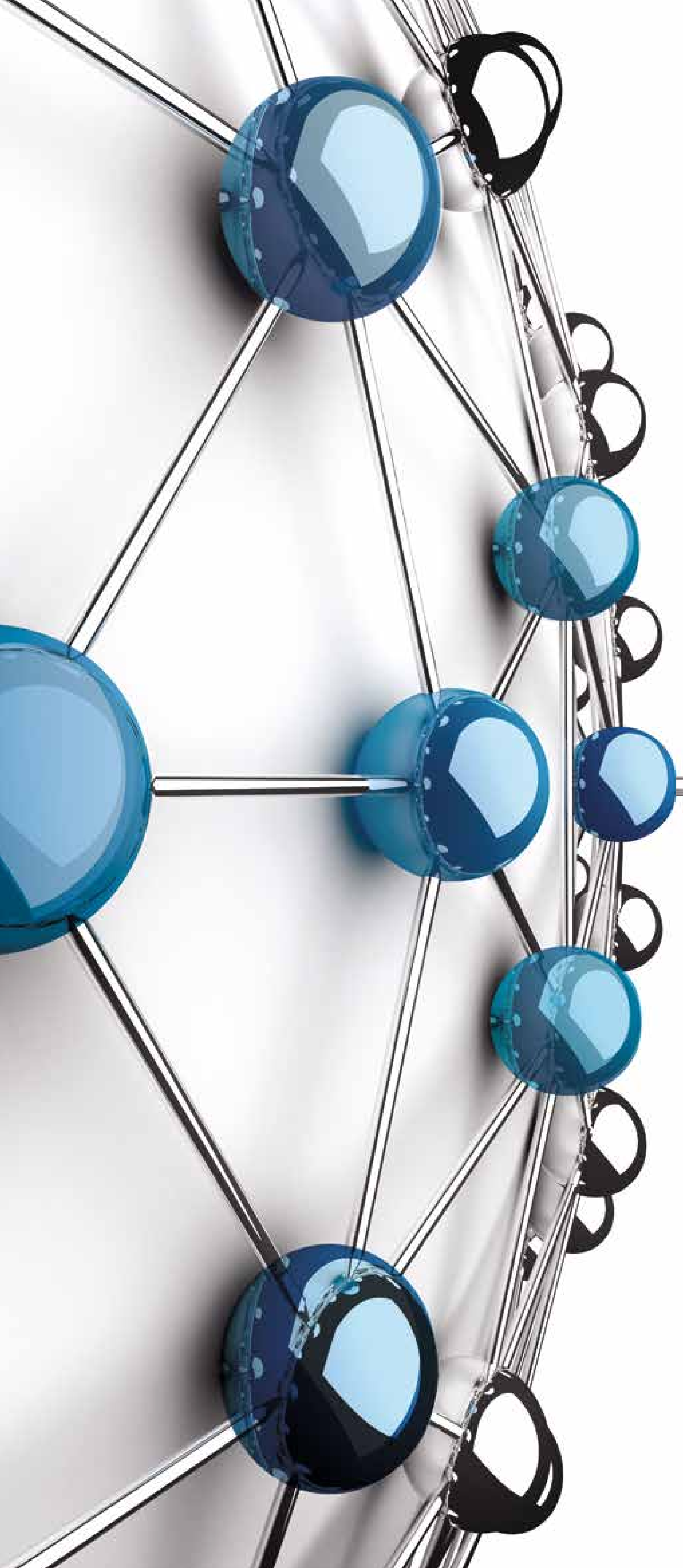


STRENGTHENING OUR NETWORK

BROADENING OUR CAPABILITIES

ZICO HOLDINGS INC.

ANNUAL REPORT 2014

ZICO HOLDINGS INC.

CONTENTS

01 Corporate Profile
02 Our Business Segments
03 Our Presence
04 Corporate Milestones of ZICO and the ZICOlaw Network
05 Financial Highlights
06 Chairman's Message
08 Managing Director's Message
10 Board of Directors
13 Corporate Information
14 Corporate Governance
30 Report of the Directors
37 Statement by Directors
38 Independent Auditors' Report
39 Statements of Financial Position
40 Consolidated Statement of Comprehensive Income
41 Consolidated Statement of Changes in Equity
43 Consolidated Statement of Cash Flows
45 Notes to Financial Statements
111 Shareholder Information
113 Notice of Annual General Meeting
Proxy Form

CORPORATE PROFILE

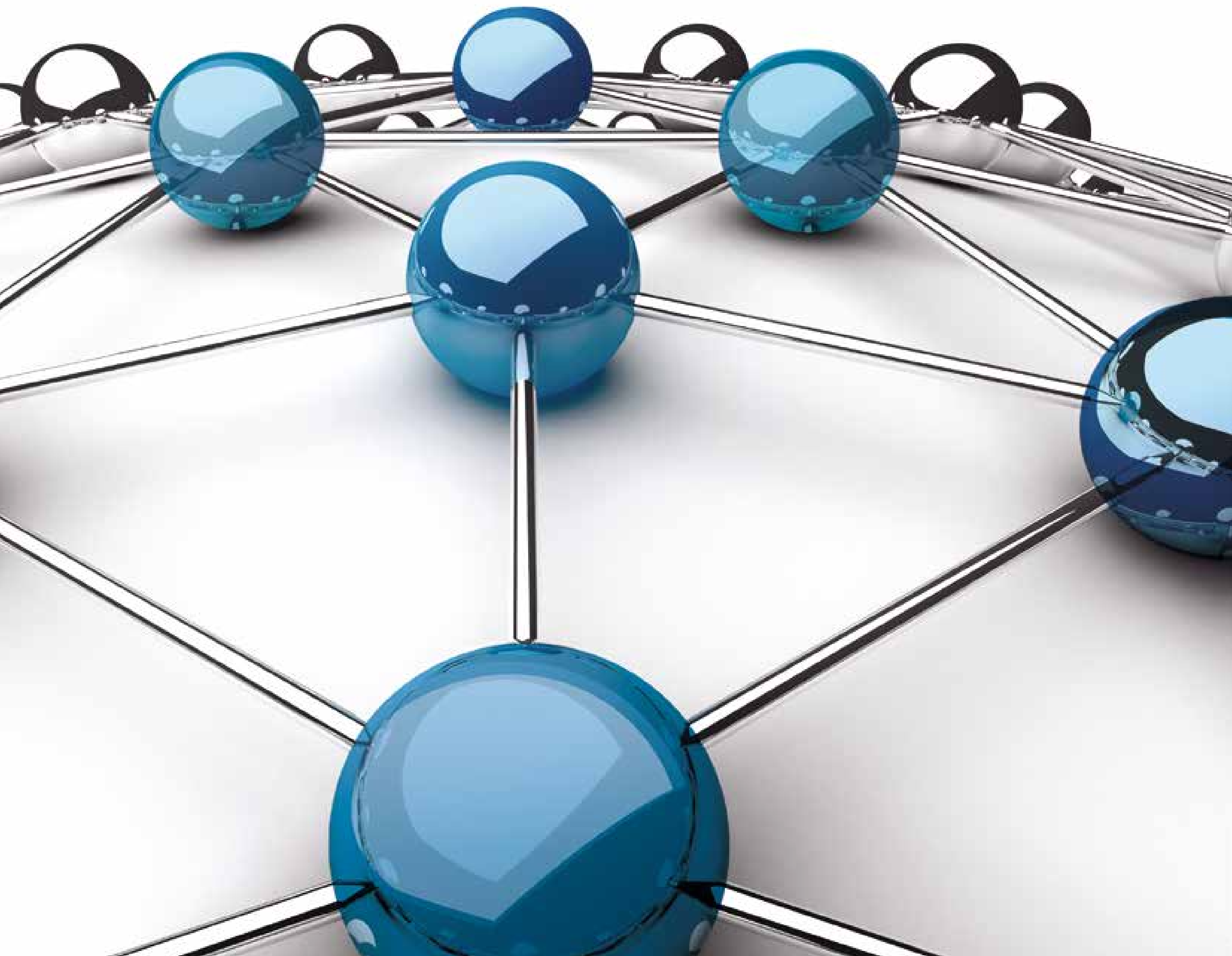
ZICO Holdings Inc. ("ZICO" and together with its subsidiaries and associated companies, the "Group") is an integrated provider of multidisciplinary professional services which was listed on Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 11 November 2014. The Group is focused on the ASEAN region and through its multidisciplinary services, regional capabilities and local insights, ZICO 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.

ZICO has business operations in Indonesia, Lao PDR, Malaysia (including Labuan), Myanmar and Singapore. The Group augments its existing regional presence with that of the ZICOlaw network to extend its reach to 8 out of 10 countries in Southeast Asia. These 8 countries include those where ZICO has business operations in as well as Cambodia, Thailand and Vietnam where ZICO does not presently have business operations.

It is also backed by a regional management team consisting of its Executive Directors who have, in aggregate, more than 70 years of experience in the professional services industry.

The Group currently operates in three key business segments: (i) advisory and transactional services; (ii) management and support services; and (iii) licensing services.



OUR BUSINESS SEGMENTS

ADVISORY & TRANSACTIONAL SERVICES

Legal Services

- Offer legal services in Myanmar and Lao 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, by the Central Bank of Malaysia
- Key advisory services provided include advising regulatory authorities on Shariah issues in law reform to facilitate Islamic finance, advising and maintaining of Shariah-compliance funds, and structuring and advising on Islamic capital market instruments

Trust

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

Corporate Services

- Incorporation and corporate secretarial services in Malaysia (including Labuan)

Consulting

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

Investor Services#

- Provide a comprehensive suite of share registrar services

MANAGEMENT & SUPPORT SERVICES

Regional Management

- Strategic advisory
- Market intelligence
- Business relations
- Public sector relations
- Risk management

Business Support

- Accounting, finance and budgeting
- Information technology
- Human resource
- Knowledge management and training
- Business development and corporate communication

LICENSING SERVICES

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

Business Agreements

Cross-promotion and Integration of Services

ZICOlaw Network

- Roosdiono & Partners*
- SokSiphana&Associates*
- Zaid Ibrahim & Co*
- ZICOlaw Sabah*
- ZICOlaw Sarawak*
- ZICOlaw Singapore*
- ZICOlaw Thailand*
- ZICOlaw Vietnam*

^ 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 who are members of the ZICOlaw network, in compliance with local professional regulations.

Proposed acquisition of B.A.C.S. Private Limited subsequent to FY2014, in January 2015.

* These members of the ZICOlaw network are legally separate from our Group.

OUR PRESENCE

Together with the ZICOlaw network, ZICO has presence across 8 out of 10 ASEAN countries

CORPORATE MILESTONES OF ZICO AND THE ZICOLAW NETWORK

1987
Zaid Ibrahim & Co was established

1992
ZICO Corporate Services Sdn. Bhd. was established

1996
ZICO Trust Limited was established

1998
Zaid Ibrahim & Co joined Anderson Legal for 4 years

2003
Opened an office in Singapore

2005
Expanded into Indonesia through an Indonesian law firm

2006
Opened an office in Thailand

2007
Acquired ZICO Shariah Advisory Services Sdn. Bhd.

2008
Opened an office in Vietnam

2011
Launched ZICOlaw network

2012
Expanded into Cambodia through a Cambodian law firm

2014
Expanded into Myanmar by acquiring a Myanmar law firm

Expanded into Lao PDR by acquiring a Laotian law firm

Established a trust company in Singapore

ZICO launched its IPO

Established subsidiary in Singapore to provide corporate secretarial services

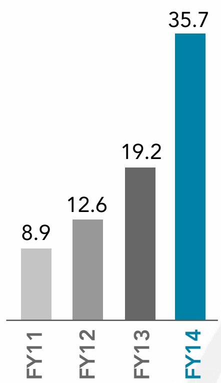
2015
Joint venture with Stamford Law Corporation in Singapore and proposed acquisition of its corporate secretarial business

Proposed acquisition of B.A.C.S. Private Limited, a share registrar firm in Singapore

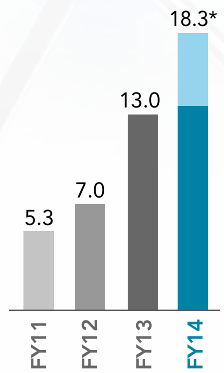
51% shareholding of newly incorporated investment holding company to provide intellectual property services

FINANCIAL HIGHLIGHTS

Revenue
(RM millions)

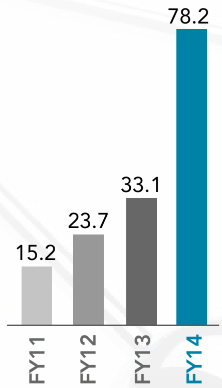


Profit Before Income Tax
(RM millions)

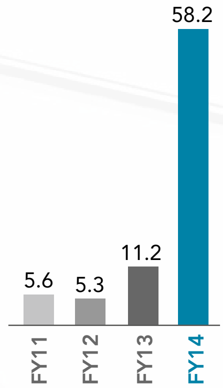


* Excludes one-off listing expenses

Total Assets
(RM millions)

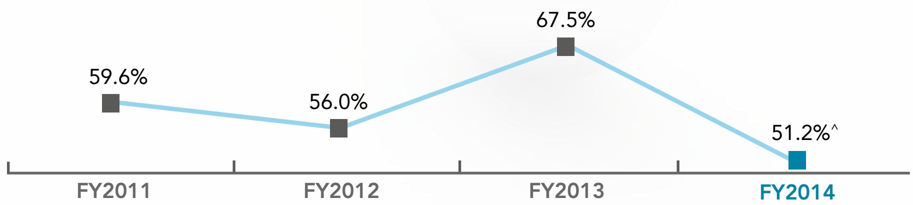


Total Equity
(RM millions)



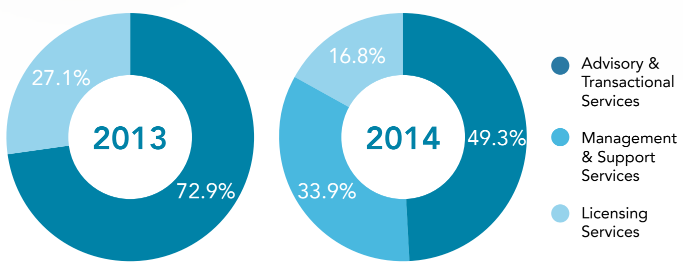
Profit Before Income Tax Margin

^ Excludes one-off listing expenses of RM4.8 million

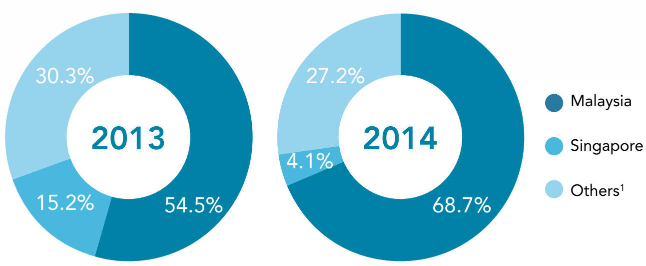


Revenue Breakdown

Business Segment



Geographical Segment



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

	FY2011	FY2012	FY2013	**FY2014**
Revenue and Profitability (RM millions)				
Revenue	8.9	12.6	19.2	**35.7**
Profit Before Income Tax	5.3	7.0	13.0	**18.3**
Financial Position				
Current ratio (times)	1.3	1.2	1.4	**3.6**
Total Assets (RM millions)	15.2	23.7	33.1	**78.2**
Total Equity (RM millions)	5.6	5.3	11.2	**58.2**
Key Financial Ratios				
Return on Asset	34.9%	29.5%	39.3%	**23.4%**
Return on Equity	94.6%	132.1%	116.1%	**31.4%**
Debt to Equity (times)	0.02	0.03	0.23	**0.02**

CHAIRMAN'S MESSAGE

Dear Shareholders,

It is with great pleasure that I present to you, on behalf of the Board of Directors ("Board") of ZICO, the inaugural annual report for the financial year ended 31 December 2014 ("FY2014"). This follows closely after our successful public listing on the Catalist of the SGX-ST on 11 November 2014. Indeed, we are heartened that our initial public offering ("IPO") had attracted strong interest from institutional investors as well as other investing communities.

STRENGTHENING OUR NETWORK, BROADENING OUR CAPABILITIES

We have our roots deep within the region, having a wide network across eight countries in ASEAN, augmented by the ZICOlaw network. During the year, we acquired two law firms, each in Myanmar and Lao PDR respectively. These countries permit law firms to be owned by corporations.

Within the short span of a few months subsequent to the IPO and 2014 financial year end, we made good progress on the corporate development front. In particular, ZICO announced two value accretive acquisitions in January 2015, which on completion will broaden our core capabilities in providing multidisciplinary professional services and in building our base of recurring income streams.

PERFORMANCE REVIEW

With the commencement of our Management and Support Services ("MSS") business and growth across other business segments of Advisory and Transactional Services ("ATS") and Licensing Services ("LS") in FY2014, ZICO recorded an 85.7% rise in revenue to RM35.7 million compared to RM19.2 million in the previous corresponding year ("FY2013").

Overall expenses increased in FY2014, particularly our employee benefits expense. This was in line with the start of our MSS operations and the expansion of our presence around the region, necessitating additional staffing requirements. As a newly listed company, ZICO was impacted by one-off listing expenses.

Excluding one-off listing expenses, we achieved a 40.8% rise in profit before tax, to RM18.3 million in FY2014 from RM13.0 million in FY2013.

STRATEGIES FOR THE YEAR AHEAD

There remain opportunities where we can potentially extend our expertise in consolidating the market and in leveraging on our wide network, augmented by our regional reach through the ZICOlaw network.

As we move into the new financial year in 2015, value enhancing strategies will be a key focus, particularly in the pursuit of accretive acquisitions, joint ventures as well as strategic alliances when attractive opportunities arise. For ZICO, it is paramount for us to seek out strong partners with traits that complement ZICO's competencies so as to collectively create value and derive synergies from the ventures pursued. With the experience of the two transactions (including a joint venture) in January 2015 under our belt, we believe it will serve as a sound guide in ZICO prudently deploying the proceeds raised from our IPO and delivering value to our investors through future acquisitions and partnerships.

We will continue to build on our strong base of recurring revenue which was boosted by our newly commenced MSS business in FY2014. Together with our largely recurring LS and the Trust Services and Corporate Services within our ATS segment, they collectively formed more than half of the Group's total revenue in FY2014 and put us on a sustainable path of business growth.

We will continue to build on our strong base of recurring revenue which was boosted by our newly commenced MSS business in FY2014.

OUTLOOK

In the months leading up to the close of FY2014, uncertainties on the global front such as the volatility in oil prices as well as the currency markets had affected business sentiments in our key markets. The implementation of the Goods and Services Tax ("GST") in Malaysia is also likely to further dampen business sentiment. However, over the longer horizon, prospects remain favourable, especially with the promising economic outlook in Southeast Asia. As a regional player specialising in providing professional services, ASEAN remains our core geographical market and the driver of our growth trajectory.

In its latest update, the International Monetary Fund projected ASEAN's growth rate to reach 5.2% in 2015 and 5.3% in 2016 which places it as the third fastest growing region after China and India[1]. There are also some exciting initiatives which we believe will provide a tailwind for ZICO, one of which is the launch of the ASEAN Economic Community ("AEC"). The AEC is expected to be a further catalyst to ZICO's growth through the transformation of the region into an integrated market of more than 45% of the world's population with a combined gross domestic product ("GDP") of US$17.23 trillion or a third of the world's current annual GDP[2].

