CREDIT INTELLIGENCE LIMITED

ACN 126 296 295

ANNUAL REPORT 2021

ASX: CI1

Corporate Data

Directors

Jimmie Wong (managing director)
King Wong
Mark Ng
Michael Pixley
Russell Goodman
Vincent Lai
Brett Crowley

Company Secretary

Elizabeth Lee

Registered Office

Ground Floor
16 Ord Street
West Perth, WA 6005
Australia

Independent Auditor

Moore Australia
Level 15 Exchange Tower
2 The Esplanade
Perth, WA 6000
Australia

Home Exchange

Perth

Principal Place of Business

Level 4 & 5, Double Building
22 Stanley Street
Central
Hong Kong

Level 6, 56 Pitt Street
Sydney, NSW 2000
Australia

2 Kallang Avenue
#05-06 CT Hub
Singapore 339407

1 Rochor Canal #01-01
Sim Lim Square
Singapore 188504

Group Overview

July - 2020 Acquired

60% interest in

ChapterTwo

Mobile app to be launched in Q4 2021

December - 2020 Acquired

60% interest in

'YOZO,

YOZO Pay app for SME BNPL

May - 2021 Acquired

60% interest in

OneStep

Brand new SMEs BNPL platform 'OneFlexi to be launched in Q4 2021

CI1 current ratio Improved significantly from

1.1 to 2.6

Insolvency management

AUD6.5m

Revenue

HKBNPL

Personal BNPL platform to be launched in Q4 2021

Hup Hoe Credit

ICS FUNDING

Credit Funding

Profits remain strong

Revenue AUD5.5m in aggregate

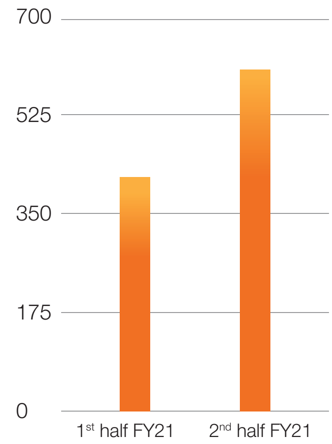
Insolvency management

1,000+

FY21 Appointed Cases

Insolvency management

Case appointed



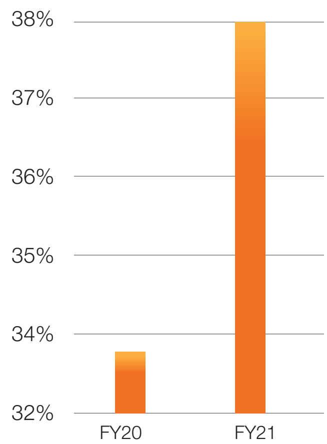
Insolvency management

14,000+

Total Appointed Cases Since 2004

Insolvency management

Net profit margin



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Chairman's Letter

Dear fellow Shareholders,

On behalf of the board of directors (the Board) of Credit Intelligence Limited (CI1 or the Company), I hereby submit to the shareholders the annual report for the year ended 30 June 2021 (FY21).

The outbreak of COVID-19 has ongoing impact on global and regional economy. The Board and management strived to minimise the impact that could bring to the Company and its subsidiaries (the Group) and as a result our revenue was maintained at 7% decrease to $12.6 million in FY21. The profit after tax attributable to shareholders was down 71% to $736,062 in FY21. This was largely related to the one off non-recurring finance and consultancy expenses charged in association with three acquisitions (Acquisitions) we made during FY21, namely Chapter Two Holdings Pty Limited (CHT), Yozo Finance Pty Limited (Yozo) and OneStep Information Technology Limited (OneStep).

Australia business
CHT is our Sydney based debt solutions company that provides debt negotiation and mortgage booking services to individuals. The outbreak of COVID has impacted CHTs business over the past financial year due to the Australian Governments successful implementation of temporary measures to protect Australians from collection of debt. The Australian banks and business creditors were prohibited to collect debt to protect Australian consumers from collection action. As a result of this prohibition, customers' enquiries were declined as debtors did not require the assistance of debt solution providers. Nevertheless CHT's revenue has achieved a strong rebound recently as these measures are relaxed by the Australian Government and CHT starts the development of its own mobile App and community portal using salesforce.

Yozo is a Sydney head quartered Fintech company specializing in the rapidly growing non bank SME lending market. The Yozo team working alongside its sister company CHT is developing an online lending platform aimed at Yozo Financial services and product provision to and between SMEs. Early traction has been realised in the financing model incorporating SME clients borrowing for solar energy equipment supply and installation from partner suppliers. Growth into other product and service sectors using Yozo unique finance model is planned into 2022.

Overseas Business
OneStep is a Hong Kong based fintech and artificial intelligence (AI) SME buy now pay later (BNPL) platform. OneStep possess over 20,000 SME clients' database which could be further transformed and developed as SME-BNPL service users. CI1 has also set up a personal BNPL operation alongside with OneStep in Hong Kong, namely, HK BNPL Investments Limited (HKBNPL) with the aim to expand the high-grow personal and SME BNPL market in Hong Kong and Asia.

The Group's cornerstone business and core source of revenue being the insolvency management service in Hong Kong and licensed lending business in Singapore continued to make positive contributions to the Group, with overall net cash inflow recorded in FY21.

CI1 will continue to solidify its business in Australia, Hong Kong and Singapore whilst looking for opportunities to expand our BNPL services to other Asia Pacific countries.

CI1 as a group has performed consistently during a COVID year across its mainstay platforms being the Hong Kong debt management business and the Singapore credit funding operations. Further it's been a building year for CI1 with the acquisitions in Australia to build a transactional debt management and credit funding business. I believe these acquisitions will provide the Australian growth leg to our Group in 2022. I would like to take this opportunity to thank our shareholders for their patience and support on this growth journey. Lastly I would also like to thank the Directors and our teams in Hong Kong, Singapore and Australia for delivering a solid trading result and new opportunities for CI1.

Jimmie Wong

Executive Chairman

Directors' Report

Directors

Ka Sek (Jimmie) Wong
Executive Chairman and Managing Director

Ka Lam (King) Wong
Executive Director

Mark Ng
Executive Director

The directors submit their report on the consolidated entity (referred to hereafter as the "Group") consisting of Credit Intelligence Limited (the "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows.

Where applicable, all current and former directorships held in listed public companies over the past two years have been detailed below.

Directors were in office for this entire period unless otherwise stated.

Ka Sek (Jimmie) Wong

Executive Chairman, appointed 17 May 2018.
LL.B (Hons), Non-Practicing Solicitor of HKSAR, Hong Kong Trustee in Bankruptcy

Mr Jimmie Wong is the founder of Credit Intelligence. Mr Wong obtained a Bachelor of Laws (Honours) from the University of Hong Kong. Mr Wong has over 20 years' experience as a leading insolvency lawyer having served as legal adviser to numerous financial institutions and groups and has also provided legal advice in relation to cross-border takeovers and mergers, corporate finance, IPOs and foreign direct investment. Mr Wong was appointed as trustee in bankruptcy by financial sector in Hong Kong since 2004. He was a lawyer in Hong Kong admitted in 1989 and Singapore in 1995. In 2008, He was awarded the Hong Kong Innovative Entrepreneur of the Year Award.

Ka Lam (King) Wong

Executive Director, appointed 17 May 2018.
LL.B (Hons), Practicing Solicitor of HKSAR, Hong Kong Trustee in Bankruptcy

Mr King Wong is currently the Executive Director of Hong Kong Debt Management Services Limited (HKDMS) which provides insolvency management services in Hong Kong. Mr Wong joined the Group in 2002 and is primarily responsible for overseeing the overall business operations of the Group. Mr Wong graduated with a Bachelor of Laws degree (Honours) from the City University of Hong Kong in 1998. He is a practicing solicitor and was admitted as a solicitor in Hong Kong in 2001.

Mr Wong has extensive professional experience in handling insolvency matters. He was appointed as trustee in bankruptcy by financial sector in Hong Kong since 2004.

Mark Ng

Executive Director, appointed 29 December 2020.

Mr Mark Ng is a member of CPA Australia and a practising member of Hong Kong Institute of Certified Public Accountants. Mr Ng has over 20 years of experience in the financial services sector across Asia and in the management and governance of listed companies. He has been involved in a number of IPOs and M&A activity on major stock exchanges (LSE, HKEX, ASX, NSX, SGX, TSX, NYSE). Mr. Ng is responsible for investment, corporate and financial management. He is also an executive director of Sanvo Fine Chemicals Group Limited, a company listed on the main board of the Hong Kong Stock Exchange and an executive director of Smart Auto Australia Limited (NSX: SAL).

Non-Executive Directors

Michael Pixley
Non-Executive Director

Russell Goodman
Non-Executive Director

Vincent Lai
Non-Executive Director

Brett Crowley
Non-Executive Director

Michael Pixley

Non-Executive Director, appointed 28 April 2020.

Mr Michael Pixley has 35 years merchant banking experience in Australia and Asian regions across a broad range of industries. Mr Pixley is a Non-executive director of Refresh group Ltd (ASX:RGP) and is a founding director of Story-I Ltd (ASX:SRY). He has a Bachelor of Business Management, Curtin University, Perth, Western Australia.

Russell Goodman

Non-Executive Director, appointed 22 October 2020.

Mr Russell Goodman is a Melbourne based fund manager with over 30 years' experience in stock broking and equity investments, including over 10 years as the Head of Institutional Australian Equities Dealing Desk for Credit Suisse First Boston. Mr Goodman was also a fund manager at ANZ Funds Management and K2 Investment Management. Mr Goodman was also previously Director/Chairman of Vmoto Limited. He has a Bachelor of Business from Swinburne University of Technology and has a Graduate Diploma in Applied Finance.

Ming Wai (Vincent) Lai

Non-Executive Director, appointed 17 May 2018.

B Soc Sci (Chairman of Audit and Risk Committee)

Mr Vincent Lai has over 30 years of experience in corporate finance. He is an executive director & CEO of Reliance Global Holdings Limited which is listed at Hong Kong Stock Exchange. He also worked in several Hong Kong and Singapore listed companies at the positions of chairman, CEO, executive director and independent non-executive director. He was formerly a senior executive at the PRC and Hong Kong Offices of Bank of America.

Brett Crowley

Non-Executive Director, appointed 28 April 2020.

Mr Brett Crowley is a practicing solicitor and a former Partner of Ernst & Young in Hong Kong and Australia, and of KPMG in Hong Kong. Mr Crowley is chairman of Jatenergy Limited (ASX:JAT), non-executive director of Uscom Limited (ASX:USC) and company secretary of a number of other ASX-listed companies. He is a former Senior Legal Member of the NSW Civil and Administrative Tribunal.

Resignation of Director

Wilson Lim (resigned 18 December 2020)

Company Secretary

Elizabeth Lee

Appointed 3 August 2021

Ms Elizabeth Lee has over 20 years experience in the areas of corporate governance and company secretarial functions. Prior to joining Questus, Elizabeth held company secretarial positions for Phosphate Resources Limited, Macmahon Holdings Limited, Corporate Compliance Partners and Lend Lease Primelife Limited. Elizabeth also performed contract company secretarial roles with Macquarie Bank Limited and Austock Group Limited.

Elizabeth holds a Bachelor of Business majoring in Finance and Business Law from Edith Cowan University, a Graduate Diploma in Corporate Governance from Governance Institute of Australia, a Graduate Diploma in Corporate Governance for ASX Listed Entities from Kaplan Financial Institute and is a Fellow member of the Governance Institute of Australia.

Interests in the shares of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares of Credit Intelligence Limited were:

	Ordinary Shares
Jimmie Wong	284,182,372
King Wong	24,142,628
Mark Ng	2,000,000
Michael Pixley	10,000
Russell Goodman	2,000,000
Vincent Lai	2,544,643
Brett Crowley	-

Principal Activities

Credit Intelligence Limited (Credit Intelligence, CI1 or the Company) is one of the leading diversified debts restructuring and personal insolvency management businesses within the credit funding sector operating in Australia, Hong Kong and Singapore. Credit Intelligence's main business model includes debt solution services, BNPL services, provision of bankruptcy administration services and Individual Voluntary Arrangement proposal consultancy, implementation services and credit funding for corporates and individuals.

On 1 July 2020 CI1 acquired a 60% interest in Chapter Two Holdings Pty Ltd (CHT), a Sydney based debt solutions business providing debt negotiation and mortgage broking services to individuals who are experiencing financial hardship. Hence, 12 months results of CHT are consolidated into the Group.

