

Credit Intelligence Business Update

Highlights

- **Approval expected from Ministry of Law Singapore for acquisition of Hup Hoe Credit Limited**
- **Hong Kong bankruptcy business remains strong with on budget case appointments**
- **Ongoing review for potential acquisitions in Australia**

Leading diversified debt restructuring and personal insolvency management services business within the credit funding sector, Credit Intelligence Limited (ASX:CI1) (“Credit Intelligence” or “the Company”) is pleased to provide an update on its business operations.

Geographic Expansion into Credit Provider Business

Shareholders of the Company approved the acquisition of two Singapore based companies, ICS Funding Limited (ICS) and Hup Hoe Credit Limited (HHC) on 27 June 2019. The ICS acquisition was completed on 28 June 2019 while HHC is pending approval from the Singapore Ministry of Law for the change of control of the company, pursuant to its money lending license regulations, which is expected shortly.

The two companies are credit providers to corporates and personal borrowers respectively. The Company’s expansion into the credit provider sector is a natural integration of its core business activities in the credit sector. The geographic expansion into a well-regulated jurisdiction will provide growth and risk mitigation as the Company seeks to expand its business activities in Australia and elsewhere.

Hong Kong Business Update

The Company’s debt re-structuring and bankruptcy management business (HK Business) in Hong Kong has not been impacted by recent social and political unrest in Hong Kong and monthly case appointments remain on budget.

The Company’s HK Business performance is inversely related to poor economic conditions and uncertainties. That is, the HK Business increases profitability in an economic downturn. The current circumstance in Hong Kong could result in an increase in bankruptcies and Individual Voluntary Administration (IVA) in coming years.

There may be a marginal increase in requests from current active bankruptcy cases under management for reduction of monthly debt repayment. While the monthly service fees that the Company will earn from each case may be reduced, it is not revenue foregone, as the total revenue received during the term of the case management would remain unchanged, albeit with a change in timing. The anticipated increase in one off mobilisation fees on new bankruptcies would negate any decrease, if any, in revenue from monthly debt repayments.

From an overall perspective, the Company’s HK Business will continue to generate sustainable profits for the CI1 group.

Business development continues in Australia

Credit Intelligence acknowledges that, to date and including the acquisition of HHC and ICS, it has only expanded its operations in the Asia Pacific region and at this stage has not expanded its business into the Australian market for debt restructuring services.

The Company remains committed to expanding its operations in Australia in credit funding, which includes debt restructuring and insolvency practice. The Company is actively looking at acquisitions and/or joint ventures to achieve this objective. Management is frequently in Australia to meet with potential partners and work with the Board in driving this strategy.

The Company has formulated a strategy to make an initial move into the debt arrangement market. This has been driven by a recognition that there are significant opportunities in this market to be captured via the acquisition of an existing operator. Such an acquisition would allow a fast track into a market where the Company sees significant upside due to a number of economic factors in Australia.

Cor Cordis and the Company continue to explore opportunities in bankruptcy administration and debt management and view the current levels of mortgage stress, falling residential property prices and tightening lending policies in the housing sector as significant tailwinds.

The Company notes that it is developing relationships to further expand into the Australia market, however, has not yet identified synergistic businesses complementary to its current business model and strategic objectives, other than Cor Cordis. The Company intends on acting with prudence with regards to its Australian expansion and any potential acquisitions, joint ventures and/or potential partners, in order to ensure that the Company's funds are utilised effectively with the goal of returning value to shareholders.

Ends

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About Credit Intelligence Limited (ASX:CI1)

Credit Intelligence Limited (ASX:CI1) is one of the leading diversified debt-restructuring and personal insolvency management services operating in Hong Kong in the credit funding sector. Credit Intelligence's main business includes the provision of bankruptcy admission services and Individual Voluntary Arrangement (IVA) proposal consultancy and implementation services.

Credit Intelligence acts for all the leading banks and financial institutions in Hong Kong with regular referrals from those banks and financial institutions to assist their defaulting personal clients. Two of the directors of the Company are registered Trustees in Bankruptcy in Hong Kong.

For the latest research and news on Credit Intelligence, please visit: www.ci1.com.au