The realisation of the full benefits of the AEC is expected to occur by 2030[3]. However, with the overall increase in economic activities in the region during the integration period, we believe this spells a long growth runway for ZICO's businesses in ASEAN which it is deeply focused in.

IN APPRECIATION

I would like to take this opportunity to thank our shareholders for their confidence in ZICO. Equipped with a first-mover advantage of providing our suite of multidisciplinary professional services in ASEAN as a publicly-listed company, we are at the forefront of a cutting edge business model and in enriching shareholders' value.

On behalf of the Board, I would also like to express our heartfelt appreciation to ZICO's clients, business partners, staff and management for their support without whom we would not have successfully launched our IPO and acheived the good progress of our business expansion.

We are glad to have Dato' Thambynathan Jasudasen join us as ZICO's fourth Independent Director, on 16 February 2015. He is a highly experienced diplomat, having served as Singapore's ambassador to countries such as the United Kingdom, France, Myanmar and Malaysia. With a wealth of experience in his 37 years in government service and unparalleled qualifications, we are confident that Dato' Thambynathan Jasudasen will be an invaluable member to our diverse Board.

On that note, I would like to thank my fellow Board members for their wise counsel and the collective efforts in crafting ZICO's strategy forward in 2015 and beyond. We look forward to our endeavours in further building ZICO into an integrated provider of multidisciplinary professional services with a highly recognisable brand name around the region.

Ng Quek Peng
Independent Chairman

[1] World Economic Outlook Update – International Monetary Fund, January 2015
[2] Factsheet: What You Need To Know About Regional Comprehensive Economic Partnership (RCEP) – Ministry of Trade and Industry Singapore, June 2014
[3] The ABC of AEC – Deloitte Southeast Asia, 2015

MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

FY2014 marks a significant year for ZICO in being successfully listed on the Catalist of the SGX-ST. With the IPO, we raised the necessary capital to fund our growth in pursuit of a new chapter of ZICO's corporate journey as an integrated provider of multidisciplinary professional services.

DEPLOYING OUR IPO PROCEEDS

The IPO proceeds raised have enabled us to put in motion a series of corporate developments that bode well for ZICO's operations and future. In January 2015, we formed a joint venture with Stamford Law Corporation ("Stamford Law") of Singapore, one of the country's leading law firms specialising in corporate law, to manage its corporate secretarial portfolio and acquired the corporate secretarial business from Stamford Law for approximately S$2.4 million. In the same month, we entered into a binding term sheet to acquire a major Singapore player in the share registrar business, B.A.C.S. Private Limited ("B.A.C.S."), for S$8.6 million, of which 58.3% will be paid in cash with the balance 41.7% to be settled via the new issuance of ordinary shares.

OTHER CORPORATE DEVELOPMENTS

In FY2014, we achieved several milestones on the corporate front. We expanded into the frontier market of Myanmar as well as Lao PDR by acquiring a law firm in each of the countries, namely ZICOlaw Myanmar Ltd. ("ZICOlaw Myanmar") which is a wholly-owned subsidiary and Vientiane Law Co. Ltd. ("Vientiane Law") which we now own a 70% stake.

We also began our MSS business in FY2014, further buoying our strong recurring revenue streams and boosting ZICO's level of earnings visibility.

Other initiatives to broaden our services include the incorporation of ZICO Corporate Services Pte. Ltd. in Singapore to provide corporate secretarial services, following our announcement in December 2014. Also, ZICO Regional IP Inc., in which we retained a 51% shareholding, was incorporated in January 2015 to provide intellectual property services.

FINANCIAL REVIEW

FY2014 saw ZICO's top line grew by 85.7% to RM35.7 million, from RM19.2 million, boosted primarily by the commencement of our MSS business. The revenue of RM12.1 million derived from the MSS business added to ZICO's streams of stable and recurring income. Our overall revenue also grew due to the 25.4% increase in the revenue from our ATS segment and a 15.5% increase in revenue from our LS business, with the divisions contributing RM17.6 million and RM6.0 million respectively to FY2014's revenue.

Employee benefits expense made up the largest component of our operating expenses, increasing to RM11.6 million in FY2014 from RM3.8 million in FY2013. This was mainly attributable to the additional headcount arising from the commencement of MSS, the acquisition of ZICOlaw Myanmar and Vientiane Law as well as the expanded operations of our Trust business in Singapore.

Having completed our IPO recently in 2014, our financial performance was invariably impacted by the one-off listing expenses amounting to RM4.8 million. As a result, profit before tax rose only marginally to RM13.5 million in FY2014 from RM13.0 million in FY2013. Excluding those one-off listing expenses, profit before tax would have risen 40.8% to RM18.3 million.

Correspondingly, with an impact from the increase in employee benefits expense and one-off listing expenses, we recorded a net profit of

The IPO proceeds raised have enabled us to put in motion a series of corporate developments that bode well for ZICO's operations and future.

RM10.7 million in FY2014 as compared to RM11.6 million in FY2013. As at 31 December 2014, our balance sheet remained robust with a net cash balance of RM33.0 million and shareholders' equity of RM58.2 million. Although our trade receivables and other receivables had increased by RM10.1 million or 53.7% to RM28.8 million as at 31 December 2014, it was largely in line with the 85.7% increase in revenue generated in FY2014.

Backed by our strong financial position, we remain in a good position to pursue growth and expansion while being equipped with a buffer against unforeseen circumstances.

THE YEAR AHEAD

In the short term, we expect the general business sentiments in our key markets to be impacted by the oil price and currency fluctuations. With the imposition of GST in Malaysia from 1 April 2015, ZICO's cash flow may be affected as GST obligations arise before the collection of GST from our customers.

Upon the completion of our proposed acquisition of B.A.C.S., it will be integrated as a new service line within our ATS business – Investor Services – which we anticipate to be a complementary growth engine to our existing businesses.

The proposed acquisition was part of our strategic move to expand our comprehensive suite of services and to further bolster our resilient base of recurring income.

Our focus for the year ahead will be on integrating our acquisitions which include our purchase of Stamford Law's corporate secretarial business, improving ZICO's overall operational efficiencies and to capitalise on attractive opportunities when they arise. As part of our strategy, we also remain focused on generating high returns on our capital and redeploying them in areas where our partners and ZICO have insights and expertise on.

By pursuing these set of sound strategies, we believe it will ultimately benefit not just our stakeholders but also deliver highly accretive value to shareholders in the current financial year and the years ahead.

Chew Seng Kok
Managing Director

BOARD OF DIRECTORS

1. NG QUEK PENG
2. CHEW SENG KOK
3. LIEW FOONG YUEN
4. NG HOCK HENG
5. STEPHEN ARTHUR MALOY
6. CHEW LIONG KIM
7. JOHN LIM YEW KONG
8. DATO' THAMBYNATHAN JASUDASEN

1

2

3

4

5

6

7

8

NG QUEK PENG
Independent Chairman

Mr Ng Quek Peng, our Independent Chairman, was appointed to the Board on 7 August 2014 and is the founder and managing director of Halcyon Capital Pte. Ltd. He is also currently an independent director of Otto Marine Limited and Japfa Ltd., both of which are listed on the Mainboard of the SGX-ST. With more than 30 years of experience in the corporate finance and securities industry in Singapore and Malaysia, he had held various positions in foreign and local financial institutions during his career. These include senior positions in CitiCorp Investment Bank (Singapore) Ltd, OCBC Securities Pte Ltd, ABN Amro Bank and CIMB Bank Berhad, Singapore Branch.

Mr Ng also held senior positions in Temasek Holdings Private Ltd and GMR Infrastructure (Singapore) Pte. Limited.

Mr Ng graduated with a degree in Civil Engineering from the University of London in 1976 and was admitted as a member of the Institute of Chartered Accountants in England and Wales since 1980.

CHEW SENG KOK
Managing Director

Mr Chew Seng Kok, our Managing Director, was appointed to the Board on 9 December 2010 and is primarily responsible for the business development and overall strategy and management of our Group. He started his career in 1985 as a legal assistant in Presgrave & Matthews before joining Chapman Tripp Sheffield Young in Wellington, New Zealand and subsequently joined Baker & McKenzie, Singapore in 1989. In 1991, he joined Zaid Ibrahim & Co as a partner where he rose up the ranks to become its managing partner in 2004. He assumed the role of regional managing partner of ZICOlaw in 2011.

Mr Chew graduated with a Bachelor of Laws (Honours) in 1984 and obtained a Master of Laws (First Class Honours) from Victoria University of Wellington in 1990. Mr Chew has been recognised as a leading lawyer in the Chambers Global Guide and acknowledged as one of Asia's leading business lawyers in the Asia Law Leading Lawyers and was shortlisted for the Most Innovative Lawyer award at the FT Asia-Pacific Innovative Lawyer Awards 2014. He is a member of the ASEAN Business Club and is also a member of the Executive Council of the International Centre for Law & Legal Studies, which is a body under the Attorney General's Chambers of Malaysia.

LIEW FOONG YUEN
Executive Director

Mr Liew Foong Yuen, our Executive Director, was appointed to the Board on 7 August 2014 and is primarily responsible for the overall management of the Advisory and Transactional Services Segment for our Group. Mr Liew joined Zaid Ibrahim & Co in 1997 and became a partner in 2002. He also assumed the position of resident partner of ZICOlaw Singapore Pte. Ltd. and was a registered foreign lawyer in Singapore.

He graduated with a Bachelor of Laws (Honours) from University of Warwick in 1992 and obtained a Masters of Business Administration (Finance) from City University, London in 2003.

NG HOCK HENG
Executive Director

Mr Ng Hock Heng, our Executive Director, was appointed to the Board on 9 December 2010 and is primarily responsible for the overall management of the Management and Support Services Segment as well as Licensing Services Segment for our Group. Mr 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, Mr Ng joined Zaid Ibrahim & Co and became a partner in 1999.

Mr 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 is also an associate of Certified Practising Accountants, Australia. Mr Ng was an Advocate and Solicitor of the High Court of Malaya and was a Registered Foreign Lawyer of the Law Society of New South Wales, Australia.

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 is currently a senior advisor of ZICOlaw and senior advisor of Jincheng, Tongda & Neal. Prior to this, Mr Maloy was General Electric ("GE")'s General Counsel for the Asia-Pacific Region and served in that role from 1983 to 2012, and had resided in various countries such as Singapore, Kuala Lumpur, Hong Kong and Shanghai during the period. Mr Maloy 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 a non-executive director in GE Pacific until 2012.

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. He is a council member of the Hong Kong International Arbitration Centre, and a director at the American University of Mongolia.

CHEW LIONG KIM
Independent Director

Mr Chew Liong Kim, our Independent Director, was appointed to the Board on 7 August 2014 and 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 and SAS Institute Sdn. Bhd..

Mr Chew is a commission member of the Malaysian Communications and Multimedia Commission and serves as chairman of the audit committee.

Mr Chew was the managing director of Maybank Investment Bank Bhd's strategic advisory division and the managing

BOARD OF DIRECTORS

director of Bina Fikir Sdn. Bhd. from November 2008 to October 2010. He was also executive chairman of HRM Business Consulting and executive director and the chief executive officer of Malaysia's oldest listed IT services provider, Dataprep Holdings Berhad, from 2003 to 2008. Mr Chew was the former worldwide partner of Arthur Andersen.

Mr Chew graduated with a Bachelor of Commerce from the University of Auckland in 1980. He is a Chartered Accountant of the New Zealand Institute of Chartered Accountants. 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 is currently a director of Point Hope Pte. Ltd., a private equity fund management company. 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 4 years with Arthur Andersen & Co., London before joining Dowell Schlumberger in the United Kingdom, from 1988 to 1991 as an internal auditor.

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.

DATO' THAMBYNATHAN JASUDASEN
Independent Director

Dato' T. Jasudasen, our Independent Director, was appointed to the Board of Directors on 16 February 2015.

He retired from full-time diplomacy in September 2014 after 37 years of government service. He was 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; United Nations Educational, Scientific and Cultural Organization; the Organisation for Economic Co-operation and Development; and the Commonwealth Organisation.

He currently serves as Singapore's Non-Resident Ambassador to Ethiopia and Representative to the African Union.

Dato' T. Jasudasen was awarded a Silver Public Administration Medal PPA(P) in 1990, a Gold Medal PPA(E) in 2011 and a long service medal (PBS) in 2002 by the Singapore government. He also received a Dato'ship from HRH the Sultan of Pahang, Malaysia.

He graduated with an honours degree in Law from the University of Singapore and studied Public Administration at the Ecole Nationale D'Administration in France.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ng Quek Peng
(Independent Chairman)

Chew Seng Kok
(Managing Director)

Liew Foong Yuen
(Executive Director)

Ng Hock Heng
(Executive Director)

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

Chew Liong Kim
(Independent Director)

John Lim Yew Kong
(Independent Director)

Dato' Thambynathan Jasudasen
(Independent Director)

AUDIT COMMITTEE

John Lim Yew Kong (Chairman)
Ng Quek Peng
Chew Liong Kim
Stephen Arthur Maloy

NOMINATING COMMITTEE

Ng Quek Peng (Chairman)
John Lim Yew Kong
Stephen Arthur Maloy

REMUNERATION COMMITTEE

Chew Liong Kim (Chairman)
Stephen Arthur Maloy
John Lim Yew Kong

COMPANY SECRETARY

ZICO Secretarial Limited
(formerly known as
"ZICOlaw Secretarial Ltd")

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

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

AUDITORS

BDO LLP
Public Accountants and Chartered Accountants
21 Merchant Road #05-01
Singapore 058267

Partner-in-charge: Leong Hon Mun Peter
(a member of the Institute of
Singapore Chartered Accountants)
(Appointed since the financial year
ended 31 December 2014)

PRINCIPAL BANKER

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

CORPORATE COMMUNICATION

ZICO Holdings Inc.
Nancy Tan
8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: (65) 6438 7929
Fax: (65) 6438 7926
Email: nancy.tan@zicoholdings.com

INVESTOR RELATIONS

Citigate Dewe Rogerson, i. MAGE
Dolores Phua/Han Zhongchou
55 Market Street #02-01/02
Singapore 048941
Tel: (65) 6534 5122
Fax: (54) 6534 4171

CORPORATE GOVERNANCE

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

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 2014 ("**FY2014**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="2">General</td><td>(a) Has the Company complied with all the principles and guidelines of the Code?

If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</td><td>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.</td></tr>
<tr><td>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?</td><td>Not applicable. The Company did not adopt any alternative corporate governance practices in FY2014.</td></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3"><u>The Board's Conduct of Affairs</u></td></tr>
<tr><td>1.1</td><td>What is the role of the Board?</td><td>As at the date of this annual report, the Board has 8 members and comprises the following:

<table>
<tr><td colspan="3">Table 1.1 – Composition of the Board</td></tr>
<tr><td>Name of Director</td><td>Designation</td><td>Date appointed</td></tr>
<tr><td>Mr Ng Quek Peng</td><td>Independent Chairman</td><td>7 August 2014</td></tr>
<tr><td>Mr Chew Seng Kok</td><td>Managing Director</td><td>9 December 2010</td></tr>
<tr><td>Mr Liew Foong Yuen</td><td>Executive Director</td><td>7 August 2014</td></tr>
<tr><td>Mr Ng Hock Heng</td><td>Executive Director</td><td>9 December 2010</td></tr>
<tr><td>Mr Stephen Arthur Maloy</td><td>Non-Executive Non-Independent Director</td><td>7 August 2014</td></tr>
<tr><td>Mr Chew Liong Kim</td><td>Independent Director</td><td>7 August 2014</td></tr>
<tr><td>Mr John Lim Yew Kong</td><td>Independent Director</td><td>7 August 2014</td></tr>
<tr><td>Dato' Thambynathan Jasudasen</td><td>Independent Director</td><td>16 February 2015</td></tr>
</table></td></tr>
</table>

CORPORATE GOVERNANCE

		The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principle functions include: • To chart broad policies and strategies of the Company; • To approve annual budgets and financial plans; • To review and approve acquisitions and disposals; • To approve material borrowings and fund raising exercises; • To review performance and succession planning of the key management personnel; • To advise and counsel key management personnel; and • To monitor and manage potential conflicts of interest between the key management personnel, the Board and the shareholders.
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	The Board has delegated certain responsibilities to the Audit Committee (the "**AC**"), the Remuneration Committee (the "**RC**") and the Nominating Committee (the "**NC**") (collectively, the "**Board Committees**"). The compositions of the Board Committees are as follows:

Table 1.3 – Composition of the Board Committees

	AC	**NC**	**RC**
Chairman	John Lim Yew Kong	Ng Quek Peng	Chew Liong Kim
Member	Ng Quek Peng	John Lim Yew Kong	Stephen Arthur Maloy
Member	Chew Liong Kim	Stephen Arthur Maloy	John Lim Yew Kong
Member	Stephen Arthur Maloy		

1.4	Have the Board and Board Committees met in the last financial year?	The Company was formally admitted to the Official List of the Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 11 November 2014 ("**IPO**"). The Company thereafter, held its first Board and Board Committees meeting on 5 December 2014. The Board meets on a quarterly basis, and as and when circumstances require. Subsequent to the IPO, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below.

Table 1.4 – Board and Board Committee Meetings in FY2014

	Board	**AC**	**NC**	**RC**
Number of Meetings Held	1	1	0	2
Name of Director	**Number of Meetings Attended**			
Ng Quek Peng	1	1	0	0
Chew Seng Kok	1	1*	0	2*
Liew Foong Yuen	1	1*	0	2*
Ng Hock Heng	1	1*	0	2*
Stephen Arthur Maloy	1	1*	0	2
Chew Liong Kim	1	1	0	2
John Lim Yew Kong	1	1	0	1

** By invitation*

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

CORPORATE GOVERNANCE

<table>
<tr><td>1.5</td><td colspan="2">What are the types of material transactions which require approval from the Board?</td><td>Matters that require the Board's approval include, amongst others, the following:

• acquisitions and disposals of assets;
• material borrowings and fund raising exercises;
• share issuance and proposal of dividends;
• budgets, quarterly and full-year financial results announcements, annual report and audited financial statements; and
• interested person transactions.</td></tr>
<tr><td rowspan="2">1.6</td><td>(a)</td><td>Are new Directors given formal training? If not, please explain why.</td><td>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.</td></tr>
<tr><td>(b)</td><td>What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?</td><td>Briefings, updates and trainings for the Directors in FY2014 included:

• In conjunction with the IPO of the Company, a briefing was conducted by Drew & Napier LLP on the roles and responsibilities of a director of a public listed company in Singapore;
• The external auditors ("EA") had briefed the AC on changes or amendments to accounting standards; and
• All Directors have attended 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.</td></tr>
<tr><td colspan="4"><u>Board Composition and Guidance</u></td></tr>
<tr><td>2.1
2.2
3.3</td><td colspan="2">Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.</td><td>Guideline 2.1 of the Code is met as the Independent Directors make up half of the Board.</td></tr>
<tr><td rowspan="2">2.3
4.3</td><td colspan="2">Has the independence of the Independent Directors been reviewed in the last financial year?</td><td>The NC had reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors had also confirmed their independence in accordance with the Code.</td></tr>
<tr><td colspan="2">(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.