On 17 December 2020 CI1 announced the acquisition of a 60% interest in Yozo Finance Pty Limited (Yozo) and its leading fintech platform with its proprietary capabilities. Hence, 6 months results of Yozo are consolidated into the Group.

On 14 May 2021 CI1 completed the acquisition of a 60% interest in OneStep Information Technology Limited (OneStep), a Hong Kong based fintech and AI SME BNPL platform company. Given the timing of this acquisition and OneStep has not generated any revenue, there are no results to be included from OneStep in this financial period.

Dividends Paid or Recommended

The dividend reinvestment plan (DRP) was adopted in the FY21. The DRP provides eligible shareholders an option to reinvest all or part of any dividend.

The Group has identified great opportunities of business growth itself and advised that the Company will not declare final dividend subsequent to year end. The cash generated within the Group will be retained for the business development.

Dividends paid or declared for payment during the financial year and previous corresponding period are as follows:

Final ordinary dividend of $0.0005 per share paid on 20 November 2020 out of retained profits at 30 June 2020	$599,689
Special ordinary dividend of $0.0005 per share paid on 28 April 2020 out of retained profits at 31 December 2019	$552,082
Final ordinary dividend of $0.0005 per share paid on 15 November 2019 out of retained profits at 30 June 2019	$468,064

Review of Operations

The Company has made positive result in this financial year as a conglomerate fintech financial servicing group in Australia, Hong Kong and Singapore.

One of the Company's core business of Bankruptcy administration and Individual Voluntary Arrangement continues to perform well under the circumstance of pandemic COVID-19 in Hong Kong.

Under proper management, Singapore subsidiaries ICS Funding Pte. Ltd. (ICS) and Hup Hoe Credit Pte. Ltd. (HHC) have performed well too and have contributed positive profits to the Group results for the year ended 30 June 2021.

The outbreak of COVID-19 in early 2020 has deeply impacted each country in the world. CHT saw a downturn in business in the last 12 months due to the Government's implementation of measures to protect Australian from the collection of debt. The Australian banks and business creditors were prohibited to collect debt and saw Australian consumers protected from collection action. As a result fewer enquiries to CHT and debtors did not require the assistance of debt solution providers. CHT will accelerate its businesses when these measures were relaxed by the Government and CHT starts the development of its own mobile App and community portal using Salesforce.

Yozo has joined the family of CI1 since December 2020, Yozo has leveraged its existing database and have offered BNPL (Buy Now Pay Later) services to the SME market to differentiate itself in the market. Moreover Yozo has developed extensive partnership with various SME leading industry firms so as to diversify its products and services to them.

The Group has also completed the acquisition of a 60% interest in Onestep on 14 May 2021, a Hong Kong based fintech and AI SME BNPL platform company. Although OneStep has not generated any revenue, the Group considers that Onestep will generate revenue for the next 12 months.

The Group has adopted *AASB 3 Business Combinations* for the preparation of the 2021 consolidated financial statements. The consolidated entity for the year ended 30 June 2021 is CI1 and its controlled entities.

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Group has established an Audit and Risk Committee which comprises only non-executive directors.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.

- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

Significant Changes in the State of Affairs

On 1 July 2020 CI1 acquired a 60% interest in Chapter Two Holdings Pty Ltd (CHT). 12 months results of CHT are consolidated into the Group.

On 17 December 2020 CI1 acquired a 60% interest in Yozo Finance Pty Limited (Yozo). 6 months results of Yozo are consolidated into the Group.

On 14 May 2021 CI1 acquired a 60% interest in OneStep Information Technology Limited (OneStep). Given the timing of this acquisition and OneStep has not generated any revenue, there are no results to be included from OneStep in this financial period.

Significant Events after the Reporting Date

Following shareholder approval at a general meeting of the Company held on 2 July 2021, the Company has granted 36,200,000 options to directors and employees on 23 July 2021. Each option will expire at 5:00 pm (WST) on the date that is three years following its date of issue (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. The Options are exercisable at any time after the date that is two years following its date of issue; and on or prior to the Expiry Date (Exercise Period) (Details please read the announcement on 28 May 2021).

On 15 July 2021, the Group entered into bond subscription agreements with several independent individuals to borrow an aggregate amount of $1,802,756. The bond is unsecured, carrying at 15% interest per annum, repayable 1 year after the actual effective date of 31 July 2021.

Other than the foregoing, no other matter or circumstance has arisen since 30 June 2021, which has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Likely Developments and Expected Results of Operations

The Group expects the Hong Kong business to remain strong, and in the short term the mainstay of the group's operations. As more and more people in Hong Kong have taken the vaccines, COVID-19 will have limited impact on the Hong Kong operations, and will potentially increase business in the years to come.

The Singapore business of ICS and HHC continue to perform well, notwithstanding Singapore Government continues to provide interest subsidies to SME. Both businesses are looking to expand their businesses in a challenging economic climate, but are well supported by the Group.

CHT will release their mobile App and community portal to the public in the coming months. The App allows customers to have all of their debts in one place, make one repayment monthly to CHT where CHT disburses the payments to the creditors, see all their repayment history and have access to their Credit file which is updated monthly. Given that this technology does not exist in Australia CHT looks forward to engaging with more customers and growing the business substantially.

By leveraging existing AI technology built in collaboration with UTS, Yozo will be working closely with it to further enhance its technology and finding new ways to develop innovative products to launch to the market. Yozo aims to focus on its technology and customer experience to set its position in the Fintech space. Given the Company already has presence in both Hong Kong and Singapore. Yozo will not limit itself to only in Australia but rather on a global scale.

OneStep is developing an AI & financial technology platform which provide services to Hong Kong SMEs at the initial stage. The platform is designed with a unique credit rating system based on clients' background information, spending payment patterns, and bills and settlement historical records. High credit SMEs are privilege to extra BNPL and withdrawal limit, and extended instalments period. The platform targets to launch in Q4 2021.

Environmental Regulation and Performance

The Group's current business is not subject to any significant environmental regulation.

Remuneration Report (Audited)

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

Principles Used to Determine the Nature and Amount of Remuneration

Remuneration Governance and Policy

Taking into account the current size and operations of the Group, the board has assumed the role of the Remuneration and Nomination Committee. The Corporate Governance Statement provides further information on the role of this committee. The remuneration policy of Credit Intelligence has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. The board reviews executive packages annually and determines policy recommendations by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and equity securities. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share arrangements, where applicable.

Where required, the executive directors and executives receive a superannuation guarantee contribution required by the government, which was 9.5% for Australia and 5% or maximum contribution HKD1,500 per month circa AUD258 for Hong Kong in the reporting period, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Equity securities in the form of performance shares are valued using an appropriate binomial, trinomial or option pricing methodology depending on the terms of the equity securities granted.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $250,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Principles Used to Determine the Nature and Amount of Remuneration (continued)

Performance based remuneration

The Group does not have a formal short-term incentive scheme for executives, directors or other key management personnel. However, the Board believes that a portion of the remuneration package for the directors should be linked to some form of financial indicator, such as share price, from time to time, as determined by the Board.

Following shareholder approval at a general meeting of the Company held on 2 July 2021, the Company has granted 36,200,000 options to directors and employees on 23 July 2021. Each option will expire at 5:00 pm (WST) on the date that is three years following its date of issue (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. The Options are exercisable at any time after the date that is two years following its date of issue; and on or prior to the Expiry Date (Exercise Period) (Details please read the announcement on 28 May 2021).

Company performance, shareholder wealth and directors' and executives' remuneration

The Group aims to align director and executive remuneration to its strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the group's financial performance over the last two years as required by the *Corporations Act 2001*. The results below are not necessarily consistent with the measures used in determining the performance-based amounts of remuneration to be awarded to Key Management Personnel (KMP). As a consequence, there may not always be a direct correlation between the statutory key performance measures and the performance-based remuneration awarded.

The table below shows the statutory key performance indicators of the Group over the last two years.

	2021 $	2020 $
Revenue	12,698,718	13,611,618
Net profit attributable to members	736,062	2,541,275
Earnings per share	0.0006	0.0025
Share price at year end	0.016	0.026
Dividend payments	599,689	1,020,146

Use of remuneration consultants

The Group did not retain the services of any remuneration consultants during the financial year ended 30 June 2021.

Voting and comments made at the Company's 2020 Annual General Meeting

The Company received approximately 99% of "yes" votes on its remuneration report for the 2020 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Details of Remuneration

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following table.

The key management personnel of the Group includes those directors of CI1 appointed. All amounts included in the Remuneration Table below are included as expenses within the consolidated statements of profit and loss in the financial statements. The key management personnel and details of their remuneration are outlined below:

	Short-Term			Long-Term	Post-Employment	Share-based Payments	Total	Percentage Performance Related
	Salary & Fees	Cash Bonus	Non-Monetary	Leave Entitlements	Super-annuation	Performance Shares		
	$	$	$	$	$	$	$	%
Directors								
Jimmie Wong								
2021	399,435	-	-	-	6,222	-	405,657	-
2020	375,611	75,112	-	-	1,148	154,543	606,414	38
King Wong								
2021	149,475	-	-	-	6,222	-	155,697	-
2020	150,244	-	-	-	1,148	126,145	277,537	45
Mark Ng								
2021	63,104	-	-	-	-	-	63,104	-
2020	-	-	-	-	-	-	-	-
Wilson Lim								
2021	54,755	-	-	-	5,662	-	60,417	-
2020	129,369	-	-	-	13,377	-	142,746	-
Mark Paton								
2020	8,334	-	-	-	-	-	8,334	-
Michael Pixley								
2021	48,000	-	-	-	-	-	48,000	-
2020	7,306	-	-	-	694	-	8,000	-
Mel Ashton								
2020	39,138	-	-	-	-	69,350	108,488	64
Russell Goodman								
2021	33,333	-	-	-	-	-	33,333	-
2020	-	-	-	-	-	-	-	-
Tony Ho								
2020	88,333	-	-	-	-	48,025	136,358	35
Vincent Lai								
2021	59,762	-	-	-	-	-	59,762	-
2020	43,333	-	-	-	-	22,852	66,185	35
Brett Crowley								
2021	43,836	-	-	-	4,164	-	48,000	-
2020	7,306	-	-	-	694	-	8,000	-
Total key management personnel compensation								
2021	851,700	-	-	-	22,270	-	873,970	-
2020	848,974	75,112	-	-	17,061	420,915	1,362,062	36

Service Agreements

The details of service agreements of the key management personnel of the Group are as follows:

Jimmie Wong, Executive Chairman and Managing Director

- Term of agreement – employment commencing from the date of re-admittance to the official list of ASX for 3 years or until employment is terminated.
- Annual salary of $450,000 plus any statutory superannuation with effect from 1 March 2021.
- 5% of the profit after tax attributable to the members
- The agreement may be terminated by either party giving 12 months' notice in writing, or applicable shorter periods upon breach of contract by either party. There are no benefits payable on termination other than entitlements accrued to the date of termination.

King Wong, Executive Director

- Term of agreement – employment commencing from the date of re-admittance to the official list of ASX for 3 years or until employment is terminated.
- Annual salary of $150,000 plus any statutory superannuation.
- The agreement may be terminated by either party giving 6 months' notice in writing, or applicable shorter periods upon breach of contract by either party. There are no benefits payable on termination other than entitlements accrued to the date of termination.

Mark Ng, Executive Director

- Term of agreement – employment commencing from 29 December 2020 or until employment is terminated.
- Annual salary of $120,000 inclusive of any statutory superannuation.
- The agreement may be terminated by either party in writing, or applicable shorter periods upon breach of contract by either party. There are no benefits payable on termination other than entitlements accrued to the date of termination.

The non-executive directors have entered into engagement letters containing terms and conditions which are considered standard for the appointments and are in line with common industry practice.

Equity Instruments Held by Key Management Personnel

Ordinary Share Holdings

The number of ordinary shares in the Company held during the financial year by each director of Credit Intelligence Limited is set out below. There were no ordinary shares granted during the reporting period as compensation.

2021	Balance at start of the year or date of appointment	Received during the year on the vesting of performance rights/exercise of options	Other changes during the year	Balance at end of the year(*)
Jimmie Wong	**411,412,372**	**-**	**(133,230,000)**	**278,182,372**
King Wong	**39,142,628**	**-**	**-**	**39,142,628**
Mark Ng	**-**	**-**	**1,000,000**	**1,000,000**
Michael Pixley	**10,000**	**-**	**-**	**10,000**
Russell Goodman	**9,000,000**	**-**	**(9,000,000)**	**-**
Vincent Lai	**2,500,000**	**-**	**44,643**	**2,544,643**
Brett Crowley	**-**	**-**	**-**	**-**

*At year end there are no nominally held shares.

