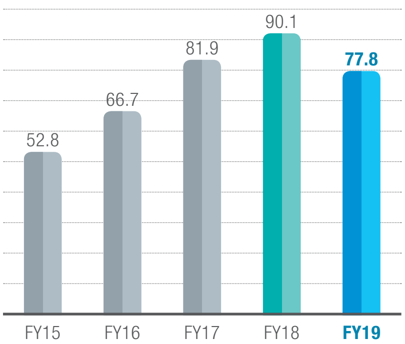
KEY CORPORATE MILESTONES IN PERSPECTIVE

On 16 October 2019, ZICO Trust (S) Ltd. was granted a capital markets services licence by the Monetary Authority of Singapore to conduct the regulated activity of providing custodial services.

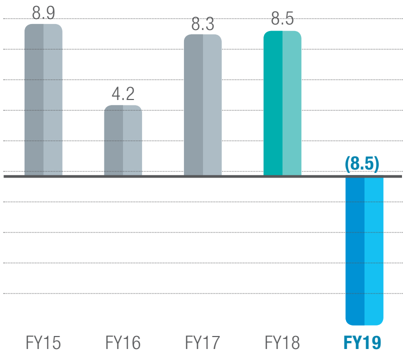
On 26 March 2020, ZICO Holdings Inc., ASEAN Advisory Pte. Ltd., and ZICO AA Sdn. Bhd. entered into a strategic collaboration agreement with Yamada Consulting Group Co. Ltd.

FINANCIAL HIGHLIGHTS

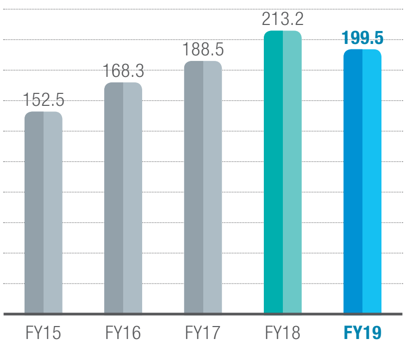
REVENUE
(RM MILLION INCOME)



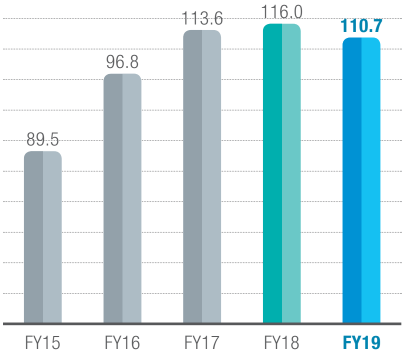
PROFIT/(LOSS) BEFORE INCOME TAX
(RM MILLION INCOME)



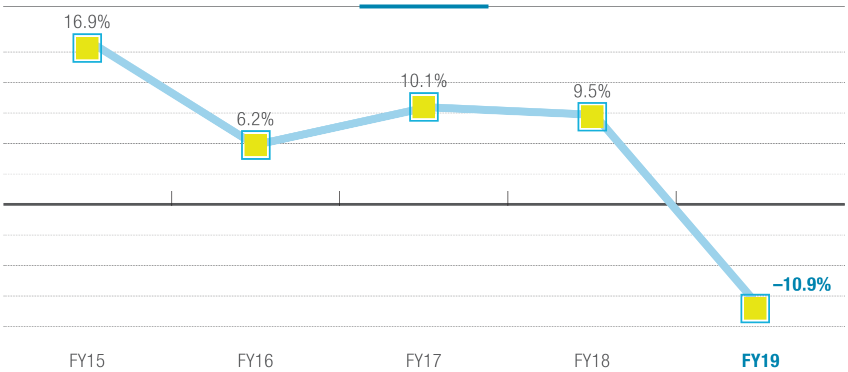
TOTAL ASSETS
(RM MILLION INCOME)



TOTAL EQUITY
(RM MILLION INCOME)

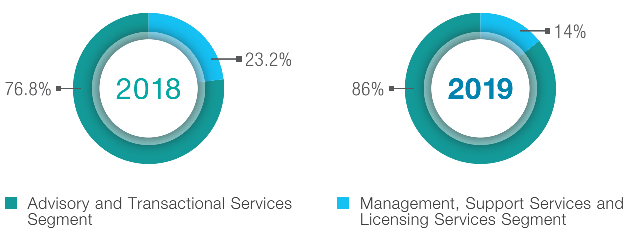


PROFIT/(LOSS) BEFORE INCOME TAX MARGIN
(RM MILLION INCOME)

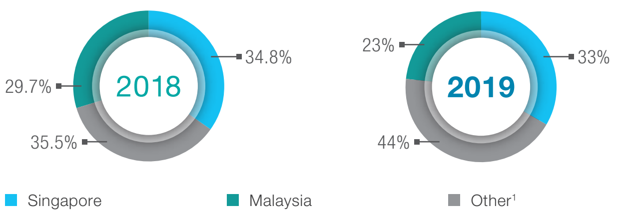


REVENUE BREAKDOWN

BUSINESS SEGMENT (%)



GEOGRAPHICAL SEGMENT (%) (excluding inter-segment revenue)



[1] Others comprise Indonesia, Hong Kong, Thailand, United Kingdom, United States of America, and United Arab Emirates.

	FY2015	FY2016	FY2017	FY2018	FY2019
REVENUE AND PROFITABILITY					
Revenue (RM millions)	52.8	66.7	81.9	90.1	77.8
Profit/(Loss) before income tax (RM millions)	8.9	4.2	8.3	8.5	(8.5)
FINANCIAL POSITION					
Current ratio	1.3	1.4	1.4	1.3	1.2
Total assets (RM millions)	152.5	168.3	188.5	213.2	199.5
Total equity (RM millions)	89.5	96.8	113.6	116.0	110.7
KEY FINANCIAL RATIOS					
Return on assets	4.8%	3.0%	3.7%	2.7%	–3.9%
Return on equity	8.1%	5.2%	6.1%	5.0%	–7.1%
Debt to equity	0.4	0.4	0.4	0.5	0.6

CHAIRMAN'S MESSAGE

DEAR VALUED SHAREHOLDERS,

I am honoured to present to you ZICO's Annual Report for the financial year ended 31 December 2019 ("FY2019"). We have had a challenging year and the year ahead looks no less challenging.

Five years into our listing on the Singapore Exchange, our mission to become the go-to integrated professional services provider across the ASEAN region remains unchanged and our ambition undiminished. We however faced a challenging time during the year in review. We were buffeted by the combined effects of the US-China trade tensions – which had reverberations across ASEAN – and the slowdown in the capital market services advisory sector in Singapore and Malaysia. Corporate advisory activity like Initial Public Offerings were subdued, with several project timelines pushed back.

Amidst these challenges we chose to continue building an even stronger foundation. In FY2019 our trust management services received a major boost when our subsidiary ZICO Trust (S) Ltd. ("ZICO Trust") received its capital markets services licence from the Monetary Authority of Singapore ("MAS") to provide custodial services. In order to develop these new services we added significant human resource numbers into ZICO Trust – a deliberate decision that increased our payroll expenses in FY2019.

We have assessed that the reforms to the trust and custodial services sector in Singapore, including the recent introduction of the Variable Capital Company structure, will inject further growth in this area. ZICO Trust is led by Managing Director, Mr. Jamil Mohamed who has 20 years of in-depth experience in trust and estate planning, fund management, investment structuring as well as business development. By building this capability in Singapore to add to our suite of professional services we will greatly enhance our value proposition – the leading multi-disciplinary services provider in all ten ASEAN countries.

PERFORMANCE REVIEW

For FY2019, revenue declined 13.6% to Ringgit Malaysia ("RM") 77.8 million compared to RM90.1 million in FY2018 due to slower economic activity in Singapore affecting our corporate advisory and other services. Revenue from our Management and Support Services and Licensing Services segments decreased by 47.3% to RM11.0 million compared to a year ago due to lower revenue contributions from services managed by ZICO Knowledge Services Sdn. Bhd. in Malaysia.

We recorded a net loss of RM7.9 million compared to a net profit of RM5.8 million in FY2018. Contributing to the loss were the one-off, non-recurring loss on disposal of two subsidiaries – Finova Singapore Pte. Ltd. and ZICO BPO Pte. Ltd. in November 2019 – as well as higher payroll costs for the increase in headcount for ZICO Trust, as outlined above.

OUTLOOK

The year ahead looks even more challenging than the last. The COVID-19 pandemic that originated in China has significantly impacted many countries in Asia. As I write these words, the infection rates and death toll globally have reached new heights, and will continue to rise in the weeks ahead. With restrictions such as social distancing, disruptions to the supply chain, and lockdowns in several cities and countries, the economies of ASEAN have been and will continue to be impacted in the coming months. Much depends on when and how the health situation stabilizes, and on the levels of off-budget financial and economic support extended by the governments in the region. We can expect a global economic slowdown that will impact ASEAN.

That said, ZICO has prepared itself to face these challenges. Few corporations in the region can rival our network, global partners and a suite of services at a time when cross-border professional services continue to grow year after year.

STRATEGIC COLLABORATION WITH YAMADA CONSULTING GROUP

I am therefore pleased to report that on 26 March 2020, ZICO formalised a strategic collaboration with one of Japan's leading consultancy groups, Yamada Consulting Group Co., Ltd. ("YCG"). Listed on the Tokyo Stock Exchange, YCG provides consultancy services for real estate, financial planning, management and investments and has over 900 employees.

We will collaborate to offer corporate advisory and professional services to support business transactions between Japan and ASEAN. Our two regions are at different stages of economic growth and demographics that can lead to mutual synergies from the increases in investment flows, mergers and acquisitions as well as strategic alliances. With

CHAIRMAN'S MESSAGE

this collaboration, ZICO has moved beyond ASEAN to the broader Asia region. This partnership could effectively usher in a new chapter in our growth, as our strategic collaboration with YCG will open up a pipeline of advisory and professional services between two major economic regions in Asia.

WORDS OF APPRECIATION

I must thank our loyal shareholders, business partners and clients who have shown unwavering support through the years. We need your support even more during the challenging months ahead. Our dedicated staff, experienced management team and my fellow Board members have worked hard and contributed much to make ZICO what it is today. My sincere thanks to each of you.

Finally on behalf of my fellow Board members, I also extend a warm welcome to Mr Keisaku Masuda, President and Chief Executive Officer of YCG, as our new strategic partner. Together we embark on a new chapter of growth together. Let us all join hands to work for a better FY2020 and beyond.

DATO' T. JASUDASEN
Independent Chairman

MANAGING DIRECTOR'S MESSAGE

DEAR VALUED SHAREHOLDERS,

The financial year ended 31 December 2019 ("FY2019") was challenging for ZICO as like most service providers in the ASEAN region, we were severely affected by the US-China trade tensions and a substantial slowdown in business activities.

Highlights of the year in review include new developments in ZICO's Advisory and Transactional Services ("ATS") segment and the sale of two of our subsidiaries, which have allowed us to recalibrate and re-position for a better future.

Since our listing, we have built the foundations for a suite of licensed services under a multi-disciplinary platform. ZICO is acknowledged as having a unique position as the go-to professional services provider in Southeast Asia, one of the fastest-growing economic regions in the world. Leveraging on this foundation, we have recently formalized an important partnership with Yamada Consulting Group Co., Ltd. ("YCG") to pursue ASEAN-Japan M&A and advisory services opportunities. The strategic collaboration agreement with YCG signed on 26 March 2020 sets the stage for a new chapter in ZICO partnering with a leading independent advisory and consulting services company with strong links to Japan.

FINANCIAL PERFORMANCE

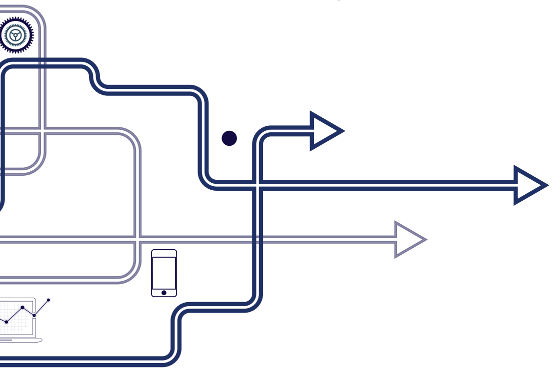
For the year in review, revenue declined 13.6% to Ringgit Malaysia ("RM") 77.8 million compared to RM90.1 million in FY2018. This was due to slower capital market activities – including initial public offerings and business advisory activities – in Singapore and Malaysia, our own markets. The overall slower economic activity and subdued capital market sentiment, particularly for smaller companies, impacted listings and other capital market activity in Singapore.

Our revenue was also impacted by lower contributions from our two key segments: ATS and Management and Support Services and Licensing Services ("MSSL"). ATS revenue declined 3.4% to RM66.8 million in FY2019 compared to RM69.1 million in FY2018. MSSL's revenue decreased 47.3% to RM11.0 million in the period

MANAGING DIRECTOR'S MESSAGE

under review from RM20.9 million in FY2018 due mainly to lower revenue contributions from management and support services under ZICO Knowledge Services Sdn. Bhd.

In October 2019, our subsidiary, ZICO Trust (S) Ltd. ("ZICO Trust"), received a capital markets services licence ("CMS Licence") from the Monetary Authority of Singapore ("MAS") for the provision of custodial services. In line with securing this CMS Licence, we increased headcount significantly for ZICO Trust, contributing to higher payroll expenses in FY2019. We believe this investment is necessary as the growth opportunity in this segment is significant especially with the recent introduction of the variable company structure in Singapore.



ZICO Capital Pte. Ltd., Singapore ("ZICAP SG") completed two listings subsequent to the financial year under review, even though the project had been executed largely in FY2019. Resources Global Development was listed on the Catalist Board of the Singapore Exchange in January 2020 while Memiontec Holdings listed on the Catalist Board in March 2020. These are the fourth and fifth IPOs to be successfully executed by ZICAP SG, led by Chief Executive Officer, Mr. Alex Tan and Managing Director, Ms. Karen Soh-Tham.

During FY2019, the Group recorded increased amortisation and depreciation expenses of RM6.5 million. Apart from the amortization and increased depreciation of certain assets, the performance in FY2019 also bore the impact of the adopting of IFRS16 on Leases, an increase in employee benefits expenses of RM3.4 million due to the acquisition of ZICOlaw Thailand Limited in 3QFY2018 and the additional headcount for ZICO Trust as outlined above.

The sale of the Company's subsidiaries – Finova Singapore Pte. Ltd. and ZICO BPO Pte. Ltd. – in November 2019 contributed to a loss of RM4.4 million. The proceeds from the completion of the sale will be used to reduce RM6 million in borrowings, with the remainder to support the Group's operations.

Several of these items listed above are non-cash and non-recurring in nature. Nonetheless, the combined effect was that we recorded a loss before tax of RM8.5 million in FY2019 compared to a profit before tax of RM8.5 million. ZICO's net loss after tax of RM7.9 million is after the offsetting of income tax credit of RM649,000. The Group's net asset value per share as at 31 December 2019 declined to 34.62 RM cents compared to 38.29 RM cents a year ago. Cash and cash equivalents amounted to RM19.4 million as at 31 December 2019 compared to RM16 million as at 31 December 2018.

MANAGING DIRECTOR'S MESSAGE

STRATEGIC COLLABORATION BEYOND ASEAN

On 26 March 2020, ZICO formalised an important collaboration agreement with YCG, a leading independent consulting group from Japan listed in the First Section of the Tokyo Stock Exchange. This strategic partnership will allow the Group to pursue M&As, advisory and consulting services, corporate restructuring and financing of businesses in the ASEAN region by investors from Japan. Corporations on both sides need these services to conclude partnerships and transactions. ZICO and YCG are therefore positioned uniquely to offer a combined platform to facilitate cross-border trade and investment flows between ASEAN and Japan. Amidst the uncertainty in the global economy due to the spillover effects of COVID-19, our partnership with YCG will offer hitherto untapped avenues and geographic reach.

This collaboration is taking place amidst an exceptional confluence of factors which is propelling cross-border business relationships. In 2018 alone, Japan contributed the largest outward foreign direct investments into ASEAN (US$25 billion for the region with US$725 million for Malaysia). On the sell-side, the ASEAN economies are at early stages of growth. Small and medium enterprises need access to technology, markets, investments and business networks. The demographics and domestic economy of Japan are both at an inflection point. Encouraged by the government, Japanese corporations on the buy-side are turning to growth opportunities in ASEAN at an accelerated pace. In Malaysia, our collaboration with YCG has been enhanced by the signing of two agreements on 26 March 2020 through ZICO AA Sdn. Bhd. The first is with Sage 3 Sdn. Bhd. and the second is with Andersen Corporate Restructuring Sdn. Bhd. Both are leading corporate advisory and restructuring firms in Malaysia and will provide the necessary sell-side pipeline that will facilitate deal flows to the ZICO-YCG platform.

The above agreements mean that ZICO has set the stage for a new chapter of growth that extends our geographical reach and value proposition beyond ASEAN.

OUTLOOK

The outbreak of COVID-19 has added a new dimension of issues and uncertainties to businesses worldwide. Coupled with the sharp falls in global financial markets and disruptions to supply chains, we expect the economies of countries in the ASEAN region to be severely impacted in the coming months. This will likely affect our outlook for 2020. In this regard, we expect ZICO's position as the go to service provider in Southeast Asia and our new partnership with YCG will help us weather these challenges.