(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</td><td>There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.</td></tr>
</table>

CORPORATE GOVERNANCE

<table>
<tr><td>2.4</td><td>Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.</td><td>There is no Independent Director who has served beyond nine years since the date of his first appointment.</td></tr>
<tr><td rowspan="3">2.6</td><td>1. What is the Board's policy with regard to diversity in identifying director nominees?</td><td>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.</td></tr>
<tr><td>2. Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td><td>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

<table>
<tr><td colspan="3">Table 2.6 – Balance and Diversity of the Board</td></tr>
<tr><td></td><td>Number of Directors</td><td>Proportion of Board</td></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>– Accounting or finance</td><td>4</td><td>50%</td></tr>
<tr><td>– Business management</td><td>7</td><td>88%</td></tr>
<tr><td>– Legal or corporate governance</td><td>4</td><td>50%</td></tr>
<tr><td>– Relevant industry knowledge or experience</td><td>7</td><td>88%</td></tr>
<tr><td>– Strategic planning experience</td><td>8</td><td>100%</td></tr>
<tr><td>– Customer based experience or knowledge</td><td>7</td><td>88%</td></tr>
</table></td></tr>
<tr><td>3. What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td><td>The Board has taken the following steps to maintain or enhance its balance and diversity:

• By assessing if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
• evaluation by the Directors of 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.</td></tr>
<tr><td>2.8</td><td>Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?</td><td>The Non-Executive Directors had not met in the absence of key management personnel in FY2014 as the Company was listed on the Catalist of the SGX-ST in November 2014.</td></tr>
<tr><td colspan="3"><u>Chairman and Managing Director</u></td></tr>
<tr><td>3.1</td><td>Are the duties between Chairman and Managing Director segregated?</td><td>The roles of the Chairman and Managing Director are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Chairman is not related to the Managing Director.

The Chairman oversees the business of the Board. He leads the Board discussions and ensures that Board meetings are convened when necessary. 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.</td></tr>
</table>

CORPORATE GOVERNANCE

		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.
3.4	Have the Independent Directors met in the absence of key management personnel?	The Independent Directors had not met in the absence of key management personnel in FY2014 as the Company was listed on the Catalist of the SGX-ST in November 2014.
Board Membership		
4.1	What are the duties of the NC?	The NC is guided by key terms of reference as follows: • To establish criteria of new appointees to the Board; • To review and recommend the re-appointment of Directors having regard to the Director's contribution and performance; • To determine on an annual basis whether a Director is independent; • To review and recommend to the Board the succession plans for the Directors, Chairman and the Managing Director; and • To review and recommend to the Board the training and professional development programs for the Board.
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has not capped the maximum number of listed company board representations each Director may hold.
	(b) If a maximum has not been determined, what are the reasons?	The NC is of the view that the effectiveness of each of the Directors 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 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.
	(c) What are the specific considerations in deciding on the capacity of directors?	The considerations in assessing the capacity of Directors include the following: • Expected and/or competing time commitments of Directors; • Geographical location of Directors; • Size and composition of the Board; and • Nature and scope of the Group's operations and size.
	(d) Have the Directors adequately discharged their duties?	As the Company was listed on the Catalist of the SGX-ST in November 2014, there was no determination on whether the Directors had adequately discharged their duties in FY2014. The NC will review the time spent and attention given by each of the Directors to the Company's affairs, and determine whether the Directors have discharged their duties adequately for the financial year ending 31 December 2015 ("**FY2015**").
4.5	Are there alternate Directors?	The Company does not have any alternate directors.

CORPORATE GOVERNANCE

4.6 Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.

Table 4.6(a) – 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.

Table 4.6(b) – Process for the Re-electing 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; and. • 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 of Association of the Company ("**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:

Table 4.6(c) – Directors to be Retired Pursuant to the Articles		
Name of Director	**Designation**	**Articles**
Ng Quek Peng	Independent Chairman	101
Chew Seng Kok	Executive Director	97
Ng Hock Heng	Executive Director	97
Liew Foong Yuen	Executive Director	101
Stephen Arthur Maloy	Non-Executive Non-Independent Director	101
Chew Liong Kim	Independent Director	101
John Lim Yew Kong	Independent Director	101
Dato' Thambynathan Jasudasen	Independent Director	101

CORPORATE GOVERNANCE

		Mr John Lim Yew Kong will, upon re-election as a Director, remain as the Chairman of the AC and a member of the NC and RC. Mr Ng Quek Peng will, upon re-election as a Director, remain as the Chairman of the NC and a member of the AC. Mr Chew Liong Kim will, upon re-election as a Director, remain as the Chairman of the RC and a member of the AC. The Board considers Mr John Lim Yew Kong, Mr Ng Quek Peng and Mr Chew Liong Kim to be independent for the purposes of Rule 704(7) of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). Mr Stephen Arthur Maloy will, upon re-election as a Director, remain a member of AC, NC and RC. The Board considers Mr Stephen Arthur Maloy to be non-independant for the purpose of Rule 704(7) of the Catalist Rules.
4.7	Please provide Directors' key information.	The key information of the Directors, including their appointment dates and directorships held in the past 3 years, are set out on pages 11 to 12 of this Annual Report.
Board Performance		
5.1 5.2 5.3	What is the performance criteria set 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?	As the Company was listed on the Catalist of the SGX-ST in November 2014, the NC has yet to set the performance criteria 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 in FY2014. The NC will draw up such performance criteria in FY2015.
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	As the Company was listed on the Catalist of the SGX-ST in November 2014, there was no determination of the performance for the Board in FY2014.
	(b) Has the Board met its performance objectives?	As the Company was listed on the Catalist of the SGX-ST in November 2014, there was no determination of the performance for the Board in FY2014. The NC will review the performance of the Board and key management personnel based on its performance criteria in FY2015.
Access to Information		
6.1 10.3	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	See Table 6 below. Key management personnel will also provide any additional material or information that is 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.

Table 6 – Types of Information Provided by Key Management Personnel to Independent Directors

	Information	Frequency
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Quarterly
2.	Updates to the Group's operations and the markets in which the Group operates in	Quarterly
3.	Quarterly and full year financial results	Quarterly
4.	Reports on on-going or planned corporate actions	As and when, relevant
5.	Enterprise risk framework and internal auditors' ("**IA**") report(s)	As and when, available
6.	Research report(s)	As and when requested
7.	Shareholding statistics	As and when requested

CORPORATE GOVERNANCE

6.3	What is the role of the Company Secretary?	The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows: • 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 Companies Act (Chapter 50) of Singapore and the Catalist Rules, are complied with; • Assisting the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value; • Assisting the Chairman to ensure good information flows within the Board and its committees and key management personnel; • Designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information; • Attending and preparing minutes for all Board meetings; • Coordination and liaison between the Board, the Board Committees and key management personnel; and • 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.
REMUNERATION MATTERS		
<u>Developing Remuneration Policies</u>		
7.1	What is the role of the RC?	The RC is guided by key terms of reference as follows: • Review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel; • 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 • 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.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2014.
<u>Disclosure on Remuneration</u>		
9	What is the Company's remuneration policy?	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. 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.

CORPORATE GOVERNANCE

<table>
<tr>
<td></td>
<td></td>
<td>
The Company's Executive Directors namely, Mr Chew Seng Kok, Mr Liew Foong Yuen and Mr Ng Hock Heng and the key management personnel, namely Ms Adeline Cheah and Mr Paul Subramaniam (each an "Appointee" and collectively, "Appointees") had 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 (the "Initial Term") on 11 November 2014. At the end of the Initial Term, their employment shall be automatically renewed on a year-on-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.
</td>
</tr>
<tr>
<td>9.1
9.2</td>
<td>Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td>
<td>
The breakdown for the remuneration of the Directors in FY2014 is as follows:
<table>
<tr><th colspan="5">Table 9 – Directors' Remuneration</th></tr>
<tr><th>Name</th><th>Salary (%) (1)</th><th>AWS (%) (1)</th><th>Director's Fees (%)</th><th>Total (%)</th></tr>
<tr><th colspan="5">Below S$250,000</th></tr>
<tr><td>Ng Quek Peng</td><td>0</td><td>0</td><td>100</td><td>100</td></tr>
<tr><td>Chew Seng Kok</td><td>58</td><td>34</td><td>8</td><td>100</td></tr>
<tr><td>Liew Foong Yuen</td><td>56</td><td>33</td><td>11</td><td>100</td></tr>
<tr><td>Ng Hock Heng</td><td>56</td><td>33</td><td>11</td><td>100</td></tr>
<tr><td>Stephen Arthur Maloy</td><td>0</td><td>0</td><td>100</td><td>100</td></tr>
<tr><td>Chew Liong Kim</td><td>0</td><td>0</td><td>100</td><td>100</td></tr>
<tr><td>John Lim Yew Kong</td><td>0</td><td>0</td><td>100</td><td>100</td></tr>
</table>
(1) The salary and AWS amounts shown are inclusive of Malaysia Employees Provident Fund.
The above remuneration has been pro-rated, based on the date of admission of the Company on the Catalist of the SGX-ST on 11 November 2014 and the service agreements, where applicable, took effect on the same date.
In addition, Mr Liew Foong Yuen and Mr Ng Hock Heng have each received 200,000 stock options on 31 October 2014. Details of the stock options can be found on page 31 of this Annual Report.
There were no termination, retirement and post-employment benefits that may be granted to Directors and key management personnel in FY2014.
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.
</td>
</tr>
</table>

CORPORATE GOVERNANCE

<table>
<tr><td>9.3</td><td>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The Company only has 2 top key management personnel as at the end of FY2014.

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the Managing Director) in FY2014 is as follows:

Table 9.3 – Remuneration of Key Management Personnel
<table><tr><th>Name</th><th>Salary (%) [(1)]</th><th>AWS (%) [(1)]</th><th>Total (%)</th></tr><tr><td>Below S$250,000</td><td></td><td></td><td></td></tr><tr><td>Paul Subramaniam</td><td>63</td><td>37</td><td>100</td></tr><tr><td>Adeline Cheah Li Meng</td><td>63</td><td>37</td><td>100</td></tr></table>
[(1)] The salary and AWS amounts shown are inclusive of Malaysia Employees Provident Fund

In addition, Mr Paul Subramaniam and Ms Adeline Cheah Li Meng (the"CFO") have also received 150,000 and 200,000 stock options respectively on 31 October 2014.

The above remuneration has been pro-rated, based on the date of admission of the Company on the Catalist of the SGX-ST on 11 November 2014 when their service agreements became effective.</td></tr>
<tr><td></td><td>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</td><td>The total remuneration paid to the top 2 key management personnel in FY2014 was S$78,078.</td></tr>
<tr><td>9.4</td><td>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</td><td>There was no employee of the Group who was an immediate family member of a Director or the CEO whose remuneration exceeded S$50,000 in FY2014.</td></tr>
<tr><td>9.5</td><td>Please provide details of the employee share scheme(s).</td><td>Information on the Company's Employee Share Option Scheme ("ESOS") and Performance Share Plan ("PSP") are set out on pages 31 to 34 of this Annual Report.</td></tr>
<tr><td>9.6</td><td>(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</td><td>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 FY2014. Their remuneration is made up of 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.</td></tr>
</table>

CORPORATE GOVERNANCE

<table>
<tr>
<td></td>
<td>(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</td>
<td>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:
<table>
<tr><td colspan="3">Table 9.6(b)</td></tr>
<tr><td>Performance Conditions</td><td>Short-term Incentives
(such as performance bonus)</td><td>Long-term Incentives</td></tr>
<tr><td colspan="3">Executive Directors</td></tr>
<tr><td>Qualitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices
6. Macro-economic factors</td><td rowspan="2">No performance conditions had been set for Executive Directors' long term incentives as the Company was listed on the Catalist of the SGX-ST in November 2014. The Company has engaged Hay Group to advise on the remuneration package for Executive Directors in FY2015. The Company does not have any relationship with the consultant which would affect its independence and objectivity.</td></tr>
<tr><td>Quantitative</td><td>1. Growth of PBT</td></tr>
<tr><td colspan="3">Management Personnel</td></tr>
<tr><td>Qualitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices
6. Macro-economic factors</td><td rowspan="2">No performance conditions had been set for key management personnel's long term incentives as the Company was listed on the Catalist of the SGX-ST in November 2014. The Company has engaged Hay Group to advise on the on the remuneration package for key management personnel in FY2015. The Company does not have any relationship with the consultant which would affect its independence and objectivity.</td></tr>
<tr><td>Quantitative</td><td>None</td></tr>
</table>
</td>
</tr>
<tr>
<td></td>
<td>(c) Were all of these performance conditions met? If not, what were the reasons?</td>
<td>As the Company was listed on the Catalist of the SGX-ST in November 2014, there was no determination of the performance for the Board and key management personnel. The RC will review the performance of the Board and key management personnel based on its performance conditions in FY2015.</td>
</tr>
</table>

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT		
<u>Risk Management and Internal Controls</u>		
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2014. The bases for the Board's view are as follows: • Assurance had been received from the Managing Director and CFO; • Based on the internal controls established and maintained by the Group, work performed by the IA and EA, and reviews performed by the key management personnel and the Board as disclosed in the Company's Offer Document dated 30 October 2014 pursuant to its IPO on 11 November 2014. For FY2015, the Group has outsourced its internal audit function to Nexia TS Risk Advisory Pte Ltd which will report audit findings and recommendations directly to the AC; • Key management personnel regularly evaluate, monitor and report to the AC on material risks; and • Discussion was held between the AC and EA in the absence of the key management personnel to review and address any potential concerns on 25 February 2015. The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements present fairly, in all material respects, the state of affairs of the Group and of the Company; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes, the Board has obtained such assurance from the Managing Director and CFO in respect of FY2014.

CORPORATE GOVERNANCE

Audit Committee		
12.1 12.4	What is the role of the AC?	The AC is guided by the following key terms of reference: • 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 our Group and any announcements relating to our Group's financial performance before submission to our Board for approval; • review and report to our Board at least annually the adequacy and effectiveness of our Group's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties); • review the effectiveness and adequacy of our Group's internal audit function; • review the scope and results of the external audit, and the independence and objectivity of the external auditors; • make recommendations to our Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors; • review the system of internal controls and management of financial risks with our internal and external auditors; • review the co-operation given by our management to our external auditors and our internal auditors, where applicable; • review our 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; • review and approve interested person transactions and review procedures thereof; • review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests; • review our risk management framework, with a view to providing an independent oversight on our 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; • investigate any matters within its terms of reference; • review the policy and arrangements by which our 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 • 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.
12.5	Has the AC met with the auditors in the absence of key management personnel?	The AC had not met with the EA in the absence of key management personnel in FY2014 as the Company was listed on the Catalist of the SGX-ST in November 2014. Nevertheless, the AC had met with the EA in the absence of key management personnel on 25 February 2015.
12.6	Has the AC reviewed the independence of the EA?	The AC had reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.

CORPORATE GOVERNANCE

<table>
<tr><td></td><td>(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.</td><td>
<table>
<tr><td colspan="3">Table 12.6(a) – Fees Paid/Payable to the EA for FY2014</td></tr>
<tr><td></td><td>S$</td><td>% of total</td></tr>
<tr><td>Audit fees</td><td>78,718</td><td>21.6</td></tr>
<tr><td>Non-audit fees</td><td></td><td></td></tr>
<tr><td>– IPO</td><td>250,000</td><td>68.8</td></tr>
<tr><td>– GST Review and Advisory</td><td>34,846</td><td>9.6</td></tr>
<tr><td>Total</td><td>363,564</td><td>100.0</td></tr>
</table>
</td></tr>
<tr><td></td><td>(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.</td><td>The non-audit services rendered during FY2014 were substantial due to the IPO exercise whereby the EA rendered services as the reporting accountant.</td></tr>
<tr><td>12.7</td><td>Does the Company have a whistle-blowing policy?</td><td>Yes. 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 its corporate website at www.zicoholdings.com.</td></tr>
<tr><td>12.8</td><td>What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?</td><td>In FY2014, the AC received regular updates on changes and amendments to accounting standards to enable the members of AC to keep abreast of such changes, and issues which have a direct impact on financial statements.</td></tr>
<tr><td colspan="3"><u>Internal Audit</u></td></tr>
<tr><td>13.1
13.2
13.3
13.4
13.5</td><td>Please provide details of the Company's internal audit function, if any.</td><td>For FY2015, the Company's internal audit function will continue to outsource to Nexia TS Risk Advisory Pte Ltd that reports directly to the AC Chairman and administratively to the Managing Director. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that IA is adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively. In FY2014, Nexia TS Risk Advisory Pte Ltd was engaged as the internal auditor in conjunction with the IPO.</td></tr>
<tr><td colspan="3">SHAREHOLDER RIGHTS AND RESPONSIBILITIES</td></tr>
<tr><td colspan="3"><u>Communication with Shareholders</u></td></tr>
<tr><td rowspan="2">15.2
15.3
15.4</td><td>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</td><td>The Company solicits feedback from and addresses the concerns of shareholders via the following:

• a dedicated external investor relations team by Citigate Dewe Rogerson, i.MAGE Pte Ltd whose contact details can be found in its corporate website at www.zicoholdings.com;
• investor/analyst briefings; and
• investor roadshows.</td></tr>
<tr><td>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</td><td>The Company held 2 investor briefings and 1 investor roadshow in FY2014 to meet with its institutional and retail investors.</td></tr>
</table>

CORPORATE GOVERNANCE

	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.zicoholdings.com. The Company also has a dedicated external investor relations team by Citigate Dewe Rogerson, i.MAGE Pte Ltd to facilitate communication with shareholders.
15.5	Does the Company have a dividend policy?	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.
	Is the Company is paying dividends for the financial year? If not, please explain why.	The Board has not declared or recommended for FY2014, 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.
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	The Company's Articles allow for abstentia voting. The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, 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. The Company shall, for the time being, put all resolutions to vote by show of hands as it is of the view that voting by poll is logistically burdensome and not cost effective. The Company would adopt poll voting for its general meetings of shareholders held on or after 1 August 2015. All minutes of general meetings will made available to shareholders upon their request after the general meetings.
COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**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.
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 FY2014 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 and the AC are of the opinion that the internal controls are adequate to address the financial, operational, compliance and information technology risks in FY2014 based on the following: • internal controls and the risk management system established by the Company; • works performed by the IA and EA in conjunction with its recent IPO; • assurance from the Managing Director and CFO; and • reviews done by the various Board Committees and key management personnel.

CORPORATE GOVERNANCE

1204(17)	Interested Persons Transaction ("**IPT**")	The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC 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 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. 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 more than S$100,000 transacted subsequent to the admission of our Company on the Catalist of the SGX-ST.
1204(19)	Dealing in Securities	The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information. The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning 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.
1204(21)	Non-sponsor Fees	In FY2014, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fees of S$832,000 for acting as the issue manager, sponsor and placement agent pursuant to the Company's IPO.
1204(22)	Use of IPO Proceeds	The net proceeds raised from the IPO, after deducting the cash expenses in relation to the IPO of approximately S$1.879 million was approximately S$14.40 million. The following table sets out the breakdown of the use of proceeds from the IPO as at 31 March 2015:

Purpose	Amount allocated (S$'000)	Amount utilised as at the date of this annual report (S$'000)	Balance (S$'000)
Expansion of business operations including potential acquisitions	8,000	–	8,000
Capital expenditure on information technology infrastructure	1,000	–	1,000
General working capital [(1)]	3,521	3,209	312
Listing expenses	1,879	1,879	–
Total	**14,400**	**5,088**	**9,312**

Note:
[(1)] *Mainly used for payment of salaries and wages.*

REPORT OF THE DIRECTORS

The Directors of the Company present their report to the members together with the audited consolidated financial statements of ZICO Holdings Inc. ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014.