Loans from Key Management Personnel and their Related Parties

The Group entered into bond subscription agreements with several individuals on 15 July 2020, in which Mr Mark Ng, an executive director of the Company appointed on 29 December 2020 was one of the participants of the bond. The principal and interest due to Mr. Ng as the bond holder was $476,443 as at 30 June 2021. The bond has been fully settled subsequent to the report date.

The balance of loan from Mr Wilson Lim (former director) as at 30 June 2020 was $1,503,109 (2021: nil). The balance of loan from CLT Investment Ltd being a company controlled by Mr Wilson Lim (former director) as at 30 June 2020 was $640,286 (2021: nil).

Other Transactions with Key Management Personnel

There were no other transactions with Key Management Personnel during the financial year and the previous corresponding period.

End of Audited Remuneration Report

Directors' Meetings

During the year the Company held sixteen meetings of directors. The attendance of directors at meetings of the board was:

	Committee Meetings					
	Directors Meetings		Audit and Risk		Remuneration	
	A	B	A	B	A	B
Jimmie Wong	16	16	-	-	1	1
King Wong	16	16	-	-	-	-
Wilson Lim (resigned 18 Dec 20)	4	5	-	-	-	-
Mark Ng (appointed 29 Dec 20)	10	10	-	-	-	-
Michael Pixley	15	16	3	3	1	1
Russell Goodman (appointed 22 Oct 20)	13	13	-		1	1
Vincent Lai	16	16	3	3	1	1
Brett Crowley	15	16	2	3	-	-

A – Number of meetings attended.
B – Number of meetings held during the time the director held office during the year.

Shares Under Option

The Company has granted 36,200,000 options to directors and employees on 23 July 2021.

Indemnification of Officers

The Company has paid premiums to insure directors under a Directors and Officers Insurance policy. The details of the indemnity insurance are as follows:

The Company has entered into an insurance policy to indemnify each director against any liability arising from a claim brought against the Company and the directors by a third party for the supply of substandard services or advice.

Further disclosure of information relating to this policy is not permitted under the contract of insurance.

No indemnification has been obtained for the auditors of the Company or the Group.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Directors' Report

Non-Audit Services

The following non-audit services were provided by the Group's auditor, Moore Australia or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

Moore Australia or associated entities and component auditors have received, or are due to receive, the following amounts for the provision of non-audit services to Credit Intelligence Limited:

		2021 $	2020 $
–	Taxation services		
	Moore Australia	12,213	6,000
	Moore Hong Kong	-	-
–	Corporate advisory services		
	Moore Australia	13,565	10,385
	Moore Hong Kong	77,778	-
		103,556	16,385

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 17.

Signed in accordance with a resolution of the directors.

Jimmie Wong
Executive Chairman

17 September 2021

MOORE

Moore Australia Audit (WA)

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CREDIT INTELLIGENCE LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

WEN-SHIEN CHAI PARTNER	MOORE AUSTRALIA AUDIT (WA) CHARTERED ACCOUNTANTS

Signed at Perth this 17th day of September 2021.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Notes	2021 $	2020 $
Revenue	3	12,698,718	13,611,618
Other income	4	767,597	342,745
Bad debt written off and loss allowance		(1,490,851)	(1,434,425)
Bank charges and interest		(163,632)	(173,719)
Consultancy fee		(337,558)	(262,317)
Directors' fees		(189,095)	(195,138)
Directors' fees (Share-based payments)		-	(163,079)
Amortisation on right-of-use assets	13	(378,142)	(502,615)
Depreciation expense		(89,760)	(73,582)
Employee benefits expense (including Share-based payments)		(4,070,996)	(4,197,468)
Administration cost		(3,145,021)	(1,911,076)
Finance cost		(1,294,839)	(497,415)
Profit before income tax		2,306,421	4,543,529
Income tax expense	6	(1,027,873)	(961,656)
Profit for the year		1,278,548	3,581,873
Other comprehensive income			
Exchange differences on translating foreign operations, net of tax		(523,262)	(93,556)
Total comprehensive income for the year, net of tax		755,286	3,488,317
Net profit attributable to:			
Members of the parent entity		736,062	2,541,275
Non-controlling interest		542,486	1,040,598
		1,278,548	3,581,873
Total comprehensive income attributable to:			
Members of the parent entity		242,027	2,502,701
Non-controlling interest		513,259	985,616
		755,286	3,488,317
Earnings per share			
Basic earnings per share	28	0.0006	0.0025
Diluted earnings per share	28	0.0005	0.0023

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	2021 $	2020 $
CURRENT ASSETS			
Cash and cash equivalents	7	2,433,881	3,060,459
Trade and other receivables	8	642,089	410,294
Loan receivables	9	8,721,135	11,447,207
Swap assets	10	-	500,000
Current tax assets	21	141,060	-
Other current assets	11	283,290	769,583
TOTAL CURRENT ASSETS		12,221,455	16,187,543
NON-CURRENT ASSETS			
Property, plant and equipment	12	289,432	302,935
Right-of-use assets	13	374,870	316,363
Intangible assets	14	16,617,279	11,094,456
TOTAL NON-CURRENT ASSETS		17,281,581	11,713,754
TOTAL ASSETS		29,503,036	27,901,297
CURRENT LIABILITIES			
Trade and other payables	15	982,918	2,835,852
Lease liabilities	16	136,661	322,055
Contract liabilities	17	445,393	-
Amounts due to vendors	18	508,058	6,254,453
Amounts due to related parties	19	-	3,485,696
Derivative liabilities	20	-	1,000,000
Current tax liabilities	21	999,486	807,710
Other borrowings	22	1,619,905	-
TOTAL CURRENT LIABILITIES		4,692,421	14,705,766
NON-CURRENT LIABILITIES			
Lease liabilities	16	225,251	-
Amounts due to vendors	18	224,000	-
Amounts due to related parties	19	275,913	2,143,395
TOTAL NON-CURRENT LIABILITIES		725,164	2,143,395
TOTAL LIABILITIES		5,417,585	16,849,161
NET ASSETS		24,085,451	11,052,136
EQUITY			
Issued capital	23	21,705,165	8,915,406
Reserves	24	(259,874)	71,107
Accumulated profit	24	937,795	801,422
Equity attributable to owners of the parent entity		22,383,086	9,787,935
Non-controlling interest		1,702,365	1,264,201
TOTAL EQUITY		24,085,451	11,052,136

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	Notes	Issued Capital $	Retained Earnings $	Merger Reserve $	Foreign Currency Translation Reserve $	Share based Payment Reserve $	Option Reserve $	Total $	Non-Controlling Interest $	Total Equity $
Balance at 1.7.2019		6,220,555	(719,707)	11,037	98,644	475,840	-	6,086,369	210,587	6,296,956
Comprehensive income:										
Profit after tax for the year		-	2,541,275	-	-	-	-	2,541,275	1,040,598	3,581,873
Other comprehensive loss for the year		-	-	-	(38,574)	-	-	(38,574)	(54,982)	(93,556)
Total comprehensive income for the year		6,220,555	1,821,568	11,037	60,070	475,840	-	8,589,070	1,196,203	9,785,273
Transactions with owners, in their capacity as owners, and other transfers										
Allotment of shares		2,424,007	-	-	-	-	-	2,424,007	-	2,424,007
Acquisition of subsidiary		-	-	-	-	-	-	-	484,491	484,491
Disposal of subsidiary									(47)	(47)
Share based payments expense recognised in the year		-	-	-	-	795,004	-	795,004	-	795,004
Classified to derivative liabilities		(1,000,000)	-	-	-	-	-	(1,000,000)	-	(1,000,000)
Convert share based payment reserve on exercise of share based payment		1,270,844	-	-	-	(1,270,844)	-	-	-	-
Dividends recognised for the period		-	(1,020,146)	-	-	-	-	(1,020,146)	(416,446)	(1,436,592)
Total transactions with owners and other transfers		2,694,851	(1,020,146)	-	-	(475,840)	-	1,198,865	67,998	1,266,863
Balance at 30.6.2020		8,915,406	801,422	11,037	60,070	-	-	9,787,935	1,264,201	11,052,136
Balance at 1.7.2020		8,915,406	801,422	11,037	60,070	-	-	9,787,935	1,264,201	11,052,136
Comprehensive income:										
Profit after tax for the year		-	736,062	-	-	-	-	736,062	542,486	1,278,548
Other comprehensive loss for the year		-	-	-	(494,035)	-	-	(494,035)	(29,227)	(523,262)
Total comprehensive income for the year		8,915,406	1,537,484	11,037	(433,965)	-	-	10,029,962	1,777,460	11,807,422
Transactions with owners, in their capacity as owners, and other transfers										
Allotment of shares		7,300,184	-	-	-	-	-	7,300,184	-	7,300,184
Acquisition of subsidiaries		1,050,000	-	-	-	-	-	1,050,000	(75,095)	974,905
Option expense recognised in the year		-	-	-	-	-	191,568	191,568	-	191,568
Derecognition of derivative liabilities		3,000,000	-	-	-	-	-	3,000,000	-	3,000,000
Exercise convertible notes		1,269,000						1,269,000		1,269,000
Convert option reserve on exercise of share option		141,314					(28,514)	112,800		112,800
Issued shares for dividend reinvestment plan		29,261	-	-	-	-	-	29,261	-	29,261
Dividends recognised for the period		-	(599,689)	-	-	-	-	(599,689)	-	(599,689)
Total transactions with owners and other transfers		12,789,759	(599,689)	-	-	-	163,054	12,353,124	(75,095)	12,278,029
Balance at 30.6.2021		21,705,165	937,795	11,037	(433,965)	-	163,054	22,383,086	1,702,365	24,085,451

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Notes	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		7,999,005	7,534,217
Payments to suppliers and employees		(7,052,737)	(5,740,283)
Interest received		19	304
Bank charges and interest		(163,632)	(173,719)
Income tax paid		(908,383)	(380,140)
		(125,728)	1,240,379
Changes in operating assets arising from cash flow movements:			
Net funding of customer loans		6,164,981	(777,724)
(Payment) / receipt of loan – related parties		(5,432,911)	2,680,350
Net cash provided by operating activities	25	606,342	3,143,005
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(101,242)	(135,406)
Expenditure on intangible assets		(245,188)	-
Investment in subsidiaries		(2,066,121)	(1,008,607)
Disposal of subsidiary		-	(47)
Payment to vendors		(693,109)	(1,180,771)
Net cash used in investing activities		(3,105,660)	(2,324,831)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(396,458)	(496,131)
Repayment of dividend payable prior to the acquisition of subsidiary		(1,864,715)	-
Proceeds from issuance of shares upon exercise of share options		112,800	-
Net proceeds from convertible notes		1,269,000	-
Net proceeds from other borrowings		1,469,132	-
Net proceeds from debt for equity funding		1,670,659	435,000
Payment of dividends		(570,428)	(1,020,146)
Net cash provided by/used in financing activities		1,689,990	(1,081,277)
Net decrease in cash held		(809,328)	(263,103)
Cash at beginning of the year		3,060,459	3,432,929
Effect of foreign currency translation		182,750	(109,367)
Cash at the end of the year		2,433,881	3,060,459

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

1 Summary of significant accounting policies

These financial statements and notes represent those of Credit Intelligence Limited (the "Company") and its controlled entities (the "Group").

The separate financial statements of the parent entity, Credit Intelligence Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001.*

The financial statements were authorised for issue on 17 September 2021 by the directors of the Company.

(a) Basis of preparation

Reporting entity

Credit Intelligence Limited is a company limited by shares, incorporated and domiciled in Australia.

These general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Credit Intelligence Limited ('Company' or 'Parent Entity') as at 30 June 2021 and the results of its controlled entities for the year then ended. Credit Intelligence Limited and its controlled entities together are referred to in these financial statements as the "Consolidated entity".

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position and allocated to non-controlling interest where relevant. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

On 1 July 2020 CI1 acquired a 60% interest in Chapter Two Holdings Pty Ltd (CHT), a Sydney based debt solutions business providing debt negotiation and mortgage broking services to individuals who are experiencing financial hardship. Hence, 12 months results of CHT are consolidated into the Group.

On 17 December 2020 CI1 announced the acquisition of a 60% interest in Yozo Finance Pty Limited (Yozo) and its leading fintech platform with its proprietary capabilities. Hence, 6 months results of Yozo are consolidated into the Group.