WELCOME AND APPRECIATION

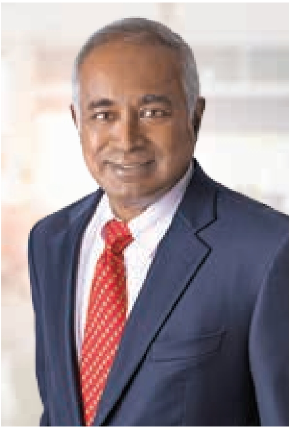
I would like to thank all ZICO staff who have worked so hard in a challenging year. I would also like to express my appreciation to my fellow members of the Board of Directors, whose insight and experience continue to be invaluable.

I also want to express my sincere thanks to the YCG team that has been working closely with my colleagues and me in the months leading up to our formal agreement. Now that it is finalised, we warmly welcome YCG to be part of the ZICO ecosystem of services.

To our valued shareholders, business partners and clients, I express my sincere appreciation for your continued steadfast support and loyalty.

CHEW SENG KOK
Managing Director

BOARD OF DIRECTORS



DATO' T. JASUDASEN
INDEPENDENT CHAIRMAN

DATO' T. JASUDASEN, our Independent Chairman, was appointed to the Board on 16 February 2015 and was last re-elected on 20 April 2018.

He retired from full-time diplomacy in September 2014 after 37 years of government service. He currently serves as Singapore's Non-Resident Ambassador to Ethiopia and Representative to the African Union. In addition, he is an honorary Steward and a member of the Management Committee of the Singapore Turf Club, which is a non-profit organisation. He is also a member of the advisory Board of Nanyang Business School's Centre for African Studies.

Dato' T. Jasudasen was previously 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.

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.

CHEW SENG KOK
MANAGING DIRECTOR

MR CHEW SENG KOK, our Managing Director, was appointed to the Board on 9 December 2010 and was last re-elected on 20 April 2018. He is primarily responsible for the business development and overall strategy and management of the Group.

Mr Chew graduated with an LLB (Honours) in 1984 and obtained an LLM (First Class Honours) from Victoria University of Wellington, New Zealand, in 1989. Mr Chew started practice in Malaysia in 1985 and was previously practising with Chapman Tripp in Wellington, New Zealand, and Baker & McKenzie in Singapore. He was formerly the regional managing partner of the ZICOLaw network in 2011. In November 2014, Mr Chew left his managing role in ZICOLaw to take up a full time role as the Managing Director of ZICO.

Mr Chew is very active in supporting the public and private sectors in Malaysia and in promoting trade and investments in the ASEAN region. He is a director of the ASEAN Business Club, an association of the chief executives of the region's leading business enterprises which provides a forum for its members to network and collaborate. Mr Chew was given an award by the New Zealand government in August 2015 in recognition of his significant contribution.

BOARD OF DIRECTORS

LIEW FOONG YUEN
EXECUTIVE DIRECTOR

MR LIEW FOONG YUEN, our Executive Director, was appointed to the Board on 7 August 2014 and was last re-elected on 20 April 2018. He is primarily responsible for the overall management of the Advisory and Transactional Services Segment of the Group.

Mr Liew has been part of the ZICO family for over 20 years, beginning in 1997 when he joined Zaid Ibrahim & Co., the precursor to the ZICO LAW network. He became a partner in 2002 and subsequently set-up and oversaw the ZICO LAW office in Singapore as resident partner, kicking off the network's regional expansion in 2003. He was part of the management team that restructured the businesses of the network into ZICO Holdings Inc., and on its successful listing on the SGX-ST in 2014.

Mr Liew is an independent non-executive director of Keck Seng (Malaysia) Berhad, a public listed company listed on the Main Board of Bursa Malaysia.

Mr Liew graduated with a Bachelor of Laws (Honours) from the University of Warwick in 1992 and is a lawyer by training, having qualified to practise in England and Wales, and in Malaysia. He received a Chevening Scholarship to pursue and obtain his Masters of Business Administration (Finance) from City University, London in 2003.

DATUK NG HOCK HENG
EXECUTIVE DIRECTOR

DATUK NG HOCK HENG, our Executive Director, was appointed to the Board on 9 December 2010 and was last re-elected on 27 April 2017. 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 Transactional 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 also 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.

STEPHEN ARTHUR MALOY
NON-EXECUTIVE
NON-INDEPENDENT DIRECTOR

MR STEPHEN ARTHUR MALOY, our Non-Executive Non-Independent Director, was appointed to the Board on 7 August 2014 and was last re-elected on 27 April 2017.

He is currently a senior advisor at ZICO Law and was a senior advisor at Jincheng, Tongda & Neal. Before this, Mr Maloy was General Electric ("GE")'s General Counsel for the Asia-Pacific Region and served in that role from 1983 to 2012, residing in Singapore, Kuala Lumpur, Hong Kong, and Shanghai during the period.

Mr Maloy also served as Vice Chairman of GE China Limited and was responsible for the establishment of GE Pacific Pte. Ltd. ("GE Pacific") in Singapore, the holding company for most GE investments in Asia, and continued to serve as an executive director in GE Pacific, Ltd. until 2012. He currently serves as Chairman of Magritek, Ltd, a manufacturer of benchtop magnetic resonance equipment based in New Zealand and Germany.

Mr Maloy graduated with an A.B. (cum laude) in Economics and History from Colgate University in 1973 and obtained a Juris Doctor Degree from Cornell University in 1976.

BOARD OF DIRECTORS

CHEW LIONG KIM
INDEPENDENT DIRECTOR

MR CHEW LIONG KIM, our Independent Director, was appointed to the Board on 7 August 2014 and was last re-elected on 22 April 2016. 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 was a commission member of the Malaysian Communications and Multimedia Commission between 2013 and 2015, and served as Chairman of the 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 chief executive officer of Dataprep Holdings Berhad from 2003 to 2008. Mr Chew was the former worldwide partner of Arthur Andersen from 1990 to 2002.

Mr Chew graduated with a Bachelor of Commerce 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.

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 27 April 2017. He is also a lead independent director and chairman of the audit and risk committee of Global Invacom Group Limited and an independent director and chairman of the audit and risk management committee of Karin Technology Holdings Limited, both of which 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 Group's Knowledge Management and Training unit in designing and implementing knowledge management and training initiatives for the Group and the clients of the Group, including the ZICO LAW 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 was a practising Advocate and Solicitor of the High Court of Malaya from February 1987 assuming the position of Chief Risk Officer of ZICO Holdings Inc.. He is has been a speaker and panellist at a number of domestic and international conferences and forums and has published several 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)

Liew Foong Yuen
(Executive Director)

Datuk Ng Hock Heng
(Executive Director)

Stephen Arthur Maloy
(Non-Executive
Non-Independent Director)

Chew Liong Kim
(Independent Director)

John Lim Yew Kong
(Independent Director)

AUDIT AND RISK COMMITTEE

John Lim Yew Kong (Chairman)

Chew Liong Kim

Stephen Arthur Maloy

Dato' T. Jasudasen

NOMINATING COMMITTEE

Dato' T. Jasudasen (Chairman)

John Lim Yew Kong

Stephen Arthur Maloy

Chew Liong Kim

REMUNERATION COMMITTEE

Chew Liong Kim (Chairman)

Stephen Arthur Maloy

John Lim Yew Kong

Dato' T. Jasudasen

COMPANY SECRETARY

ZICO Secretarial Limited

REGISTERED OFFICE

Unit Level 13(A), Main Office Tower
Financial Park Labuan, Jalan Merdeka
87000 Federal Territory of Labuan
Malaysia

SINGAPORE SHARE REGISTRAR AND SHARE TRANSFER OFFICE

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

SPONSOR

Asian Corporate Advisors Pte. Ltd.
160 Robinson Road
#21-05 SBF Center
Singapore 068914

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

Malayan Banking Berhad
2 Battery Road
#16-01 Maybank Tower
Singapore 049907

RHB Bank Berhad
90 Cecil Street
#12-00 RHB Bank Building
Singapore 069531

CORPORATE COMMUNICATIONS

ZICO Holdings Inc.
Saw Wei Wei
8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: (65) 6438 7929
Fax: (65) 6438 7926
Email: wei.wei.saw@zicoholdings.com

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 2019 ("**FY2019**"), with specific reference made to the principles of the Code of Corporate Governance 2018 (the "**Code**") 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 FY2019.

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 SGX-ST Listing Manual Section B: Rules of Catalist Rules ("**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 employees' 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, quarterly and full-year financial results announcements, annual report 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, external and internal auditors, Management, Continuing Sponsor, Chief Risk Officer, and 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 would 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.

CORPORATE GOVERNANCE REPORT

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:

Provision 1.4

Composition of the Board Committees			
	ARC	**NC**	**RC**
Chairman	John Lim Yew Kong	Dato' T. Jasudasen	Chew Liong Kim
Member	Chew Liong Kim	John Lim Yew Kong	Stephen Arthur Maloy
Member	Stephen Arthur Maloy	Stephen Arthur Maloy	John Lim Yew Kong
Member	Dato' T. Jasudasen	Chew Liong Kim	Dato' T. Jasudasen

The Board meets on a quarterly basis, and as and when circumstances require. During FY2019, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below.

Provision 1.5

Board and Board Committee Meetings in FY2019				
	Board	**ARC**	**NC**	**RC**
Number of Meetings Held	5	6	1	2
Name of Director	**Number of Meetings Attended**			
Dato' T. Jasudasen	5	6	1	2
Chew Seng Kok	5	6*	1*	1*
Liew Foong Yuen	5	6*	1*	1*
Datuk Ng Hock Heng	5	6*	1*	1*
Stephen Arthur Maloy	5	6	1	2
Chew Liong Kim	5	6	1	2
John Lim Yew Kong	5	6	1	2

** By invitation*

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)	Quarterly, and as and when relevant
Updates to the Group's operations and the markets in which the Group operates in	Quarterly
Quarterly and full year financial results	Quarterly
Reports on on-going or planned corporate actions	As and when relevant
Enterprise risk framework and internal auditors' ("**IA**") report(s)	Quarterly
Research report(s)	As and when requested
Shareholding statistics	As and when requested

The Management will also provide 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*

CORPORATE GOVERNANCE REPORT

The role of the Company Secretary, whose appointment and removal 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 flow 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;

(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
Mr Liew Foong Yuen	Executive Director	7 August 2014
Datuk Ng Hock Heng	Executive Director	9 December 2010
Mr Stephen Arthur Maloy	Non-Executive Non-Independent Director	7 August 2014
Mr Chew Liong Kim	Independent Director	7 August 2014
Mr John Lim Yew Kong	Independent Director	7 August 2014

The Company does not have any alternate directors.

CORPORATE GOVERNANCE REPORT

Three of the Board members, including the Chairman, are independent in accordance with Provision 2.1 of the Code. 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.

Provision 2.3

The majority of the Board members are non-executive directors, i.e., Dato' T. Jasudasen, Mr Stephen Arthur Maloy, Mr Chew Liong Kim, and Mr John Lim Yew Kong. 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 FY2019 prior to each of the Company's quarterly 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.

Provision 2.4

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.

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	4	57%
Business management	7	100%
Legal or corporate governance	4	57%
Relevant industry knowledge or experience	7	100%
Strategic planning experience	7	100%
Customer-based experience or knowledge	7	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.

CORPORATE GOVERNANCE REPORT

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 FY2019 as the Chairman is an independent Director, and the Chairman and the Managing Director are not related. *Provision 3.3*

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. Three of them, including its chairman, are independent directors. *Provision 4.2*

Chairman	Dato' T. Jasudasen
Member	John Lim Yew Kong
Member	Stephen Arthur Maloy
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 Director's 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.

CORPORATE GOVERNANCE REPORT

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.

Provision 4.3

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.

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) is 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
Liew Foong Yuen	Executive Director	97
John Lim Yew Kong	Independent Director	97

Mr John Lim Yew Kong, upon re-election as a Director, will remain as an Independent Director and the Chairman of the ARC, and a member of the RC and the NC. The Board considers him to be independent for the purposes of Rule 704(7) of the Catalist Rules.

Please refer to pages 43 to 47 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.

During the year, the NC has 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 FY2019.

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 13 to 15 of this annual report.

Principle 5: Board Performance

CORPORATE GOVERNANCE REPORT

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

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. *Provision 5.1*

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);

(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.

CORPORATE GOVERNANCE REPORT

Provision 5.2

The Board uses the guidelines in the Code of Corporate Governance 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.

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/her 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 FY2019, 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.

Provision 6.3

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

Provision 6.2

The RC comprises the following members, all of whom are non-executive. Three of them, including the Chairman, are independent directors.

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

Provision 6.1

RC's Key Terms of Reference

Provision 8.1

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

(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

CORPORATE GOVERNANCE REPORT

(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 FY 2019. *Provision 6.4*

Principle 7: Level and Mix of Remuneration

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.

The Company's Executive Directors namely, Mr Chew Seng Kok, Mr Liew Foong Yuen, and Datuk Ng Hock Heng and the key management personnel, namely Ms Adeline Cheah and Mr Paul Subramaniam (each an "**Appointee**" and collectively, "**Appointees**") have entered into service agreements with the Company in which, terms of their employment are stipulated. The initial term of employment is for a period of three (3) years from the date of admission of the Company to the Official List of the Catalist of the SGX-ST ("**Initial Term**") on 11 November 2014. At the end of the Initial Term, their employments were renewed and to continue until 31 December 2020. Thereafter their employment shall be automatically renewed on a three-year basis on such terms and conditions as the parties may agree.

Under the service agreements, all the Appointees are entitled to an annual wage supplement ("**AWS**") equivalent to one (1) month of the Appointee's last drawn monthly salary, payable on the last business day of the financial year in which it is accrued, and an incentive bonus, if any, to be determined and approved by the RC from time to time. Please refer to the section on "Service Agreements" in the Company's Offer Document dated 30 October 2014 for further details.

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 FY2019. 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*

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE REPORT

Information on the Company's Employee Share Option Scheme and PSP are set out on pages 50 to 53 of this annual report. *Provision 8.3*

The RC had reviewed the performance of the Directors and key management personnel and is satisfied that these performance conditions were met in FY2019.

Principle 8: Disclosure on Remuneration

Disclosure of Relationships between Remuneration, Performance and Value Creation

For FY2019, 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 FY2019 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	86	7	–	7	100
S$250,001 to S$500,000					
Liew Foong Yuen	84	7	–	9	100
Datuk Ng Hock Heng	84	7	–	9	100
Below S$250,000					
Dato' T. Jasudasen	–	–	–	100	100
John Lim Yew Kong[2]	–	–	–	100	100
Chew Liong Kim	–	–	–	100	100
Stephen Arthur Maloy	–	–	–	100	100

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

(2) 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.

CORPORATE GOVERNANCE REPORT

No stock options were granted to the Directors in FY2019.

A total of 333,336 shares, representing one-third of the share awards granted to the Directors on 21 March 2016 ("**FY2016 Awards**"), were vested in the Directors on 21 March 2019, being the third anniversary of the date of grant of the FY2016 Awards.

A total of 233,332 shares, representing one-third of the share awards granted to the Directors on 21 April 2017 ("**FY2017 Awards**"), were vested in the Directors on 21 April 2019, being the second anniversary of the date of grant of FY2017 Awards.

A total of 266,664 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 2019, being the first anniversary of the date of grant of FY2018 Awards.

Please refer to further details set out on pages 52 to 53 of this annual report.

There were no termination, retirement and post-employment benefits granted to Directors and key management personnel in FY2019.

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.

Provision 8.1 and Provision 8.3

The Company only has 2 top key management personnel as at the end of FY2019.

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the Managing Director) in FY2019 was as follows:

Name	Salary (%)[(1)]	AWS & Bonus (%)[(1)]	Total (%)
S$250,000 to S$500,000			
Paul Subramaniam	87	13	100
Below S$250,000			
Adeline Cheah Li Meng	85	15	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 FY2019.

The total remuneration paid to the 2 top key management personnel in FY2019 was S$493,809.

Provision 8.2

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 FY2019. During the year, there were no employees who were substantial shareholders of the Company.

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.

CORPORATE GOVERNANCE REPORT

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*

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.

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. 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, whereas the Board is in charge of the Group's enterprise risk. *Provision 9.2*

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 FY2019.

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

(a) assurance has been received from the Managing Director and Chief Financial Officer ("**CFO**") in respect of FY2019;

(b) internal controls established and maintained by the Group, work performed by the IA and external auditor ("**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) key management personnel regularly evaluates, monitors and reports to the ARC on material risks; and

(e) discussion held between the ARC and EA in the absence of the key management personnel to review and address any potential concerns on 27 February 2019.

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.

Principle 10: Audit Committee

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

The Company has established an ARC which comprises the following members, all of whom are non-executive and three of whom, including the Chairman, are independent directors. 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	Stephen Arthur Maloy
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 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 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;

CORPORATE GOVERNANCE REPORT

(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;

(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. *Provision 10.1*

Before the appointment of Baker Tilly as the group's external auditors on 4 November 2019, PricewaterhouseCoopers LLP were the Group's external auditors since the Company's extraordinary general meeting on 3 December 2015, with Mr Mohamad Saiful Bin Saroni as the partner in charge.

Fees Paid/Payable to the EA for FY2019		
	S$	**% of total**
Audit fees	213,132	100.0
Non-audit fees	–	–
Total	**213,132**	**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. The ARC 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 FY2019. The Company is in compliance with Catalist Rules 712 and 715.

CORPORATE GOVERNANCE REPORT

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) independent, effective and adequately 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.

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 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 Chief Risk Officer, Mr Paul Subramaniam. The contact information of the Chief Risk Officer 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. The Company's forthcoming AGM will be held on 14 May 2020, notice of which is set out on pages 148 to 151 of this annual report. 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.

CORPORATE GOVERNANCE REPORT

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, unless 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 22 April 2019.