1. Directors

The Directors of the Company in office at the date of this report are:

Chew Seng Kok	(appointed on 9 December 2010)
Ng Hock Heng	(appointed on 9 December 2010)
Ng Quek Peng	(appointed on 7 August 2014)
Liew Foong Yuen	(appointed on 7 August 2014)
Stephen Arthur Maloy	(appointed on 7 August 2014)
Chew Liong Kim	(appointed on 7 August 2014)
John Lim Yew Kong	(appointed on 7 August 2014)
Dato' Thambynathan Jasudasen	(appointed on 16 February 2015)

2. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is 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, except as disclosed in paragraphs 3, 5 and 6 of this report.

3. Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company, none of the Directors of the Company who held office at the end of the financial year had any interests in the shares or debentures of the Company or its related corporations except as detailed below:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance at 1 January 2014, or later date of appointment	Balance at 31 December 2014	Balance at 1 January 2014, or later date of appointment	Balance at 31 December 2014
	Number of ordinary shares			
The Company				
ZICO Holdings Inc.				
Chew Seng Kok	290,000	102,916,200	–	6,000,000
Ng Hock Heng	65,000	13,390,000	–	–
Liew Foong Yuen	30,900	6,180,000	–	–
Stephen Arthur Maloy	571,400	892,400	1,428,600	1,428,600
Chew Liong Kim	–	–	–	536,000
Ng Quek Peng	–	149,000	–	–

REPORT OF THE DIRECTORS

3. Directors' interests in shares or debentures (Continued)

	Balance at 1 January 2014, or later date of appointment	Balance at 31 December 2014
	Share options to subscribe for shares	
The Company		
ZICO Holdings Inc.		
Ng Hock Heng	–	200,000
Liew Foong Yuen	–	200,000

In accordance with the continuing listing requirements of 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 2015 in the shares of the Company have not changed from those disclosed as at 31 December 2014.

4. Directors' contractual benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the financial statements.

5. Share options

ZICO Holdings Employee Share Option Scheme

The ZICO Holdings Employee Share Option Scheme (the "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, and Mr John Lim Yew Kong (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 or share plans 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.

REPORT OF THE DIRECTORS

5. 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 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 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 outstanding number of options at the end of the reporting period was:

Exercise price	Grant date	Exercise period	2014 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 reporting period as well as the movements during the financial year.

	2014 Number of options	2014 Weighted average exercise price S$
Outstanding at 1 January	–	–
Granted	3,500,000	0.24
Outstanding at 31 December	3,500,000	0.24
Exercisable at 31 December	–	–

REPORT OF THE DIRECTORS

5. Share options (Continued)

ZICO Holdings Employee Share Option Scheme (Continued)

Activities under the ESOS: (Continued)

The following table summarises information about Directors' share options outstanding as at 31 December 2014:

Participants	Number of shares comprised in options granted during financial year under review	Aggregate number of shares comprised in options granted since commencement of ESOS to end of financial year under review	Aggregate number of shares comprised in options exercised since commencement of ESOS to end of financial year under review	Aggregate number of shares comprised in options outstanding as at end of financial year under review
Directors of the Company				
Ng Hock Heng	200,000	200,000	–	200,000 [a]
Liew Foong Yuen	200,000	200,000	–	200,000 [a]
Total	400,000	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 the options 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.

There were no options being 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.

6. 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 ("PSP") which was approved at the Company's extraordinary general meeting held on 19 September 2014. The PSP is administered by the Remuneration Committee comprising of Mr Chew Liong Kim, Mr Stephen Arthur Maloy and Mr John Lim Yew Kong. 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.

REPORT OF THE DIRECTORS

6. 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 issuable in respect of (a) all awards granted under the PSP; and (b) all other shares issued and 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:

(i) 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;
(ii) in the event of any misconduct on the part of the participant as determined by the committee in its discretion;
(iii) subject to the rules of the PSP, upon the participant ceasing to be in the employment of the Group for any reason whatsoever; or
(iv) 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 2014, there were no share awards granted pursuant to the PSP.

7. Audit Committee

The Audit Committee comprises the following members, who are all non-executive and a majority of whom, including the Chairman, are Independent Directors. The members of the Audit Committee during the financial year and at the date of this report are:

John Lim Yew Kong (Chairman)
Ng Quek Peng
Chew Liong Kim
Stephen Arthur Maloy

Our Audit Committee performs, *inter alia*, the following functions:

(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 our Group and any announcements relating to our Group's financial performance before submission to our Board for approval;
(b) review and report to our Board at least annually the adequacy and effectiveness of our Group's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);
(c) review the effectiveness and adequacy of our Group's internal audit function;
(d) review the scope and results of the external audit, and the independence and objectivity of the external auditors;

REPORT OF THE DIRECTORS

7. Audit Committee (Continued)

(e) make recommendations to our Board on the proposals to the 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 our internal and external auditors;
(g) review the co-operation given by our management to our external auditors and our internal auditors, where applicable;
(h) review our 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 our risk management framework, with a view to providing an independent oversight on our 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 our 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 Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting.

8. Auditors

The auditors, BDO LLP, have expressed their willingness to accept re-appointment.

REPORT OF THE DIRECTORS

9. Additional disclosures requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited

The Company has appointed BDO LLP as the Company's auditor to audit the financial statements of the Group. Accordingly, Rule 712 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

The auditors of the subsidiaries of the Company are disclosed in Note 6 to the financial statements. In the opinion of the Board of Directors and Audit Committee, Rule 715 of the Listing Manual Section B: Rules of the Catalist of SGX-ST has been complied with.

On behalf of the Board of Directors

Chew Seng Kok
Director

Ng Hock Heng
Director

Singapore
25 March 2015

STATEMENT BY DIRECTORS

In the opinion of the Board of Directors,

(a) the accompanying financial statements comprising the statements of financial position of the Group and of the Company, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes thereon are properly drawn up in accordance with International Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date; 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.

On behalf of the Board of Directors

Chew Seng Kok	**Ng Hock Heng**
Director	Director

Singapore
25 March 2015

INDEPENDENT AUDITORS' REPORT

To the Members of ZICO Holdings Inc.

Report on the financial statements

We have audited the accompanying financial statements of ZICO Holdings Inc. (the "Company") and its subsidiaries (the "Group") as set out on pages 39 to 110, which comprise the statements of financial position of the Group and of the Company as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company present fairly, in all material respects, the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Other matter

The financial statements for the financial year ended 31 December 2013 were not audited as there is no audit requirement for the Company under the laws of its incorporation.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
25 March 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000 (Unaudited)	2014 RM'000	2013 RM'000 (Unaudited)
ASSETS					
Non-current assets					
Plant and equipment	4	4,426	1,018	122	–
Intangible assets	5	6,588	3,976	–	–
Subsidiaries	6	–	–	32	*
Associates	7	38	598	–	–
Deferred tax assets	8	7	–	–	–
		11,059	5,592	154	–
Current assets					
Trade and other receivables	9	28,755	18,703	23,067	5,470
Prepayments		994	51	–	–
Current income tax recoverable		62	209	–	–
Cash and cash equivalents	10	34,424	3,998	31,090	14
Other current assets	11	2,949	4,523	–	–
		67,184	27,484	54,157	5,484
Total assets		78,243	33,076	54,311	5,484
EQUITY AND LIABILITIES					
Equity					
Share capital	12	51,219	3,281	51,219	3,281
Retained earnings		6,676	7,852	731	783
Share options reserve	13	34	–	34	–
Foreign currency translation account	14	(35)	34	30	37
Equity attributable to owners of the parent		57,894	11,167	52,014	4,101
Non-controlling interests		330	–	–	–
Total equity		58,224	11,167	52,014	4,101
Non-current liabilities					
Interest-bearing liabilities	15	83	48	–	–
Other payables	16	1,316	1,908	–	–
Provisions	17	60	–	–	–
Deferred tax liabilities	8	96	49	–	–
		1,555	2,005	–	–
Current liabilities					
Trade and other payables	16	13,503	15,432	1,081	1,371
Interest-bearing liabilities	15	1,294	2,466	1,204	–
Deferred revenue	19	1,478	731	–	–
Current income tax payable		2,189	1,275	12	12
		18,464	19,904	2,297	1,383
Total liabilities		20,019	21,909	2,297	1,383
Total equity and liabilities		78,243	33,076	54,311	5,484

* *Amount below RM1,000*

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Financial Year Ended 31 December 2014

	Note	2014 RM'000	2013 RM'000 (Unaudited)
Revenue	20	35,684	19,219
Other item of income			
Other income	21	4,194	2,091
		39,878	21,310
Items of expense			
Amortisation and depreciation expenses	22	(1,250)	(296)
Employee benefits expense	23	(11,617)	(3,761)
Operating lease expenses		(1,502)	(863)
Retainer fees and consultancy fees		(2,416)	(1,096)
Other expenses		(9,095)	(3,113)
Finance costs	24	(196)	(276)
Share of results of associates, net of tax		(342)	1,077
Profit before income tax	25	13,460	12,982
Income tax expense	26	(2,766)	(1,378)
Profit for the financial year		10,694	11,604
Other comprehensive income:			
Items that will or may be reclassified subsequently to profit or loss			
Foreign currency translation differences		172	498
Reclassification arising from disposal of foreign subsidiary		(239)	–
Income tax relating to items that will or may be reclassified		–	–
Other comprehensive income for the financial year, net of tax		(67)	498
Total comprehensive income for the financial year		10,627	12,102
Profit attributable to:			
Owners of the parent		10,738	11,604
Non-controlling interests		(44)	–
		10,694	11,604
Total comprehensive income attributable to:			
Owners of the parent		10,669	12,102
Non-controlling interests		(42)	–
		10,627	12,102
Earnings per share	27		
– Basic (RM)		0.05	0.05
– Diluted (RM)		0.05	0.05

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014

	Note	Share capital RM'000	Retained earnings RM'000	Share options reserve RM'000	Foreign currency translation account RM'000	Equity attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1 January 2014		3,281	7,852	–	34	11,167	–	11,167
Profit for the financial year		–	10,738	–	–	10,738	(44)	10,694
Other comprehensive income:								
Foreign currency translation differences		–	–	–	170	170	2	172
Reclassification adjustment arising from disposal of foreign subsidiary		–	–	–	(239)	(239)	–	(239)
Total comprehensive income for the financial year		–	10,738	–	(69)	10,669	(42)	10,627
Contributions by and distributions to owners of the parent								
Dividends	28	–	(10,736)	–	–	(10,736)	–	(10,736)
Issuance of ordinary shares	12	50,067	–	–	–	50,067	–	50,067
Share issuance expense	12	(2,129)	–	–	–	(2,129)	–	(2,129)
Issuance of preference shares	18	–	(1,493)	–	–	(1,493)	–	(1,493)
Cancellation of preference shares	18	–	315	–	–	315	–	315
Grant of share options	13	–	–	34	–	34	–	34
Total transactions with owners of the parent		47,938	(11,914)	34	–	36,058	–	36,058
Transaction with non-controlling interests								
Subscription of shares of a subsidiary	6	–	–	–	–	–	372	372
Total transaction with non-controlling interests		–	–	–	–	–	372	372
Balance at 31 December 2014		51,219	6,676	34	(35)	57,894	330	58,224

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Financial Year Ended 31 December 2014

	Note	Share capital RM'000	Retained earnings RM'000	Foreign currency translation account RM'000	Equity attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
(Unaudited)							
Balance at 1 January 2013		9	5,780	(464)	5,325	–	5,325
Profit for the financial year		–	11,604	–	11,604	–	11,604
Other comprehensive income:							
Foreign currency translation differences		–	–	498	498	–	498
Total comprehensive income for the financial year		–	11,604	498	12,102	–	12,102
Contributions by and distributions to owners of the parent							
Dividends	28	–	(5,500)	–	(5,500)	–	(5,500)
Issuance of ordinary shares	12	3,272	(3,272)	–	–	–	–
Issuance of preference shares	18	–	(760)	–	(760)	–	(760)
Total transactions with owners of the parent		3,272	(9,532)	–	(6,260)	–	(6,260)
Balance at 31 December 2013		3,281	7,852	34	11,167	–	11,167

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Financial Year Ended 31 December 2014

	2014 RM'000	2013 RM'000 (Unaudited)
Operating activities		
Profit before income tax	13,460	12,982
Adjustments for:		
Allowance for impairment loss on doubtful trade receivables	305	1,446
Allowance for impairment loss on doubtful trade receivables written back	(218)	(9)
Amortisation of intangible assets	447	50
Bad trade and other receivables written off	163	270
Depreciation of plant and equipment	803	246
Deposits written off	–	88
Gain on disposal of a subsidiary	(239)	–
Gain on disposal of plant and equipment	(70)	–
Interest income	(103)	(114)
Interest expense	28	37
Notional finance cost	168	239
Loss on disposal of an associate	96	–
Plant and equipment written off	–	107
Prepayment written off	–	58
Provisions	60	–
Share of results of associates, net of tax	342	(1,077)
Unrealised foreign exchange gain, net	(310)	(43)
Share based payment expenses	1,460	–
Operating cash flows before working capital changes	16,392	14,280
Working capital changes:		
Trade and other receivables	(12,545)	(8,842)
Prepayments	(942)	(42)
Trade and other payables	1,073	1,009
Cash generated from operations	3,978	6,405
Income tax paid	(1,171)	(618)
Net cash from operating activities	2,807	5,787

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2014

	Note	2014 RM'000	2013 RM'000 (Unaudited)
Investing activities			
Acquisition of a subsidiary, net of cash acquired	6	104	–
Disposal of a subsidiary	6	(130)	–
Advances to associates		–	(904)
Advances to third parties		(2,735)	(1,309)
Dividend received from an associate		45	39
Interest received		103	44
Payment for deferred consideration to acquire intangible assets		(240)	(480)
Payment for deferred consideration to acquire a subsidiary		(720)	(1,120)
Placement of fixed deposits with a bank		(2)	(1,167)
Proceeds from disposal of plant and equipment		70	–
Purchase of plant and equipment		(2,589)	(152)
Purchase of intangible assets		(641)	–
Net cash used in investing activities		(6,735)	(5,049)
Financing activities			
Dividends paid		(10,736)	(5,500)
Interest paid		(28)	(37)
Advances from related parties		–	1,169
(Repayment to)/Advances from shareholders		(1,355)	1,355
(Repayment to)/Advances from Director		(10)	1,100
Proceeds from issuance of ordinary shares		48,641	–
Share issuance expense		(2,129)	–
Proceeds of revolving credit facility		1,204	2,412
Redemption of preference shares		(1,178)	(760)
Repayments of finance lease payables		(57)	(72)
Net cash used in financing activities		34,352	(333)
Net change in cash and cash equivalents		30,424	405
Cash and cash equivalents at beginning of financial year		3,998	3,398
Effect of exchange rate changes on cash and cash equivalents		2	195
Cash and cash equivalents at end of financial year	10	34,424	3,998

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

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

1. General corporate information

ZICO Holdings Inc. (the "Company") is domiciled in Federal Territory of Labuan, Malaysia and was incorporated on 9 December 2010 under the Labuan Companies Act 1990 as a Labuan company in the name of ZICOlaw Holdings Inc.. With effect from 30 April 2014, the name of the Company was changed to ZICO Holdings Inc.. The Company's registration number is LL07968.

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

The address of the Company's registered office and principal place of business is Unit Level 13(A), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia.

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

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The statement of financial position of the Company as at 31 December 2014 and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2014 were authorised for issue in accordance with a Directors' resolution dated 25 March 2015.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

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

With effect from 1 January 2014, the Company changed its functional currency from United States dollar to Singapore dollar in view of the Singapore dollar's increasing influence over the primary economic environment in which the Company operates. There was no significant impact on the change of functional currency. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000"), except when otherwise indicated. The financial statements are presented in Ringgit Malaysia as the Group's operations are predominantly in Malaysia and the Directors are of the view that presenting the financial statements in Ringgit Malaysia would be useful to the shareholders of the Company.

The preparation of financial statements in conformity with IFRS requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on the management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year, or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

During the financial year, the Group and the Company adopted the new or revised IFRS that are relevant to their operations and effective for the current financial year. Changes to the Group's and the Company's accounting policies have been made as required in accordance with the relevant transitional provisions in the respective IFRS. The adoption of the new or revised IFRS did not result in any substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current and prior financial years as discussed below.

New or amended standards effective from 1 January 2014

IFRS 10, IFRS 12 and IAS 27 (Amendments) – Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisation, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in IFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions. These amendments have no impact to the Group as none of the entities of the Group qualifies to be an investment entity under IFRS 10.

IAS 32 (Amendments) – Presentation – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the guidance on criteria that an entity currently has a legally enforceable right to set-off financial assets and financial liabilities; and criteria that an entity intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offsetting based on the criteria set out in the amendments and concluded that the application of the amendments have no impact to the financial statements of the Group and the Company.

IAS 36 (Amendments) – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash-generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The application of these amendments have no impact on the disclosures in the financial statements of the Group.

IAS 39 (Amendments) – Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. These amendments have no impact to the Group as the Group has no hedging instruments that are subject to novation.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

New or amended standards effective from 1 January 2014 ***(Continued)***

IFRIC 21 – Levies

IFRIC 21 clarifies that an entity recognizes a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has no impact to the Group as it has applied the recognition principles under IAS 37 consistent with the requirements of IFRIC 21 in prior years.

New or amended standards and interpretations that have been issued but are not yet effective

As at the date of the authorisation of these financial statements, the Group has not adopted the following new or amended standards and interpretations that have been issued but not yet effective:

		Effective date (annual periods beginning on or after)
IAS 1	: Amendments to IAS 1 – Disclosure Initiative	1 January 2016
IAS 16 and IAS 38	: Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 16 and IAS 41	: Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants	1 January 2016
IAS 19	: Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions	1 July 2014
IAS 27	: Amendments to IAS 27 – Equity Method in Separate Financial Statements	1 January 2016
IFRS 9	: Financial Instruments	1 January 2016
IFRS 10 and IAS 28	: Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
IFRS 10, IFRS 12 and IAS 28	: Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception	1 January 2016
IFRS 11	: Amendments to IFRS 11 – Accounting for Acquisitions of Interests in a Joint Operation	1 January 2016
IFRS 14	: Regulatory Deferral Accounts	1 January 2016
IFRS 15	: Revenue from Contracts with Customers	1 January 2016
IFRIC 21	: Levies	1 January 2017
Annual Improvements 2010-2012 Cycle		1 July 2014
Annual Improvements 2011-2013 Cycle		1 July 2014
Annual Improvements 2012-2014 Cycle		1 July 2016

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group expects that the adoption of the above IAS/IFRS and IFRIC, if applicable, will have no material impact on the financial statements in the period of initial adoption, except as discussed below.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

<u>New or amended standards and interpretations that have been issued but are not yet effective</u> (Continued)

IFRS 9 – Financial Instruments

IFRS 9 supersedes IAS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under IFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for de-recognition of financial assets and financial liabilities.

IFRS 9 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in IAS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

IFRS 9 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt IFRS 9 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets, and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

***New or amended standards and interpretations that have been issued but are not yet effective* (Continued)**

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2016 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 11 (Amendments) – Accounting for Acquisitions of Interests in Joint Operations

The amendments require the Group to apply all of the principles of IFRS 3 when it acquires an interest in a joint operation that constitutes a business as defined by IFRS 3 Business Combinations and clarify certain other aspects of applying IFRS 3 to acquisitions of interests in joint operations. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and will be applied prospectively from 1 January 2016. The amendments will not have any effect on the existing amounts in the Group's financial statements on initial application, but the Group will apply the requirements to any future acquisitions of interests in joint operations.