On 14 May 2021 CI1 completed the acquisition of a 60% interest in OneStep Information Technology Limited (OneStep), a Hong Kong based fintech and AI SME BNPL platform company. Given the timing of this acquisition and OneStep has not generated any revenue, there are no results to be included from OneStep in this financial period.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

Group companies (continued)

The financial results for FY21 and the comparative figures are as follows:

The consolidated statement of profit or loss and comprehensive income and consolidated statement of cash flows:
- for the period between 1 July 2020 to 30 June 2021 comprises 12 months of CI1, Credit Intelligence Holding Limited and subsidiaries (CIH), ICS, HHC, CHT and 6 months of Yozo.
- for the period between 1 July 2019 to 30 June 2020 comprises 12 months of CI1, Credit Intelligence Holding Limited and subsidiaries (CIH), ICS and 9 months of HHC.

The consolidated statement of financial position:
- as at 30 June 2021 represents both CI1, CIH, ICS, HHC, CHT, Yozo and OneStep as at that date; and
- as at 30 June 2020 represents both CI1, CIH, ICS, and HHC as at that date.

The consolidated statement of changes in equity:
- for the period between 1 July 2020 to 30 June 2021, CI1, CIH, ICS, HHC and CHT's balance at 1 July 2020, its profit or loss for the period and transactions with equity holders for 12 months and 6 months of Yozo. It also comprises the equity value of CI1, CIH, ICS, HHC, CHT, Yozo and OneStep at 30 June 2021. The number of shares on issue at period end represent those of CI1 only; and
- for the period between 1 July 2019 to 30 June 2020, CI1, CIH and ICS's balance at 1 July 2019, its profit for the period and transactions with equity holders for 12 months and HHC's profit for the period and transactions with equity holders for 9 months. It also comprises the equity value of CI1, CIH, ICS and HHC at 30 June 2020. The number of shares on issue at period end represent those of CI1 only.

(c) Foreign currency translation

(i) Functional and presentation currency

The functional currencies of the Group are Australia dollars (A$), Hong Kong dollars (HK$) and Singapore dollars (SG$), which are the currencies of the primary economic environment in which the Group operates, while presentation currency of the Group is Australian dollars (A$).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

1 Summary of significant accounting policies (continued)

(d) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. “Control” refers to the customer’s ability to direct the use of and obtain substantially all of the remaining benefits from an asset.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:
- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue from bankruptcy administration services

The Group provides payment collection and assets realisation services to the customers. Service is carried out when the bankrupts pay to their bankruptcy estate bank accounts. Revenue is recognised progressively using input method, which is based on the payment made by the bankrupts at an agreed rate, because the customer receives and uses the benefits simultaneously.

The Group also provides dividend distribution services to the customers. Service is carried out when the Group distributes to the monetary value in bankruptcy estate bank accounts to the creditors. Revenue is recognised progressively using input method, which is based on the payment distributed to the creditors at an agreed rate, because the customer receives and uses the benefits simultaneously.

Any unconditional rights to consideration are presented separately as “Accounts receivable”.

Variable consideration

In the event that the total aggregate revenue from payment collection and assets realisation services and distribution services is less than an agreed amount, the remaining funds in the bankruptcy estate bank account will be charged as discharge minimum fee up to a ceiling which makes the revenue up to the agreed amount if sufficient funds are available.

Since such minimum fee, which is subject to sufficiency of funds, is considered as “variable consideration”, the related amount is recognised as revenue only when it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The management considers that the uncertainty of the minimum fee can only be resolved until the bankrupt is discharged.

1 Summary of significant accounting policies (continued)

(d) Revenue recognition (continued)

Revenue from Individual Voluntary Arrangement (IVA) services

Revenue from sharing of service fee from the IVA nominees refer to services provided to the nominees, for preparing monthly administrative documents on behalf of the nominees. As the nominees simultaneously receives and consumes the benefits provided by the Group, revenue is recognised over time by using input method, which is based on the passage of time.

The Group provides IVA proposal consultancy services to the customers. Also, the Group has an enforceable right to payment for performance completed to date, in particular, based on certain explicit terms in the contracts and the past practice which gives the Group the right to be paid for work done to date if the customer were to terminate the contract for reasons other than the Group's failure to perform as promised.

Revenue is recognised by using output method, which is the service fee for each stage of services completed as stated in the contracts.

Any unconditional rights to consideration are presented separately as "Accounts receivable".

Interest income

Interest income is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rates which is the rate that exactly discounts the estimated future cash receipts over the expected future life of the financial asset.

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Permitted fee income, late interest income, factoring income and finance service income

Permitted fee income, late interest income, factoring income and finance service income are recognised on a time proportion basis using the effective interest method.

Debt solution service

Debt solution service is recognised at the point in time which is defined as the point of settlement for a finance facility, the successful negotiation of debt or the commission received from placing a client into a complimentary product.

1 Summary of significant accounting policies (continued)

(e) Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income). The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered, or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associated and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(f) Fair Value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

1 Summary of significant accounting policies (continued)

(f) Fair Value of assets and liabilities (continued)

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(g) Leases (the Group as lessee)

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:
- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

1 Summary of significant accounting policies (continued)

(h) Impairment of assets

At the end of each reporting period the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Cash and cash equivalent

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short-term, highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(j) Provisions

Provisions for make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) Employee benefits

(i) Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages and salaries are recognised as current provisions in the statement of financial position.

1 Summary of significant accounting policies (continued)

(k) Employee benefits (continued)

(ii) Other long-term employee benefits

The Group classifies employees' long service leave and annual leave entitlements as other long-term employee benefits, as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Group's obligation for other long-term employee benefits, which is measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

(iii) Retirement benefit obligations

The Group does maintain a company superannuation plan. The Group makes fixed percentage contributions for all Hong Kong resident employees to complying third party superannuation/MPF funds.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. No forfeited contribution was available to reduce the contribution payable in the future years. Payments to MPF Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group's legal or constructive obligation is limited to these contributions.

Contributions to complying third party superannuation/MPF funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Share-based payments

The fair value of performance shares granted to directors as approved by shareholders in a general meeting is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the directors become unconditionally entitled to the performance shares.

The fair value at grant date is independently determined using a Black-Scholes or Binomial Barrier Valuation option pricing model that takes into account the exercise price, the term of the performance shares, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance shares.

1 Summary of significant accounting policies (continued)

(k) Employee benefits (continued)

(iv) Share-based payments (continued)

The fair value of the performance shares granted is adjusted to reflect market vesting conditions but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of performance shares that are expected to become allotted. At each reporting date, the entity revises its estimate of the number of performance shares that are expected to become allotted.

The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Statement of Comprehensive Income with a corresponding adjustment to equity.

Where the terms of performance shares are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Upon the allotment of performance shares, the balance of the share-based payments reserve relating to those performance shares is transferred to share capital, net of any directly attributable transaction costs.

(l) Contributed equity

Costs directly attributable to the issue of new shares are shown as a deduction from the equity as a deduction proceeds net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net GST, except where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

(n) Property, plant and equipment

Property, plant and equipment are stated at cost, less provisions for depreciation and impairment losses. A formal assessment of recoverable amount is made and impairment loss is recognised in profit or loss when impairment indicators are present (refer to note 1(h) for detail of impairment).

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated statement of comprehensive income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item.

1 Summary of significant accounting policies (continued)

(n) Property, plant and equipment (continued)

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual assets, as follows:

Furniture, fixtures and equipment	20% per annum
Leasehold improvements	Over the shorter of the lease terms and 20% per annum

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of comprehensive income in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amounts of the relevant asset.

(o) Intangible assets (other than goodwill)

Software under development is initially recognised at cost and is subsequently carried at cost less accumulated amortisation and accumulated impairment losses, once the Group commences usage of the software.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets not yet available for use are tested for impairment annually. The amortisation period and the amortisation method are reviewed at least once at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss.

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

(p) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses. The acquisition method of accounting is used to account for business combinations unless it is a combination involving entities or businesses under common control regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

1 Summary of significant accounting policies (continued)

(p) Business combinations (continued)

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(q) Accounting of goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:
(i) the consideration transferred at fair value;
(ii) any non-controlling interest (determined under either the fair value or proportionate interest method); and
(iii) the acquisition date fair value of any previously held equity interest; and
(iv) less the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries 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 subsidiaries. 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 Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment 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 AASB 139: *Financial Instruments: Recognition and Measurement*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

1 Summary of significant accounting policies (continued)

(q) Accounting of goodwill (continued)

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(r) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

All loans are initially recognised at fair value, net of transaction costs incurred and inclusive of loan origination fees. Loans are subsequently measured at amortised cost based on the Group's business model objective is to originate loans and advances on its balance sheet and hold to collect repayments of principal and interest. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the loans using the effective interest method.

Loans and advances are reported at their recoverable amount representing the aggregate amount of principal and unpaid interest owing to the Group at the reporting date, less any allowance or provision for impairment.

1 Summary of significant accounting policies (continued)

(r) Financial instruments (continued)

Initial recognition and measurement (continued)

All loans and advances greater than 30 days in arrears are reviewed and graded according to the anticipated level of credit risk.

The classification adopted is described below:

- Undue matured loans – Loans for which repayment is not yet due > 3 months.
- Near due matured loans - Loans for which repayment is not yet due < 3 months.
- Matured loans – Loans for which repayment is overdue > 1 months.
- Non performing loans - Loans for which repayment is overdue > 3 months.
- Non active loans – Loans for which principle repayment is finished.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

1 Summary of significant accounting policies (continued)

(r) Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair values (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

– the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
– the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:
– amortised cost;
– fair value through other comprehensive income; or
– fair value through profit or loss.

Measurement is on the basis of two primary criteria:
– the contractual cash flow characteristics of the financial asset; and
– the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
– the financial asset is managed solely to collect contractual cash flows; and
– the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
– the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
– the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:
– it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
– it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
– it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

1 Summary of significant accounting policies (continued)

(r) Financial instruments (continued)

Classification and subsequent measurement (continued)

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3:*Business Combinations* applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

1 Summary of significant accounting policies (continued)

(r) Financial instruments (continued)

Derivative financial instruments

Derivative financial instruments are initially and subsequently measured at fair value. All gains and losses subsequent to the initial recognition are recognised in profit or loss.

Preference shares

Preferred share capital is classified as equity if it is non-redeemable or redeemable only at the discretion of the Parent Entity, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon declaration by the directors. Preferred share capital is classified as a liability if it is redeemable on a set date or at the option of the shareholders, or where the dividends are mandatory. Dividends thereon are recognised as interest expense in profit or loss.

Compound financial instruments

Compound instruments (convertible preference shares) issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the arrangements. An option that is convertible and that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments will be classified as equity.

The fair value of the liability component is estimated on date of issue. This is done by using the prevailing market interest rate of the same kind of instrument. This amount is recognised using the effective interest method as a liability at amortised cost until conversion or the end of life of the instrument.

The equity portion is calculated by deducting the liability amount from the fair value of the instrument as a whole. The equity portion is not remeasured after initial recognition. Equity will remain as such until the option is exercised. When the option is exercised a corresponding amount will be transferred to share capital. If the option lapses without the option being exercised the balance in equity will be recognised in profit or loss.

Costs of the transaction of the issue of convertible instruments are proportionally allocated to the equity and liability. Transaction costs in regards to the liability are included in the carrying amount of the liability and are amortised over its life using the effective interest method. Transaction cost in equity is directly recognised in equity.

Impairment

The Group recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:
- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

1 Summary of significant accounting policies (continued)

(r) Financial instruments (continued)

Impairment (continued)

The Group uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments*:
– the general approach
– the simplified approach
– the purchased or originated credit impaired approach; and
– low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses (Stage 1); or
- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses (Stage 2 and 3).

General approach – Loan receivables

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by residential properties, LVR ratios are a key parameter in determining LGD. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

1 Summary of significant accounting policies (continued)

(r) Financial instruments (continued)

Impairment (continued)

General approach - Loan receivables (continued)

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Purchased or originated credit-impaired approach

For a financial asset that is considered credit-impaired (not on acquisition or origination), the Group measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:
- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender granting to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- high probability that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

1 Summary of significant accounting policies (continued)

(r) Financial instruments (continued)

Impairment (continued)

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Group assumes that the credit risk has not increased significantly since initial recognition and accordingly it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Group applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:
- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term;
- adverse changes in economic and business conditions in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a risk of default lower than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(s) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(t) New and Amended Accounting Standards Adopted by the Group

Initial adoption of AASB 2020-04: *COVID-19-Related Rent Concessions*

AASB 2020-4: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions amends AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

1 Summary of significant accounting policies (continued)

(t) New and Amended Accounting Standards Adopted by the Group (continued)

Initial adoption of AASB 2018-6: *Amendments to Australian Accounting Standards – Definition of a Business*

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3: *Business Combinations*, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisitions of assets.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(i) Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

On 1 July 2020 CI1 acquired a 60% interest in Chapter Two Holdings Pty Ltd (CHT). 12 months results of CHT are consolidated into the Group.