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*

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 quarterly basis. 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. The Company also solicits feedback from and addresses the concerns of shareholders via investor/analyst briefings and roadshows. *Provision 12.1 and Provision 12.3*

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*

The Board has not declared or recommended for FY2019, 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.

CORPORATE GOVERNANCE REPORT

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 FY2018, which was published on 28 May 2019. The sustainability report also sets out its strategy and key areas of focus in managing stakeholder relationships. *Provision 13.1 and Provision 13.2*

There has been no change to the aforesaid stakeholder engagement process and strategy for FY2019. This will be similarly reflected in the Company's sustainability report for FY2019 to be published by 31 May 2020.

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 to 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 to 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 FY2019 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 FY2019 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(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. Pursuant to an appointment letter dated 14 October 2014, Mr Stephen Arthur Maloy (the Non-Executive Non-Independent Director of the Company) shall provide to the Group and its clients with general advisory and strategic business guidance with effect from 1 July 2014 to 30 June 2017, on a fixed retainer basis of S$24,950 per quarter. This retainer arrangement is continued on the same terms with effect from 1 October 2017 to 30 September 2019. The Directors are of the view that the consultancy and business advisory services provided by Mr Stephen Arthur Maloy are carried out on normal commercial terms and are not prejudicial to the interests of the Group and its shareholders. The Company does not have a general mandate for IPTs. There were no IPTs with value of more than S$100,000 transacted in FY2019. The Company has made advances to its associated entity, ShakeUp Online Sdn Bhd ("Shakeup") for operational requirements. Each transaction is below S$100,000. Shakeup is an interested person under Chapter 9 of the Catalist Rules, as it is an associate of Mr Chew Liong Kim, a director of the Company. He holds 80% equity interest in Shakeup.

CORPORATE GOVERNANCE REPORT

<table>
<tr><td>1204(19)</td><td>Dealing in Securities</td><td>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 two weeks before the announcement of the Company's quarterly 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.</td></tr>
<tr><td>1204(21)</td><td>Non-Sponsor Fees</td><td>In FY2019, no non-sponsor fees were paid to the Company's Continuing Sponsor, Asian Corporate Advisors Pte. Ltd.</td></tr>
<tr><td>1204(22)</td><td>Use of IPO Proceeds</td><td>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). The following table sets out the breakdown of the use of proceeds from the IPO as at 29 February 2020:

<table>
<tr><th>Purpose</th><th>Amount allocated (S$'000)</th><th>Amount utilised as at 29 February 2020 (S$'000)</th><th>Balance (S$'000)</th></tr>
<tr><td>Expansion of business operations including potential acquisitions</td><td>8,000</td><td>8,000</td><td>–</td></tr>
<tr><td>Capital expenditure on information technology infrastructure</td><td>1,000</td><td>1,000</td><td>–</td></tr>
<tr><td>General working capital[(1)]</td><td>3,521</td><td>3,521[(1)]</td><td>–</td></tr>
<tr><td>Listing expenses</td><td>1,879</td><td>1,879</td><td>–</td></tr>
<tr><td>Total</td><td>14,400</td><td>14,400</td><td>–</td></tr>
</table>

Note:
(1) The amount of working capital was used for payment of salaries and wages.

The use of proceeds from the IPO are consistent with the prospectus dated 30 October 2014. As announced on 13 August 2018, the proceeds from the IPO have been fully utilised.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

<table>
<tr>
<td>1204(22)</td>
<td>Use of Placement Proceeds</td>
<td>
The Company refers to the net proceeds amounting to S$4 million raised from the placement exercise announced on 24 March 2017 and completed on 12 April 2017 (“Placement”).
The following table sets out the breakdown of the use of proceeds from the Placement as at 29 February 2020:
<table>
<tr><th>Purpose</th><th>Amount allocated (S$’000)</th><th>Amount utilised as at 29 February 2020 (S$’000)</th><th>Balance (S$’000)</th></tr>
<tr><td>Business expansion</td><td>1,000</td><td>1,000</td><td>–</td></tr>
<tr><td>Capital expenditure and maintenance on information technology infrastructure</td><td>1,600</td><td>1,600</td><td>–</td></tr>
<tr><td>Working capital requirements of the Group, mainly to support the working capital requirements of new services and offices</td><td>1,400</td><td>1,400[1]</td><td>–</td></tr>
<tr><td>Total</td><td>4,000</td><td>4,000</td><td>–</td></tr>
</table>
Note:
(1) The amount of working capital was used for payment of salaries and wages, rental of office premises and operational expenses.
The use of proceeds from the Placement is consistent with the announcement dated 27 March 2017.
As announced on 13 August 2018, the proceeds from the Placement have been fully utilised.
The Company further refers to the net proceeds amounting to S$3 million raised from the placement exercise announced on 14 March 2019 and completed on 25 March 2019 (“2019 Placement”).
The following table sets out the breakdown of the use of proceeds from the 2019 Placement as at 29 February 2020:
<table>
<tr><th>Purpose</th><th>Amount allocated (S$’000)</th><th>Amount utilised as at 29 February 2020 (S$’000)</th><th>Balance (S$’000)</th></tr>
<tr><td>Working capital requirements of the Group, to support the operation costs</td><td>3,000</td><td>3,000[1]</td><td>–</td></tr>
<tr><td>Total</td><td>3,000</td><td>3,000</td><td>–</td></tr>
</table>
Note:
(1) The amount of working capital was used for payment of salaries and wages, rental of office premises and operational expenses.
The use of proceeds from the Placement is consistent with the announcement dated 14 March 2019. As announced on 13 May 2019, the proceeds from the 2019 Placement have been fully utilised.
</td>
</tr>
</table>

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 Seng Kok	
Date of initial appointment	9 December 2010
Date of last re-appointment (if applicable)	20 April 2018
Age	60
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
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 2020, Mr Chew Seng Kok holds 97,341,537 ordinary shares amounting to 30.02% of the ordinary shares in the Company. The 97,341,537 ordinary shares consist of 92,047,800 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

CORPORATE GOVERNANCE REPORT

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.	• 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
Liew Foong Yuen	
Date of initial appointment	7 August 2014
Date of last re-appointment (if applicable)	20 April 2018
Age	50
Country of principal residence	Singapore
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 Liew Foong Yuen 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 Liew Foong Yuen will continue to be primarily responsible for the overall management of the Advisory and Transactional Services Segment of the Group.
Job title (e.g., Lead ID, AC Chairman, AC Member etc.)	Executive Director
Professional qualifications	• Bachelor of Laws (Honours), University of Warwick • Masters of Business Administration (Finance), City University, London • Advocate and Solicitor, High Court of Malaya • Solicitor, Supreme Court of England and Wales
Working experience and occupation(s) during the past 10 years	• Keck Seng (Malaysia) Berhad, Independent Non-Executive Director • ZICO Holdings Inc., Executive Director • ZICOlaw Singapore Pte Ltd (as it was known then), Resident Partner
Shareholding interest in the listed issuer and its subsidiaries	As at 14 April 2020, Mr Liew Foong Yuen holds 6,526,666 ordinary shares amounting to 2.01% of the ordinary shares in the Company and outstanding share options under the ZICO Holdings Employee Share Option Scheme as shown on page 52 of this annual report.
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.	• ZICO Holdings Inc., Executive Director • Keck Seng (Malaysia) Berhad, Independent Non-Executive Director
Past Principal Commitments for the last 5 years, including directorships	Nil
John Lim Yew Kong	
Date of initial appointment	7 August 2014
Date of last re-appointment (if applicable)	27 April 2017
Age	59
Country of principal residence	Singapore
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 John Lim Yew Kong to have contributed effectively and demonstrated commitment to his role including commitment of time for the Board and Board Committee meetings.
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 Director, Chairman of the Audit and Risk Committee, member of the Nominating Committee, and member of the Remuneration Committee
Professional qualifications	• Bachelor of Science in Economics, London School of Economics and Political Science • Chartered Accountant, Institute of Chartered Accountants in England and Wales
Working experience and occupation(s) during the past 10 years	• ZICO Holdings Inc., Independent Non-Executive Director • Karin Technology Holdings Limited, Independent Non-Executive Director, Chairman of the Audit and Risk Committee, members of the Nominating Committee and Remuneration Committee • Global Invacom Group Limited, Lead Independent Director, Chairman of the Audit and Risk Committee, members of the Nominating Committee and Remuneration Committee • Axia Equity Pte Ltd, Director
Shareholding interest in the listed issuer and its subsidiaries	As at 14 April 2020, Mr John Lim Yew Kong holds 199,999 ordinary shares amounting to 0.06% of the ordinary shares in the Company.

CORPORATE GOVERNANCE REPORT

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.	• ZICO Holdings Inc., Independent Non-Executive Director • Karin Technology Holdings Limited, Independent Non-Executive Director, Chairman of the Audit and Risk Committee, members of the Nominating Committee and Remuneration Committee • Global Invacom Group Limited, Lead Independent Director, Chairman of the Audit and Risk Committee, members of the Nominating Committee and Remuneration Committee
Past Principal Commitments for the last 5 years, including directorships	Nil

GENERAL STATUTORY DISCLOSURES			
	Chew Seng Kok	**Liew Foong Yuen**	**John Lim Yew Kong**
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	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	No
Whether there is any unsatisfied judgment against him?	No	No	No

CORPORATE GOVERNANCE REPORT

	Chew Seng Kok	Liew Foong Yuen	John Lim Yew Kong
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	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	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	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	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	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	No

CORPORATE GOVERNANCE REPORT

	Chew Seng Kok	Liew Foong Yuen	John Lim Yew Kong
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	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	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	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, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
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	No
DISCLOSURE APPLICABLE TO THE APPOINTMENT OF DIRECTOR ONLY			
	Chew Seng Kok	**Liew Foong Yuen**	**John Lim Yew Kong**
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	Not applicable, as this is a re-election of a director

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2019 and the balance sheet of the Company as at 31 December 2019.

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 60 to 145 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 2019 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
Liew Foong Yuen
Stephen Arthur Maloy
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 31.12.2019	**At 1.1.2019**	**At 31.12.2019**	**At 1.1.2019**
ZICO Holdings Inc.				
(No. of ordinary shares)				
Chew Seng Kok	**92,047,800**	104,247,800	**5,293,737**	5,293,737
Datuk Ng Hock Heng	**6,436,666**	10,260,000	**–**	–
Liew Foong Yuen	**6,526,666**	6,350,000	**–**	–
Stephen Arthur Maloy	**1,142,399**	1,042,399	**1,428,600**	1,428,600
Chew Liong Kim	**2,071,420**	1,971,420	**–**	–
John Lim Yew Kong	**199,999**	99,999	**–**	–
Dato' T. Jasudasen	**139,999**	59,999	**–**	–

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 31.12.2019	**At 1.1.2019**
ZICO Holdings Inc.		
Datuk Ng Hock Heng	**200,000**	200,000
Liew Foong Yuen	**200,000**	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 31.12.2019	**At 1.1.2019**
ZICO Holdings Inc.		
Chew Seng Kok	**–**	100,000
Datuk Ng Hock Heng	**183,334**	360,000
Liew Foong Yuen	**183,334**	360,000
Stephen Arthur Maloy	**100,001**	200,001
Chew Liong Kim	**100,001**	200,001
John Lim Yew Kong	**100,001**	200,001
Dato' T. Jasudasen	**100,001**	180,001

(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 2020 in the shares of Company have not changed from those disclosed as at 31 December 2019.

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 Stephen Arthur Maloy, 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.

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	2019 Number of options
S$0.24	31 October 2014	1 November 2016 to 30 October 2024	3,500,000

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.

	2019	
	Number of options	Weighted average exercise price S$
Outstanding at 1 January/31 December	3,500,000	0.24
Exercisable at 31 December	3,500,000	0.24

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Share options (continued)

Activities under the ESOS (continued)

The following table summarises information about directors' share options outstanding as at 31 December 2019:

	No. of unissued ordinary shares of the Company under option			
	Granted in financial year ended 31.12.2019	**Aggregate granted since commencement of ESOS to 31.12.2019**	**Aggregate exercised since commencement of ESOS to 31.12.2019**	**Aggregate outstanding as at 31.12.2019**
Directors of the Company				
Datuk Ng Hock Heng	–	200,000	–	200,000
Liew Foong Yuen	–	200,000	–	200,000
Total	–	400,000	–	400,000

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

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 Stephen Arthur Maloy, 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.

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 2019, there were 2,928,381 unissued ordinary shares and 7,161,565 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 2019:

	No. of unissued ordinary shares of the Company under award			
	Granted in financial year ended 31.12.2019	**Aggregate granted since commencement of PSP to 31.12.2019**	**Aggregate vested since commencement of PSP to 31.12.2019**	**Aggregate outstanding as at 31.12.2019**
Directors of the Company				
Chew Seng Kok^	**–**	**300,000**	**(300,000)**	**–**
Datuk Ng Hock Heng	**–**	**530,000**	**(346,666)**	**183,334**
Liew Foong Yuen	**–**	**530,000**	**(346,666)**	**183,334**
Stephen Arthur Maloy	**–**	**300,000**	**(199,999)**	**100,001**
Chew Liong Kim	**–**	**300,000**	**(199,999)**	**100,001**
John Lim Yew Kong	**–**	**300,000**	**(199,999)**	**100,001**
Dato' T. Jasudasen	**–**	**240,000**	**(139,999)**	**100,001**
Total	**–**	**2,500,000**	**(1,733,328)**	**766,672**

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

^ Mr Chew Seng Kok is a controlling shareholder of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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
Stephen Arthur Maloy
Dato' T. Jasudasen

All members of the Audit and Risk Committee were non-executive directors. Except for Stephen Arthur Maloy who was a non-independent director of the Company, all members were independent.

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 2019 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

23 March 2020

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 60 to 145, which comprise the balance sheets of the Group and of the Company as at 31 December 2019, 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 2019, 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.

Other Matter

The consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 December 2018 were audited by another independent auditor whose report dated 29 March 2019 expressed an unmodified opinion on those 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

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

As disclosed in Note 22 to the financial statements, trade and other receivables of the Group amounted to RM99.0 million after providing for loss allowance of RM4.6 million, which represented 50% of the Group's total assets. This mainly comprised trade and non-trade amounts due from ZICOlaw network firms amounting to RM49.4 million and RM6.1 million respectively. The remaining RM43.5 million comprised RM25.5 million of trade receivables from other third parties and contract assets and RM18.0 million of deposits and other receivables.

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

The Group determined the expected credit loss ("ECL") of trade receivables and contract assets 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 and contract assets. The Group categorises its 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 current conditions and forecasts of future economic conditions.

The Group applied the general 3-step approach in the determination of ECL for other receivables. The Group assessed that there is immaterial loss allowance relating to trade and non-trade amounts due from ZICOlaw network firms considering their historical payment patterns and the repayment plan they have engaged in with the Group.

The significant estimates and judgements applied in the assessment of recoverability of trade receivables and contract assets are disclosed in Note 4.2 and Note 36.1 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 and recoverability assessment for trade and other receivables. We tested the aging of trade receivables at year end on a sample basis and evaluated the reasonableness of management's estimates and judgements applied in the ECL model including management's determination of historical credit loss rates and management's consideration of current conditions and forecast economic conditions specific to its trade receivables. We have also evaluated management's assessment of loss given default and probability of default for other receivables. For ZICOlaw network firms, we have obtained written confirmations from ZICOlaw network firms on balance at year end and their repayment plan and reviewed their 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 2019, the carrying amounts of goodwill amounted to RM22.6 million (2018: RM45.5 million). Goodwill had been allocated to certain cash-generating units ("CGUs") as disclosed in Note 16 to the financial statements. Management has performed impairment assessment to determine the value-in-use of the respective CGUs.

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, discount rate and terminal growth rate applied to future cash flow projections as disclosed in Note 4.1 and Note 16 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 other relevant documents and published industry reports. We also compared current year actual results to prior year forecast where relevant, to assess the reasonableness of the estimates made. 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 discount rates used. We evaluated 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 2019, 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.

- 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.