IAS 16 and IAS 38 (Amendments) – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue-based methods of depreciation and amortisation are not appropriate, as they do not reflect the pattern of economic benefits consumed from the use of the asset by the Group. Therefore, revenue-based methods are prohibited to be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments will be applied from 1 January 2016 prospectively. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

IAS 19 (Amendments) – Defined Benefit Plans: Employee Contributions

The amendments to IAS 19 permit contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These changes will take effect from the financial year beginning on 1 January 2015. The Group does not anticipate that the amendments will have any impact to the Group as the Group does not have any contributions, under the terms of its defined benefit plans that are independent of the number of years of employee service.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

New or amended standards and interpretations that have been issued but are not yet effective ***(Continued)***

IAS 27 (Amendments) – Equity Method in Separate Financial Statements

The amendments provide the option for the Company to account for its investments in subsidiaries, joint ventures, and associates using the equity method in its separate financial statements. The accounting approach that is selected is required to be applied for each category of investment. The amendments are effective from 1 January 2016 and are required to be applied retrospectively. These amendments will not have any impact on the Company's financial statements as the Company does not intend to take up this option.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

In preparing the consolidated financial statements, intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

2.3 Business combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.4 Plant and equipment

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to the plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

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

	Years
Motor vehicles	5
Computers	3
Office equipment	$6\,^{2}/_{3}$
Renovation	10

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

2.5 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.5 Intangible assets (Continued)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individual or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the changes in useful life from indefinite to finite is made on prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) *Goodwill*

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.5 Intangible assets (Continued)

(ii) *Trademark*

Trademark acquired is initially recognised at cost. Subsequently, trademark is carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised in profit or loss on a straight-line basis over 40 years.

Trademark is assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful life and amortisation method are reviewed at each financial year-end to ensure that the period of amortisation and amortisation method are consistent with previous estimates and the expected pattern of consumption of the future economic benefits.

(iii) *Computer software*

Acquired computer software are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Subsequent to initial recognition, computer software is carried at cost less accumulated amortisation and accumulated impairment losses. The cost of computer software is amortised to profit or loss using the straight-line method over the estimated useful life of 5 years.

2.6 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost less impairment losses, if any.

2.7 Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Associates are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate or joint venture above the fair value of the Group’s share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associate.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.7 Associates (Continued)

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associates and distributions received are adjusted against the carrying amount of the investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where the Group transacts with an associate, unrealised profits are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

Upon loss of significant influence over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised is profit or loss.

2.8 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment losses recognised in profit or loss in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.9 Financial assets

The Group and the Company classify financial assets as loans and receivables. The classification depends on the purpose of which the assets were acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within "trade and other receivables", "cash and cash equivalents" and "other current assets" on the consolidated statement of financial position.

Recognition and derecognition

Financial assets are recognised on the consolidated statement of financial position when, and only when, the Group and the Company become parties to contractual provisions of the financial instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit 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 and the Company have transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the net sale proceeds is recognised in profit or loss.

Initial and subsequent measurement

Financial assets are initially recognised at fair value plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument Income and expense are recognised on an effective interest basis for debt instruments.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

Impairment

The Group and the Company assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

An allowance for impairment loss of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits net of fixed deposits pledged and cash held in trust.

2.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received.

Incremental costs directly attributable to the issuance of new equity instruments are shown in equity as a deduction from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.12 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. The Group has not designated any financial liabilities as fair value through profit or loss upon initial recognition.

The accounting policies adopted for other financial liabilities are set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group, and are subsequently measured at amortised cost using the effective interest method.

(ii) Bank borrowings

Bank borrowings are initially recognised at the fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost using the effective interest method. 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.

Bank borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Bank borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current borrowings in the consolidated statement of financial position.

(iii) Redeemable preference shares

Preference shares are classified as financial liabilities if these are mandatorily redeemable or redeemable at the option of the holder. Redeemable preference shares are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method until it is redeemed.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.12 Financial liabilities (Continued)

Recognition and derecognition

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become parties to the contractual provisions of the financial instruments.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

When an existing liability is replaced by another form from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.13 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the services rendered in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates, discounts and sales related taxes.

Revenue from rendering of services is recognised when the services have been performed and accepted by the customers in accordance with the relevant terms and conditions of the contract.

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Management fee income is recognised when the services are rendered.

Dividend income is recognised when the shareholders' rights to receive payment have been established.

Rental income is recognised on a straight-line basis over the term of the relevant lease.

Interest income is recognised on a time-proportion basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.15 Employee benefits

Defined contribution plan

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial year as the employment that gives rise to the contributions.

Defined benefit plan

A defined benefit pension plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting date, less fair value of plan assets, and adjusted for unrecognised gains or losses, non-vested past service costs, termination costs and curtailment gain or loss.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined obligation is determined by discounting the estimated future cash outflows using interest rates at the reporting date of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are charged or credited to equity in other comprehensive income for the period in which they arise.

Past service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Gains or losses on curtailment are recognised immediately in profit or loss when there is a commitment to make a material reduction in the number of employees covered by a plan or when there is an amendment of a defined benefit plan terms such as that a material element of future services to be provided by current employees will no longer qualify for benefits, or will qualify only for reduced benefits. The Company recognises gains and losses on settlement of a defined plan when the settlement occurs.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.16 Leases

When the Group is the lessee of finance leases

Leases in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases.

Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. Finance charge is recognised in profit or loss.

When the Group is the lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

2.17 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as expenses in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.18 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the three financial years, using tax rates enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years.

Deferred tax is provided, using the balance sheet liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.19 Foreign currencies

Items included in the individual 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").

In preparing the financial statements, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.19 Foreign currencies (Continued)

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purposes of presenting consolidated financial statements, the results and financial positions of the Group's entities 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 rate at the end of the reporting period;

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

(iii) all resulting foreign currency exchange differences are recognised in other comprehensive income and presented in the foreign currency translation account in equity. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are translated at the closing rate.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.21 Share-based payments

The Group operates an equity-settled share-based compensation plan for its employees.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non-market based vesting conditions such as profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the Group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the share option reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.21 Share-based payments (Continued)

Fair value is measured using the Black Scholes option pricing model. The expected life used in the model has been adjusted, based on the external independent valuers' best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At each reporting period a revision is made to the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2.22 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

3. Critical accounting judgements and key sources of estimation uncertainty

3.1 Critical judgements made in applying the accounting policies

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) Impairment of investments in subsidiaries and associates and financial assets

The Group and the Company follow the guidance of IAS 36 and IAS 39 in determining whether an investment in subsidiary or associate or a financial asset is impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of an investment or a financial asset is less than its cost and the financial health of the near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

(ii) Impairment of intangible assets

The Group determines whether goodwill is impaired at least on an annual basis, regardless of whether there is an indication of impairment, and intangible assets other than goodwill as and when there is an indication that the intangible asset may be impaired. This determination requires significant judgement. Whenever there is an indication that the cash-generating units to which the intangible assets were allocated may be impaired, the cash-generating units are tested for impairment by comparing their carrying amounts, excluding any goodwill, with their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below.

(i) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line method over their estimated useful lives. The management estimates the useful lives of plant and equipment to be 3 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation could be revised. The carrying amounts of the Group's and the Company's plant and equipment as at 31 December 2014 were RM4,426,000 (2013: RM1,018,000) and RM122,000 (2013: RMNil) respectively.

(ii) Amortisation of intangible assets

Trademark and computer software are amortised on a straight line method over the estimated useful life of 40 years and 5 years, respectively. Changes in the expected level of benefits to be derived from the intangible asset could impact the economic useful life and the residual value of the intangible asset and therefore, future amortisation charges may be revised. The carrying amount of the Group's intangible assets, excluding goodwill, as at 31 December 2014 was RM3,647,000 (2013: RM1,770,000).

(iii) Allowance for impairment loss on receivables

The management establishes allowance for impairment loss on receivables on a case-by-case basis when they believe that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables as at 31 December 2014 were RM28,755,000 (2013: RM18,703,000) and RM23,067,000 (2013: RM5,470,000) respectively.

(iv) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group's provision for income taxes. The Group recognises expected assets and liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the financial year when such determination is made. The carrying amounts of the Group's current income tax recoverable and current income tax payable as at 31 December 2014 were RM62,000 (2013: RM209,000) and RM2,189,000 (2013: RM1,275,000) respectively. The carrying amount of the Group's deferred tax liabilities as at 31 December 2014 was RM96,000 (2013: RM49,000).

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

4. Plant and equipment

	Motor vehicles RM'000	Computers RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
Group					
Cost					
Balance at 1.1.2014	429	305	449	516	1,699
Acquisition of subsidiaries	44	51	168	263	526
Additions	164	2,059	736	955	3,914
Disposals	(144)	(4)	–	–	(148)
Disposal of a subsidiary	–	(38)	(95)	(116)	(249)
Currency re-alignment	3	4	14	7	28
Balance at 31.12.2014	496	2,377	1,272	1,625	5,770
Accumulated depreciation					
Balance at 1.1.2014	322	160	87	112	681
Depreciation for the financial year	79	536	92	96	803
Disposals	(144)	(4)	–	–	(148)
Currency re-alignment	–	3	3	2	8
Balance at 31.12.2014	257	695	182	210	1,344
Carrying amount					
Balance at 31.12.2014	239	1,682	1,090	1,415	4,426
(Unaudited)					
Cost					
Balance at 1.1.2013	429	235	591	463	1,718
Additions	–	109	204	176	489
Written off	–	(44)	(362)	(133)	(539)
Currency re-alignment	–	5	16	10	31
Balance at 31.12.2013	429	305	449	516	1,699
Accumulated depreciation					
Balance at 1.1.2013	244	153	313	139	849
Depreciation for the financial year	78	47	65	56	246
Written off	–	(43)	(302)	(87)	(432)
Currency re-alignment	–	3	11	4	18
Balance at 31.12.2013	322	160	87	112	681
Carrying amount					
Balance at 31.12.2013	107	145	362	404	1,018

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

4. Plant and equipment (Continued)

	Computers RM'000	Renovation RM'000	Total RM'000
Company			
Cost			
Balance at 1.1.2014	–	–	–
Additions	1	123	124
Balance at 31.12.2014	1	123	124
Accumulated depreciation			
Balance at 1.1.2014	–	–	–
Depreciation for the financial year	–	2	2
Balance at 31.12.2014	–	2	2
Carrying amount			
Balance at 31.12.2014	1	121	122
Balance at 31.12.2013 (Unaudited)	–	–	–

As at 31 December 2014, the Group has motor vehicles acquired under finance lease agreements with carrying amount of approximately RM239,000 (2013: RM107,000).

For the purpose of the consolidated statement of cash flows, the Group's additions to plant and equipment during the financial year were financed as follows:

	Group 2014 RM'000	Group 2013 RM'000 (Unaudited)
Additions to plant and equipment	3,914	489
Amount owing to a third party	(1,195)	(337)
Financed through finance lease arrangement	(130)	–
Cash payments to acquire plant and equipment	2,589	152

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

5. Intangible assets

	Computer software RM'000	Goodwill RM'000	Trademark RM'000	Total RM'000
Group				
Cost				
Balance at 1.1.2014	–	2,206	2,000	4,206
Additions	2,324	735	–	3,059
Balance at 31.12.2014	2,324	2,941	2,000	7,265
Accumulated amortisation				
Balance at 1.1.2014	–	–	230	230
Amortisation	397	–	50	447
Balance at 31.12.2014	397	–	280	677
Carrying amount				
Balance at 31.12.2014	1,927	2,941	1,720	6,588
Average remaining useful life at 31.12.2014	4	–	34.5	
(Unaudited)				
Cost				
Balance at 1.1.2013 and 31.12.2013	–	2,206	2,000	4,206
Accumulated amortisation				
Balance at 1.1.2013	–	–	180	180
Amortisation	–	–	50	50
Balance at 31.12.2013	–	–	230	230
Carrying amount				
Balance at 31.12.2013	–	2,206	1,770	3,976
Average remaining useful life at 31.12.2013	–	–	35.5	

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

5. Intangible assets (Continued)

For the purpose of the consolidated statement of cash flows, the Group's additions to intangible assets during the financial year were financed as follows:

	Group 2014 RM'000	Group 2013 RM'000 (Unaudited)
Additions to intangible assets, excluding goodwill	2,324	–
Amount owing to a third party	(1,683)	–
Cash payments to acquire intangible assets, excluding goodwill	641	–

Amortisation expense was included in "amortisation and depreciation expenses" line item of profit or loss.

Trademark

Trademark pertains to the "ZI" trademark acquired by the Group from a third party for a consideration of RM2,400,000 payable by way of installments of RM40,000 per month for five years (equivalent to RM480,000 per annum) from July 2009.

The trademark is amortised on a straight-line basis over a period of forty years. Amortisation expense was included in "amortisation and depreciation expenses" line item of profit or loss.

The cost of the trademark is the present value of payments.

	Cost RM'000
Deferred consideration paid and payable	2,400
Less: Future interest charges	(400)
Cash price equivalent	2,000

Goodwill

Goodwill arising on acquisition of ZICO (Labuan) LLP, ZICO International Corporation, ZICO Corporate Services Sdn. Bhd., ZICO Shariah Advisory Services Sdn. Bhd., ZICOlaw Myanmar Limited and Vientiane Law Co. Ltd is attributable mainly to the potential for the recognition of or the access to additional reserves and the synergies expected to be achieved from integrating the investees into the Group's existing business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impairment test for goodwill

Goodwill acquired through business combinations was allocated to the Group's cash-generating unit ("CGU") by business units based on the services of the respective entities as follows:

	Group 2014 RM'000	Group 2013 RM'000 (Unaudited)
Advisory and transactional services	2,941	2,206

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

5. Intangible assets (Continued)

Impairment test for goodwill (Continued)

The recoverable amount of the CGU has been determined based on value-in-use calculations using management-approved discounted cash flow projections covering a period of 5 years and the pre-tax weighted average cost of capital applied to the cash flow projections for advisory and transactional services is 11.8% to 18.3% (2013: 10.8%). The average revenue growth rate and average gross margin are based on past performance and the growth rates and pre-tax weighted average cost of capital used are based on management's best estimate.

The calculation of value-in-use is most sensitive to the following assumptions:

	Group	
	2014	**2013**
	%	**%**
		(Unaudited)
Growth rate	10 – 18	10
Pre-tax weighted average cost of capital	11.8 – 18.3	10.8

As at 31 December 2014, the recoverable amount of the cash-generating unit was higher than the carrying amount and thus, no impairment loss need to be recognised. The management believes no reasonably possible change in any of the key assumptions would cause the carrying amount of the cash-generating unit and related goodwill to exceed their recoverable amount.

6. Subsidiaries

	Company	
	2014	**2013**
	RM'000	**RM'000**
		(Unaudited)
Unquoted equity shares, at cost	5	*
Capital contribution in the form of share options issued to employees of a subsidiary	27	–
	32	*

* *Amount below RM1,000*

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

6. Subsidiaries (Continued)

Particulars of subsidiaries:

Name of subsidiary	Principal place of business	Principal activities	Proportion of ownership interest held by the Group 2014 %	2013 % (Unaudited)	Proportion of ownership interest held by non-controlling interests 2014 %	2013 % (Unaudited)
ZICO Malaysia Sdn. Bhd. [1]	Malaysia	Investment holding	100	100	–	–
ASEAN Advisory Pte. Ltd. [2]	Singapore	Business and management consultancy services	100	–	–	–
ZICO RMC Pte. Ltd. [2]	Singapore	Business and management consultancy services	100	–	–	–
ZICO (Labuan) LLP [1]	Federal Territory of Labuan	Consultancy services	100	100	–	–
ZICO International Corporation [1]	Federal Territory of Labuan	Investment holding	100	100	–	–
ZICO Consultancy Limited [1]	Federal Territory of Labuan	Investment holding	100	100	–	–
ZICO Consultancy Sdn. Bhd. [1]	Malaysia	Business support 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	–	–
ZICOlaw Singapore Pte. Ltd. [2]	Singapore	Legal services	–	100*	–	–
ZICO IP Inc. [1]	British Virgin Islands	Owner of intellectual property rights	100	100	–	–

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

6. Subsidiaries (Continued)

Name of subsidiary	Principal place of business	Principal activities	Proportion of ownership interest held by the Group 2014 %	2013 % (Unaudited)	Proportion of ownership interest held by non-controlling interests 2014 %	2013 % (Unaudited)
PT ZICOlaw Indonesia [3]	Indonesia	Business management consultancy	100	100	–	–
ZICOlaw Myanmar Limited [4]	Myanmar	Legal services	100	–	–	–
Vientiane Law Co. Ltd [5]	Lao PDR	Legal services	100#	–	–	–
ZICO Secretarial Services Sdn. Bhd. [1]	Malaysia	Company secretarial, corporate services and related consultancy services	100	100	–	–
ZICO Corporate Services Pte. Ltd. [6]	Singapore	Company secretarial, corporate services and related consultancy services	100	–	–	–
ZICO Allshores Trust (S) Pte. Ltd. (formerly known as Allshores Trust (Singapore) Pte. Ltd.) [2] [7]	Singapore	Trustee, fiduciary and custody services, business and management consultancy services	51	–	49	–
ZICO Secretarial Limited [6]	Federal Territory of Labuan	Company secretarial, corporate services and related consultancy services	100	–	–	–

Notes:
(1) *Audited by BDO, Malaysia.*
(2) *Audited by BDO LLP, Singapore.*
(3) *Audited by Tanubrata Sutanto Fahmi & Rekan, Certified Public Accountants, a member firm of BDO International.*
(4) *Audited by U Myat Noe Aung, Certified Public Accountants.*
(5) *Audited by ASL Accounting and Audit Services Co, Ltd.*
(6) *Newly-incorporated and not required to be audited as the subsidiary is dormant since the date of its incorporation.*
(7) *The subsidiary is not material to the Group.*
* *Shares held in trust by certain Directors in favour of ZICO Malaysia pursuant to a trust deed dated 1 June 2009.*
\# *Includes 30% equity interest held in trust by certain individual shareholders in favour of ZICO Malaysia Sdn. Bhd. ("ZICO Malaysia").*

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

6. Subsidiaries (Continued)

Incorporation of subsidiaries

6.1 ZICO RMC Pte. Ltd.

On 22 April 2014, the Company incorporated a 100% owned subsidiary, namely ZICO RMC Pte. Ltd. ("RMC") (formerly known as ZICOlaw RMC Pte. Ltd.) in Singapore with an issued and paid up share capital of S$1,000 (RM2,645 equivalent) comprising 1,000 ordinary shares.

6.2 ASEAN Advisory Pte. Ltd.

On 22 April 2014, the Company incorporated a 100% owned subsidiary, namely ASEAN Advisory Pte. Ltd. ("ZICO Advisory") (formerly known as ZICOlaw Advisory Pte. Ltd.) in Singapore with an issued and paid up share capital of S$1,000 (RM2,645 equivalent) comprising 1,000 ordinary shares.

6.3 ZICO Secretarial Limited

On 29 April 2014, ZICO Trust Limited ("ZICOTL"), a wholly-owned subsidiary of ZICO Malaysia incorporated a 100% owned subsidiary, namely ZICO Secretarial Limited ("ZICOSL") (formerly known as ZICOlaw Secretarial Limited) in the Federal Territory of Labuan, Malaysia with an issued and paid up share capital of US$100 (RM323 equivalent) comprising 100 ordinary shares.