On 17 December 2020 CI1 acquired a 60% interest in Yozo Finance Pty Limited (Yozo). 6 months results of Yozo are consolidated into the Group.

On 14 May 2021 CI1 acquired a 60% interest in OneStep Information Technology Limited (OneStep). Given the timing of this acquisition and OneStep has not generated any revenue, there are no results to be included from OneStep in this financial period.

The deemed acquisition costs to acquire CHT, Yozo and OneStep were allocated against the identifiable assets and liabilities of the listed company. Any excess of the deemed acquisition cost over the fair value of the assets and liabilities acquired represents goodwill and accounted for as an intangible asset on the balance sheet.

The consolidated financial statements of CIH now comprising the Group for the years ended 30 June 2021 and 2020 have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the period.

2 Critical accounting estimates and judgements (continued)

(ii) Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

(iii) Lease term and Option to Extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The decision on whether or not the options to extend are reasonably going to be exercised is a key management judgement that the entity will make. The Group determines the likeliness to exercise on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the Group.

(iv) Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

3 Revenue

	2021 $	2020 $
Bankruptcy administration service income	6,540,705	7,300,894
IVA service income	68,919	80,206
Service income of ICS	1,688,414	2,990,110
Service income of HHC	3,907,735	3,240,408
Debt solution service income of CHT	487,359	-
Finance service income of Yozo	5,586	-
	12,698,718	**13,611,618**

The service income of ICS and HHC comprise interest income, late interest income, permit fees income and factoring income.

4 Other income

	2021 $	2020 $
Bank interest income	19	304
Administrative charges	132,817	156,711
Other income	634,761	87,292
Foreign exchange gain	-	98,438
	767,597	**342,745**

Government grant income of $382,280 (2020: $35,804) was recognised as part of other income during the financial period.

5 Profit for the Year

	2021 $	2020 $
Profit before income tax from continuing operations includes the following specific expenses:	2,306,421	4,543,529
Expenses		
Operating lease payments	170,135	37,800
Contributions to defined contribution plans	112,748	102,519
Directors' fees (share-based payments)	-	163,079
Consultancy fee	337,558	262,317

6 Income tax

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax under these jurisdictions during the years.

The Company, CHT and Yozo are subject to Australia tax. At the date of this report, the Group has an Australian income tax refund receivable.

Hong Kong Profits Tax is calculated at 8.25% of the first HK$ 2 million estimated assessable profit and 16.5% above HK$ 2 million estimated assessable profit derived in Hong Kong for the years ended 30 June 2021 and 2020. Singapore Profits Tax is calculated at 17% of estimated assessable profit.

6 Income tax (continued)

		2021 $	2020 $
a.	**The components of tax expense comprise:**		
	Current tax	1,027,873	961,656
	Deferred tax	-	-
	Income tax reported in statement of comprehensive income	1,027,873	961,656
b.	**The prima facie tax expense on profit from ordinary activities before income tax is reconciled to the income tax as follows:**		
	Prima facie tax expense on profit from ordinary activities before income tax at 26% (2020: 30%)	599,670	1,363,057
	Add tax effect of:		
	- Non-allowable items	1,040,329	455,048
	- Revenue losses not recognised	140,130	49,490
		1,780,129	**1,867,595**
	Less tax effect of:		
	- Differential in corporate tax rate	653,434	878,263
	- Non-assessable items	5,206	-
	- Special tax reduction	30,268	1,695
	- Prior period adjustment	21,680	-
	- Other deferred tax balances not recognised	41,668	25,981
	Income tax reported in statement of comprehensive income	**1,027,873**	**961,656**
c.	**Deferred tax recognised at 30% (2020: 30%) (Note 1):**		
	Deferred tax liabilities:		
	Foreign exchange differences	(64,569)	(24,369)
	Deferred tax assets:		
	Revenue losses	64,569	24,369
	Net deferred tax	-	-
d.	**Unrecognised deferred tax assets at 30% (2020: 30%) (Note 1):**		
	Revenue losses	-	248,488
	Capital raising costs	38,086	76,171
	Unrealised FX	36,436	-
	Provisions and accruals	13,855	11,528
	Other	80,097	16,252
		168,474	**352,439**
e.	**Current tax liabilities**		
	Provision for tax	**999,486**	**807,710**
f.	**Current tax assets**		
	Current tax receivable	**141,060**	**-**

The tax benefits of the above deferred tax assets will only be obtained if

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

Note 1 - the corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

7 Cash and cash equivalents

	2021 $	2020 $
Cash at bank and on hand	**2,433,881**	**3,060,459**

8 Trade and other receivables

	2021 $	2020 $
Trade debtors	648,607	410,294
Allowance for impairment	(6,518)	-
	642,089	**410,294**

All of the account receivables are expected to be recovered within one year.

Account receivables from creditors of bankrupts are generally deducted from the estate bank accounts in the name of bankrupts and paid when instructed by the bankruptcy trustees, Mr. Wong Ka Sek and Mr. Wong Ka Lam King, who are also the directors of the Company. Account receivables from creditors of bankrupts are normally settled within 15 days from the month end when the Group is entitled to recognise any revenue arising from the provision of bankruptcy administration services. The management of the Company believes that no provision for impairment is necessary as at 30 June 2021 and 2020 as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Account receivables from nominees of IVA services are normally due within 30 days from the date of billing. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as at 30 June 2021 and 2020 as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances as at 30 June 2021 and 2020.

Account receivables from debt negotiation service normally span over 6-12 months from the date of billing. They are paid when the settlements are negotiated or if they are part of a refinance they are paid when the loan settled.

All account receivables are neither past due nor impaired. Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

The following table shows the movement in lifetime expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in AASB 9.

(i) Lifetime Expected Credit Loss: Credit Impaired

	Opening balance under AASB 139 1 July 2020	Adjustment for AASB 9	Net measurement of loss allowance	Amounts written off	Closing balance 30 June 2021
	$	$	$	$	$
Trade and other receivables	-	-	6,518	-	6,518
	-	-	-	-	-

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 1 July 2020 and 30 June 2021 is determined as follows; the expected credit losses also incorporate forward-looking information.

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8 Trade and other receivables (continued)

	Current (less than 30 days) past due	31 to 60 days past due	61 to 90 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	410,294	-	-	-	410,294
Loss allowance	-	-	-	-	-
30 June 2021					
Trade and other receivables					
Expected credit loss	0%	0%	0%	0.03%	
Gross carrying amount	451,846	7,094	2,682	186,985	648,607
Loss allowance	-	-	-	6,518	6,518

(ii) Credit Risk

The Group has no significant concentration of credit risk with respect to any single counterparty or entity of counterparties other than those receivables specifically provided for and mentioned within this note. The main source of credit risk to the Group is considered to relate to the class of assets described as “trade and other receivables”.

The Group always measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit loss. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques used or significant assumptions made during the current reporting period.

The Group writes off a trade and other receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery (eg when the debtor has been placed under liquidation or has entered into bankruptcy proceedings) or when the trade receivables are over one year past due, whichever occurs earlier.

9 Loan receivables

	2021 $	2020 $
Loan receivables – Third parties	10,833,170	12,488,516
Allowance for impairment	(2,112,035)	(1,041,309)
	8,721,135	**11,447,207**
Undue matured loans	219,363	183,237
Near due matured loans	43,241	133,585
Matured loans	414,481	210,560
Non performing loans	1,229,490	433,025
Non active loans	205,460	80,902
Allowance for impairment	**2,112,035**	**1,041,309**
Current	8,721,135	11,447,207
Non-current	-	-
	8,721,135	**11,447,207**
Movement in allowance accounts:		
At beginning of the financial year	1,041,309	123,518
At the date of acquisition of HHC	-	127,846
Allowance for impairment	1,148,074	878,287
Allowance written back	(27,345)	(14,916)
Allowance written-off	(18,143)	(35,839)
Foreign exchange adjustment	(31,860)	(37,587)
At end of the financial year	**2,112,035**	**1,041,309**
Maturity analysis		
0 to 3 months	5,981,891	8,438,822
3 to 6 months	3,071,279	1,734,075
6 to 12 months	1,780,000	2,315,619
	10,833,170	**12,488,516**

The maturity date of the loans ranged from 3 months to 12 months. They are due within 5 business days from the maturity date.

The loan receivables are bearing interest rate at 3% to 12% per month to corporates and not more than 4% per month to individuals. All the loan receivables to corporates are guaranteed by the shareholders and directors of these borrowers.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A loan receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

There is no other class of financial assets that is past due and/or impaired except for loan receivables. The parent entity did not have any loan receivable as at reporting dates.

10 Swap assets

	2021 $	2020 $
Swap assets	-	**500,000**

Under the equity financing facility with LS Whitehall Group (see note 20 for further details), the Group received $1,000,000 cash (2020: $500,000) and has a right to $1,000,000 (2020: $500,000) swap assets (50% of equity financing arrangement). On settlement of equity financing arrangement, the difference between the amount received and the swap assets was recognised as changes in fair value in the statement of profit or loss in accordance with AASB 9: *Financial Instruments*. The facility expired on 21 May 2021.

11 Other current assets

	2021 $	2020 $
Deposits	127,876	94,031
Accrued income and other debtors	73,033	544,280
Prepayments	82,247	131,272
Amount due from a shareholder	134	-
	283,290	**769,583**

12 Property, plant and equipment

	2021 $	2020 $
Leasehold improvements		
At cost	95,161	72,307
Accumulated depreciation	(27,254)	(12,854)
Foreign exchange adjustment	(4,977)	(236)
Total leasehold improvements	**62,930**	**59,217**
Furniture, fixtures and equipment		
At cost	623,908	536,644
Accumulated depreciation	(377,467)	(298,097)
Foreign exchange adjustment	(19,939)	5,171
Total furniture, fixtures and equipment	**226,502**	**243,718**
Total property, plant and equipment	**289,432**	**302,935**

12 Property, plant and equipment (continued)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year.

	Leasehold improvements $	Furniture, fixtures and equipment $	Total $
Balance at the beginning of the year	59,217	243,718	302,935
Additions	23,140	78,033	101,173
Disposals	-	-	-
Depreciation expense	(14,450)	(75,310)	(89,760)
Foreign exchange adjustment	(4,977)	(19,939)	(24,916)
Carrying amount at the end of year	**62,930**	**226,502**	**289,432**

13 Right-of-use assets

The Group leases proprieties under non-cancellable operating lease arrangements with lease term 2-5 years without option to renew the lease term at the expiry date. The leases do not include contingent rentals.

(i) AASB 16 related amounts recognised in the balance sheet

Right-of-use assets	2021 $	2020 $
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	-	192,277
Balance at the beginning of the year	316,363	-
Addition to right-of-use assets	461,839	624,162
Amortisation expense for the year	(378,142)	(502,615)
Foreign exchange adjustment	(25,190)	2,539
Net carrying amount	**374,870**	**316,363**
(ii) AASB 16 related amounts recognised in the statement of profit or loss	378,142	502,615
Amortisation charge related to right-of-use assets	13,986	21,056
Interest expense on lease liabilities (under finance cost)	170,135	37,800
Short-term leases expense	**562,263**	**561,471**
Total yearly cash outflows for leases	410,442	517,187

14 Intangible assets

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:
(i) the consideration transferred;
(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method);
(iii) the acquisition date fair value of any previously held equity interest; and
(iv) less the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The goodwill during the financial year arose from the acquisition of a 60% interest in CHT, Yozo, Onestep and reassessment of HHC. No impairment has been recognised in respect of goodwill at the end of the reporting period.

	Goodwill $
Balance at 1 July 2020	11,094,456
Acquisitions through business combinations	3,963,557
Reassessment on finalisation of HHC acquisition	2,261,752
Foreign exchange adjustment	(946,746)
Balance at 30 June 2021	**16,373,019**

Intangible assets comprise of software under development. As at 30 June 2021, the software under development is not available for use. Therefore, no amortisation was incurred during the financial year.