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)

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

23 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000
Revenue	5	**77,834**	90,092
Other item of income			
Other income	6	**6,848**	4,982
Other gains and losses			
– Others	7	**(4,431)**	(621)
– Loss allowance on trade and other receivables	36.1	**(147)**	(2,212)
Items of expenses			
Amortisation and depreciation expenses	8	**(11,718)**	(5,217)
Employee benefits expense	9	**(54,929)**	(51,510)
Operating lease expenses		**(229)**	(5,655)
Retainer fees and consultancy fees		**(6,820)**	(6,239)
Other expenses	10	**(13,204)**	(14,192)
Finance costs	11	**(3,740)**	(2,429)
		(10,536)	6,999
Share of results of associated companies, net of tax		**14**	33
Share of results of joint venture, net of tax		**2,021**	1,500
(Loss)/profit before income tax		**(8,501)**	8,532
Income tax credit/(expense)	12	**649**	(2,707)
(Loss)/profit for the financial year		**(7,852)**	5,825
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences arising on consolidation	27	**(844)**	782
Reclassification of currency translation reserve to profit or loss on disposal of foreign subsidiaries	17(b)	**(2,417)**	–
Items that will not be reclassified subsequently to profit or loss:			
Fair value losses on financial assets, at FVOCI	28	**(723)**	(1,403)
Foreign currency translation differences	27	**(207)**	(132)
Other comprehensive loss, net of tax		**(4,191)**	(753)
Total comprehensive (loss)/income for the financial year		**(12,043)**	5,072
(Loss)/profit attributable to:			
Owners of the parent		**(7,659)**	3,260
Non-controlling interests		**(193)**	2,565
		(7,852)	5,825
Total comprehensive (loss)/income attributable to:			
Owners of the parent		**(11,643)**	2,779
Non-controlling interests		**(400)**	2,293
		(12,043)	5,072
(Loss)/earnings per share	13		
– Basic (RM)		**(0.02)**	0.01
– Diluted (RM)		**(0.02)**	0.01

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

BALANCE SHEETS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS					
Non-current assets					
Plant and equipment	14	**4,929**	6,571	**70**	84
Right-of-use assets	15	**12,274**	–	**887**	–
Intangible assets	16	**36,259**	62,847	**1,742**	2,264
Investments in subsidiaries	17	**–**	–	**39,028**	64,581
Investments in associated companies	18	**17**	28	**2**	2
Investment in joint venture	19	**12,897**	10,856	**9,342**	9,356
Investments	20	**2,085**	2,410	**–**	–
Deferred income tax assets	21	**7,520**	4,645	**–**	–
Trade and other receivables	22	**34,282**	4,611	**62,320**	36,235
		110,263	91,968	**113,391**	112,522
Current assets					
Trade and other receivables	22	**64,693**	96,518	**48,145**	43,539
Prepayments		**409**	1,154	**59**	401
Current income tax recoverable		**620**	831	**–**	1
Cash and cash equivalents	23	**19,423**	15,956	**233**	841
Other current assets	24	**4,065**	6,759	**5**	5
		89,210	121,218	**48,442**	44,787
Total assets		**199,473**	213,186	**161,833**	157,309
EQUITY AND LIABILITIES					
Equity					
Share capital	25	**94,328**	84,132	**94,328**	84,132
Share-based reserve	26	**2,882**	3,294	**2,882**	3,294
Currency translation reserve	27	**376**	3,637	**10,112**	9,908
Fair value reserve	28	**(2,018)**	(1,295)	**–**	–
Retained earnings		**16,703**	25,705	**15,528**	3,491
Equity attributable to owners of the parent		**112,271**	115,473	**122,850**	100,825
Non-controlling interests		**(1,618)**	552	**–**	–
Total equity		**110,653**	116,025	**122,850**	100,825
Non-current liabilities					
Interest-bearing liabilities	29	**2,486**	3,584	**2,486**	3,582
Lease liabilities	15	**8,471**	–	**470**	–
Provisions	31	**235**	129	**–**	–
Deferred income tax liabilities	21	**1,470**	1,830	**–**	–
		12,662	5,543	**2,956**	3,582
Current liabilities					
Trade and other payables	30	**20,482**	25,447	**1,147**	10,759
Interest-bearing liabilities	29	**44,947**	56,124	**34,428**	42,143
Lease liabilities	15	**5,314**	–	**446**	–
Contract liabilities	5(b)	**2,756**	6,917	**–**	–
Provisions	31	**20**	20	**–**	–
Current income tax payable		**2,639**	3,110	**6**	–
		76,158	91,618	**36,027**	52,902
Total liabilities		**88,820**	97,161	**38,983**	56,484
Total equity and liabilities		**199,473**	213,186	**161,833**	157,309

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Attributable to equity holders of the Company							
		Share capital RM'000	Share-based reserve RM'000	Currency translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
2019									
Balance as at 31 December 2018		84,132	3,294	3,637	(1,295)	25,705	115,473	552	116,025
Adoption of IFRS 16	3	–	–	–	–	(1,343)	(1,343)	–	(1,343)
Balance at 1 January 2019		84,132	3,294	3,637	(1,295)	24,362	114,130	552	114,682
Loss for the financial year		–	–	–	–	(7,659)	(7,659)	(193)	(7,852)
Other comprehensive loss for the financial year:									
Fair value losses on financial assets, at FVOCI	28	–	–	–	(723)	–	(723)	–	(723)
Foreign currency translation differences arising on consolidation	27	–	–	(844)	–	–	(844)	(207)	(1,051)
Currency translation difference reclassified to profit or loss on disposal of foreign subsidiaries	17(b)	–	–	(2,417)	–	–	(2,417)	–	(2,417)
Total comprehensive loss for the financial year		–	–	(3,261)	(723)	(7,659)	11,643	(400)	(12,043)
Contributions by and distributions to owners of the parent:									
Issuance of ordinary shares	25	9,030	–	–	–	–	9,030	–	9,030
Exercise of share awards		1,166	(1,166)	–	–	–	–	–	–
Grant of share awards	26	–	1,062	–	–	–	1,062	–	1,062
Cancellation of share awards on disposal of subsidiaries	26	–	(308)	–	–	–	(308)	–	(308)
Total transactions with owners of the parent		10,196	(412)	–	–	–	9,784	–	9,784
Transaction with non-controlling interests:									
Dividends	32	–	–	–	–	–	–	(1,770)	(1,770)
Total transactions with non-controlling interests		–	–	–	–	–	–	(1,770)	(1,770)
Balance as at 31 December 2019		94,328	2,882	376	(2,018)	16,703	112,271	(1,618)	110,653

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Attributable to equity holders of the Company							
		Share capital RM'000	Share-based reserve RM'000	Currency translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
2018									
Balance as at 31 December 2017		82,592	2,643	2,855	(32)	23,236	111,294	2,269	113,563
Adoption of IFRS 9		–	–	–	–	(791)	(791)	–	(791)
Balance at 1 January 2018		82,592	2,643	2,855	(32)	22,445	110,503	2,269	112,772
Profit for the financial year		–	–	–	–	3,260	3,260	2,565	5,825
Other comprehensive (loss)/income for the financial year:									
Fair value losses on financial assets, at FVOCI	28	–	–	–	(1,263)	–	(1,263)	(140)	(1,403)
Foreign currency translation differences arising on consolidation	27	–	–	782	–	–	782	(132)	650
Total comprehensive income/(loss) for the financial year		–	–	782	(1,263)	3,260	2,779	2,293	5,072
Contributions by and distributions to owners of the parent:									
Exercise of share awards	25	1,540	(1,540)	–	–	–	–	–	–
Grant of share awards	26	–	2,191	–	–	–	2,191	–	2,191
Total transactions with owners of the parent		1,540	651	–	–	–	2,191	–	2,191
Transaction with non-controlling interests:									
Subscription of shares of subsidiaries		–	–	–	–	–	–	(2,266)	(2,266)
Dividends	32	–	–	–	–	–	–	(1,744)	(1,744)
Total transactions with non-controlling interests		–	–	–	–	–	–	(4,010)	(4,010)
Balance as at 31 December 2018		84,132	3,294	3,637	(1,295)	25,705	115,473	552	116,025

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Cash flows from operating activities			
(Loss)/profit before tax		**(8,501)**	8,532
Adjustments for:			
Loss allowance on trade and other receivables		**147**	2,212
Amortisation and depreciation expenses		**11,718**	5,217
Bad debts written off		**131**	319
Intangible assets written off		**–**	264
Intangible assets written back		**–**	(49)
Interest income		**(2,271)**	(1,828)
Interest expense		**3,475**	2,138
Loss on disposal of subsidiaries		**4,447**	–
Loss on disposal of plant and equipment		**–**	134
Plant and equipment written off		**–**	4
Provisions		**106**	(18)
Share of results of associated companies, net of tax		**(14)**	(33)
Share of results of joint venture, net of tax		**(2,021)**	(1,500)
Unrealised gain on foreign exchange gain, net		**(281)**	(599)
Share-based payment expense		**1,062**	2,191
Operating cash flows before working capital changes		**7,998**	16,984
Working capital changes:			
Trade and other receivables		**(547)**	(9,271)
Prepayments		**407**	527
Trade and other payables		**1,409**	(1,091)
Cash generated from operations		**9,267**	7,149
Income tax paid		**(2,362)**	(3,140)
Net cash provided by operating activities		**6,905**	4,009

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Investing activities			
Acquisition of subsidiary, net of cash acquired		**–**	627
Acquisition of joint venture, net of cash acquired		**–**	(9,162)
Advances to associates		**(2,621)**	(5,535)
Repayment of advances from/(advances to) third parties		**1,054**	(1,656)
Dividends received		**25**	30
Disposal of subsidiaries, net of cash disposed	17(b)	**12,615**	–
Interest received		**468**	288
Proceeds from disposal of financial assets, FVOCI		**186**	–
Proceeds from disposal of plant and equipment		**–**	2
Purchase of plant and equipment		**(133)**	(923)
Purchase of intangible assets		**(91)**	(1,198)
Net cash provided by/(used in) investing activities		**11,503**	(17,527)
Financing activities			
Dividends paid to non-controlling interests		**(1,770)**	(1,744)
Interest paid		**(3,740)**	(2,138)
Proceeds from issuance of ordinary shares		**9,030**	–
Net (repayments)/proceeds from revolving credit facilities		**(11,675)**	12,223
Proceeds from term loan facility		**3,060**	2,456
Repayment of term loan facility		**(3,258)**	(7,946)
Repayment of finance lease payables		**–**	(57)
Repayment of lease liabilities		**(6,585)**	–
Net cash (used in)/provided by financing activities		**(14,938)**	2,794
Net changes in cash and cash equivalents		**3,470**	(10,724)
Cash and cash equivalents at beginning of financial year	23	**7,456**	18,340
Effect of exchange rate changes on cash and cash equivalents		**24**	(160)
Cash and cash equivalents at end of financial year	23	**10,950**	7,456

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Reconciliation of liabilities arising from financing activities

	1 January 2019 RM'000	Reclassification from finance lease liabilities RM'000	Adoption of IFRS 16 RM'000	Principal and interest payments RM'000	Drawdown/ addition during the year RM'000	Disposal of subsidiaries RM'000	Non-cash impact RM'000	31 December 2019 RM'000
Lease liabilities	–	48	19,448	(7,668)	1,984	(1,011)	984	13,785
Revolving credit facilities	47,517	–	–	(13,351)	–	–	1,377	35,543
Term loan facility	3,643	–	–	(3,481)	3,060	–	195	3,417
	51,160	48	19,448	(24,500)	5,044	(1,011)	2,556	52,745

	1 January 2018 RM'000	Principal and interest payments RM'000	Drawdown during the year RM'000	Non-cash impact RM'000	31 December 2018 RM'000
Finance lease liabilities	105	(61)	–	4	48
Revolving credit facilities	35,042	(4,931)	15,825	1,581	47,517
Term loan facility	8,982	(8,274)	2,456	479	3,643
	44,129	(13,266)	18,281	2,064	51,208

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 17 to the financial statements.

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 4.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

New and revised standards

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 except as disclosed in Note 3.

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 2019 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

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.

Other income

Management fee income is recognised over time when the services are rendered.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Employee benefits (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Income taxes (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Group accounting (continued)

a) *Subsidiaries* (continued)

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.

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 statement 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%.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Group accounting (continued)

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

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.

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 never 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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	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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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 4.25 – 14.5 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (continued)

f) *Development costs*

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and patrol-related costs of employees directly involved in the project.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

Classification and measurement (continued)

At subsequent measurement

i) *Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents, trade and other 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.

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 "fair value gains/-losses" 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 36 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.14 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 accounting policy for leases before 1 January 2019 are as follows:

When a Group entity is the lessee:

The Group leases motor vehicles and certain plant and machinery under finance leases and office premises under operating leases from non-related parties.

Lessee – Finance leasee

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases (continued)

When a Group entity is the lessor:

The Group leases motor vehicles and office premises under operating leases to non-related parties.

Lessor – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) are recognised in profit or loss on a straight-line basis over the lease term.

The accounting policy for leases after 1 January 2019 are as follows:

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases (continued)

The accounting policy for leases after 1 January 2019 are as follows (continued)*:*

When a Group entity is the lessee (continued)*:*

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. 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 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 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.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Provisions (continued)

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 income" and "other expense".

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.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Currency translation (continued)

c) Translation of Group entities' financial statements (continued)

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.

2.23 Financial guarantees

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

Intra-group transactions are eliminated on consolidation.

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*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Financial guarantees (continued)

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 associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

3. INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2019

IFRS 16 *Leases*

When the Group is the lessee

IFRS 16 replaces the existing IAS 17 *Leases* for financial periods beginning 1 January 2019. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheets to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "Operating Leases" under IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019. The lessee's weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.88%.

	Group 2019 RM'000	Company 2019 RM'000
Operating lease commitments disclosed as at 31 December 2018 (Note 34)	20,640	1,452
Discounted using the weighted average lessee's incremental borrowing rate	(1,192)	(111)
Add: Finance lease liabilities are recognised as at 31 December 2018*	48	–
Lease liability recognised as at 1 January 2019	19,496	1,341

* The net carrying value of the Group's right-of-use assets acquired under finance lease agreement amounted to RM42,000 as at 31 December 2018 and 1 January 2019 (Note 14).

Right-of-use assets are recognised on transition as if the standard had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. Arising from the adoption of IFRS 16, the Group recognised right-of-use asset and lease liability of RM18,147,000 and RM19,496,000 respectively on the consolidated balance sheets on 1 January 2019. The difference between the right-of-use asset and the lease liability of RM1,343,000 is recognised in the opening retained earnings as at 1 January 2019. The Company recognised right-of-use asset and lease liability of RM1,333,000 and RM1,341,000 respectively on the balance sheet on 1 January 2019. The difference between the right-of-use asset and lease liability of RM8,000 is recognised in the opening retained earnings as at 1 January 2019.

In applying IFRS 16 for the first time, the Group has used the following practical expedient permitted by the standard:

- use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

When the Group is the lessor

There are no material changes to accounting by the Group as a lessor.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

<u>Estimated impairment of goodwill</u>

The Group has not recognised any impairment charge on its goodwill of RM22,577,000 as at 31 December 2019.

In performing the impairment assessment of the carrying amount of goodwill, as disclosed in Note 16, the recoverable amounts of the CGUs in which goodwill has been attributable to, are determined using value-in-use ("VIU") calculations.

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 market developments in Singapore, Malaysia, Thailand, Laos PDR and Myanmar. Specific estimates including a sensitivity analysis are disclosed in Note 16.

Impairment on trade and other receivables

When measuring expected credit loss ("ECL"), the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. 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 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 other receivables. The carrying amount of other receivables as at 31 December 2019 is disclosed in Note 22.

The Group determined the ECL of trade receivables and contract assets 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 and contract assets. The Group categorises these trade receivables and contract assets based on shared credit risk characteristics and days past due. The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience, adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

The Group assessed that there is immaterial loss allowance relating to trade and non-trade amounts due from ZICOlaw network firms considering their historical payment patterns and the repayment plan they have engaged in with the Group where payments due more than one year from the balance sheet date are subjected to an interest charge of 4% per annum. The carrying amount of trade receivables and contract assets is disclosed in Note 22.

Details of ECL measurement of trade and other receivables are disclosed in Note 36.1.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

4.1 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 discount rate, in order to determine the present value of those cash flows. The carrying amount of investments in subsidiaries is disclosed in Note 17.

4.2 Critical judgement in applying the entity's accounting policy

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 21.

5. REVENUE

a) Disaggregation of revenue from contracts with customers

	At a point in time	Over time	Total
	RM'000	RM'000	RM'000
2019			
Management fees			
– Singapore	–	657	657
– Malaysia	–	3,211	3,211
– Thailand	–	15	15
– Indonesia	–	63	63
– Others	–	2,257	2,257
	–	6,203	6,203
Advisory and transactional services			
– Singapore	10,637	12,492	23,129
– Malaysia	9,802	3,954	13,756
– Thailand	356	1,293	1,649
– Indonesia	1,197	4,678	5,875
– China	353	492	845
– Hong Kong	842	515	1,357
– United States of America	445	348	793
– Others	4,355	9,183	19,388
	27,987	38,805	66,792
Royalty income			
– Singapore	–	2,124	2,124
– Malaysia	–	1,254	1,254
– Thailand	–	245	245
– Indonesia	–	629	629
– Others	–	587	587
	–	4,839	4,839
Total	27,987	49,847	77,834

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. REVENUE (CONTINUED)

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

	At a point in time	Over time	Total
	RM'000	RM'000	RM'000
2018			
Management fees			
– Singapore	–	317	317
– Malaysia	–	12,674	12,674
– Thailand	–	519	519
– Indonesia	–	1,711	1,711
– Others	–	1,143	1,143
	–	16,364	16,364
Advisory and transactional services			
– Singapore	9,975	20,800	30,775
– Malaysia	4,989	5,658	10,647
– Thailand	222	1,792	2,014
– Indonesia	839	7,542	8,381
– China	108	1,104	1,212
– Hong Kong	2,871	1,015	3,886
– United States of America	164	523	687
– Others	3,866	7,680	11,546
	23,034	46,114	69,148
Royalty income			
– Singapore	–	292	292
– Malaysia	–	3,441	3,441
– Thailand	–	87	87
– Indonesia	–	245	245
– Others	–	515	515
	–	4,580	4,580
Total	23,034	67,058	90,092

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. REVENUE (CONTINUED)

b) Contract assets and liabilities

	Group		
	2019	**2018**	**1.1.2018**
	RM'000	**RM'000**	**RM'000**
Contract assets			
– Advisory and transactional services	**7,422**	5,499	3,711
Less: Loss allowance	**–**	(64)	–
Total contract assets	**5,435**	5,435	3,711
Contract liabilities			
– Advisory and transactional services	**2,756**	6,917	6,625
Total contract liabilities	**2,756**	6,917	6,625

Contract assets relate to advisory and transactional services contracts. The contract assets balance increased as the Group provided more services ahead of the agreed payment schedules. The Group recognised a loss allowance of Nil (2018: RM64,000) for contract assets following the adoption of IFRS 9.