6.4 ZICO Corporate Services Pte. Ltd.

On 24 December 2014, the Company incorporated a 100% owned subsidiary, namely ZICO Corporate Services Pte. Ltd. in Singapore with an issued and paid up share capital of S$1 (RM2.65 equivalent) comprising 1 ordinary share.

Subscription of shares of a subsidiary

6.5 ZICO Allshores Trust (S) Pte. Ltd.

On 14 January 2014, ZICO Consultancy Limited ("ZICOCL"), a wholly-owned subsidiary of ZICO Malaysia subscribed for 127,500 ordinary shares, representing 51% equity interest in ZICO Allshores Trust (S) Pte. Ltd. ("ZICO Allshores Trust"), a private limited company incorporated in Singapore for a total consideration of S$127,500 (RM323,000 equivalent). On 23 April 2014, ZICOCL subscribed to its proportionate share of 25,500 new ordinary shares at S$25,500 (RM64,000 equivalent) in the additional 50,000 new ordinary shares issued by ZICO Allshores Trust. As at 31 December 2014, ZICO Allshores Trust has share capital of S$300,000 (RM759,000 equivalent) comprising 300,000 ordinary shares.

Acquisition of subsidiaries

6.6 Vientiane Law Co. Ltd

On 20 June 2014, ZICO Malaysia acquired 2,800 ordinary shares, representing 70% equity interest in Vientiane Law Co. Ltd ("Vientiane"), a company incorporated in Lao PDR, from a third party for a total consideration of approximately RM235,000. On the same date, ZICO Malaysia contributed cash of US$124,965 (approximately RM400,000 equivalent) as share capital of Vientiane. By virtue of a contractual agreement with the individual shareholders holding the remaining 30% equity interest whereby the parties have agreed that such shares together with all dividends and any other distributions of profits, surplus and other assets in respect of such shares and all rights in connection with them be held on trust for ZICO Malaysia, ZICO Malaysia has accounted for Vientiane as its wholly-owned subsidiary. The Group acquired Vientiane to expand the provision of professional services to the ASEAN region and to capitalise on its regional network and relationship with existing clients to rapidly achieve economies of scale and scope.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

6. Subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

6.6 Vientiane Law Co. Ltd (Continued)

The fair values and carrying amounts of the identifiable assets and liabilities of Vientiane as at the date of acquisition were as follows:

	2014	
	Fair value RM'000	Carrying amount RM'000
Plant and equipment	174	174
Other receivables	123	123
Cash and cash equivalents	125	125
Trade and other payables	(422)	(422)
Net identifiable liabilities acquired	–	–
Goodwill on acquisition (Note 5)	235	
Total purchase consideration	235	

6.7 ZICOlaw Myanmar Limited

On 9 April 2014, ZICO Malaysia Sdn. Bhd. ("ZICO Malaysia") acquired 2,124 shares, representing 99.99% equity interest in ZICOlaw Myanmar Limited ("ZICO Myanmar"), a company incorporated in Myanmar for a total cash consideration of approximately RM162,000. The principal activities of ZICO Myanmar are to provide legal advisory and consultancy services.

Pursuant to a share transfer dated 27 August 2014 between Chew Seng Kok (as transferor) and a wholly-owned subsidiary of the Company, ZICO Consultancy Limited (as transferee), ZICO Consultancy Limited acquired one (1) share in ZICOlaw Myanmar Limited, for a cash consideration of MMK10,000 (equivalent to RM35.12). Accordingly, ZICO Myanmar became a wholly-owned subsidiary of the Group. The Group acquired ZICO Myanmar to expand the provision of professional services to the ASEAN region and to capitalise on its regional network and relationship with existing clients to rapidly achieve economies of scale and scope.

The fair values and carrying amounts of the identifiable assets and liabilities of ZICO Myanmar as at the date of acquisition were as follows:

	2014	
	Fair value RM'000	Carrying amount RM'000
Plant and equipment	352	352
Trade and other receivables	974	974
Cash and cash equivalents	104	104
Trade and other payables	(1,768)	(1,768)
Net identifiable liabilities acquired	(338)	(338)
Goodwill on acquisition (Note 5)	500	
Total purchase consideration	162	

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

6. Subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

From the date of acquisition, ZICO Myanmar and Vientiane have contributed an aggregate of approximately RM1,680,000 and RM17,000 to the Group's revenue and profit for the financial year respectively. If the acquisition had taken place at the beginning of the financial year, the Group's revenue and profit for the financial year would have been RM36,036,000 and RM11,034,000 respectively.

The effects of the acquisition of the subsidiaries on the consolidated statement of cash flows are as follows:

	Group 2014 RM'000
Total purchase consideration	397
Less: Purchase consideration payable	(397)
Add: Amount financed by the Group	125
Less: Cash and cash equivalents of subsidiaries acquired	(229)
Net cash inflow on acquisition	(104)

Disposal of a subsidiary

6.8 ZICOlaw Singapore Pte. Ltd.

On 31 March 2014, ZICO Malaysia ended its trust arrangement with the individual shareholders of a subsidiary, ZICOlaw Singapore Pte. Ltd. ("ZICO Singapore"), a company incorporated in Singapore, which ceased to be a subsidiary on that date.

The carrying amount of the identifiable assets and liabilities of ZICO Singapore as at the date of disposal are as follows:

	Group 2014 RM'000
Property, plant and equipment	249
Trade and other receivables	7,014
Prepayments	31
Cash and cash equivalents	2,257
Trade and other payables	(3,605)
Bank borrowing	(2,852)
Current income tax payable	(538)
Deferred tax liabilities	(40)
Net identifiable assets	2,516

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

6. Subsidiaries (Continued)

Disposal of a subsidiary (Continued)

6.8 ZICOlaw Singapore Pte. Ltd. (Continued)

The effects of the disposal of ZICO Singapore on the cash flows were as follows:

	2014 RM'000
Net identifiable assets disposed	2,516
Reclassification of foreign currency translation reserve to profit or loss upon disposal	(239)
Gain on disposal (Note 21)	239
Consideration for the disposal	2,516
Consideration receivable as at disposal date	(2,516)
Cash and cash equivalents disposed	(130)
Net cash outflow on disposal	(130)

7. Associates

	Group 2014 RM'000	Group 2013 RM'000 (Unaudited)
Unquoted equity shares, at cost	*	400
Share of post-acquisition reserves, net of dividends received	38	198
	38	598

* *Amount below RM1,000*

Particulars of associates:

Name of associates	Principal place of business	Principal activities	Effective equity interest 2014 %	Effective equity interest 2013 % (Unaudited)
Sunflower Villa Sdn. Bhd. [(1)]	Malaysia	Management and consultancy services	50	50
Goldfield Alliance Sdn. Bhd. [(2)]	Malaysia	Investment holding	50	50
ZICOlaw (Thailand) Limited [(3)]	Thailand	Business consultant	–	49

Notes:
(1) *Audited by Choo & Co CPA, Malaysia.*
(2) *Audited by BDO, Malaysia.*
(3) *Audited by BDO, Malaysia for consolidation purposes.*

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

7. Associates (Continued)

The activities of the associates are strategic to the Group activities.

On 4 August 2014, the Group disposed its 49% equity interest in ZICOlaw (Thailand) Limited for cash consideration of approximatelyTHB784,000 (RM78,000 equivalent) to a third party resulting in a loss on disposal of approximately RM96,000.

The Group is not able to unilaterally direct the relevant activities of the above investees. The Group has accounted for its investments as associates as significant influence exists.

The associates are individually immaterial to the Group.

The Group's share of the results of the associates is as follows:

	Group	
	2014 RM'000	**2013 RM'000 (Unaudited)**
(Loss)/Profit for the financial year	(342)	1,077
Other comprehensive income	–	–
Total comprehensive income	(342)	1,077

8. Deferred tax assets/(liabilities)

	Group	
	2014 RM'000	**2013 RM'000 (Unaudited)**
Deferred tax assets	7	–
Deferred tax liabilities	(96)	(49)

Deferred tax assets

	Group	
	2014 RM'000	**2013 RM'000 (Unaudited)**
Balance at beginning of financial year	–	–
Credited to profit or loss	7	–
Balance at end of financial year	7	–

Deferred tax assets are attributable to provision for employee benefits of the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

8. Deferred tax assets/(liabilities) (Continued)

Deferred tax liabilities

	Group	
	2014 RM'000	2013 RM'000 (Unaudited)
Balance at beginning of financial year	49	54
Charged/(Credited) to profit or loss	87	(6)
Disposal of a subsidiary	(40)	–
Currency re-alignment	–	1
Balance at end of financial year	96	49

Deferred tax liabilities are attributable to the following temporary differences computed at the respective countries' statutory income tax rate in which the Group operates:

	Group	
	2014 RM'000	2013 RM'000 (Unaudited)
Accelerated tax depreciation	96	49

9. Trade and other receivables

	Group		Company	
	2014 RM'000	2013 RM'000 (Unaudited)	2014 RM'000	2013 RM'000 (Unaudited)
Trade receivables				
– third parties	24,054	10,050	–	–
– associates	–	713	–	–
– related parties	–	5,113	–	–
Allowance for impairment loss	(1,677)	(2,247)	–	–
	22,377	13,629	–	–
Non-trade receivables				
– third parties	4,701	235	9	–
– associates	272	2,469	–	–
– related parties	–	1,505	–	116
– subsidiaries	–	–	22,953	5,354
– shareholder of an associate	661	702	–	–
Allowance for impairment loss	(65)	–	–	–
	5,569	4,911	22,962	5,470
Deposits	809	163	105	–
	28,755	18,703	23,067	5,470

Trade receivables are unsecured, non-interest bearing and generally on 14 to 60 (2013: 14 to 60) days' credit terms.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

9. Trade and other receivables (Continued)

The non-trade amounts from third parties, associates, related parties and subsidiaries represent advances for operating activities which are unsecured, non-interest bearing, repayable on demand and expected to be settled in cash, except for a non-trade amount due from a former associate of RM1,080,000 (2013: due from an associate of RM1,173,000), which is subject to interest at 6% (2013: 6%) per annum.

The non-trade amount due from a shareholder of an associate represents income from the shareholder which is unsecured, non-interest bearing, repayable on demand and expected to be settled in cash.

Deposits mainly relate to the rental deposits of premises.

Movements in allowance for impairment loss on doubtful trade receivables were as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 (Unaudited)	2014 RM'000	2013 RM'000 (Unaudited)
Balance at beginning of financial year	2,247	388	–	–
Allowance written back	(218)	(9)	–	–
Bad debts written off against allowance	(90)	–	–	–
Disposal of a subsidiary	(233)	–	–	–
Impairment loss recognised	305	1,446	–	–
(Credited)/Charged to payables	(336)	398	–	–
Currency re-alignment	2	24	–	–
Balance at end of financial year	1,677	2,247	–	–

Allowances for impairment loss on doubtful trade receivables are made in respect of estimated irrecoverable amounts subsequent to debt recovery assessment made by the management by reference to past default experience.

During the financial year ended 31 December 2014, allowance written back of RM218,000 (2013: RM9,000) was recognised in profit or loss when the related trade receivables were recovered.

The currency profile of trade and other receivables as at the end of the reporting period is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 (Unaudited)	2014 RM'000	2013 RM'000 (Unaudited)
Ringgit Malaysia	13,443	8,107	20,636	–
Singapore dollar	4,833	5,402	1,976	–
Thai Baht	3,762	1,411	–	–
United States dollar	5,993	3,783	455	5,470
Others	724	–	–	–
	28,755	18,703	23,067	5,470

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

10. Cash and cash equivalents

	Group		Company	
	2014 RM'000	2013 RM'000 (Unaudited)	2014 RM'000	2013 RM'000 (Unaudited)
Cash and bank balances	6,645	3,473	3,311	14
Fixed deposits	27,779	525	27,779	–
	34,424	3,998	31,090	14

Fixed deposits are placed for an average period of 2 to 33 (2013: 30 to 90) days and bear effective interest rates of 0.05% to 0.5% (2013: 3% to 3.1%) per annum.

The currency profile of cash and cash equivalents as at the end of the reporting period is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 (Unaudited)	2014 RM'000	2013 RM'000 (Unaudited)
Ringgit Malaysia	1,278	2,429	–	–
Singapore dollar	31,424	421	31,077	–
United States dollar	1,566	1,148	13	14
Others	156	–	–	–
	34,424	3,998	31,090	14

11. Other current assets

	Group	
	2014 RM'000	2013 RM'000 (Unaudited)
Monies held in trust for clients for payment to authorities	2,893	3,302
Fixed deposits pledged	–	1,167
Fixed deposit with maturity more than 90 days	56	54
	2,949	4,523

As at 31 December 2014, fixed deposits amounting to RMNil (2013: RM1,167,000) are pledged to banks for bankers' guarantee and facilities granted to the Group as referred to in Note 15 to the financial statements.

As at 31 December 2014, fixed deposit amounting to RM56,000 (2013: RM54,000) are placed for an average period of between 91 to 365 (2013: 91 to 365) days and bear effective interest rate of 3.06% (2013: 3.02% to 4.5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

11. Other current assets (Continued)

The currency profile of other current assets on the consolidated statement of financial position as at the end of the reporting period is as follows:

	Group	
	2014 RM'000	2013 RM'000 (Unaudited)
Ringgit Malaysia	2,949	2,438
Singapore dollar	–	1,503
United States dollar	–	574
Others	–	8
	2,949	4,523

12. Share capital

	Group and Company			
	2014	2013	2014	2013
	Number of ordinary shares	(Unaudited)	RM'000	RM'000 (Unaudited)
Issued and fully paid:				
At beginning of financial year	1,000,000	3,000	3,281	9
Issue of bonus shares [(1)]	–	997,000	–	3,272
Issue of new ordinary shares [(2)]	57,850	–	7,203	–
Issue of Tranche 1 of Pre-IPO New Shares [(3)]	15,112	–	1,729	–
Subtotal	1,072,962	1,000,000	12,213	3,281
Share split of 1,072,962 ordinary shares into 214,592,400 ordinary shares [(4)]	214,592,400	1,000,000	12,213	3,281
Issue of Tranche 2 of Pre-IPO New Shares [(3)]	1,295,400	–	697	–
Issue of LPL Shares [(5)]	1,000,000	–	553	–
Issue of PPCF Shares [(6)]	2,191,000	–	1,738	–
Issue of new ordinary shares pursuant to initial public offering exercise [(7)]	48,000,000	–	38,147	–
Less: Share issue expenses [(8)]	–	–	(2,129)	–
At end of financial year	267,078,800	1,000,000	51,219	3,281

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) *On 1 November 2013, the Company issued 997,000 new ordinary shares for total consideration of US$997,000 (RM3,272,000 equivalent) by way of bonus issue.*

(2) *On 31 March 2014 and 15 April 2014, the Company issued additional 29,850 and 28,000 new ordinary shares for total cash consideration of US$933,000 (RM3,114,000 equivalent) and US$1,225,000 (RM4,089,000 equivalent) respectively.*

(3) *Pursuant to a subscription agreement dated 28 July 2014, certain Pre-IPO investors subscribed for 1,310,512 new ordinary shares of the Company in two tranches at S$0.21 per ordinary share (the "Pre-IPO New Shares") at aggregate cash consideration of RM2,426,000.*

(4) *On 19 September 2014, the issued and fully paid-up capital of the Company of 1,072,962 ordinary shares was sub-divided into 214,592,400 ordinary shares.*

(5) *On 19 September 2014, the Company issued 1,000,000 ordinary shares to Leandar Pte. Ltd. ("LPL") at S$0.21 per share (the "LPL Shares") for cash consideration of RM553,000. LPL is a company incorporated in Singapore and is solely owned by a director of the Company, Mr Chew Seng Kok.*

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

12. Share capital (Continued)

(6) Pursuant to the Management Agreement entered into between the Company and PrimePartners Corporate Finance Pte. Ltd. ("PPCF") and as part of PPCF's management fees as the Sponsor and Issue Manager of the Company's initial public offering exercise, the Company issued 2,191,000 new ordinary shares at S$0.30 per share (the "PPCF Shares").

(7) On 7 November 2014, the Company issued 48,000,000 ordinary shares at S$0.30 per share pursuant to its initial public offering exercise. The proceeds will be used for the expansion of the Group's business operations, capital expenditure or information technology infrastructure and for general working capital purposes.

(8) Included in these expenses is an allocated portion of professional fees paid to the auditors of the Company amounting to RM115,000 in respect of professional services rendered as independent reporting auditors in connection with the Company's initial public offering.

13. Share options/awards reserve

Share options reserve

ZICO Holdings Employee Share Option Scheme

The ZICO Holdings Employee Share Option Scheme (the "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, and Mr John Lim Yew Kong (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 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

13. Share options/awards reserve (Continued)

Share options reserve (Continued)

ZICO Holdings Employee Share Option Scheme (Continued)

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:

	Group and Company 2014 RM'000	Group and Company 2013 RM'000 (Unaudited)
Share options reserve	34	–

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

Exercise price	Grant date	Exercise period	2014 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 reporting period as well as the movements during the financial year.

	2014 Number of options	2014 Weighted average exercise price S$
Outstanding at 1 January	–	–
Granted	3,500,000	0.24
Outstanding at 31 December	3,500,000	0.24
Exercisable at 31 December	–	–

The share options outstanding as at the end of the reporting period have a weighted average remaining contractual life of 10 years.

The weighted average fair value of options granted during the financial year was RM2,176,000. 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 behavioral considerations and non-transferability of the options granted.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

13. Share options/awards reserve (Continued)

Share options reserve (Continued)

Activities under the ESOS: (Continued)

The Black Scholes option pricing model uses 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's estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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 issuable in respect of (a) all awards granted under the PSP; and (b) all other shares issued and 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 2014, there were no share awards granted pursuant to the PSP.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

14. Foreign currency translation account

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.

15. Interest-bearing liabilities

	Group		Company	
	2014 RM'000	**2013 RM'000 (Unaudited)**	**2014 RM'000**	**2013 RM'000 (Unaudited)**
Non-current liabilities				
Finance lease payables	83	48	–	–
Current liabilities				
Finance lease payables	90	53	–	–
Revolving credit facilities ("RCF") loan	1,204	2,413	1,204	–
	1,294	2,466	1,204	–
Total	1,377	2,514	1,204	–

As at 31 December 2014, the Group and the Company have banking facility amounting to RM5,290,000 (2013: RM2,854,000) of which approximately RM1,204,000 (2013: RM2,413,000) has been utilised as at that date.

Finance lease payables

	Minimum lease payments RM'000	**Future finance charges RM'000**	**Present value of minimum lease payments RM'000**
Group			
2014			
Current liabilities			
Not later than one financial year	96	(6)	90
Non-current liabilities			
Later than one financial year but not later than five financial years	94	(11)	83
	190	(17)	173
(Unaudited)			
2013			
Current liabilities			
Not later than one financial year	56	(3)	53
Non-current liabilities			
Later than one financial year but not later than five financial years	52	(4)	48
	108	(7)	101

The finance lease term is 5 years and the effective interest rate for the finance lease obligations is 4.51% (2013: 4.93%) per annum for the year ended 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

15. Interest-bearing liabilities (Continued)

Finance lease payables (Continued)

As at the end of the reporting period, the fair values of the Group's finance lease payables approximate their carrying amounts. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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.