	Software under development $
Balance at 1 July 2020	-
Additions	245,188
Foreign exchange adjustment	(928)
Balance at 30 June 2021	244,260
Total intangible assets	**16,617,279**

Impairment disclosures

Goodwill is allocated to cash-generating units which are based on the Group's reporting segments:

	2021 $	2020 $
ICS	4,949,293	4,949,293
HHC	8,377,410	6,115,658
CHT	691,396	-
Yozo*	1,520,202	-
OneStep*	1,751,958	-
Foreign exchange adjustment	(917,240)	29,505
	16,373,019	**11,094,456**

*- *No impairment testing performed for goodwill on the acquisition of Yozo and OneStep as the acquisition occurred during the financial year.*

14 Intangible assets (continued)

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period with the period extending beyond 5 years extrapolated using an estimated long term growth rate. The cash flows are discounted using the yield of a 5-year weighted average cost of capital (WACC) at the beginning of the budget period.

The following key assumptions were used in the value-in-use calculations:

	Long Term Growth Rate	Discount Rate
ICS	5.7%	9.5%
HHC	5.7%	8.8%
CHT	1.1%	16.9%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

15 Trade and other payables

	2021 $	2020 $
Accrued expenses	586,469	346,873
Other payables	396,449	2,488,979
	982,918	**2,835,852**

The other payables represents a dividend payable to the individual shareholders of ICS and HHC.

16 Lease liabilities

	2021 $	2020 $
Balance at the beginning of the year	322,055	192,277
New leases during the period	461,839	624,162
Payments	(410,442)	(517,187)
Interest charges during the period	13,986	21,056
Foreign exchange adjustment	(25,526)	1,747
Net carrying amount at the end of the year	**361,912**	**322,055**
Current	136,661	322,055
Non current	225,251	-
	361,912	**322,055**

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17 Contract liabilities

	2021 $	2020 $
Contract liabilities	**445,393**	**-**

Contract liabilities relate to permit fees advances received for loans provided to individuals. Contract liabilities are recognised as revenue when the Group satisfies the performance obligations.

18 Amounts due to vendors

	2021 $	2020 $
Current	508,058	6,254,453
Non-current	224,000	-
	732,058	**6,254,453**

Amounts due to vendors represent the acquisition of 60% interest of subsidiaries.

19 Amounts due to related parties

	2021 $	2020 $
Current	-	3,485,696
Non-current	275,913	2,143,395
	275,913	**5,629,091**

The amount is non-trade in nature and unsecured.

20 Derivative liabilities

	2021 $	2020 $
Equity financing	**-**	**1,000,000**

On 29 Mar 2021, the Group issued 66,445,183 (2020: 32,148,759) fully paid ordinary shares for $2,000,000 (2020: $1,000,000) to LS Whitehall Group under an equity financing (swap) facility. This facility was fully settled after an agreed pricing period where the final amount was adjusted by a swap amount calculated using an average VWAP of CI1's shares nominated by the investor. After settlement, the carrying amount of $2,000,000 (2020: $1,000,000) was transferred to share capital.

21 Current tax assets and liabilities

	2021 $	2020 $
Current tax assets		
Tax refund receivable - Australia	**141,060**	**-**
Current tax liabilities		
Provision for taxation - Hong Kong	232,453	170,234
Provision for taxation - Singapore	767,033	637,476
	999,486	**807,710**

22 Other borrowings

	2021 $	2020 $
Bond	**1,619,905**	-

The Group entered into short term bond subscription agreements with several individuals on 15 July 2020. The bond is unsecured, carrying at 12% interest per annum and repayable on 31 July 2021 (a year from the effective date of 31 July 2020).

The bond has been fully settled subsequent to the report date.

23 Issued capital

Although the Company's acquisition of 100% of Credit Intelligence Holding Limited (CIH) has been accounted for as a reverse acquisition, the capital structure of the Consolidated Entity is that of the legal parent, Credit Intelligence Limited (CI1).

The current period reflects the movements in the legal parent's capital structure for the year to 30 June 2021.

	2021 No.	2020 No.	2021 $	2020 $
(a) Ordinary issued and paid up share capital				
At the beginning of the reporting year	1,114,952,542	936,128,534	8,915,406	6,220,555
Allotment of shares	98,593,942	32,148,759	3,000,000	1,000,000
Shares issued to vendors	339,825,485	86,956,694	8,350,184	1,288,982
Convert share based payment reserve on vesting of performance shares/rights	-	87,045,000	-	1,270,844
Shares issued to consultant	-	4,822,314	-	135,025
Exercise convertible notes	45,000,009	-	1,269,000	-
Convert option reserve on exercise of share options	3,320,000	-	141,314	-
Shares issued for dividend reinvestment plan	1,031,540	-	29,261	-
Classified to derivative liabilities	-	(32,148,759)	-	(1,000,000)
Total ordinary share capital at the end of the reporting period	1,602,723,518	1,114,952,542	21,705,165	8,915,406

23 Issued capital (continued)

	2021 No.	2020 No.	2021 $	2020 $
(b) Share-based payment reserve				
At the beginning of the reporting year	-	86,795,000	-	475,840
Valuation of class A and class B performance shares at the end of the reporting period	-	-	-	793,318
Class B performance rights issued during the financial year end 2020	-	250,000	-	1,686
Convert share based payment reserve on vesting of performance shares/rights	-	(87,045,000)	-	(1,270,844)
Total performance shares/rights at the end of the reporting period	-	-	-	-
(c) Option reserve				
At the beginning of the reporting year	-	-	-	-
Issued share option to service provider	24,800,000	-	191,568	-
Convert option reserve on exercise of share option	(3,320,000)	-	(28,514)	-
Total option at the end of the reporting period	21,480,000	-	163,054	-

Each ordinary shareholder maintains, when present in person or by proxy or by attorney at any general meeting of the Company, the right to cast one vote for each ordinary share held.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

The Company issued 24,800,000 options to service provider on 30 October 2020 of which 18,200,000 options will expire on 30 October 2021 and 6,600,000 options will expire on 30 October 2022.

Following shareholder approval at a general meeting of the Company held on 2 July 2021. The Company has granted 36,200,000 options to directors and employees on 23 July 2021. Each option will expire at 5:00 pm (WST) on the date that is three years following its date of issue (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. The Options are exercisable at any time after the date that is two years following its date of issue; and on or prior to the Expiry Date (Exercise Period) (Details please read the announcement on 28 May 2021).

24 Reserves and accumulated profits

		2021 $	2020 $
(a)	**Reserves**		
	Total reserves	**(259,874)**	**71,107**
	Movements in share-based payments reserve were as follows:		
	Balance 1 July	-	475,840
	Transfer to share based payments reserve	-	795,004
	Transfer from share based payments reserve on exercise of vesting of performance shares/rights	-	(1,270,844)
	Balance 30 June	-	-
	Movements in option reserve were as follows:		
	Balance 1 July	-	-
	Transfer to option reserve	191,568	-
	Transfer from option reserve on exercise of share options	(28,514)	-
	Balance 30 June	**163,054**	**-**
	Movements in foreign currency translation reserve		
	Balance 1 July	60,070	98,644
	Movement in foreign currency translation reserve	(494,035)	(38,574)
	Balance 30 June	**(433,965)**	**60,070**
	Movements in merger reserve		
	Balance 1 July	11,037	11,037
	Balance 30 June	**11,037**	**11,037**
	Total reserves	**(259,874)**	**71,107**
(b)	**Accumulated profits**		
	Movements in accumulated profit were as follows:		
	Opening retained earnings	801,422	(719,707)
	Profit after tax for the year	736,062	2,541,275
	Final dividend paid	(599,689)	(1,020,146)
	Balance 30 June	**937,795**	**801,422**

(c) Nature and purpose of reserves

The share-based payment reserve comprises the cumulative value of employee services received through the issue of performance shares. When the performance shares vests, the related balance previously recognised in the share-based payments reserve is transferred to share capital. When the performance shares lapse, the related balance previously recognised in the performance share reserve is transferred to accumulated profits.

The option reserve comprises the value of non-employee services received through the issue of share options. When shares options are issued that are not subject to vesting conditions, the value of share options is recognised in full at grant date.

The foreign currency translation reserve records exchange differences arising on translation of the foreign controlled subsidiaries.

The merger reserve represents (i) the difference between the nominal value of share capital of Hong Kong Debt Management Limited (HKDM) held by the remaining shareholders and the nominal value of share capital of Hong Kong Debt Management Services Limited (HKDMS) held by the remaining shareholders; and (ii) the difference between the nominal value of the share capital of HKDM acquired by the Credit Intelligence Holding Limited and the consideration paid to the then shareholders of HKDM.

25 Cash flow information

	2021 $	2020 $
Reconciliation of cash flow from operations with operating profit after tax from ordinary activities:		
Profit after income tax from ordinary activities	1,278,548	3,581,873
Non-cash flows in profit from ordinary activities:		
Bad debt written off	1,490,851	1,434,425
Depreciation	89,760	73,582
Amortisation on right-of-use assets	378,142	502,615
Finance cost	990,945	32,500
Exchange loss	14,654	-
Interest expense on advance from shareholders	289,908	443,987
Share-based payment	191,568	795,004
Movements in working capital		
Effect of foreign currency translation	(304,082)	(33,783)
Increase in trade and other receivables	(14,549)	(97,465)
Decrease/(Increase) in loan receivables	1,235,221	(6,958,915)
Decrease/(Increase) in other current assets	524,063	(95,058)
(Decrease)/Increase in loan from related party	(5,865,634)	2,658,618
(Decrease)/Increase in trade and other payables	(189,162)	233,706
Increase in contract liabilities	445,393	-
Increase in income tax payable	50,716	571,916
Cash flow from operations	**606,342**	**3,143,005**

26 Interests in other entities

The legal corporate structure of the Group is set out below.

Name of Entity	Country of Incorporation	Principal Place of Business	Ownership Interest 2021 %	Ownership Interest 2020 %
Credit Intelligence Holding Limited	Cayman Islands	Hong Kong	100	100
Hong Kong Debt Management Limited	British Virgin Island	Hong Kong	100	100
Hong Kong Debt Management Services Limited	Hong Kong	Hong Kong	100	100
Hong Kong I.V.A. Consultants Limited	British Virgin Island	Hong Kong	100	100
Credit Intelligence Finance (Hong Kong) Limited	Hong Kong	Hong Kong	100	100
Credit Intelligence (Singapore) Holdings Limited	Cayman Islands	Hong Kong	100	100
ICS Funding Pte Ltd	Singapore	Singapore	60	60
Hup Hoe Credit Pte Ltd	Singapore	Singapore	60	60
Chapter Two Holdings Pty Ltd	Australia	Australia	60	Nil
BIBO Investment Holdings Ltd	British Virgin Island	Hong Kong	100	Nil
Yozo Finance Pty Ltd	Australia	Australia	60	Nil
OneStep Information Technology Limited	British Virgin Island	Hong Kong	60	Nil

Percentage of voting power is in proportion to ownership

27 Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

On 30 September 2019 CI1 acquired a 60% interest in Hup Hoe Credit Pte. Ltd through an intermediate holding company - Credit Intelligence (Singapore) Holdings Limited.

The values identified in relation to the acquisition of HHC are provisional as at 30 September 2019. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of acquisition or (ii) when the acquirer receives all the information possible to determine the value.

Details of the fair value of assets and liabilities acquired, and excess consideration are as follows:

	$
Purchase consideration:	
- Cash	1,327,206
- Shares	1,133,873
- Contingent consideration	6,643,067
	9,104,146
Less: fair value of net identifiable assets acquired (see below)	(726,736)
Excess consideration / Goodwill	8,377,410

The excess consideration has been recognised as goodwill in the statement of financial position. During the year, the Company has recognised an additional $2,261,752 being profit in excess of the profit guarantee as final consideration payable to the vendors of HHC under the contingent arrangement in accordance with the Share Purchase Agreement (2020: $4,381,315).

Details of the fair value of identifiable assets and liabilities of HHC as at the date of acquisition are:

	$
Assets	
Loan receivables	1,491,691
Cash and cash equivalents	318,599
Rental and other deposit	8,747
Property, plant and equipment	3,625
	1,822,662
Liabilities	
Accruals and other payables	(47,265)
Amounts due to director	(123,481)
Dividend payable	(400,634)
Tax payable	(40,055))
	(611,435
Net assets	1,211,227
Non-controlling interest	(484,491)
Fair value of net identifiable assets acquired	726,736

27 Business combinations (continued)

On 1 July 2020 CI1 acquired a 60% interest in Chapter Two Holdings Pty Ltd (CHT), a Sydney based debt solutions business providing debt negotiation and mortgage broking services to individuals who are experiencing financial hardship.