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	
	2019	**2018**
	RM'000	**RM'000**
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period		
– Advisory and transactional services	**6,917**	6,625

6. OTHER INCOME

	Group	
	2019	**2018**
	RM'000	**RM'000**
Disbursement income	**2,355**	2,634
Interest income		
– Financial assets measured at amortised cost		
– Trade and other receivables	**2,202**	1,540
– Loan to an associated company	**–**	230
– Bank deposits	**69**	58
Rental income		
– Motor vehicles	**17**	30
– Office premises	**1,888**	–
Others	**317**	490
	6,848	4,982

7. OTHER GAINS AND LOSSES – OTHERS

	Group	
	2019	**2018**
	RM'000	**RM'000**
Bad debts written off	**131**	319
Loss on disposal of plant and equipment	**–**	134
Loss on disposal of subsidiaries	**4,447**	–
Intangible assets written back	**–**	(49)
Unrealised gain on foreign exchange, net	**(281)**	(599)
Realised foreign exchange loss, net	**113**	552
Intangible assets written off	**–**	264
Others	**21**	–
	4,431	621

8. AMORTISATION AND DEPRECIATION EXPENSES

	Group	
	2019	**2018**
	RM'000	**RM'000**
Amortisation of intangible assets (Note 16)	**3,582**	3,927
Depreciation of plant and equipment (Note 14)	**1,352**	1,290
Depreciation of right-of-use assets (Note 15)	**6,784**	–
	11,718	5,217

9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2019	**2018**
	RM'000	**RM'000**
Salaries, wages, bonuses and other short-term staff benefits	**49,859**	45,869
Contributions to defined contribution plans	**4,008**	3,450
Share-based payments (Note 26)	**1,062**	2,191
	54,929	51,510

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 33.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. OTHER EXPENSES

	Group	
	2019	**2018**
	RM'000	**RM'000**
Audit fees		
– auditors of the Company	**250**	450
– other auditors*	**397**	308
Fees for non-audit services paid to		
– auditors of the Company	**–**	–
– other auditors*	**–**	–
Disbursements	**512**	657
Plant and equipment written off	**–**	4
Net provision for reinstatement costs	**–**	25
Postage and courier charges	**1,550**	2,457
Printing and stationery	**711**	1,041
Travelling and entertainment	**1,560**	2,235
Insurance	**1,193**	846
Maintenance and upkeep of office	**243**	219
IT maintenance	**1,317**	1,334
Professional fee	**159**	209
Secretarial fee	**498**	453
Registration and processing	**940**	964
Others	**3,874**	2,990
	13,204	14,192

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

11. FINANCE COSTS

	Group	
	2019	**2018**
	RM'000	**RM'000**
Interest expense on finance lease payables	**–**	4
Interest on lease liabilities	**1,086**	–
Revolving credit facility ("RCF") charges	**1,677**	1,329
Bank charges	**265**	291
Overdraft charges	**489**	477
Term loan ("TL") charges	**223**	328
	3,740	2,429

12. INCOME TAX (CREDIT)/EXPENSE

	Group	
	2019	2018
	RM'000	RM'000
Tax expense attributable to (loss)/profit is made up of:		
–Current income tax	1,260	2,750
– Deferred income tax (Note 21)	(2,712)	(1,003)
	(1,452)	1,747
(Over)/under provision in prior financial years		
– Current income tax	(128)	(116)
– Deferred income tax (Note 21)	3	84
	(125)	(32)
Withholding tax	928	992
	(649)	2,707

The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the Federal Territory of Labuan standard rate of income tax as follows:

	Group	
	2019	2018
	RM'000	RM'000
(Loss)/profit before tax	(8,501)	8,532
Share of profit of associated companies net of tax	(14)	(33)
Share of profit of joint venture net of tax	(2,021)	(1,500)
(Loss)/profit before tax and share of profit of associated companies and joint venture	(10,536)	6,999
Income tax expense calculated at the applicable tax rates in the respective countries	(1,959)	1,199
Effects of:		
– tax incentives	–	(100)
– expenses not deductible for tax purposes	1,886	548
– income not subject to tax	(878)	(57)
– income tax exemption	(185)	(377)
– tax savings – Multimedia Super Corridor ("MSC") status	–	(727)
– over provision of tax in prior financial years	(125)	(32)
– deferred tax assets not recognised	434	1,270
– utilisation of previously unrecognised tax losses	(707)	(9)
– withholding tax	928	992
– others	(43)	–
	(649)	2,707

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.

A subsidiary of the Group was awarded MSC status by the Government of Malaysia in 2015. In accordance with the Income Tax (Exemption) (No.2) Order 2015, the company is eligible for 70% exemption of statutory income from qualifying activities for the first 5 years, while operating outside designated MSC cyber cities or cyber centres.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2019	**2018**
Net (loss)/profit attributable to equity holders of the Company (RM'000)	**(7,659)**	3,260
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**318,904**	300,941
Basic (loss)/earnings per share (RM per share)	**(0.02)**	0.01

Diluted (loss)/earnings per share

For the year ended 31 December 2018, for the purpose of calculating diluted (loss)/earnings per share, (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As at 31 December 2018, the Group's potential ordinary shares comprise employee share options and share awards.

For share options and share awards, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised and share awards granted. The number of shares that could have been issued upon the exercise of all dilutive share options and share awards less the number of shares that could have been issued or awarded at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued or awarded for no consideration. No adjustment is made to the net loss or profit.

For the year ended 31 December 2019, the computation of diluted (loss)/earnings per share does not adjust for the effects of the potential ordinary shares from employee share options and share awards as they had an anti-dilutive effect on the (loss)/earnings per share calculation.

Diluted (loss)/earnings per share attributable to owners of the Company is calculated as follows:

	Group	
	2019	**2018**
Net (loss)/profit attributable to equity holders of the Company (RM'000)	**(7,659)**	3,260
Weighted average number of ordinary shares outstanding for basic (loss)/earnings per share ('000)	**318,904**	300,941
Adjustment for share options and share awards ('000)	**–**	4,747
Weighted average number of ordinary shares outstanding for diluted (loss)/earnings per share ('000)	**318,904**	305,688
Diluted (loss)/earnings per share (RM per share)	**(0.02)**	0.01

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. PLANT AND EQUIPMENT

	Motor vehicles RM'000	Computer hardware RM'000	Office equipment RM'000	Leasehold improvement RM'000	Total RM'000
Group					
2019					
Cost					
Beginning of financial year	**657**	**3,597**	**3,468**	**5,439**	**13,161**
Additions	**–**	**46**	**82**	**5**	**133**
Reclassification to right-of-use assets (Note 15)	**(147)**	**–**	**–**	**–**	**(147)**
Disposal of subsidiaries	**–**	**(152)**	**(260)**	**(286)**	**(698)**
Currency translation differences	**(1)**	**(79)**	**(39)**	**43**	**(76)**
End of financial year	**509**	**3,412**	**3,251**	**5,201**	**12,373**
Accumulated depreciation					
Beginning of financial year	**615**	**2,808**	**1,576**	**1,591**	**6,590**
Depreciation charge	**11**	**320**	**457**	**564**	**1,352**
Reclassification to right-of-use assets (Note 15)	**(105)**	**–**	**–**	**–**	**(105)**
Disposal of subsidiaries	**–**	**(121)**	**(84)**	**(86)**	**(291)**
Currency translation differences	**(12)**	**(68)**	**(24)**	**2**	**(102)**
End of financial year	**509**	**2,939**	**1,925**	**2,071**	**7,444**
Net book value					
End of financial year	**–**	**473**	**1,326**	**3,130**	**4,929**
2018					
Cost					
Beginning of financial year	656	3,283	3,014	5,076	12,029
Additions	–	302	48	573	923
Disposals	–	(4)	(26)	(149)	(179)
Written off	–	(26)	(10)	–	(36)
Acquisition of subsidiary	–	14	408	–	422
Currency translation differences	1	28	34	(61)	2
End of financial year	657	3,597	3,468	5,439	13,161
Accumulated depreciation					
Beginning of financial year	542	2,477	1,157	1,198	5,374
Depreciation charge	71	342	402	475	1,290
Disposals	–	(4)	(5)	(35)	(44)
Written off	–	(26)	(6)	–	(32)
Currency translation differences	2	19	28	(47)	2
End of financial year	615	2,808	1,576	1,591	6,590
Net book value					
End of financial year	42	789	1,892	3,848	6,571

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. PLANT AND EQUIPMENT (CONTINUED)

	Computer hardware RM'000	Office equipment RM'000	Leasehold improvement RM'000	Total RM'000
Company				
2019				
Cost				
At beginning and end of financial year	**1**	**2**	**140**	**143**
Accumulated depreciation				
At beginning of financial year	**1**	**–***	**58**	**59**
Depreciation charge	**–**	**–***	**14**	**14**
At end of financial year	**1**	**–***	**72**	**73**
Net book value				
At end of financial year	**–**	**2**	**68**	**70**
2018				
Cost				
At beginning of financial year	1	–	140	141
Additions	–	2	–	2
At end of financial year	1	2	140	143
Accumulated depreciation				
At beginning of financial year	1	–	44	45
Depreciation charge	–	–*	14	14
At end of financial year	1	–	58	59
Net book value				
At end of financial year	–	2	82	84

* Amount below RM1,000

As at 31 December 2018, net carrying values of motor vehicles of the Group acquired under finance lease agreements (classified as finance lease under IAS 17) amounted to RM42,000.

15. 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 offices units and motor vehicle from non-related parties. The leases have an average tenure of between one to five 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 36.3.

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	
	31.12.2019 RM'000	1.1.2019 RM'000	31.12.2019 RM'000	1.1.2019 RM'000
Office units	12,271	18,105	887	1,333
Motor vehicle	3	42	–	–
	12,274	18,147	887	1,333

Carrying amount of lease liabilities

	Group		Company	
	31.12.2019 RM'000	1.1.2019 RM'000	31.12.2019 RM'000	1.1.2019 RM'000
Current	5,314	5,896	446	424
Non-current	8,471	13,600	470	917
	13,785	19,496	916	1,341

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

i) The Group as a lessee (continued)

Nature of the Group's and the Company's leasing activities (continued)

Amounts recognised in balance sheet (continued)

	Group 2019 RM'000	Company 2019 RM'000
Additions to right-of-use assets	2,057	–
Disposal of subsidiaries	(986)	–

Amounts recognised in profit or loss

	Group 2019 RM'000
Depreciation charge for the year	
Office units	6,755
Motor vehicle	29
	6,784
Lease expense not included in the measurement of lease liabilities	
Lease expense – short term leases	229
Interest expense on lease liabilities	1,086

Total cash flows for leases amounted to RM7,897,000.

As at 31 December 2019, the Group and the Company are not committed to short-term leases.

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.

NOTES TO THE FINANCIAL STATEMENTS

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16. 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						
2019						
Cost						
Beginning of financial year	**13,940**	**45,528**	**2,000**	**3,649**	**9,105**	**74,222**
Additions	**91**	**–**	**–**	**–**	**–**	**91**
Disposal of subsidiaries	**(106)**	**(22,461)**	**–**	**–**	**(1,198)**	**(23,765)**
Currency translation differences	**(87)**	**(490)**	**–**	**(7)**	**(34)**	**(618)**
End of financial year	**13,838**	**22,577**	**2,000**	**3,642**	**7,873**	**49,930**
Accumulated amortisation						
Beginning of financial year	**6,399**	**–**	**480**	**1,402**	**3,094**	**11,375**
Amortisation	**2,274**	**–**	**50**	**515**	**743**	**3,582**
Disposal of subsidiaries	**(48)**	**–**	**–**	**–**	**(1,198)**	**(1,246)**
Currency translation differences	**(13)**	**–**	**–**	**(2)**	**(25)**	**(40)**
End of financial year	**8,612**	**–**	**530**	**1,915**	**2,614**	**13,671**
Net book value						
End of financial year	**5,226**	**22,577**	**1,470**	**1,727**	**5,259**	**36,259**
2018						
Cost						
Beginning of financial year	10,580	41,837	2,000	3,932	9,316	67,665
Additions	3,340	3,048	–	–	–	6,388
Written off	–	–	–	(354)	(256)	(610)
Written back	–	–	–	67	–	67
Acquisition of subsidiary	2	–	–	–	–	2
Currency translation differences	18	643	–	4	45	710
End of financial year	13,940	45,528	2,000	3,649	9,105	74,222
Accumulated amortisation						
Beginning of financial year	3,932	–	430	955	2,378	7,695
Amortisation	2,443	–	50	553	881	3,927
Written back	–	–	–	18	–	18
Written off	–	–	–	(133)	(213)	(346)
Currency translation differences	24	–	–	9	48	81
End of financial year	6,399	–	480	1,402	3,094	11,375
Net book value						
End of financial year	7,541	45,528	1,520	2,247	6,011	62,847

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16. INTANGIBLE ASSETS (CONTINUED)

	Computer software	Customer acquisition costs	Total
	RM'000	RM'000	RM'000
Company			
2019			
Cost			
Beginning of financial year	**19**	**3,649**	**3,668**
Currency translation differences	**–**	**(7)**	**(7)**
End of financial year	**19**	**3,642**	**3,661**
Accumulated amortisation			
Beginning of financial year	**2**	**1,402**	**1,404**
Amortisation	**2**	**515**	**517**
Currency translation differences	**–**	**(2)**	**(2)**
End of financial year	**4**	**1,915**	**1,919**
Net book value			
End of financial year	**15**	**1,727**	**1,742**
2018			
Cost			
Beginning of financial year	–	3,932	3,932
Additions	19	–	19
Written off	–	(354)	(354)
Written back	–	67	67
Currency translation differences	–	4	4
End of financial year	19	3,649	3,668
Accumulated amortisation			
Beginning of financial year	–	955	955
Amortisation	2	553	555
Written off	–	(133)	(133)
Written back	–	18	18
Currency translation differences	–	9	9
End of financial year	2	1,402	1,404
Net book value			
End of financial year	17	2,247	2,264

16. INTANGIBLE ASSETS (CONTINUED)

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.

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	
	2019	**2018**
	RM'000	**RM'000**
Finova Singapore Pte. Ltd. ("FS") and ZICO BPO Pte. Ltd. ("FA")[1]	**–**	22,926
B.A.C.S. Private Limited ("B.A.C.S.")	**16,507**	16,532
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
	22,577	45,528

(1) FS and FA have been disposed of during the financial year (Note 17(b)).

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.

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16. INTANGIBLE ASSETS (CONTINUED)

Goodwill (continued)

Key estimates used for value-in-use calculations

	Group	
	2019	**2018**
	%	**%**
Revenue growth rate		
FS and FA	**–**	5.0 – 10.0
B.A.C.S.	**10.0 – 12.0**	10.0
ZICO Corporate Services Sdn. Bhd.	**(6.0) – 10.0**	10.0
ZICO Labuan LLP	**0.0 – 5.0**	5.0
ZICOlaw Myanmar Limited	**15.0**	15.0
ZICOlaw (Laos) Sole Co., Ltd.	**10.0 – 30.0**	10.0
ZICOlaw (Thailand) Limited	**10.0 – 38.0**	8.0
Pre-tax weighted average cost of capital		
FS and FA	**–**	11.7
B.A.C.S.	**15.3**	11.3
ZICO Corporate Services Sdn. Bhd.	**13.2**	11.9
ZICO Labuan LLP	**13.2**	6.7
ZICOlaw Myanmar Limited	**8.6**	19.0
ZICOlaw (Laos) Sole Co., Ltd.	**17.1**	20.5
ZICOlaw (Thailand) Limited	**10.5**	10.0
Terminal growth rate		
FS and FA	**–**	2.0
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 market developments. The discount rates used were pre-tax and reflected specific risks relating to the relevant territories.

As at 31 December 2019 and 31 December 2018, the recoverable amount 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. and ZICOlaw (Thailand) Limited, if the estimated revenue growth rate in year 2020 used in the value-in-use calculation had been 6.7% and 17.0% respectively lower than management's estimates, the recoverable amount of B.A.C.S. and ZICOlaw (Thailand) Limited would have been equal to its carrying amount.

16. INTANGIBLE ASSETS (CONTINUED)

Goodwill (continued)

Sensitivity to changes in assumptions (continued)

With regards to the assessment of value-in-use for ZICO Corporate Services Sdn. Bhd., ZICO (Labuan) LLP, ZICOlaw Myanmar Limited and ZICOlaw (Laos) Sole Co., Ltd., management believes that the change in the estimated recoverable amount from any reasonably possible changes in any of the above key assumptions would not cause the recoverable amount to be materially lower than the carrying value of the CGU.

Customer acquisition costs

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

An amount of Nil (2018: RM221,000) is written off and is included within "other expenses" in the statement of comprehensive income. The write off has arisen from the actual number of customers who have dropped-off during the 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 statement of comprehensive income.

Customer relationship

The balance pertains to the customers acquired by the Group from the acquisition of B.A.C.S. (2018: B.A.C.S. and FS).

Customer relationship written off of Nil for B.A.C.S. (2018: RM3,000 and RM40,000 for B.A.C.S. and FS, respectively), are included within "other expenses" in the statement of comprehensive income. The write off has arisen from the actual number of customers who have dropped-off during the 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 statement of comprehensive income.