The currency profile of finance lease payables as at the end of the reporting period is Ringgit Malaysia.

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 2.03% (2013: 2.38%) per annum.

As at 31 December 2013, the RCF loan was secured by a charge on fixed deposits of RM1,167,000 placed with bank in the name of ZICOlaw Singapore Pte. Ltd. which was disposed during the current financial year (Note 6).

The currency profile of RCF loan as at the end of the reporting period is Singapore dollar.

16. Trade and other payables

	Group		Company	
	2014 RM'000	2013 RM'000 (Unaudited)	2014 RM'000	2013 RM'000 (Unaudited)
Current				
Trade payables – third parties	2,446	3,385	–	–
Non-trade payables				
– third parties	9,597	4,280	535	–
– related parties	–	4,590	–	–
– shareholders	–	1,355	–	1,355
– subsidiaries	–	–	413	–
– related companies	–	–	–	16
– a Director	1	1,168	–	–
	9,598	11,393	948	1,371
Accrued expenses	1,459	654	133	–
	13,503	15,432	1,081	1,371
Non-current				
Non-trade payables				
– third parties	1,316	1,908	–	–
	14,819	17,340	1,081	1,371

Trade payables are unsecured, non-interest bearing and are normally settled within 60 (2013: 60) days' terms.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

16. Trade and other payables (Continued)

Non-trade payables due to related parties, shareholders, related companies and a Director represent mainly advances and payments on behalf which are unsecured, non-interest bearing, repayable on demand and expected to be settled in cash.

The current and non-current portions of other payables of RM567,000 (2013: RM557,000) and RM1,313,000 (2013: RM1,908,000) respectively relate to amounts due to an individual for the acquisition of a subsidiary by ZICO Malaysia Sdn. Bhd. in the financial year ended 31 December 2012. The balance payable is unsecured, non-interest bearing and payable from 2013 to 2017.

As at 31 December 2014, the carrying amount of non-current other payables approximate its fair value due to the minimal change in the imputed interest rate of 6.50% per annum at the date of inception of the payables to the market rate at the end of the financial year of 6.85% (2013: 6.85%) per annum. The interest rates were based on the Base Lending Rate in Malaysia.

The currency profile of trade and other payables as at the end of the reporting period is as follows:

	Group		Company	
	2014 RM'000	**2013 RM'000 (Unaudited)**	**2014 RM'000**	**2013 RM'000 (Unaudited)**
Ringgit Malaysia	6,245	9,013	32	16
Singapore dollar	206	2,238	781	–
United States dollar	8,281	6,081	268	1,355
Others	87	8	–	–
	14,819	17,340	1,081	1,371

17. Provisions

	Group	
	2014 RM'000	**2013 RM'000 (Unaudited)**
Provision for reinstatement costs	39	–
Provision for retirement benefits	21	–
	60	–

Provision for reinstatement costs

	Group	
	2014 RM'000	**2013 RM'000 (Unaudited)**
Balance at beginning of financial year	–	–
Provision made during the financial year	39	–
Balance at end of financial year	39	–

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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

17. Provisions (Continued)

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 five (55).

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

	Group	
	2014 RM'000	2013 RM'000 (Unaudited)
Balance at beginning of financial year	–	–
Current service cost	20	–
Interest cost	2	–
Actuarial loss recognised	(1)	–
Balance at end of financial year	21	–

The principal actuarial assumptions used are as follows:-

	Group	
	2014	2013 (Unaudited)
Discount rate	8.25%	–
Salary growth rate	7.00%	–
Retirement age	55 years	–
Participants (employees)	13	–

18. Redeemable preference shares

	Group and Company			
	2014		2013	
	Number of preference shares	RM'000	Number of preference shares (Unaudited)	RM'000 (Unaudited)
Balance at beginning of financial year	–	–	–	–
Issuance of preference shares	465,056	1,493	231,732	760
Cancellation of preference shares	(116,264)	(315)	–	–
Redemption of preference shares	(348,792)	(1,178)	(231,732)	(760)
Balance at end of financial year	–	–	–	–

The preference shares were issued at a value of US$0.0001 (2013: US$0.0001) per preference share and are automatically redeemable at certain redemption dates at the redemption price of US$1 (2013: US$1) per preference share. The premium paid upon redemption was recognised as a deduction from retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

19. Deferred revenue

Deferred revenue represents advance payments of professional fees from customers.

20. Revenue

	Group	
	2014 RM'000	2013 RM'000 (Unaudited)
Management fees	12,102	–
Services rendered	17,554	14,002
Royalty income	6,028	5,217
	35,684	19,219

21. Other income

	Group	
	2014 RM'000	2013 RM'000 (Unaudited)
Allowance for impairment loss on doubtful trade receivables written back	218	9
Bad debts recovered	63	30
Disbursement income	397	227
Gain on disposal of a subsidiary	239	–
Gain on disposal of plant and equipment	70	–
Income from a shareholder of associate	–	702
Interest income	103	114
Introductory fee	195	–
Management fee	387	–
Non-refundable unutilised disbursements	493	853
Gain on foreign exchange, net	1,519	53
Rental income		
– motor vehicles	89	89
– office premises	152	–
Others	269	14
	4,194	2,091

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

22. Amortisation and depreciation expenses

	Group	
	2014	**2013**
	RM'000	**RM'000**
		(Unaudited)
Amortisation of intangible assets	447	50
Depreciation of plant and equipment	803	246
	1,250	296

23. Employee benefits expense

	Group	
	2014	**2013**
	RM'000	**RM'000**
		(Unaudited)
Salaries, wages, bonuses and other staff benefits	10,867	3,527
Contributions to defined contribution plans	716	234
Share-based payments under the ESOS	34	–
	11,617	3,761

Included in the employee benefits expense were the remuneration of Directors of the Company and key management personnel of the Group as set out in Note 29 to the consolidated financial statements.

24. Finance costs

	Group	
	2014	**2013**
	RM'000	**RM'000**
		(Unaudited)
Interest expense on finance lease payables	6	4
Notional finance costs on deferred consideration on acquisition of:		
– a subsidiary	163	204
– intangible asset	5	35
RCF loan charges	19	33
Others	3	–
	196	276

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

25. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2014 RM'000	**2013 RM'000 (Unaudited)**
Other expenses		
Allowance for impairment loss on doubtful trade receivables	305	1,446
Audit fees		
– auditors of the Company	102	–
– other auditors	100	56
Non-audit fees		
– other auditors	90	–
Bad trade and other receivables written off	163	270
Deposits written off	–	88
Fees paid to Directors of the Company	546	103
Foreign exchange loss, net	748	102
Initial public offering expenses	4,850 [(1)]	–
Loss on disposal of associate	96	–
Plant and equipment written off	–	107
Prepayment written off	–	58
Provisions		
– reinstatement cost	39	–
– retirement benefits	21	–

Notes:

[(1)] *Included in these expenses were professional fees paid to the independent reporting auditors of the Company amounting to approximately RM524,000 in respect of an allocated portion of professional services rendered as independent reporting auditors in connection with the Company's initial public offering. The other portion of the professional fees rendered as independent reporting auditors, amounting to approximately RM115,000 was charged to share issue expenses under share capital (Note 12).*

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

26. Income tax expense

	Group 2014 RM'000	Group 2013 RM'000 (Unaudited)
Current income tax		
– current financial year	1,922	672
– over-provision in prior financial year	(32)	(1)
	1,890	671
Deferred tax		
– current financial year	81	4
– over-provision in prior financial year	(1)	(10)
	80	(6)
Withholding tax	796	713
Total income tax expense recognised in profit or loss	2,766	1,378

Reconciliation of effective income tax rate

	Group 2014 RM'000	Group 2013 RM'000 (Unaudited)
Profit before income tax	13,460	12,982
Add/(Less): Share of results of associates, net of tax	342	(1,077)
	13,802	11,905
Income tax calculated at Federal Territory of Labuan's domestic statutory income tax rate of Nil% (2013: Nil%)	–	–
Effect of different tax rate in other countries	1,847	344
Tax saving on the first RM500,000 at 20% tax rate	–	(3)
Tax effect of income not subject to income tax	(153)	–
Tax effect of non-deductible expenses for income tax purposes	625	467
Over-provision of current income tax in prior financial years	(32)	(1)
Over-provision of deferred tax in prior financial years	(1)	(10)
Income tax exemption	(280)	(141)
Utilisation of previously unrecognised deferred tax assets	(9)	(7)
Withholding tax	796	713
Others	(27)	16
	2,766	1,378

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 a year of assessment and therefore shall not be charged to tax for that year of assessment.

Unrecognised deferred tax assets

	Group 2014 RM'000	Group 2013 RM'000 (Unaudited)
Balance at beginning of financial year	9	16
Utilisation of previously unrecognised amount	(9)	(7)
Balance at end of financial year	–	9

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

26. Income tax expense (Continued)

Unrecognised deferred tax assets (Continued)

Unrecognised deferred tax assets are attributable to the following temporary differences:

	Group	
	2014 RM'000	2013 RM'000 (Unaudited)
Unutilised tax losses	–	1
Unabsorbed capital allowances	–	8
	–	9

These deferred tax assets have not been recognised as it is uncertain whether future taxable profits will be available against which the Group can utilise these benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy as set out in Note 2.18 to the financial statements.

The deductible temporary differences do not expire under the current tax legislation of the respective tax jurisdictions.

27. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares during the financial year.

	Group	
	2014	2013 (Unaudited)
Profit attributable to owners of the parent (RM'000)	10,738	11,604
Weighted average number of ordinary shares during the financial year applicable to basic earnings per share ('000)	222,647 [1]	214,519 [2]
Basic earnings per share (RM)	0.05	0.05

Notes:
[1] *Adjusted for the subdivision of shares as if it had taken place on 1 January 2013.*

[2] *Adjusted for the 997,000 bonus shares issued on 1 November 2013 and the subdivision of shares in 2014 as if these had taken place on 1 January 2013.*

Diluted earnings per share

For the calculation of diluted earnings per share, profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares are adjusted for the effects of dilutive potential ordinary shares assuming all options have been converted or exercised. As at 31 December 2014, the Group's potential ordinary shares comprise employee share options.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

27. Earnings per share (Continued)

	Group	
	2014	**2013 (Unaudited)**
Profit attributable to owners of the parent (RM'000)	10,738	11,604
Weighted average number of ordinary shares applicable to basic earnings per share ('000)	222,647	214,519
Effect of:		
Adjustment for assumed exercise of employee share options ('000)	594	–
Weighted average number of ordinary shares applicable to diluted earnings per share ('000)	223,241	214,519
Diluted earnings per share (RM)	0.05	0.05

28. Dividends

	Group	
	2014 RM'000	**2013 RM'000 (Unaudited)**
Interim tax-exempt dividend of RM0.04 per ordinary share in respect of the financial year ended 31 December 2014	10,736	–
Interim tax-exempt dividend of RM5.50 per ordinary share in respect of the financial year ended 31 December 2013	–	5,500
	10,736	5,500

The Directors of the Company did not recommend any final dividend in respect of the financial year ended 31 December 2014.

29. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group and the Company with its related parties during the financial year:

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

29. Significant related party transactions (Continued)

	Group		Company	
	2014 RM'000	2013 RM'000 (Unaudited)	2014 RM'000	2013 RM'000 (Unaudited)
With subsidiaries				
Dividend income	–	–	17,306	10,101
Management fee income	–	–	911	–
Payments on behalf of subsidiaries	–	–	10,696	–
Payments on behalf by subsidiaries	–	–	391	–
With related parties [1]				
Payment on behalf for purchase of plant and equipment	–	337	–	–
Rental expense	54	72	–	–
Rental income from motor vehicles	67	89	–	–
Royalty income	4,425	4,087	–	–
Services rendered	823	1,004	–	–
Support service fee	6,505	–	–	–
Management fee income	1,880	–	–	–
With associates				
Corporate guarantee given for banking facilities utilised by associate	(984)	(1,021)	–	–
Dividend income	45	39	–	–
Interest income on advances to associate	–	69	–	–
Royalty income	–	707	–	–

[1] *Related parties refer to Zaid Ibrahim & Co ("Zaid Ibrahim") and other member firms of the ZICOlaw Network. Mr Chew Seng Kok, Managing Director of the Company, was an equity partner with an equity interest of more than 30% in Zaid Ibrahim and accordingly, Zaid Ibrahim and other member firms of the ZICOlaw Network were deemed as associates of Mr Chew Seng Kok. On 13 October 2014, Mr Chew Seng Kok relinquished his equity interests in Zaid Ibrahim and gave notice to retire as partner in Zaid Ibrahim which took effect on the day immediately before the admission of the Company to Catalist of SGX-ST. From that date, the ZICOlaw Network ceased to be a related party of the Group and of the Company.*

Compensation of key management personnel

Key management personnel are directors of the Company and subsidiaries and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly, or indirectly.

The remuneration of directors of the Company and subsidiaries and other key management personnel of the Group during the financial year were as follows:

	Group	
	2014 RM'000	2013 RM'000 (Unaudited)
Directors of the Company		
– Fees	546	103
– Short-term employee benefits	965	1,074
– Post-employment benefits	12	–
– Share-based payments under the ESOS	4	–
	1,527	1,177

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

29. Significant related party transactions (Continued)

Compensation of key management personnel (Continued)

	Group 2014 RM'000	Group 2013 RM'000 (Unaudited)
Directors of subsidiaries		
– Short-term employee benefits	1,386	549
– Post-employment benefits	43	52
– Share-based payments under the ESOS	12	–
Other key management personnel		
– Short-term employee benefits	203	–
– Post-employment benefits	21	–
– Share-based payments under the ESOS	3	–
	1,668	601
	3,195	1,778

30. Commitments

30.1 Operating lease commitments

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

As at the end of the reporting period, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	Group 2014 RM'000	Group 2013 RM'000 (Unaudited)
Within one financial year	2,138	704
After one financial year but within five financial years	1,079	708
	3,217	1,412

30.2 Capital commitment

	Group 2014 RM'000	Group 2013 RM'000 (Unaudited)
Capital expenditure in respect of purchase of plant and equipment:		
Contracted but not provided for	147	144

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

31. Segment information

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

(i) Advisory and transactional services;
(ii) Management and support services; and
(iii) Licensing.

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of 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 of 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.

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, operating 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

31. Segment information (Continued)

Business segment

	Advisory and transactional services RM'000	Management and support services RM'000	Licensing RM'000	Total RM'000
Group				
2014				
Revenue				
External revenue	17,554	12,102	6,028	35,684
Results				
Segment results	4,802	3,120	5,631	13,553
Interest income	103	–	–	103
Finance costs	(196)	–	–	(196)
Profit before income tax	4,709	3,120	5,631	13,460
Income tax expense				(2,766)
Profit for the financial year				10,694
Non-cash items				
Allowance for impairment loss on doubtful trade receivables	305	–	–	305
Allowance for impairment loss on trade receivables written back	(218)	–	–	(218)
Amortisation of intangible assets	50	397	–	447
Bad trade receivables written off	163	–	–	163
Depreciation of plant and equipment	300	503	–	803
Gain on disposal of a subsidiary	(239)	–	–	(239)
Gain on disposal of plant and equipment	(70)	–	–	(70)
Loss on disposal of an associate	96	–	–	96
Provisions	60	–	–	60
Unallocated non-cash item:				
Share-based payment expenses	–	–	–	1,460
Capital expenditure				
Plant and equipment	1,516	2,398	–	3,914
Intangible assets	735	2,324	–	3,059
Assets and liabilities				
Segment assets	59,388	12,734	6,052	78,174
Unallocated assets				
– Current income tax recoverable				62
– Deferred tax assets				7
				78,243

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

31. Segment information (Continued)

Business segment (Continued)

	Advisory and transactional services RM'000	Management and support services RM'000	Licensing RM'000	Total RM'000
Group				
2014				
Segment liabilities	12,939	4,791	4	17,734
Unallocated liabilities				
– Current income tax payable				2,189
– Deferred tax liabilities				96
				20,019

	Advisory and transactional services RM'000	Licensing RM'000	Total RM'000
(Unaudited)			
2013			
Revenue			
External revenue	14,002	5,217	19,219
Results			
Segment results	7,927	5,217	13,144
Interest income	114	–	114
Finance costs	(276)	–	(276)
Profit before income tax	7,765	5,217	12,982
Income tax expense			(1,378)
Profit for the financial year			11,604
Non-cash items			
Allowance for impairment loss on doubtful trade receivables	1,446	–	1,446
Allowance for impairment loss on trade receivables written back	(9)	–	(9)
Amortisation of intangible assets	50	–	50
Bad trade and other receivables written off	270	–	270
Depreciation of plant and equipment	246	–	246
Deposits written off	88	–	88
Plant and equipment written off	107	–	107
Prepayment written off	58	–	58

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

31. Segment information (Continued)

Business segment (Continued)

	Advisory and transactional services RM'000	Licensing RM'000	Total RM'000
(Unaudited)			
Group			
2013			
Capital expenditure			
Plant and equipment	489	–	489
Assets and liabilities			
Segment assets	26,553	6,314	32,867
Unallocated assets			
– Current income tax recoverable			209
			33,076
Segment liabilities	19,249	1,336	20,585
Unallocated liabilities			
– Current income tax payable			1,275
– Deferred tax liabilities			49
			21,909

Geographical information

Revenue is based on the country in which the customer is located. Non-current assets comprise primarily of plant and equipment, intangible assets and associates. 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	Ireland RM'000	Others RM'000	Total RM'000
Group										
2014										
Total revenue from external customers	1,462	24,501	2,612	2,801	1,067	115	460	121	2,545	35,684
Non-current assets	259	9,743	–	506	–	–	–	–	551	11,059
(Unaudited)										
2013										
Total revenue from external customers	2,926	10,462	149	160	74	549	1,374	591	2,934	19,219
Non-current assets	237	4,955	400	–	–	–	–	–	–	5,592

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

31. Segment information (Continued)

Major customer

The revenue of the Group is mainly derived from the 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 (2013: 1) customer which accounted for RM15.2 million or 42.5% (2013: RM4 million or 20.8%) of the Group's total revenue for the financial year.

32. Financial instruments, financial risks and capital management

The Group's activities expose it to credit risks, market risks (including foreign exchange risk and interest rate risk) and liquidity risks 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. The management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, 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, if any, in interest rates and foreign exchange rates.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. If necessary, market risk exposures are measured using sensitivity analysis indicated below.

32.1 Credit risks

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collaterals.

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 former associates and related parties which comprised 63.8% (2013: 52.4%) of the total trade and other receivables as at 31 December 2014. The Directors are of the opinion that the amounts are fully recoverable.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for impairment losses, represents the Group's maximum exposure to credit risks.

The Group's major classes of financial assets are trade and other receivables and cash and cash equivalents.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

32. Financial instruments, financial risks and capital management (Continued)

32.1 Credit risks (Continued)

Bank deposits are mainly deposits with reputable banks with minimum risk of default.