Details of the fair value of assets and liabilities acquired, and excess consideration are as follows:

	$
Purchase consideration:	
- Cash	400,000
- Shares	320,000
	720,000
Less: fair value of net identifiable assets acquired (see below)	(28,604)
Excess consideration / Goodwill	691,396

Details of the fair value of identifiable assets and liabilities of CHT as at the date of acquisition are:

	$
Assets	
Trade receivables	217,246
Cash and cash equivalents	17,050
Amounts due from director	10,375
Rental and other deposits	37,636
	282,307
Liabilities	
Accruals and other payables	(234,634)
	(234,634)
Net assets	47,673
Non-controlling interest	(19,069)
Fair value of net identifiable assets acquired	28,604

On 17 December 2020 CI1 announced the acquisition of a 60% interest in Yozo and its leading fintech platform with its proprietary capabilities.

Details of the fair value of assets and liabilities acquired, and excess consideration are as follows:

	$
Purchase consideration:	
- Cash	690,000
- Shares	690,000
	1,380,000
Add: fair value of net identifiable liabilities acquired (see below)	140,202
Excess consideration / Goodwill	1,520,202

27 Business combinations (continued)

Details of the fair value of identifiable assets and liabilities of Yozo as at the date of acquisition are:

	$
Assets	
Cash and cash equivalents	339
	339
Liabilities	
Accruals and other payables	(1,086)
Amounts due to director	(232,923)
	(234,009)
Net liabilities	(233,670)
Non-controlling interest	93,468
Fair value of net identifiable liabilities acquired	140,202

On 14 May 2021 CI1 completed the acquisition of a 60% interest in OneStep Information Technology Limited (OneStep), a Hong Kong based fintech and AI SME BNPL platform company.

Details of the fair value of assets and liabilities acquired, and excess consideration are as follows:

	$
Purchase consideration:	
- Cash	1,390,914
- Shares	360,000
	1,750,914
Add: fair value of net identifiable liabilities acquired (see below)	1,045
Excess consideration / Goodwill	1,751,959

Details of the fair value of identifiable assets and liabilities of OneStep as at the date of acquisition are:

	$
Assets	
Cash and cash equivalents	129
	129
Liabilities	
Accruals and other payables	(1,870)
	(1,870)
Net liabilities	(1,741)
Non-controlling interest	696
Fair value of net identifiable liabilities acquired	(1,045)

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28 Earnings per share

	2021 $	2020 $
Basic Earnings/(loss) per share	0.0006	0.0025
Diluted Earnings/(loss) per share	0.0005	0.0023
***Weighted average number of shares used in**		
Basic earnings per share calculation	1,329,461,761	1,023,909,906
Diluted earnings per share calculation[1]	1,356,544,138	1,084,181,248

*Excluding the shares issued under equity financing equity pending settlement in year 2020.

Profit/(loss) for the period used in earnings per share		
From continuing operations	736,062	2,541,275

[1]Rights to deferred shares granted to executives and employees, including those granted under the group's performance rights plan, are included in the calculation of diluted earnings per share assuming all rights will vest.

29 Commitments and contingent liabilities

Capital expenditure commitments

The Group had the following capital commitments at the end of the reporting period:

	2021 $	2020 $
Contracted for, but not provided for:		
Property, plant and equipment	-	21,625
Intangible assets	66,405	-
	66,405	21,625

Operating leases commitments

As at 30 June 2021 and 2020, the Group had the following commitments under non-cancellable operating leases in respect of office premises.

Within one year	-	8,329
In the second to fifth year, inclusive	-	-
	-	8,329

Contingent liabilities

There are no contingent liabilities as at 30 June 2021.

30 Events occurring after the balance sheet date

Following shareholder approval at a general meeting of the Company held on 2 July 2021. The Company has granted 36,200,000 options to directors and employees on 23 July 2021. Each option will expire at 5:00 pm (WST) on the date that is three years following its date of issue (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. The Options are exercisable at any time after the date that is two years following its date of issue; and on or prior to the Expiry Date (Exercise Period) (Details please read the announcement on 28 May 2021).

On 15 July 2021, the Group entered into bond subscription agreements with several independent individuals to borrow an aggregate amount of $1,802,756. The bond is unsecured, carrying at 15% interest per annum, repayable 1 year after the actual effective date of 31 July 2021.

31 Segment information

Credit Intelligence Limited is one of the leading diversified debt restructuring and personal insolvency management businesses operating in Australia, Hong Kong and Singapore. For management purposes, the Group is organised into three main operating segments which involves debt solution services, finance service (BNPL), provision of bankruptcy administration services and Individual Voluntary Arrangement proposal consultancy, implementation services and credit funding for corporates and individuals. All of the Group's activities are interrelated and financial information is reported to the Board as three single segments. Accordingly, all significant operating decisions are based upon analysis of the Group as three segments. The financial results from these segments are equivalent to the financial statements of the Group as a whole.

During the year ended 30 June 2021 the Group operated in the Australia, Hong Kong and Singapore markets. The Group operated only in the Hong Kong and Singapore market during the year ended 30 June 2020. There are inter-segment sales of $327,035 between CI1 and CIH in the current year (2020: $365,055).

	2021 $	2020 $
(i) Revenue by geographical region		
Revenue attributable to external customers is disclosed below, based on the location of the external customer:		
Australia	492,945	-
Hong Kong	6,609,624	7,381,100
Singapore	5,596,149	6,230,518
Total revenue	**12,698,718**	**13,611,618**
(ii) Revenue by operating segment		
Debt solution and finance service	492,945	-
Debt restructuring and personal insolvency	6,609,624	7,381,100
Credit Financing	5,596,149	6,230,518
Total revenue	**12,698,718**	**13,611,618**
(iii) Timing of revenue recognition		
At point in time	487,359	-
Over time	12,211,359	13,611,618
Total revenue	**12,698,718**	**13,611,618**
(iv) Assets by geographical region		
The location of segment assets by geographical location of the assets is disclosed below:		
Australia	5,593,797	1,158,462
Hong Kong	1,606,692	2,958,508
Singapore	22,302,547	23,784,327
Total assets	**29,503,036**	**27,901,297**

32 Related party transactions

Related parties

The Group's main related parties are as follows:

(i) *Entities exercising control over the Group:*
The ultimate Parent Entity that exercises control over the Group is Credit Intelligence Ltd, which is incorporated in Australia.

(ii) *Key management personnel:*
Any person(s) having significant authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

(iii) *Other related parties:*
Other related parties include entities controlled by the ultimate Parent Entity and entities over which key management personnel have joint control.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Key management personnel remuneration

Refer to the Remuneration Report contained in the Directors Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2021.

The total remuneration paid to key management personnel ("KMP") of the Group during the year is as follows:

	2021 $	2020 $
Short-term employee benefits	851,700	924,086
Post-employment benefits	22,270	17,061
Share-based payments	-	420,915
Total KMP compensation	873,970	1,362,062

Short-term employee benefits

These amounts include fees and benefits paid to non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

32 Related party transactions (continued)

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's defined contributions scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. No forfeited contribution was available to reduce the contribution payable in the future years. Payments to MPF Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Other related party transactions

During the year ended 30 June 2021, $159,444 (2020: $215,120) was paid to Ms. Eva Chan as remuneration (including salary and performance shares/rights issued by the Company). Ms Chan joined the Group since 2002. She is occupied as a director of CIH in charge of human resources and administration function at Hong Kong head office, she is the spouse of Mr Jimmie Wong, executive chairman of the Company.

During the year ended 30 June 2021, $149,160 (2020: $191,056) was paid to Mr. Herbert Wong as remuneration (including salary and performance shares/rights issued by the Company). Mr Wong is occupied as regional business development manager focusing on the Group's BNPL business expansion. He is the son of Mr Jimmie Wong, executive chairman of the Company.

Loans from Key Management Personnel and their Related Parties

As disclosed in note 22 the Group entered into bond subscription agreements with several individuals on 15 July 2020, in which Mr Mark Ng, an executive director of the Company appointed on 29 December 2020 was one of the participants of the bond. The principal and interest due to Mr. Ng as the bond holder was $476,443 as at 30 June 2021. The bond has been fully settled subsequent to the report date.

The balance of loan from Mr Wilson Lim (a former director) as at 30 June 2020 was $1,503,109 (2021: nil). The balance of loan from CLT Investment Ltd being a company controlled by Mr Wilson Lim (former director) as at 30 June 2020 was $640,286 (2021: nil).

33 Parent information

The following information relates to the legal parent, Credit Intelligence Limited, only. It has been extracted from the books and records of the legal parent entity set out below and has been prepared in accordance with Australian Accounting Standards.

	2021 $	2020 $
Statement of Financial Position		
ASSETS		
Current assets	13,696,569	7,849,417
Non-current assets	3,864,902	18
TOTAL ASSETS	17,561,471	7,849,435
LIABILITIES		
Current liabilities	565,893	1,072,737
Non-current liabilities	224,000	-
TOTAL LIABILITIES	789,893	1,072,737
EQUITY		
Issued capital	21,705,148	8,915,390
Reserve	163,054	-
(Accumulated losses)	(5,096,624)	(2,138,692)
TOTAL EQUITY	16,771,578	6,776,698
Statement of Profit or Loss and Other Comprehensive Income		
Total (loss)/profit	(2,036,214)	831,174
Total comprehensive income	(2,358,243)	831,174

Contractual commitments

As at 30 June 2021, the legal parent entity had no contractual commitments for the acquisition of property, plant or equipment.

Guarantees and contingent liabilities

There are no contingent liabilities or guarantees as at 30 June 2021.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

34 Auditor's remuneration

The following information relates to the remuneration of the auditor for the listed parent company, Credit Intelligence Limited and its controlled entities.

	2021 $	2020 $
Auditors of the Group – Moore and related network firms		
Audit and review of financial statements		
Group	55,000	55,500
Controlled entities	207,599	149,611
Total audit and review of financial statements	262,599	205,111
Non-audit services		
Taxation services	12,213	6,000
Corporate advisory services	91,343	10,385
Total non-audit services	103,556	16,385
Total services provided by Moore	**366,155**	**221,496**
Other auditors and their related network firms		
Audit and review of financial statements		
Controlled entities	-	43,079
Non audit services		
Taxation services	6,914	1,531
Total services provided by other auditors (excluding Moore and their related network firms)	**6,914**	**44,610**

35 Dividends

The dividend reinvestment plan (DRP) was adopted in the FY21. The DRP provides eligible shareholders an option to reinvest all or part of any dividend.

The Group has identified great opportunities of business growth itself and advised that the Company will not declare final dividend subsequent to year end. The cash generated within the Group will be retained for the business development.

Dividends paid or declared for payment during the financial year and previous corresponding period are as follows:

Final ordinary dividend of $0.0005 per share paid on 20 November 2020 out of retained profits at 30 June 2020	$599,689
Special ordinary dividend of $0.0005 per share paid on 28 April 2020 out of retained profits at 31 December 2019	$552,082
Final ordinary dividend of $0.0005 per share paid on 15 November 2019 out of retained profits at 30 June 2019	$468,064

36 Financial risk management

(a) Financial instruments by categories

	2021 $	2020 $
Financial assets		
Receivables measured at amortised cost:		
- Trade and other receivables	642,089	410,294
- Loan receivables	8,721,135	11,447,207
- Other current assets	283,290	769,583
- Current tax assets	141,060	-
- Swap assets	-	500,000
- Cash and cash equivalents	2,433,881	3,060,459
	12,221,455	16,187,543
Financial liabilities		
Financial liabilities measured at amortised cost:		
- Trade and other payables	982,918	2,835,852
- Current tax liabilities	999,486	807,710
- Amount due to vendors	732,058	6,254,453
- Amount due to related parties	275,913	5,629,091
- Lease liabilities	361,912	322,055
- Contract liabilities	445,393	-
- Other borrowings	1,619,905	-
- Derivative liabilities	-	1,000,000
	5,417,585	16,849,161

(b) Financial risk management and policies

The Group has exposure to the credit risk and liquidity risk arising from financial instruments. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

36 Financial risk management (continued)

(b) Financial risk management and policies

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial 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's credit risk is primarily attributable to account receivables, deposits and other receivables and amounts due from the controlling shareholder and a director. In order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its debtors' financial position and condition are performed on each and every major debtor periodically. These evaluations focus on the debtor's past history of making payments when due and current ability to pay and take into account information specific to the debtor as well as pertaining to the economic environment in which the debtor operates. Debtors with overdue balances, which will be reviewed on a case-by-case basis, are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. The default risk of the industry in which debtors operate also has an influence on credit risk. At the end of the reporting period, the Group has no concentration of credit risk of the total account receivables due from the Group's largest customer and five largest customers.