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019	**2018**
	RM'000	**RM'000**
Equity investments, at cost		
Beginning of financial year	**64,581**	61,853
Additions	**957**	1,307
Disposals (Note 17(b))	**(27,071)**	–
Capital contribution in the form of share awards issued to employees of a subsidiary	**660**	1,364
Currency translation differences	**(99)**	57
End of financial year	**39,028**	64,581

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

i) 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	
			2019 %	2018 %	2019 %	2018 %
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	**–**	–
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	**–**	–

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

i) 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 2019 %	2018 %	Proportion of ordinary shares held by non-controlling interests 2019 %	2018 %
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	**–**	–
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. (f.k.a ZICO Allshores Trust (S) Pte. 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	**–**	–
Finova Singapore Pte. Ltd.[8]	Singapore	Provision of incorporation, corporate secretarial, fiduciary services, and immigration-related support services	**–**	100	**–**	–

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

i) 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 2019 %	Proportion of ordinary shares held by the Group 2018 %	Proportion of ordinary shares held by non-controlling interests 2019 %	Proportion of ordinary shares held by non-controlling interests 2018 %
B.A.C.S. Private Limited[(2)]	Singapore	Share registration services	**100**	100	**–**	–
ZICO BPO Pte. Ltd.[(8)]	Singapore	Provision of tax administration, payroll and accounting support services	**–**	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
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	**90**	90	**10**	10
ZICO Capital International Inc.[(6)]	Federal Territory of Labuan	Investment holding	**100**	100	**–**	–
ZICO Capital Sdn. Bhd.[(1)]	Malaysia	Corporate finance advisory services	**70**	70	**30**	30
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

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

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) Audited by JSL & Associates. Disposed of during the financial year.

* 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.

b) Disposal of subsidiaries

On 4 November 2019, the Group has disposed of 100% equity interest in FS and FA. Details of the disposed are as follows:

Effect of disposal on the financial position of the Group

	Group 2019 RM'000
Net assets	
Non-current assets	1,659
Current assets	9,545
Non-current liabilities	(647)
Current liabilities	(8,477)
Attributable goodwill	22,461
Net assets derecognised	24,541
Consideration received	
Cash	17,602
Loss on disposal	
Consideration received	17,602
Net assets derecognised	(24,541)
Reclassification of cumulative currency translation reserve	2,417
Others	75
Loss on disposal	(4,447)
Net cash inflow arising on disposal	
Cash consideration received	17,602
Cash and cash equivalents disposed of	(4,987)
	12,615

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Carrying value of non-controlling interests

	Company	
	2019 RM'000	2018 RM'000
ZICO Trust (S) Ltd.	**2,819**	3,912
ZICOlaw (Thailand) Limited	**(4,681)**	(3,956)
Other subsidiaries with immaterial non-controlling interest	**244**	596
Total	**(1,618)**	552

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 2019 and 2018, except for dividends as disclosed in Note 32.

Summarised balance sheet

	ZICO Trust (S) Ltd. As at 31 December		ZICOlaw (Thailand) Limited As at 31 December	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current				
Assets	**6,697**	10,749	**1,866**	2,676
Liabilities	**(2,089)**	(3,500)	**(11,394)**	(10,637)
Total current net assets/(liabilities)	**4,608**	7,249	**(9,528)**	(7,961)
Non-current				
Assets	**1,829**	1,040	**349**	396
Liabilities	**(636)**	(246)	**–**	–
Total non-current net assets	**1,193**	794	**349**	396
Net assets/(liabilities)	**5,801**	8,043	**(9,179)**	(7,565)

Summarised income statement

	ZICO Trust (S) Ltd. For year ended 31 December		ZICOlaw (Thailand) Limited For year ended 31 December	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	**10,198**	11,458	**4,593**	2,024
Profit/(loss) before income tax	**1,606**	6,453	**(1,108)**	(1,044)
Income tax expense/(credit)	**(234)**	(973)	**(7)**	205
Profit/(loss) for the financial year	**1,372**	5,480	**(1,115)**	(839)
Other comprehensive income	**(14)**	79	**(499)**	(348)
Total comprehensive income/(loss)	**1,358**	5,559	**(1,614)**	(1,187)
Total comprehensive income allocated to non-controlling interests	**665**	2,724	**(823)**	(621)
Dividends paid to non-controlling interests	**1,770**	737	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Summarised cash flows

	ZICO Trust (S) Ltd. For year ended 31 December		ZICOlaw (Thailand) Limited For year ended 31 December	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2019 RM'000**
Cash flows from operating activities				
Cash generated from/(used in) operations	**1,649**	5,711	**(1,085)**	(1,294)
Income tax paid	**(956)**	(290)	**(195)**	(308)
Net cash generated from/(used in) operating activities	**693**	5,421	**(1,280)**	(1,602)
Net cash (used in)/generated from investing activities	**(42)**	(3,713)	**916**	1,623
Net cash used in financing activities	**(1,108)**	(1,522)	**–**	–
Net (decrease)/increase in cash and cash equivalents	**(457)**	186	**(324)**	20
Cash and cash equivalents at beginning of year	**5,536**	5,225	**687**	632
Exchange gains on cash and cash equivalents	**(52)**	134	**363**	34
Cash and cash equivalents at end of year	**5,027**	5,545	**726**	686

d) 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 2019, 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 16.

If the estimated revenue growth rate in year 2020 used in the value-in-use calculation had been 3.0% lower than management's estimates, the recoverable amount of the investment in B.A.C.S. would have been equal to its carrying amount.

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18. INVESTMENTS IN ASSOCIATED COMPANIES

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

	Company	
	2019	**2018**
	RM'000	**RM'000**
Carrying amount:		
Sunflower Villa Sdn. Bhd.	**17**	28
Goldfield Alliance Sdn. Bhd.	**–**	–
ShakeUp Online Sdn. Bhd.	**–**	–
ZICO Corporate Services Inc.	**–**	–
	17	28

The following information relates to associated companies of the Group.

Name of entity	**Place of business/ country of incorporation**	**% of ownership interest 2019 %**	**2018 %**
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) The associate is not material to the Group.
(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. ("ZICorp 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 37.

The management does not consider the associated companies to be material to the Group.

Aggregate information (based on the Group's share of those results) about the Group's investment in associated companies that are not individually material are as follows:

	2019	**2018**
	RM'000	**RM'000**
Loss after tax	**(639)**	(354)
Other comprehensive loss	**–**	12
Total comprehensive loss	**(639)**	(342)

18. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

The unrecognised share of losses in Goldfield Alliance Sdn. Bhd., Shakeup Online Sdn. Bhd. and ZICO Corporate Services Inc. amount to Nil, RM326,000 and RM329,000 (2018: Nil, RM642,000 and RM327,000), respectively, in the current financial year and RM45,000, RM968,000 and RM832,000 (2018: RM45,000, RM642,000 and RM503,000), 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.

19. INVESTMENT IN JOINT VENTURE

	2019 RM'000	2018 RM'000
Company		
Equity investments at cost		
Beginning of financial year	**9,356**	–
Additions	**–**	9,116
Currency translation differences	**(14)**	240
End of financial year	**9,342**	9,356

Set out below is the joint venture of the Group as at 31 December 2019, which is material to the Group.

Name of entity	Place of business/ country of incorporation	% of ownership Interest 31 December 2019	2018
Fragomen ZICO Inc.	Labuan	**50**	50

During the 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. 2019 RM'000	2018 RM'000
Current assets	**15,122**	13,132
Includes:		
– Cash and cash equivalents	**376**	364
Current liabilities	**(8,563)**	(10,377)
Includes:		
– Financial liabilities (excluding trade payables)	**(8,563)**	(10,377)
Non-current assets	**551**	245
Net assets	**7,110**	3,000

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19. INVESTMENT IN JOINT VENTURE (CONTINUED)

Summarised statement of comprehensive income

	Fragomen ZICO Inc. 2019 RM'000	For the period from 1 August 2018 to 31 December 2018 RM'000
Revenue	**20,945**	9,558
Expenses		
Includes:		
– Depreciation and amortisation	**406**	62
Profit before tax	**5,187**	4,064
Income tax expense	**(1,146)**	(1,064)
Post-tax profit	**4,041**	3,000
Other comprehensive income	**–**	–
Total comprehensive income	**4,041**	3,000
Dividends received from joint venture	**–**	–

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

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. 2019 RM'000	2018 RM'000
Net Assets	**7,110**	3,000
Group's equity interest	**50%**	50%
Group's share of net assets	**3,555**	1,500
Goodwill	**9,342**	9,356
Carrying value	**12,897**	10,856

20. INVESTMENTS

		Group 2019 RM'000	2018 RM'000
Corporate club membership, at cost		**30**	30
Financial assets, FVOCI	(i)	**2,055**	2,380
		2,085	2,410

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 36.5).

21. 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	
	2019	**2018**
	RM'000	**RM'000**
Deferred income tax assets		
– To be recovered after one year	**7,520**	4,645
Deferred income tax liabilities		
– To be settled after one year	**(1,470)**	(1,830)
	6,050	2,815

Movement in deferred income taxes account is as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Beginning of financial year	**2,815**	1,926
Currency translation differences	**102**	(30)
Disposal of subsidiaries	**79**	–
Credited to profit or loss	**2,709**	919
Others	**345**	–
End of financial year	**6,050**	2,815

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 RM9,404,000 (2018: RM9,895,000) 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 RM2,111,000 (2018: RM4,896,000), representing the total losses unrecognised to-date, will expire within 7 years.

Deferred tax liabilities of RM813,000 (2018: RM360,000) 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.

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

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21. DEFERRED INCOME TAXES (CONTINUED)

Group

Deferred income tax assets

	Provisions RM'000	Tax losses RM'000	Total RM'000
2019			
Beginning of financial year	**7**	**4,638**	**4,645**
Currency translation differences	**–**	**77**	**77**
Credited to profit or loss	**–**	**2,453**	**2,453**
Others	**–**	**345**	**345**
End of financial year	**7**	**7,513**	**7,520**
2018			
Beginning of financial year	7	3,690	3,697
Currency translation differences	–	12	12
Credited to profit or loss	–	936	936
End of financial year	7	4,638	4,645

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

Group

Deferred income tax liabilities

	Accelerated tax depreciation RM'000	Intangible assets RM'000	Total RM'000
2019			
Beginning of financial year	**(484)**	**(1,346)**	**(1,830)**
Currency translation differences	**25**	**–**	**25**
Disposal of subsidiaries	**–**	**79**	**79**
Credited to profit or loss	**106**	**150**	**256**
End of financial year	**(353)**	**(1,117)**	**(1,470)**
2018			
Beginning of financial year	(286)	(1,485)	(1,771)
Currency translation differences	–	(42)	(42)
Credited to profit or loss	(198)	181	(17)
End of financial year	(484)	(1,346)	(1,830)

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current assets				
Trade receivables				
– third parties	**47,793**	80,834	**–**	–
– subsidiaries	**–**	–	**5,099**	2,773
Less: Loss allowance	**(4,095)**	(4,128)	**–**	–
	43,698	76,706	**5,099**	2,773
Contract assets				
– third parties	**7,422**	5,499	**–**	–
Less: Loss allowance	**–**	(64)	**–**	–
	7,422	5,435	**–**	–
Non-trade receivables				
– third parties	**7,366**	9,165	**1,365**	1,827
– associates	**4,662**	3,436	**4,191**	2,991
– subsidiaries	**–**	–	**37,837**	36,272
Less: Loss allowance	**(213)**	(223)	**(475)**	(452)
	11,815	12,378	**42,918**	40,638
Deposits	**1,758**	1,999	**128**	128
	64,693	96,518	**48,145**	43,539
Non-current assets				
Trade receivables				
– third parties	**23,805**	–	**–**	–
Non-trade receivables				
– third parties	**4,471**	–	**–**	–
– associates	**6,261**	4,866	**–**	–
– subsidiaries	**–**	–	**62,320**	36,235
Less: Loss allowance	**(255)**	(255)	**–**	–
	34,282	4,611	**62,320**	36,235
Total trade and other receivables	**98,975**	101,129	**110,465**	79,774

Trade receivables are unsecured and are generally on 14 to 60 days (2018: 14 to 60 days) credit terms. Included in trade and other receivables from third parties are receivables amounting to RM28,276,000 (2018: RM38,789,000) and non-current non-trade receivables from associates which are subjected to an interest charge of 4% per annum.

The current non-trade receivables from third parties, associates and subsidiaries represent advances for operating activities which are unsecured, interest free, repayable on demand and expected to be settled in cash.

Trade and non-trade receivables due from ZICOlaw network firms amounted to RM49,406,000 (2018: RM56,695,000) and RM6,055,000 (2018: RM5,113,000) respectively.

The non-trade amount of the Company of RM62,320,000 (2018: RM36,235,000) 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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	**19,423**	14,070	**233**	839
Fixed deposits	**–**	1,886	**–**	2
	19,423	15,956	**233**	841

There are no placement of fixed deposits as at 31 December 2019. At 31 December 2018, fixed deposits are placed for an average period of 30 to 181 days and bear effective interest rates of 0.20% to 3.0% per annum.

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank deposits (as above)	**19,423**	15,956	**233**	841
Less: Bank overdrafts (Note 29)	**(8,473)**	(8,500)	**–**	–
Cash and cash equivalents per statement of cash flows	**10,950**	7,456	**233**	841

24. OTHER CURRENT ASSETS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Monies held in trust for clients	**4,060**	6,754	**–**	–
Bank balances with restricted use	**5**	5	**5**	5
	4,065	6,759	**5**	5

Bank balances with restricted use were pledged in relation to the security granted for the term loan facilities (Note 29).

25. SHARE CAPITAL

	Group and Company			
	2019	2018	2019	2018
	Number of ordinary shares		RM'000	RM'000
Issued and fully paid:				
Beginning of financial year	**301,569,463**	299,417,440	**84,132**	82,592
Issue of new ordinary shares[(2)]	**20,000,000**	–	**9,030**	–
Issue of new ordinary shares[(1)]	**1,006,309**	811,656	**424**	607
Issue of new ordinary shares[(1)]	**771,653**	799,985	**352**	580
Issue of new ordinary shares[(1)]	**903,317**	540,382	**390**	353
At end of financial year	**324,250,742**	301,569,463	**94,328**	84,132

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 1,006,309, 771,653 and 903,317 (2018: 811,656, 799,985 and 540,382) were share awards vested in previous year under Performance Share Plan granted on 21 March 2016, 23 April 2017 and 21 May 2018, respectively.
(2) The issued shares of 20,000,000 in respect of placement of shares on 25 March 2019.

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26. SHARE-BASED RESERVE

	Group and Company	
	2019	**2018**
	RM'000	**RM'000**
Share options reserve	**556**	556
Share awards reserve	**2,326**	2,738
	2,882	3,294

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 Stephen Arthur Maloy, 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.

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.

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26. SHARE-BASED RESERVE (CONTINUED)

Share options reserve (continued)

ZICO Holdings Employee Share Option Scheme (continued)

	Group and Company	
	2019	2018
	RM'000	RM'000
Beginning and end of financial year	**556**	556

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

Exercise price	Grant date	Exercise period	2019 Number of options
S$0.24	31 October 2014	1 November 2016 to 30 October 2024	**3,500,000**

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.

	2019		2018	
	Number of options	Weighted average exercise price S$	Number of options	Weighted average exercise price S$
Outstanding at 1 January/31 December	**3,500,000**	**0.24**	3,500,000	0.24
Exercisable at 31 December	**3,500,000**	**0.24**	3,500,000	0.24

The share options outstanding as at the end of the financial year have a remaining contractual life of 5 years (2018: 6 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.

26. 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 21 March 2019, awards for 217,957 shares were granted pursuant to the ZICO Holdings Performance Share Plan.

On 21 May 2018, awards for 3,320,382 shares were granted pursuant to the ZICO Holdings Performance Share Plan.

On 21 April 2017, 14 August 2017 and 11 September 2017, awards for 2,919,989, 161,717 and 210,015 shares, respectively, were granted pursuant to the ZICO Holdings Performance Share Plan.

The exercise price of the awards is $0 (2018: $0). The vesting of the awards is conditional on the employee or director completing another 0.4 to 1.4 (2018: 0.3 to 2.3) years of service to the Group.

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26. 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**
2019					
21 March 2016	**931,688**	**217,957**	**–**	**(1,006,309)**	**143,336**
21 April 2017	**1,680,015**	**–**	**–**	**(771,653)**	**908,362**
21 May 2018	**2,780,000**	**–**	**–**	**(903,317)**	**1,876,683**
	5,391,703	**217,957**	**–**	**(2,681,279)**	**2,928,381**

	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**
2018					
21 March 2016	1,743,344	–	–	(811,656)	931,688
21 April 2017	2,480,000	–	–	(799,985)	1,680,015
21 May 2018	–	3,320,382	–	(540,382)	2,780,000
	4,223,344	3,320,382	–	(2,152,023)	5,391,703

Share awards on 21 March 2016 has expired during the 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	
	2019	**2018**
	RM'000	**RM'000**
Beginning of financial year	**2,738**	2,087
Performance share plan		
– Granted during the financial year (Note 9)	**1,062**	2,191
– Vested during the financial year (Note 25)	**(1,166)**	(1,540)
Disposal of subsidiaries	**(308)**	–
End of financial year	**2,326**	2,738

NOTES TO THE FINANCIAL STATEMENTS

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27. 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	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Beginning of financial year	**3,637**	2,855	**9,908**	9,778
Net currency translation differences of financial statements of foreign subsidiaries	**(1,051)**	650	**–**	–
Reclassification to profit or loss on disposal of foreign subsidiaries	**(2,417)**	–	**–**	–
Non-controlling interests	**207**	132	**–**	–
Currency translation differences	**–**	–	**204**	130
	(3,261)	782	**204**	130
End of financial year	**376**	3,637	**10,112**	9,908

28. FAIR VALUE RESERVE

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Beginning of financial year	**(1,295)**	(32)	**–**	–
Financial assets, at FVOCI				
– Fair value losses (Note 20)	**(723)**	(1,403)	**–**	–
Non-controlling interests	**–**	140	**–**	–
	(723)	(1,263)	**–**	–
End of financial year	**(2,018)**	(1,295)	**–**	–

29. INTEREST-BEARING LIABILITIES

		Group		Company	
		2019	**2018**	**2019**	**2018**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current liabilities					
Finance lease liabilities	(a)	**–**	2	**–**	–
TL facilities	(b)	**1,878**	3,582	**1,878**	3,582
RCF loan	(c)	**608**	–	**608**	–
		2,486	3,584	**2,486**	3,582
Current liabilities					
Finance lease liabilities	(a)	**–**	46	**–**	–
TL facilities	(b)	**1,539**	61	**1,539**	61
RCF loan	(c)	**34,935**	47,517	**32,889**	42,082
Bank overdrafts	(d)	**8,473**	8,500	**–**	–
		44,947	56,124	**34,428**	42,143
Total		**47,433**	59,708	**36,914**	45,725

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29. INTEREST-BEARING LIABILITIES (CONTINUED)

As at 31 December 2019, the Group and the Company have banking facilities amounting to RM48,239,000 (2018: RM63,288,000) and RM37,693,000 (2018: RM49,352,000), respectively, of which approximately RM47,433,000 (2018: RM59,660,000) and RM36,914,000 (2018: RM45,725,000), respectively, have been utilised as at balance sheet date.

a) *Finance lease liabilities*

The Group leases certain plant and equipment, and motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term. On adoption of IFRS 16 at 1 January 2019, the finance lease liabilities have been re-classified to lease liabilities (Note 15).