As at the end of the reporting period, the age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000 (Unaudited)**
Past due less than 1 month	2,297	2,823
Past due 1 to 2 months	285	587
Past due 2 to 3 months	961	291
Past due 3 to 4 months	6,447	453
Past due over 4 months	3,292	1,439

32.2 Market risks

Foreign currency risks

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, Thai Baht and United States dollar 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:

	Group	
	2014	**2013**
	RM'000	**RM'000 (Unaudited)**
Assets		
Singapore dollar	2,253	99
Thai baht	3,762	1,411
United States dollar	4,738	4,835
Liabilities		
Singapore dollar	1,410	–
United States dollar	18,174	4,726

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

32. Financial instruments, financial risks and capital management (Continued)

32.2 Market risks (Continued)

Foreign currency sensitivity analysis

The sensitivity analysis assumes an instantaneous 5% (2013: 10%) change in the foreign currency exchange rates from the end of the respective reporting periods, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in Singapore dollar, Thai Baht and United States dollar, are included in the analysis. Consequentially, reported changes in the values of some of the financial instruments impacting the results of the sensitivity analysis are not matched with the offsetting changes in the values of certain excluded items that those instruments are designed to finance or hedge.

	Group Profit or loss	
	2014	**2013**
	RM'000	**RM'000 (Unaudited)**
Singapore dollar		
Strengthens against Ringgit Malaysia	42	10
Weakens against Ringgit Malaysia	(42)	(10)
Thai Baht		
Strengthens against Ringgit Malaysia	188	141
Weakens against Ringgit Malaysia	(188)	(141)
United States dollar		
Strengthens against Ringgit Malaysia	(672)	11
Weakens against Ringgit Malaysia	672	(11)

Interest rate risks

The Group's exposure to market risks for changes in interest rates relates primarily to interest-bearing borrowings as set out in Note 15 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.

Interest rate sensitivity analysis

No sensitivity analysis is prepared as the Group does not expect any material effect on profit or loss arising from the effects of reasonably possible changes to interest rates on interest-bearing financial instruments at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

32. Financial instruments, financial risks and capital management (Continued)

32.3 Liquidity risks

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 following tables detail the Group's remaining contractual maturity for its non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or pay.

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.

	Within one financial year RM'000	After one financial year but within five financial years RM'000	Total RM'000
Group			
2014			
Financial assets			
Trade and other receivables	28,755	–	28,755
Cash and cash equivalents	34,424	–	34,424
Other current assets	2,949	–	2,949
Total undiscounted financial assets	66,128	–	66,128
Financial liabilities			
Trade and other payables	13,503	1,316	14,819
Bank borrowing	1,206	–	1,206
Finance lease payables	96	94	190
Total undiscounted financial liabilities	14,805	1,410	16,215
Financial guarantee contracts	1,116	–	1,116

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

32. Financial instruments, financial risks and capital management (Continued)

32.3 Liquidity risks (Continued)

Contractual maturity analysis (Continued)

	Within one financial year RM'000	After one financial year but within five financial years RM'000	Total RM'000
(Unaudited)			
Group			
2013			
Financial assets			
Trade and other receivables	18,703	–	18,703
Cash and cash equivalents	3,998	–	3,998
Other current assets	4,523	–	4,523
Total undiscounted financial assets	27,224	–	27,224
Financial liabilities			
Trade and other payables	15,432	1,908	17,340
Bank borrowing	2,427	–	2,427
Finance lease payables	56	52	108
Total undiscounted financial liabilities	17,915	1,960	19,875
Financial guarantee contracts	1,021	–	1,021
Company			
2014			
Financial assets			
Trade and other receivables	23,067	–	23,067
Cash and cash equivalents	31,090	–	31,090
Total undiscounted financial assets	54,157	–	54,157
Financial liabilities			
Trade and other payables	1,081	–	1,081
Interest-bearing liabilities	1,204	–	1,204
Total undiscounted financial liabilities	2,285	–	2,285

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

32. Financial instruments, financial risks and capital management (Continued)

32.3 Liquidity risks (Continued)

Contractual maturity analysis (Continued)

	Within one financial year RM'000
(Unaudited)	
Company	
2013	
Financial assets	
Trade and other receivables	5,470
Cash and cash equivalents	14
Total undiscounted financial assets	5,484
Financial liabilities	
Trade and other payables, representing total undiscounted financial liabilities	1,371

32.4 Capital management policies and objectives

The Group manages capital to ensure that the Group is able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The 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 2013.

The Group monitors capital based on gearing ratio of total liabilities to tangible networth, which is total liabilities divided by tangible networth. The Group's total liabilities include trade and other payables and interest-bearing liabilities. Tangible networth comprises net assets less intangible assets.

	Group	
	2014 RM'000	2013 RM'000 (Unaudited)
Trade and other payables	14,819	17,340
Interest-bearing liabilities	1,377	2,514
Total liabilities	16,196	19,854
Net assets	58,224	11,168
Less: Intangible assets	(6,588)	(3,976)
Tangible networth	51,636	7,192
Gearing ratio (times)	0.3	2.8

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

32. Financial instruments, financial risks and capital management (Continued)

32.4 Capital management policies and objectives (Continued)

In relation to the Group's RCF loan facility, the Group is required, upon successful listing on SGX-ST, to maintain a minimum consolidated tangible networth of RM10,000,000 and a gearing ratio of not more than 2.5 times. As at 31 December 2014, the Group has complied with these requirements.

32.5 Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

- 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

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

The fair values of non-current financial liabilities that are not carried at fair value in relation to finance lease payables and other payables are disclosed in Notes 15 and 16 to the financial statements respectively which have been determined using discounted cash flow pricing models and are considered level 3 recurring fair value measurements. Significant inputs to the valuation include adjustments to the discount rate for credit risk associated with the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

32. Financial instruments, financial risks and capital management (Continued)

32.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2014 RM'000	2013 RM'000 (Unaudited)	2014 RM'000	2013 RM'000 (Unaudited)
Financial assets				
Loans and receivables				
– Trade and other receivables	28,755	18,703	23,067	5,470
– Cash and cash equivalents	34,424	3,998	31,090	14
– Other current assets	2,949	4,523	–	–
	66,128	27,224	54,157	5,484
Financial liabilities				
Other financial liabilities, at amortised cost				
– Trade and other payables	14,819	17,340	1,081	1,371
– Interest–bearing liabilities	1,377	2,514	1,204	–
	16,196	19,854	2,285	1,371

33. Contingent liabilities

	Group		Company	
	2014 RM'000	2013 RM'000 (Unaudited)	2014 RM'000	2013 RM'000 (Unaudited)
Corporate guarantees in favour of a bank for:				
– bank facilities utilised by an associate, Goldfield Alliance Sdn. Bhd.	984	1,021	–	–
– hire purchase facilities utilised by a subsidiary, ZICO Consultancy Sdn. Bhd.	132	–	–	–
	1,116	1,021	–	–

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 subsidiary and the associate.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2014

34. Events after the reporting period

34.1 On 13 January 2015, the Company had entered into a Business Transfer Agreement ("Agreement") to purchase and have it transferred the title, right and interest in corporate secretarial files ("Portfolio") from Stamford Law Corporation ("Stamford Law"), a company incorporated in Singapore ("Proposed Acquisition"), for a total consideration of approximately S$2.4 million (RM6,433,000 equivalent), subject to due diligence review. The consideration will be wholly satisfied in cash and funded by proceeds from the initial public offering.

The Board decided to undertake the Proposed Acquisition because the Portfolio, with book value of S$513,000 (RM1,375,000 equivalent) as at 13 January 2015, provides stable and recurring income and has synergy with the Company's existing businesses.

Pursuant to the Agreement, the Company and Stamford Law shall incorporate a joint venture company ("JVC") to manage and hold the Portfolio and the JVC shall be 51% owned by the Company and 49% owned by Stamford Law. On 26 February 2015, the JVC was incorporated under the name of ZICO-Stamford Corporate Services Pte Ltd.

The effective date of the sale and transfer of the Portfolio shall be on 1 January 2015. The Company expects to complete the Proposed Acquisition on 31 March 2015.

The Group is in the midst of finalising the due diligence on the Proposed Acquisition. Accordingly, no disclosure on the effect of the concerned acquisition is made under the requirement of IFRS 3 Business Combinations as the fair value of the net assets to be acquired is not determinable as at the date of the financial statements.

34.2 On 27 January 2015, the Company had entered into a binding term sheet ("Term Sheet") with June Song Pte. Ltd. ("Vendor") pursuant to which the Company shall acquire the entire equity interest of B.A.C.S. Private Limited ("Target Company"), incorporated in Singapore, from the Vendor for purchase consideration of approximately S$8.6 million (RM23,100,000 equivalent) ("Consideration").

The Consideration is subject to adjustment dependent on the results of a financial due diligence of the Target Company. 58.3% of the Consideration will be satisfied by cash using the proceeds from initial public offering and 41.7% of the Consideration will be satisfied by the allotment and issuance of new ordinary shares of the Company ("Consideration Shares") pursuant to the general share issue mandate. The issue price of the Consideration Shares shall be at the volume weighted average price of all active trades (excluding married deals) in the 5 preceding market days from the date of the Term Sheet.

The Group is in the midst of finalising the due diligence of the Target Company. Accordingly, no disclosure on the effect of the concerned acquisition is made under the requirement of IFRS 103 *Business Combinations* as the fair value of the net assets to be acquired is not determinable as at the date of the financial statements.

34.3 On 29 January 2015, the Company's indirect wholly-owned subsidiary, ZICO Consultancy Limited, had incorporated ZICO Regional IP Inc ("ZICO Regional IP") in Labuan, Malaysia with 51% equity interest. The initial issued and paid up capital of ZICO Regional IP is USD200 and its principal activity is investment holding.

34.4 On 25 February 2015, the paid up capital of ZICO Corporate Services Pte Ltd had increased from S$1 to S$100,000, comprising 100,000 ordinary shares. The increase in share capital was by way of cash injection of S$100,000 (RM267,000 equivalent) by the Company. The increased capital contribution was funded by internal resources.

34.5 On 13 March 2015, the Company's indirect 51%-owned subsidiary, ZICO Allshores Trust (S) Pte. Ltd., had incorporated ZATS Management Ltd ("ZATS Management") in the Territory of British Virgin Islands with 100% equity interest. The initial issued and paid-up capital of ZATS Management is USD2 and its principal activity is acting as nominee corporate director of a company in which share(s) of such company is/are held by ZICO Allshores Trust (S) Pte. Ltd. in trust.

35. Comparative figures

The comparative figures have not been audited as there is no audit requirement for the Company under the laws of its incorporation.

SHAREHOLDER INFORMATION
As at 20 March 2015

Issued and fully paid-up capital	:	RM 51,218,857
Total number of issued shares	:	267,078,800
Class of shares	:	Ordinary shares fully paid
Voting rights	:	One vote for each ordinary share
Number of treasury shares	:	NIL

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 20 MARCH 2015

Size of Shareholdings	No. of Shareholders	% of Shareholdings	No. of Shares	% of Shareholdings
1 – 99	0	0.00	0	0.00
100 – 1,000	1	0.64	1,000	0.00
1,001 – 10,000	32	20.65	209,900	0.08
10,001 – 1,000,000	83	53.55	13,438,600	5.03
1,000,001 and above	39	25.16	253,429,300	94.89
Grand Total	155	100.00	267,078,800	100.00

LIST OF 20 LARGEST REGISTERED SHAREHOLDERS AS AT 20 MARCH 2015
(as shown in the Register of Members)

	Name of Shareholder	No. of Shares	% of Shareholdings
1	CHEW SENG KOK	102,916,200	38.53
2	RAFFLES NOMINEES (PTE) LTD	15,385,000	5.76
3	LIM KAR HAN	14,420,000	5.40
4	LOH WEI LIAN	14,420,000	5.40
5	NG HOCK HENG	13,390,000	5.01
6	DATUK DR. NIK NORZRUL THANI BIN NIK HASSAN THANI	10,300,000	3.86
7	UOB KAY HIAN PTE LTD	8,026,300	3.01
8	TOH BENG SUAN	7,210,000	2.70
9	PAUL PARARAJASINGAM A/L SUBRAMANIAM	6,180,000	2.31
10	LIEW FOONG YUEN	6,180,000	2.31
11	LEANDAR PTE LTD	6,000,000	2.25
12	PRIMEPARTNERS GROUP PTE LTD	5,000,000	1.87
13	HONG LEONG FINANCE NOMINEES PRIVATE LIMITED	4,634,000	1.74
14	CIMB SECURITIES (SINGAPORE) PTE LTD	2,731,000	1.02
15	PRIMEPARTNERS CORPORATE FINANCE PTE LTD	2,191,000	0.82
16	KEK CHIN WU	2,158,800	0.81
17	ARIFF BIN ROZHAN	2,060,000	0.77
18	ANG SIAK KENG	2,060,000	0.77
19	LENA LEONG OY LIN	2,060,000	0.77
20	KARIN LIM JIA MYN	2,060,000	0.77
	Total	229,382,300	85.88

SHAREHOLDER INFORMATION
As at 20 March 2015

SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2015

	Direct Interest		Indirect Interest		Total
Substantial Shareholders	No. of Shares	% of Shareholdings	No. of Shares	% of Shareholdings	%
Chew Seng Kok	102,916,200	38.53	6,000,000 [(1)]	2.25	40.78
Kelvin Ng	13,390,000	5.01	0	0	5.01
Lim Kar Han	14,420,000	5.40	0	0	5.40
Loh Wei Lian	14,420,000	5.40	0	0	5.40
FIL Limited	0	0	14,000,000 [(2)]	5.24	5.24

Notes:

(1) *Deemed interested by virtue of shares held by Leandar Pte. Ltd. Leadar Pte. Ltd is a company incorporated in Sinagpore. Mr Chew Seng Kok holds 100% of the shareholding interests in Leandar Pte Ltd.*

(2) *FIL Limited ("**FIL**") is a privately-owned company incorporated under the laws of Bermuda. Pandanus Partners L.P. is deemed interested in the shares held by FIL Limited.*

PERCENTAGE OF SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 20 March 2015, approximately 34% 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.

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 Indiana Room, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 on Friday, 24 April 2015 at 9.00 am 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 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Articles 97 and 101 of the Company's Articles of Association:

   Article 97:
   Mr Chew Seng Kok **(Resolution 2)**
   Mr Ng Hock Heng **(Resolution 3)**

   Article 101:
   Mr Liew Foong Yuen **(Resolution 4)**
   Mr Chew Liong Kim **(Resolution 5)**
   Mr John Lim Yew Kong **(Resolution 6)**
   Mr Stephen Arthur Maloy **(Resolution 7)**
   Mr Ng Quek Peng **(Resolution 8)**
   Dato' Thambynathan Jasudasen **(Resolution 9)**
   [Explanatory Note (i)]

3. To approve the payment of Directors' fees totalling S$445,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears.

   [Explanatory Note (ii)] **(Resolution 10)**

4. To re-appoint BDO LLP as the Company's Auditors and to authorise the Directors of the Company to fix their remuneration. **(Resolution 11)**

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, with or without modifications:

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 of the Company to:

   (i) issue shares ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) 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,

NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

(iii) (not withstanding 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:

(a) 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) in the capital of the Company (as calculated in accordance with sub-paragraph (b) 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) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (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 (a) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares (excluding treasury shares) of the Company at the time this Resolution is passed, after adjusting for:

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

(ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and

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

(c) 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

(d) 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 12)**

7. **AUTHORITY TO ISSUE AND ALLOT SHARES UNDER:**

(a) THE ZICO HOLDINGS PERFORMANCE SHARE PLAN

THAT the Directors of the Company 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 Share (excluding treasury shares) of the Company from time to time.

[Explanatory Note (iv)] **(Resolution 13A)**

NOTICE OF ANNUAL GENERAL MEETING

(b) <u>THE ZICO HOLDINGS EMPLOYEE SHARE OPTION SCHEME</u>

THAT the Directors of the Company 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) of the Company from time to time.

[Explanatory Note (iv)] **(Resolution 13B)**

By Order of the Board

ZICO Secretarial Limited
Secretary

Singapore, 8 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

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

Resolution 3 – Mr Ng Hock Heng, if re-elected, will remain as an Executive Director of the Company.

Resolution 4 – Mr Liew Foong Yuen, if re-elected, will remain as an Executive Director of the Company.

Resolution 5 – Mr Chew Liong Kim, if re-elected, will remain as the Chairman of the Remuneration Committee and a member of the Audit Committee. The Board considers Mr Chew Liong Kim to be independent pursuant to Rule 704(7) of the Catalist Rules.

Resolution 6 – Mr John Lim Yew Kong, if re-elected, will remain as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. The Board considers Mr John Lim Yew Kong to be independent pursuant to Rule 704(7) of the Catalist Rules.

Resolution 7 – Mr Stephen Arthur Maloy, if re-elected, will remain as a member of the Audit, Nominating and Remuneration Committees. The Board considers Mr Stephen Arthur Maloy to be non-independent pursuant to Rule 704(7) of the Catalist Rules.

Resolution 8 – Mr Ng Quek Peng, if re-elected, will remain as the Chairman of the Board and Nominating Committee and a member of the Audit Committee. The Board considers Mr Ng Quek Peng to be independent pursuant to Rule 704(7) of the Catalist Rules.

Resolution 9 – Dato' Thambynathan Jasudasen, if re-elected, will remain as an Independent Director of the Company.

(ii) **Resolution 10** – 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 2015 ("**FY2015**"). Should any Director hold office for only part of FY2015 and not the whole of FY2015, the Director's fee payable to him will be appropriately pro-rated.

(iii) **Resolution 12** – 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), 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 (13A) & (13B)** – This Resolution, if passed, will empower the Directors of the Company to allot and issue Shares pursuant to the vesting of Awards and the exercise of Options under the 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 Share (excluding treasury shares) 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 100 percent (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 needs 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.

NOTICE OF ANNUAL GENERAL MEETING

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 forty-eight (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 AGM (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.

ZICO HOLDINGS INC.
(Formerly known as ZICOLAW 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 Friday, 24 April 2015 at 9.00 am at Indiana Room, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolution proposed at the AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matters arising at the AGM.)

Resolution No.	ORDINARY BUSINESS	For*	Against*
Resolution 1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.		
Resolution 2	To re-elect Mr Chew Seng Kok as a Director of the Company		
Resolution 3	To re-elect Mr Ng Hock Heng as a Director of the Company		
Resolution 4	To re-elect Mr Liew Foong Yuen as a Director of the Company		
Resolution 5	To re-elect Mr Chew Liong Kim as a Director of the Company		
Resolution 6	To re-elect Mr John Lim Yew Kong as a Director of the Company		
Resolution 7	To re-elect Mr Stephen Arthur Maloy as a Director of the Company		
Resolution 8	To re-elect Mr Ng Quek Peng as a Director of the Company		
Resolution 9	To re-elect Dato' Thambynathan Jasudasen as a Director of the Company		
Resolution 10	To approve payment of Directors' Fees for the financial year ending 31 December 2015, to be paid quarterly in arrears		
Resolution 11	To re-appoint BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
Resolution 12	To approve the authority to allot and issue new shares.		
Resolution 13A	To approve the authority to allot and issue shares pursuant to the ZICO Holdings Performance Share Plan		
Resolution 13B	To approve the authority to allot and issue shares pursuant to the ZICO Holdings Employee Share Option Scheme		

* If you wish to execise 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 ________________ 2015

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 (as defined in Section 130A of the Companies Act, Cap. 50), 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/her 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 100 percent (100%) of the shareholdings of his/her 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/she 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/her 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 needs 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/her name in the Depository Register as at forty-eight (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 8 April 2015.

ZICO
HOLDINGS INC.

ZICO Holdings Inc.
(Formerly known as ZICOlaw Holdings Inc.)

8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: (65) 6438 7929
Fax: (65) 6438 7926
Email: info@zicoholdings.com
Website: www.zicoholdings.com