The credit risk on balances of cash and cash equivalents is low as these balances are placed with reputable financial institutions.

(ii) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval of the management. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group relies on its liquid funds as significant sources of liquidity.

36 Financial risk management (continued)

The following table reflects an undiscounted contractual maturity analysis for financial assets and financial liabilities.

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Consolidated Group								
Financial liabilities due for payment								
Trade and other payables	982,918	2,835,852	-	-	-	-	982,918	2,835,852
Current tax liabilities	999,486	807,710	-	-	-	-	999,486	807,710
Amount due to vendors	508,058	6,254,453	224,000	-	-	-	732,058	6,254,453
Amount due to related parties	-	3,485,696	275,913	2,143,395	-	-	275,913	5,629,091
Lease liabilities	136,661	322,055	225,251	-	-	-	361,912	322,055
Contract liabilities	445,393	-	-	-	-	-	445,393	-
Other borrowings	1,619,905	-	-	-	-	-	1,619,905	-
Derivative liabilities	-	1,000,000	-	-	-	-	-	1,000,000
Total expected outflows	4,692,421	14,705,766	725,164	2,143,395	-	-	5,417,585	16,849,161
Financial assets – cash flows realisable								
Trade and other receivables	642,089	410,294		-		-	642,089	410,294
Loan receivables	8,721,135	11,447,207		-		-	8,721,135	11,447,207
Other current assets	283,290	769,583		-		-	283,290	769,583
Current tax assets	141,060	-	-	-		-	141,060	-
Swap assets	-	500,000	-	-		-	-	500,000
Cash and cash equivalents	2,433,881	3,060,459	-	-		-	2,433,881	3,060,459
Total anticipated inflows	12,221,455	16,187,543	-	-		-	12,221,455	16,187,543
Net (outflow)/ inflow on financial instruments	7,529,034	1,481,777	(725,164)	(2,143,395)		-	6,803,870	(661,618)

36 Financial risk management (continued)

(iii) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group has exposures arising from transactions that are denominated in Hong Kong Dollars ("HK$") and Singapore Dollars ("SG$"). The Group holds cash and bank balances denominated in HK$ and SG$ for working capital purposes. Consequently, the Group is exposed to movements in foreign currency exchange rates. The Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than Australian dollars. The table is presented in Australian dollars:

	2021 $	2020 $
Hong Kong Dollars (HK$)		
Cash and cash equivalents	613,642	1,754,233
Trade and other receivables	451,846	410,294
Other current assets	154,327	191,658
Lease liabilities	(130,422)	(306,933)
Trade and other payables	(130,391)	(141,606)
Current tax liabilities	(232,453)	(170,234)
Other borrowings	(1,619,905)	-
Amount due to vendors	(412,058)	(6,254,453)
Net HK$ exposure	(1,305,414)	(4,517,041)
Singapore Dollars (SG$)		
Cash and cash equivalents	1,207,806	766,593
Loan receivables	8,497,307	11,447,207
Other current assets	11,804	459,097
Lease liabilities	(89,190)	(15,122)
Contract liabilities	(445,393)	-
Trade and other payables	(525,587)	(2,621,508)
Current tax liabilities	(767,033)	(637,476)
Amount due to related parties	-	(5,629,091)
Net SG$ exposure	7,889,714	3,796,700

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36 Financial risk management (continued)

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in the exchange rate. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the exchange rate that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group Profit after Tax	Equity
Year ended 30 June 2021	$	$
+/–2% in $A/$HK	+/- 60,447	+/- 39,653
Year ended 30 June 2020		
+/–2% in $A/$HK	+/- 40,839	+/- 63,826

	Consolidated Group Profit after Tax	Equity
Year ended 30 June 2021	$	$
+/–2% in $A/$SG	+/- 20,854	+/- 58,868
Year ended 30 June 2020		
+/–2% in $A/$SG	+/- 30,606	+/- 62,001

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

(c) Capital management

The Group's objectives when managing capital are to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate.

The Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statements of financial position plus net debt, if any.

(d) Fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair value as at 30 June 2021 and 2020.

End of the notes

Directors' Declaration

In the directors' opinion:

(a) the financial statements comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and accompanying notes set out on pages 18 to 71 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

(c) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2021, comply with Section 300A of the *Corporations Act 2001*; and

(d) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Jimmie Wong
Executive Chairman

17 September 2021

Moore Australia Audit (WA)

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDIT INTELLIGENCE LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Credit Intelligence Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

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

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CREDIT INTELLIGENCE LIMITED (CONTINUED)

Report on the Audit of the Financial Report (continued)

Key Audit Matters (continued)

Accounting for Business Combinations and Goodwill on Acquisitions	
Refer to Note 14 Intangible Assets and Note 27 Business Combinations	
During the year ended 30 June 2021, Credit Intelligence Limited (the legal acquirer) acquired a 60% interest in Chapter Two Holdings Pty Ltd (CH2), Yozo Finance Pty Ltd (Yozo) and OneStep Information Technology Limited (OneStep). The audit of the business combinations is a key audit matter due to the complexity of transactions and judgement involved in the recognition and calculation of goodwill on acquisitions. Specifically, judgement is involved in the determination of the fair value of the purchase consideration (which is settled by a combination of cash and shares (of which part was recognised as deferred consideration payable subject to profit guarantee adjustment) and the net assets acquired.	Our procedures included, amongst others: • Reviewed the share purchase agreements and underlying terms and conditions of the transactions; • Discussed with management regarding the nature of the transactions; • Checked the calculation of the net assets acquired and goodwill on acquisition; • Reviewed workings to ensure accounting for business combinations and goodwill on acquisition were in line with Australian Accounting Standards; • Ensured that the consolidated financial statements accurately reflect the business combination transactions and calculation of goodwill on acquisitions; and • Assessed the adequacy of the disclosures in the financial statements in accordance with AASB 3: Business Combinations.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CREDIT INTELLIGENCE LIMITED (CONTINUED)

Report on the Audit of the Financial Report (continued)

Key Audit Matters (continued)

Goodwill Impairment Assessment

Refer to Note 14 Intangible Assets

Goodwill recognised on the acquisition of 60% of the issued share capital of ICS Funding Pte. Ltd (ICS) and Hup Hoe Credit Pte. Ltd (HHC) as at 30 June 2021 was $4,949,293 and $8,377,410 respectively. These were required to be assessed for impairment annually in accordance with AASB 138: Intangible Assets.

Goodwill impairment assessment is a key audit matter because some of the inputs used to determine the recoverable amount are based on management judgements or accounting estimates and therefore have a higher risk of material misstatement associated with them.

Our procedures included, amongst others:

- Reviewed the impairment assessment prepared by management, including an assessment of the appropriateness of the inputs and cash flow forecast together with the underlying assumptions used in determining the recoverable amount of cash generating unit;
- Performed a sensitivity analysis based on the "worst case scenario" to test the reasonableness of the impairment assessment; and
- Assessed the adequacy of the disclosures in the financial statements relating to AASB 138: Intangible Assets.

Revenue Recognition

Refer to Note 3 Revenue

Revenue recognised in the financial statements for the year ended 30 June 2021 was $12,698,718.

Revenue Stream	Point of Revenue Recognition
Bankruptcy administration services and discharge fees	Over time
Individual voluntary arrangements	Over time
Debt solution services	At a point in time
Permit fees	Over time
Interest	Over time

The recognition of revenue is a key audit matter due to the different nature of the diversified income streams, and because of its significance to the Group. In addition, ASAs presume there are risks of fraud in revenue recognition unless rebutted.

Our procedures included, amongst others:

- Assessed the accounting policy for revenue recognition to ensure compliance with Australian Accounting Standards;
- Performed tests of detail on a sample of transactions throughout the year to verify the accuracy of revenue recognised;
- Tested the cut-off of revenue;
- Performed analytical procedures to ensure the reasonableness of revenue;
- Tested the appropriateness of journal entries in the accounting system; and
- Assessed the adequacy of disclosures in the financial statements relating to AASB 15: Revenue from Contracts with Customers.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CREDIT INTELLIGENCE LIMITED (CONTINUED)

Report on the Audit of the Financial Report (continued)

Key Audit Matters (continued)

Impairment Allowance for Loan Receivables	
Refer to Note 9 Loan Receivables	
The Group recorded loan receivables of $8,721,135 attributed to the consolidation of ICS and HHC's financial results as at 30 June 2021. The balance was inclusive of an impairment allowance of $2,112,035. The general approach as permitted by AASB 9: Financial Instruments was applied to assess the lifetime expected losses of loan receivables. This was calculated as a function of "probability of default (PD)", "loss given default (LGD)" and "exposure at default (EAD)" taking into account the credit risk exposure to different risk groups and future macroeconomic information. Impairment allowance for loan receivables is a key audit matter due to the significance of loan receivables to the Group and because the inputs used for its calculation are based on management judgements or accounting estimates and therefore have a higher risk of material misstatement associated with them.	Our procedures included, amongst others: • Reviewed the expected credit loss model prepared by management, including an assessment of the reasonableness of inputs used to calculate the impairment allowance for loan receivables; and • Assessed the adequacy of the disclosures in the financial statements relating to AASB 9: Financial Instruments.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CREDIT INTELLIGENCE LIMITED (CONTINUED)

Report on the Audit of the Financial Report (continued)

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Credit Intelligence Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

WEN-SHIEN CHAI
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 17th day of September 2021.

Corporate Governance Statement

Credit Intelligence Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Credit Intelligence Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2021 Corporate Governance Statement was approved by the Board on 17 September 2021 and is current as at 17 September 2021. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.ci1.com.au.

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 16 September 2021.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding

TOP SPREAD REPORT SPREADS OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL ISSUED CAPITAL
1 - 1,000	52	13,500	0.00%
1,001 - 5,000	191	603,288	0.04%
5,001 - 10,000	342	2,708,963	0.17%
10,001 - 100,000	2,377	108,257,478	6.76%
100,001 - 999,999,999,999	1,394	1,491,140,289	93.04%
TOTAL	**4,356**	**1,602,723,518**	**100%**

LESS THAN MARKET PARCEL	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL ISSUED CAPITAL
1 - 29,411	1,477	20,290,222	1.27%
29,412 - OVER	2,879	1,582,433,296	98.73%
TOTAL	**4,356**	**1,602,723,518**	**100%**

ASX Additional Information

(b) Twenty largest shareholders

The name of the twenty largest holders of quoted ordinary shares are:

Rank	Name		Units	% of Units
1	**GROUP # 8142**	-	**434,500,038**	**27.11**
	BNP PARIBAS NOMS PTY LTD <DRP>			
	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS		3,277,420	0.2
	RETAILCLIENT DRP>		431,222,618	26.91
2	**GROUP # 11726**	-	**97,375,459**	**6.08**
	CITICORP NOMINEES PTY LIMITED		97,375,459	6.08
3	**GROUP # 33169**	-	**81,317,223**	**5.07**
	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		81,317,223	5.07
4	MR SUM WING DANIEL TO		30,600,000	1.91
5	MR KA LAM KING WONG		24,142,628	1.51
6	MS LAI TING CHOW		20,000,000	1.25
7	MR LYNDON HUDSON + MISS SUZANNE PORTER		15,714,922	0.98
8	MR KOK KEEN CHONG + MRS HUE NGHI CHONG		15,500,000	0.97
9	ADVANCED ASSETS MANAGEMENT LTD		15,339,662	0.96
10	MR BRADLEY PAUL BOYLING		13,392,857	0.84
11	MR CHENBING LI		13,300,000	0.83
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		13,142,933	0.82
13	MR GEORGE HRISTODOULOU		13,108,951	0.82
14	MR KA SEK WONG		11,600,000	0.72
15	TERENCE WING KEUNG CHAN		10,657,051	0.66
16	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>		9,416,925	0.59
17	CHIANG LAI FAN		6,500,000	0.41
18	BNP PARIBAS NOMS PTY LTD <UOB KH P/L AC UOB KH DRP>		6,280,000	0.39
19	MR HEUNG KWAN TSANG		5,700,000	0.36
20	GARY HONAN SUPERANNUATION PTY LTD <GARY HONAN SUPER FUND A/C>		5,000,000	0.31
Totals: Top 20 holders of CI1 ORDINARY FULLY PAID			**842,588,649**	**52.57**
Total Remaining Holders Balance			**760,134,869**	**47.43**
Total Holders Balance			**1,602,723,518**	**100**

Note: Nominee holders hold shares on behalf of a number of beneficial holders

(c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(d) Substantial shareholders

No substantial shareholders have notified the Company in accordance with section 671B of the *Corporations Act 2001*.