	Group 2018 RM'000
Minimum lease payments due	
– Not later than one year	47
– Between one and five years	3
	50
Less: Future finance charges	(2)
Present value of finance lease liabilities	48

The present values of finance lease liabilities are analysed as follows:

	Group 2018 RM'000
Not later than one year	46
Later than one year	
– Between one and five years	2
Total	48

The finance lease term is 5 years and the effective interest rates for the finance lease obligations is 2.48% – 3.50% per annum for the year ended 31 December 2018.

As at the end of the reporting period, the fair values of the Group's finance lease payables approximate their carrying amounts.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

b) *TL loan*

The TL loan bears interest at floating rates, thus exposing the Group to cash flow interest rate risk. Effective interest rate is at 3.50% – 5.68% (2018: 4.50% – 5.45%) per annum.

29. INTEREST-BEARING LIABILITIES (CONTINUED)

c) *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 2.65% – 4.65% (2018: 2.65% – 4.35%) per annum.

As at 31 December 2019 and 31 December 2018, the RCF loan was secured by the corporate guarantee of certain subsidiary companies.

d) *Bank overdrafts*

The bank overdrafts bore interest rate of 7.22% (2018: 7.85%) per annum.

30. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Trade payables – third parties	**829**	1,429	**–**	–
Non-trade payables				
– third parties	**14,109**	20,137	**476**	2,519
– subsidiaries	**–**	–	**–**	7,520
	14,109	20,137	**476**	10,039
Accrued expenses	**5,544**	3,881	**671**	720
	20,482	25,447	**1,147**	10,759

Trade payables are unsecured, non-interest bearing and are normally settled within 60 days (2018: 60 days) payment terms.

Included in the current portion of non-trade payables of the Group is monies held in trust for stakeholders of RM4,060,000 (2018: RM6,754,000). The balance payable for monies held in trust for stakeholders are unsecured, interest-free and payable upon demand.

31. PROVISIONS

		Group	
		2019	**2018**
		RM'000	**RM'000**
Current			
Provision for leave benefits	(a)	**20**	20
Non-current			
Provision for reinstatement costs	(b)	**60**	60
Provision for retirement benefits	(c)	**175**	69
		235	129
		255	149

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31. PROVISIONS (CONTINUED)

a) *Provision for leave benefits*

	Group	
	2019	**2018**
	RM'000	**RM'000**
Current		
Beginning of financial year	**20**	61
Provision reversed	**–**	(41)
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.

b) *Provision for reinstatement costs*

	Group	
	2019	**2018**
	RM'000	**RM'000**
Non-current		
Beginning of financial year	**60**	35
Provision made	**–**	60
Provision reversed	**–**	(35)
End of financial year	**60**	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	
	2019	**2018**
	RM'000	**RM'000**
Non-current		
Beginning of financial year	**69**	74
Provision made	**175**	–
Reversal made	**(70)**	–
Currency translation differences	**1**	(5)
End of financial year	**175**	69

31. PROVISIONS (CONTINUED)

c) *Provision for retirement benefits (continued)*

The principal actuarial assumptions used are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Discount rate	**7.75%**	7.75%
Salary growth rate	**9.00%**	9.00%
Retirement age	**56 years**	56 years
Participants (employees)	**10**	10

32. DIVIDENDS

	Group	
	2019	**2018**
	RM'000	**RM'000**
Interim tax-exempt dividend of SGD1.00 per ordinary share in respect of the financial year ended 31 December 2019 paid by a subsidiary	**1,770**	–
Interim tax-exempt dividend of SGD1.00 per ordinary share in respect of the financial year ended 31 December 2018 paid by a subsidiary	**–**	1,744

The directors of the Company did not recommend any final dividend in respect of the financial year ended 31 December 2019.

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

a) Sales and purchases of goods and services

	Group	
	2019	**2018**
	RM'000	**RM'000**
Transactions with associated companies		
Corporate guarantee given for banking facilities utilised by an associated company	**(808)**	(845)
Dividend income	**25**	30
Advances to	**2,621**	5,535

NOTES TO THE FINANCIAL STATEMENTS

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33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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	
	2019	**2018**
	RM'000	**RM'000**
Short-term employee benefits	**5,763**	5,659
Post-employment benefits	**188**	223
Share-based payments under the ESOS and PSP	**85**	270
	6,036	6,152

34. COMMITMENTS

i) Operating lease commitments – where the Group is a lessee

The Group leases office spaces and accommodation from non-related parties under non-cancellable operating lease agreements. The operating lease commitments are based on existing rental rates. The leases have lease terms ranging from 2 to 5 years and rentals are fixed during the lease term.

The future minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group
	2018
	RM'000
Not later than one year	6,490
Between one and five years	14,150
	20,640

As disclosed in Note 3, the Group has adopted IFRS 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the balance sheet as at 1 January 2019, except for short-term and low value assets leases.

ii) Operating lease commitments – where the Group is a lessor

There is no significant leasing arrangement where the Group is a lessor for the financial year ended 31 December 2018.

35. SEGMENT INFORMATION

The Executive Committee ("Exco") is the Group's chief operating decision maker. The Exco comprises the 3 executive directors and the Chief Financial Officer.

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

i) Advisory and transactional services; and
ii) Management, support services and licensing services.

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

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

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from 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 and exclude tax recoverable. Segment liabilities comprise operating liabilities and exclude tax 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.

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35. SEGMENT INFORMATION (CONTINUED)

Business segment

	Advisory and transactional services RM'000	Management, support services and licensing services RM'000	Elimination RM'000	Total RM'000
2019				
Revenue				
External revenue	66,792	11,042	–	77,834
Inter-segment revenue	4,372	6,431	(10,803)	–
	71,164	17,473	(10,803)	77,834
Results				
Segment profit/(loss)	6,313	(5,159)	–	1,154
Interest income	1,737	532	–	2,269
Finance costs	(1,459)	(266)	–	(1,725)
	6,591	(4,893)	–	1,698
Unallocated expenses				(12,234)
Share of results of associated companies, net of tax				14
Share of results of joint venture, net of tax				2,021
Loss before income tax				(8,501)
Income tax credit				649
Loss for the financial year				(7,852)

	Advisory and transactional services RM'000	Management, support services and licensing services RM'000	Total RM'000
2019			
Non-cash items			
Loss allowance on trade and other receivables	147	–	147
Amortisation of intangible assets	901	2,112	3,013
Bad debts written off	131	–	131
Depreciation of plant and equipment	941	386	1,327
Depreciation of right-of-use assets	5,760	1,024	6,784
Loss on disposal of subsidiaries	4,447	–	4,447
Share-based payment expenses	343	230	573
Unrealised foreign exchange gain, net	(247)	–	(247)
Unallocated non-cash items			
Amortisation of intangible assets	–	–	569
Depreciation of plant and equipment	–	–	25
Share-based payment expenses	–	–	489
Unrealised foreign exchange gain, net	–	–	(34)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35. SEGMENT INFORMATION (CONTINUED)

Business segment (continued)

	Advisory and transactional services RM'000	Management, support services and licensing services RM'000	Total RM'000
Capital expenditure			
Plant and equipment	**112**	**21**	**133**
Intangible assets	**47**	**44**	**91**
As at 31 December 2019			
Assets and liabilities			
Segment assets	**116,488**	**62,644**	**179,132**
– Current income tax recoverable	**264**	**356**	**620**
– Deferred income tax assets	**4,696**	**2,824**	**7,520**
	121,448	**65,824**	**187,272**
Unallocated assets			**12,201**
			199,473
Segment liabilities	**34,717**	**11,860**	**46,577**
– Current income tax payable	**2,639**	**–**	**2,639**
– Deferred income tax liabilities	**1,028**	**442**	**1,470**
	38,384	**12,302**	**50,686**
Unallocated liabilities			**38,134**
			88,820

	Advisory and transactional services RM'000	Management, support services and licensing services RM'000	Elimination RM'000	Total RM'000
2018				
Revenue				
External revenue	69,148	20,944	–	90,092
Inter-segment revenue	1,749	6,703	(8,452)	–
	70,897	27,647	(8,452)	90,092
Results				
Segment profit	15,498	2,044	–	17,542
Interest income	231	1,547	–	1,778
Finance costs	(355)	(261)	–	(616)
	15,374	3,330	–	18,704
Unallocated expenses				(11,705)
Share of results of associated companies, net of tax				33
Share of results of joint venture, net of tax				1,500
Profit before income tax				8,532
Income tax expenses				(2,707)
Profit for the financial year				5,825

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35. SEGMENT INFORMATION (CONTINUED)

Business segment (continued)

	Advisory and transactional services RM'000	Management, support services and licensing services RM'000	Total RM'000
2018			
Non-cash items			
Loss allowance on trade and other receivables	2,102	110	2,212
Amortisation of intangible assets	1,535	2,342	3,877
Bad debts written off	319	–	319
Depreciation of plant and equipment	846	397	1,243
Loss on disposal of plant and equipment	134	–	134
Plant and equipment written off	4	–	4
Provisions	(18)	–	(18)
Share-based payment expenses	659	162	821
Intangible assets written off	264	–	264
Intangible assets written back	(49)	–	(49)
Unrealised foreign exchange gain, net	(498)	126	(372)
Unallocated non-cash items			
Amortisation of intangible assets	–	–	50
Depreciation of plant and equipment	–	–	47
Share-based payment expenses	–	–	1,370
Unrealised foreign exchange gain, net	–	–	(227)
Capital expenditure			
Plant and equipment	923	–	923
Intangible assets	3,391	2,997	6,388
As at 31 December 2018			
Assets and liabilities			
Segment assets	113,427	73,326	186,753
– Current income tax recoverable	698	121	819
– Deferred tax assets	2,550	2,095	4,645
	116,675	75,542	192,217
Unallocated assets			20,969
			213,186
Segment liabilities	34,962	7,495	42,457
– Current income tax payable	2,376	734	3,110
– Deferred tax liabilities	1,388	442	1,830
	38,726	8,671	47,397
Unallocated liabilities			49,764
			97,161

35. SEGMENT INFORMATION (CONTINUED)

Geographical information

Revenue is based on the country in which the customer is located. Non-current assets comprise primarily of plant and equipment, right-of-use assets, intangible assets and associated companies. 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
2019									
External revenue	**25,910**	**18,221**	**1,909**	**6,567**	**845**	**1,357**	**793**	**22,232**	**77,834**
Non-current assets	**44,179**	**20,978**	**349**	**715**	**–**	**–**	**–**	**185**	**66,406**
2018									
External revenue	31,384	26,763	2,620	10,337	1,212	3,886	687	13,203	90,092
Non-current assets	61,215	12,247	3,444	845	–	–	–	2,581	80,332

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35. SEGMENT INFORMATION (CONTINUED)

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 1 (2018: 1) customer which accounted for RM8.9 million or 11% (2018: RM16.2 million or 18%) of the Group's total revenue for the financial year and is attributable to both business segments of the Group.

36. 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.

36.1 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 which comprised 56% (2018: 69%) of the total trade and other receivables as at 31 December 2019.

As the Group and the Company do not hold collateral, 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.

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 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.

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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 Credit risk (continued)

Significant increase in credit risk (continued)

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.

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.

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 Credit risk (continued)

Estimation techniques and significant assumptions (continued)

The movements in credit loss allowance are as follows:

	Trade receivables RM'000	Contract assets RM'000	Other receivables RM'000	Total RM'000
Group				
Balance at 1 January 2019	**4,128**	**64**	**478**	**4,670**
Loss allowance recognised in profit or loss during the financial year on:				
Lifetime ECL				
– simplified approach	**221**	**(64)**	**–**	**157**
– reversal of loss allowance	**–**	**–**	**(10)**	**(10)**
	221	**(64)**	**(10)**	**147**
Loss allowance for disposal of subsidiaries during the financial year:				
– Finova Singapore Pte. Ltd.	**(185)**	**–**	**–**	**(185)**
– ZICO BPO Pte. Ltd.	**(69)**	**–**	**–**	**(69)**
Balance at 31 December 2019	**4,095**	**–**	**468**	**4,563**
Balance at 1 January 2018 under IAS 39	368	–	–	368
Application of IFRS 9	578	19	194	791
Balance at 1 January 2018 under IFRS 9	946	19	194	1,159
Loss allowance recognised in profit or loss during the financial year on:				
Assets acquired/originated	697	43	310	1,050
Lifetime ECL				
– simplified approach	1,196	2	–	1,198
– reversal of loss allowance	–	–	(36)	(36)
	1,893	45	274	2,212
Loss allowance arising from acquired subsidiary during the financial year:				
– ZICOlaw (Thailand) Limited	1,289	–	–	1,289
Others	–	–	10	10
Balance at 31 December 2018	4,128	64	478	4,670

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 Credit risk (continued)

Estimation techniques and significant assumptions (continued)

The movements in credit loss allowance are as follows: (continued)

	Other receivables RM'000
Company	
Balance at 1 January 2018 under IAS 39	–
Application of IFRS 9	221
Balance at 1 January 2018 under IFRS 9	221
Loss allowance recognised in profit or loss during the year on:	
Lifetime ECL – significant increase in credit risk	233
Balance at 31 December 2018	454
Loss allowance recognised in profit or loss during the year on:	
Lifetime ECL – significant increase in credit risk	21
Balance at 31 December 2019	475

Trade receivables and contract assets

The Group determined the ECL of trade receivables and contract assets 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 and contract assets. In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product ("GDP") to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 Credit risk (continued)

Trade receivables and contract assets (continued)

The trade receivables from third parties disclosed in Note 22 mainly comprised of amounts due from ZICOlaw network firms, amounting to RM49.4 million (2018: RM56.7 million). Management assessed that there is immaterial loss allowance relating to trade and non-trade amounts due from ZICOlaw network firms considering their historical payment patterns and the repayment plan they have engaged in with the Group where payments due more than one year from the balance sheet date are subjected to an interest charge of 4% per annum.

The Group's credit risk exposure in relation to trade receivables (excluding ZICOlaw network firms) and contract assets under IFRS 9 as at 31 December 2019 and 31 December 2018 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 2019						
Professional services rendered						
Expected loss rate	**0.80%**	**2.60%**	**6.02%**	**6.78%**	**37.14%**	
Contract assets	**7,422**	**–**	**–**	**–**	**–**	**7,422**
Trade receivables	**7,982**	**1,844**	**1,197**	**974**	**10,195**	**22,192**
Loss allowance	**123**	**48**	**72**	**66**	**3,786**	**4,095**

	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 2018						
Professional services rendered						
Expected loss rate	1.20%	2.62%	4.55%	15.01%	74.42%	
Contract assets	5,499	–	–	–	–	5,499
Trade receivables	13,202	2,562	924	2,838	4,613	24,139
Loss allowance	224	67	42	426	3,433	4,192

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 Credit risk (continued)

Other financial assets at amortised cost

The table below details the credit quality of the Group's financial assets:

Group 2019	**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	19,423	–	19,423
Other current assets	N.A. Exposure Limited	4,065	–	4,065
Non-trade receivables from ZICOlaw network firms	12-month ECL	6,055	–	6,055
Other non-trade receivables	12-month ECL	5,791	–	5,791
	Lifetime ECL	10,914	(468)	10,446
Deposits	12-month ECL	1,758	–	1,758

Group 2018	**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	15,956	–	15,956
Other current assets	N.A. Exposure Limited	6,759	–	6,759
Non-trade receivables from ZICOlaw network firms	12-month ECL	5,113	–	5,113
Other non-trade receivables	Lifetime ECL	12,354	(478)	11,876
Deposits	12-month ECL	1,999	–	1,999

Company 2019	**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	233	–	233
Other current assets	N.A. Exposure Limited	5	–	5
Non-trade receivables from ZICOlaw network firms	12-month ECL	1,358	–	1,358
Other non-trade receivables	12-month ECL	66,798	–	66,798
	Lifetime ECL	37,557	(475)	37,082
Deposits	12-month ECL	128	–	128

Company 2018	**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	841	–	841
Other current assets	N.A. Exposure Limited	5	–	5
Non-trade receivables from ZICOlaw network firms	12-month ECL	1,810	–	1,810
Other non-trade receivables	Lifetime ECL	75,515	(452)	75,063
Deposits	12-month ECL	128	–	128

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.2 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 Singapore Dollar ("SGD"), Thai Baht ("THB") and United States Dollar ("USD") transactions.

As at the end of the reporting period, 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:

	RM RM'000	SGD RM'000	THB RM'000	USD RM'000	Other RM'000	Total RM'000
At 31 December 2019						
Financial assets						
Cash and cash equivalents	1,927	3,003	363	14,077	53	19,423
Trade and other receivables	48,164	18,302	1,657	17,126	6,304	91,553
Other current assets	2,622	819	–	624	–	4,065
Financial assets, at FVOCI	–	2,055	–	–	–	2,055
	52,713	24,179	2,020	31,827	6,357	117,096
Financial liabilities						
Borrowings	(10,519)	(36,914)	–	–	–	(47,433)
Trade and other payables	(11,454)	(5,454)	(1,923)	(248)	(1,403)	(20,482)
Lease liabilities	(247)	(5,774)	(780)	(41)	(6,943)	(13,785)
	(22,220)	(48,142)	(2,703)	(289)	(8,346)	(81,700)
Net financial assets/(liabilities)	30,493	(23,963)	(683)	31,538	(1,989)	35,396
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities functional currencies	(8,116)	(6,926)	–	3,650	7	(11,385)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.2 Market risk (continued)

Foreign currency risk (continued)

	RM RM'000	SGD RM'000	THB RM'000	USD RM'000	Other RM'000	Total RM'000
At 31 December 2018						
Financial assets						
Cash and cash equivalents	1,141	7,697	687	6,346	85	15,956
Trade and other receivables	49,290	7,636	2,168	31,491	5,109	95,694
Other current assets	6,285	46	–	428	–	6,759
Financial assets, at FVOCI	–	2,380	–	–	–	2,380
	56,716	17,759	2,855	38,265	5,194	120,789
Financial liabilities						
Borrowings	(10,637)	(49,071)	–	–	–	(59,708)
Trade and other payables	(11,072)	(9,020)	(2,467)	(1,734)	(1,154)	(25,447)
	(21,709)	(58,091)	(2,467)	(1,734)	(1,154)	(85,155)
Net financial assets/(liabilities)	35,007	(40,332)	388	36,531	4,040	35,634
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities functional currencies	(3,978)	(4,530)	–	4,370	6	(4,132)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD RM'000	RM RM'000	USD RM'000	Other RM'000	Total RM'000
At 31 December 2019					
Financial assets					
Cash and cash equivalents	**74**	**–**	**159**	**–**	**233**
Trade and other receivables	**110,465**	**–**	**–**	**–**	**110,465**
Other current assets	**5**	**–**	**–**	**–**	**5**
	110,544	**–**	**159**	**–**	**110,703**
Financial liabilities					
Borrowings	**(36,914)**	**–**	**–**	**–**	**(36,914)**
Trade and other payables	**(1,147)**	**–**	**–**	**–**	**(1,147)**
Lease liabilities	**(916)**	**–**	**–**	**–**	**(916)**
	(38,977)	**–**	**–**	**–**	**(38,977)**
Net financial (liabilities)/assets	**(71,567)**	**–**	**159**	**–**	**(71,726)**
Currency exposure of financial assets net of those denominated in the respective entities functional currencies	**–**	**–**	**159**	**–**	**159**

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.2 Market risk (continued)

Foreign currency risk (continued)

	SGD RM'000	RM RM'000	USD RM'000	Other RM'000	Total RM'000
At 31 December 2018					
Financial assets					
Cash and cash equivalents	791	–	50	–	841
Trade and other receivables	22,730	31,312	20,348	5,384	79,774
Other current assets	5	–	–	–	5
	23,526	31,312	20,398	5,384	80,620
Financial liabilities					
Borrowings	(45,725)	–	–	–	(45,725)
Trade and other payables	(8,741)	(1,382)	(636)	–	(10,759)
	(54,466)	(1,382)	(636)	–	(56,484)
Net financial (liabilities)/assets	(30,940)	29,930	19,762	5,384	24,136
Currency exposure of financial assets net of those denominated in the respective entities functional currencies	–	29,930	19,762	5,384	55,076

If the SGD and USD change against the respective functional currencies of the Group's entities by 1% (2018: 1%) and 3% (2018: 3%) respectively with all other variables being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(Decrease) 2019 Loss before tax RM'000	2018 Profit before tax RM'000
Group		
SGD against RM		
– Strengthened	**69**	(45)
– Weakened	**(69)**	45
USD against RM		
– Strengthened	**(110)**	131
– Weakened	**110**	(131)

	Increase/(Decrease) 2019 Profit before tax RM'000	2018 Profit before tax RM'000
Company		
RM against SGD		
– Strengthened	**–**	299
– Weakened	**–**	(299)
USD against SGD		
– Strengthened	**5**	593
– Weakened	**(5)**	(593)

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36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.2 Market risk (continued)

Foreign currency risk (continued)

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.

Equity price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified either 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.

If prices for equity securities listed in Singapore had changed by 5% (2018: 5%) with all other variables including tax rate being held constant, the effects on other comprehensive income would have been:

	← Increase/(Decrease) →	
	2019 Other comprehensive loss RM'000	**2018 Other comprehensive loss RM'000**
Group		
Listed in Singapore		
– increased by	**(85)**	**(99)**
– decreased by	**85**	**99**

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 29 to the financial statements.

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 0.8% (2018: 0.8%) with all other variables including tax rate and foreign currency rate being held constant, the Group's loss after tax would have been higher/lower by RM315,000 (2018: RM396,000) and the Company's profit after tax would have been lower/higher by RM245,000 (2018: RM304,000) as a result of higher/lower interest expense on these borrowings.

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.3 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.

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	Between 1 and 2 years	Between 2 and 5 years	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
At 31 December 2019				
Financial liabilities				
Trade and other payables	**20,482**	**–**	**–**	**20,482**
TL loan	**1,601**	**1,636**	**347**	**3,584**
RCF loan	**36,521**	**628**	**–**	**37,149**
Bank overdrafts	**8,473**	**–**	**–**	**8,473**
Lease liabilities	**6,006**	**5,169**	**3,970**	**15,145**
Financial guarantee contracts	**808**	**–**	**–**	**808**
Total undiscounted financial liabilities	**73,891**	**5,169**	**4,317**	**85,641**
At 31 December 2018				
Financial liabilities				
Trade and other payables	25,447	–	–	25,447
TL loan	64	1,424	2,334	3,822
RCF loan	49,550	–	–	49,550
Bank overdrafts	8,500	–	–	8,500
Finance lease payables	46	2	–	48
Financial guarantee contracts	845	–	–	845
Total undiscounted financial liabilities	84,452	1,426	2,334	88,212

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.3 Liquidity risk (continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RM'000	RM'000	RM'000	RM'000
Company				
At 31 December 2019				
Financial liabilities				
Trade and other payables	**1,147**	**–**	**–**	**1,147**
TL loan	**1,601**	**1,636**	**347**	**3,584**
RCF loan	**34,387**	**628**	**–**	**35,015**
Lease liabilities	**483**	**483**	**–**	**966**
Total undiscounted financial liabilities	**37,618**	**2,747**	**347**	**40,712**
At 31 December 2018				
Financial liabilities				
Trade and other payables	10,759	–	–	10,759
TL loan	64	1,424	2,334	3,822
RCF loan	43,901	–	–	43,901
Total undiscounted financial liabilities	54,724	1,424	2,334	58,482

36.4 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 2018.

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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest-bearing liabilities	**47,433**	59,708	**36,914**	45,725
Equity attributable to owners of the parent	**112,271**	115,473	**122,850**	100,825
Gearing ratio (times)	**0.42**	0.52	**0.30**	0.45

The Group is in compliance with all externally imposed capital requirement for the financial years ended 31 December 2019 and 2018.

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.5 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).

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	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Group				
2019				
Assets				
Financial assets, FVOCI	**2,055**	**–**	**–**	**2,055**
2018				
Assets				
Financial assets, FVOCI	2,380	–	–	2,380

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.6 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 2019		
Financial assets		
Financial assets, at amortised cost		
– Trade and other receivables	**91,553**	**110,465**
– Cash and cash equivalents	**19,423**	**233**
– Other current assets	**4,065**	**5**
Financial assets, at FVOCI	**2,055**	**–**
	117,096	**110,703**
Financial liabilities		
Financial liabilities, at amortised cost		
– Trade and other payables	**20,482**	**1,147**
– Interest-bearing liabilities	**47,433**	**36,914**
– Lease liabilities	**13,785**	**916**
	81,700	**38,977**
31 December 2018		
Financial assets		
Financial assets, at amortised cost		
– Trade and other receivables	95,694	79,774
– Cash and cash equivalents	15,956	841
– Other current assets	6,759	5
Financial assets, at FVOCI	2,380	–
	120,789	80,620
Financial liabilities		
Financial liabilities, at amortised cost		
– Trade and other payables	25,447	10,759
– Interest-bearing liabilities	59,708	45,725
	85,155	56,484

37. CONTINGENT LIABILITIES

	2019 RM'000	2018 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.	**808**	845

The directors are of the view that it is unlikely that the financial institutions will call upon the corporate guarantees in view of the financial strength of the associated company and the borrowing 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 2019

38. COMPARATIVE FIGURES

The consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 December 2018 were audited by another independent auditor whose report dated 29 March 2019 expressed an unmodified opinion on those financial statements.

39. SUBSEQUENT EVENTS

The emergence and the outbreak of the COVID-19 worldwide pandemic subsequent to the financial year end has brought about uncertainties to the Group's operating environment. The Group is cognizant of the challenges and new dimensions of issues to businesses globally. However, as the situation is still evolving, the full effect of the outbreak is subject to uncertainty and could not be ascertained yet.

40. 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 23 March 2020.

SHAREHOLDER INFORMATION

AS AT 16 MARCH 2020

Issued and fully paid-up capital	:	RM94,328,343
Total number of issued shares	:	324,250,742
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	10	6.21	2,200	0.00
1,001 – 10,000	31	19.25	219,464	0.07
10,001 – 1,000,000	94	58.39	14,427,851	4.45
1,000,001 and above	26	16.15	309,601,227	95.48
Total	161	100.00	324,250,742	100.00

TOP TWENTY SHAREHOLDERS AS AT 16 MARCH 2020

	Name of Shareholders	No. of Shares	% of Shares
1.	UOB KAY HIAN PTE LTD	111,893,289	34.51
2.	RHB SECURITIES SINGAPORE PTE LTD	40,841,500	12.60
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	30,611,333	9.44
4.	DB NOMINEES (SINGAPORE) PTE LTD	28,280,000	8.72
5.	RAFFLES NOMINEES (PTE) LIMITED	16,079,100	4.96
6.	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	11,150,761	3.44
7.	JAMES KHONG POH WAH	9,235,867	2.85
8.	HONG LEONG FINANCE NOMINEES PTE LTD	8,126,600	2.51
9.	JUNE SONG PTE LTD	7,487,879	2.31
10.	TOH BENG SUAN	7,210,000	2.22
11.	LIEW FOONG YUEN ROBERT	6,526,666	2.01
12.	PRIMEPARTNERS GROUP PTE LTD	5,000,000	1.54
13.	KGI SECURITIES (SINGAPORE) PTE. LTD	4,551,200	1.40
14.	GOH BENG HWA	4,000,000	1.23
15.	KEK CHIN WU	2,121,400	0.65
16.	OCBC SECURITIES PRIVATE LTD	2,104,700	0.65
17.	MAYBANK KIM ENG SECURITIES PTE. LTD	2,070,100	0.64
18.	HANIM HAMZAH	2,060,000	0.63
19.	SEAN LAI CHOONG CHANG	1,735,961	0.54
20.	DBS NOMINEES PTE LTD	1,648,400	0.51
		302,734,756	93.36

SHAREHOLDER INFORMATION

AS AT 16 MARCH 2020

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2020

	Direct Interest		Indirect Interest	
Substantial Shareholders	**No. of Shares**	**% of Shareholdings**	**No. of Shares**	**% of Shareholdings**
Chew Seng Kok	92,047,800	28.39	5,293,737[1]	1.63
Loh Wei Lian	17,090,842	5.27	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 16 March 2020, approximately 59.17% 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. (the "**Company**") will be held at Conference Room, Level 3, 8 Robinson Road, ASO Building, Singapore 048544 on Thursday, 14 May 2020 at 11.00 a.m. 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 2019 together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect the following Directors of the Company ("Directors") retiring pursuant to Article 97 of the Company's Articles of Association:

   Article 97:
   Mr Chew Seng Kok **(Resolution 2)**
   Mr Liew Foong Yuen **(Resolution 3)**
   Mr John Lim Yew Kong **(Resolution 4)**

   [Explanatory Note (i)]

3. To approve the payment of Directors' fees totalling S$300,000 (2019: S$375,000) for the financial year ending 31 December 2020, to be paid quarterly in arrears.

   (Resolution 5)

   [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 6)

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:

(a) new Shares arising from the conversion or exercise of the Instruments or convertible securities;

(b) 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

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with (a) or (b) 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 7)**

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 (the "**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 8A)**

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 (the "**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 8B)**

By Order of the Board

ZICO Secretarial Limited
Secretary
Singapore, 14 April 2020

Explanatory Notes:

(i) **Resolution 2** – Mr Chew Seng Kok, if re-elected, will remain as the Managing Director of the Company.

Resolution 3 – Mr Liew Foong Yuen, if re-elected, will remain as an Executive Director of the Company. He currently holds a directorship in Keck Seng (Malaysia) Berhad, a public listed company listed on the Main Board of Bursa Malaysia.

Resolution 4 – Mr John Lim Yew Kong, if re-elected, will remain as an Independent Director of the Company and the Chairman of the Audit and Risk Committee and a member of the Nominating and Remuneration Committees. Pursuant to Rule 704(7) of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), Mr John Lim Yew Kong will be considered an independent director.

He currently serves as an independent director and chairman of the audit and risk committee of Global Invacom Group Limited and an independent director and chairman of the audit and risk committee of Karin Technology Holdings Limited, both of which are listed on the Mainboard of the SGX-ST.

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 (3), 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 (3) years. In light of Article 97 and that the Company's Board of Directors consist of 7 Directors, they may retire by rotation in less than 3 years.

(ii) **Resolution 5** – 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 2020 ("**FY2020**"). Should any Director hold office for only part of FY2020 and not the whole of FY2020, the Director's fee payable to him will be appropriately pro-rated.

(iii) **Resolution 7** – 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 (8A) & (8B)** – Each of this resolution, 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:

1. A member of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

3. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he deems fit.

4. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.

5. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney.

6. If the appointor is a corporation, the instrument appointing a 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 meeting.

7. The signature on the instrument appointing a proxy need not be witnessed. Where an instrument appointing a 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 a proxy, failing which the instrument may be treated as invalid.

8. The instrument appointing a proxy must be deposited at the registered office of the Singapore Branch at 8 Robinson Road #03-00, ASO Building, Singapore 048544 not less than forty-eight (48) hours before the time appointed for holding of the AGM.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("**Exchange**") Listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this notice including the correctness of any of the figures used, statements or opinions made.

This notice has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms Foo Quee Yin.
Telephone number: +65 6221 0271

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged 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

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

IMPORTANT NOTICE FROM THE COMPANY ON COVID-19

As the COVID-19 situation continues to evolve, the Company is closely monitoring the situation, including any precautionary measures that may be required or recommended by government agencies to minimise the risk of spread of COVID-19. The Company reserves the right to take appropriate measures to minimise any risk to Shareholders and others attending the AGM, which may include conducting temperature checks and requiring the signing of health declaration forms (which may also be used for the purposes of contact tracing, if required). Shareholders and other attendees who are feeling unwell on the date of the AGM are advised not to attend the AGM. Shareholders and other attendees are also advised to arrive early at the AGM venue given that the above-mentioned measures may cause delay in the registration process.

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ZICO HOLDINGS INC.
(Incorporated in Labuan, Malaysia)
(Company Registration No. LL07968)

PROXY FORM – ANNUAL GENERAL MEETING

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:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the annual general meeting ("**AGM**") of the Company, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM to be held on Thursday, 14 May 2020 at 11.00 a.m. at Conference Room, Level 3, 8 Robinson Road, ASO Building, Singapore 048544 and at any adjournment thereof.

(In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matters arising at the AGM and at any adjournment thereof.)

Resolution No.	ORDINARY BUSINESS	For*	Against*
Resolution 1	To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2019 together with the Auditors' Report thereon		
Resolution 2	To re-elect Mr Chew Seng Kok as a Director of the Company		
Resolution 3	To re-elect Mr Liew Foong Yuen as a Director of the Company		
Resolution 4	To re-elect Mr John Lim Yew Kong as a Director of the Company		
Resolution 5	To approve payment of Directors' Fees for the financial year ending 31 December 2020, to be paid quarterly in arrears		
Resolution 6	To re-appoint of Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
Resolution 7	To approve the authority to allot and issue shares.		
Resolution 8A	To approve the authority to allot and issue shares pursuant to the ZICO Holdings Performance Share Plan		
Resolution 8B	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", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Dated this ________ day of ______________________ 2020

Total Number of Shares held in:	
CDP Register	
Register of Members	

____
Signature(s) of member(s) or Common Seal

NOTES:

1. 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.

2. A member of the Company entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

4. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstained as he thinks fit.

5. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.

6. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney.

7. If the appointor is a corporation, the instrument appointing a 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 meeting.

8. The signature on the instrument appointing a proxy need not be witnessed. Where an instrument appointing a 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 a proxy, failing which the instrument may be treated as invalid.

9. The instrument appointing a proxy must be deposited at the Registered Office of the Singapore Branch at 8 Robinson Road #03-00, ASO Building, Singapore 048544, not less than forty-eight (48) hours before the time appointed for holding of the AGM.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged 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 a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2020.

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ZICO HOLDINGS INC.

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