

Approval for acquisition of Hup Hoe Credit as Asia Pacific expansion continues

Highlights

- Received approval from the Singapore Government for the acquisition of a majority 60% interest in Hup Hoe Credit Pte Ltd
- The acquisition is being funded by shares of Credit Intelligence and cash and will accelerate Credit Intelligence's expansion across Asia
- The acquisition will broaden Credit Intelligence's business in the credit funding sector and be earnings accretive
- Together with the recent acquisition of ICS Funding Pte Ltd, the acquisition of Hup Hoe Credit Pte Ltd will provide Credit Intelligence with economy of scale in the Singapore credit funding sector
- Following completion of the acquisition, Credit Intelligence will focus on business development opportunities in Australasia

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 announce that it has received approval from the Registry of Moneylenders, Ministry of Law, Singapore for the acquisition of a majority 60% interest in Singaporean finance company Hup Hoe Credit Pte. Ltd ('HHC').

Credit Intelligence Managing Director, Jimmie Wong said: "The Singapore acquisitions will make a significant contribution to Credit Intelligence's performance in the current financial year ending 30 June 2020 and allow us to strengthen our position across Asia Pacific. On completion of the HHC acquisition, we will continue to focus our business development on opportunities in Australia and New Zealand".

HHC, established in 2014, is a registered moneylender in Singapore and specialises in the provision of personal loans to individuals. HHC's sole shareholder is Mr Ronald Tan Biing Gim. Completion of the acquisition is expected within the next two weeks.

Acquisition overview

Credit Intelligence will fund the purchase through the issue of shares and cash. The Company will issue 80,990,951 fully paid ordinary shares on completion and settle \$1,235,294 in cash. Following a request from the Ministry of Law, Singapore, the agreed 18 monthly instalments of \$45,750, totalling \$823,494 has been brought forward and included in the cash payment of \$1,235,294.

The Company has adequate internal funds for the HHC completion, and the funding of the recent dividend declared of \$468,064 which will be paid on 15 November 2019. The number of consideration shares in Credit Intelligence to be issued is based on an exchange rate of SGD\$1 to AUD\$1.0407. All shares issued are subject to moratorium, restricting trading of the shares for 12 months from issue.

In addition, under the share purchase agreement, the consideration will be adjusted twelve months from completion depending on agreed NPAT targets where:

- (a) The NPAT of HHC for the twelve months after completion exceeds SGD\$700,000 (Target Value); and
- (b) The Company's share price at the end of twelve months is less than AUD\$0.03.

If the NPAT for HHC does not exceed the Target Value, the vendor must repay that portion of the target shortfall in previously issued consideration shares to the Company. If the NPAT of HHC exceeds the Target Value, the Company must pay that portion of the excess to Target Value to the vendor either in cash or additional consideration shares (at the Company's election and subject to obtaining regulatory and/or shareholder approvals).

In the event the Company's share price is less than AUD\$0.03 twelve months following completion the Company will issue additional top-up shares to the vendor for any shortfall in share price below AUD\$0.03 but not lower than AUD\$0.02, subject to regulatory and/or shareholder approvals.

Capital structure following completion

The capital structure of the Company, following the acquisition of HHC, will be as set out below:

Current Ordinary Shares on issue	936,128,534
Acquisition of HHC	80,990,951
Total Ordinary Shares on issue post-acquisition	1,017,119,485
Class A Performance Shares on issue	11,750,000
Class B Performance Shares on issue	18,500,000
Class A Performance Rights on issue	31,522,500
Class B performance Rights on issue	25,022,500
Fully diluted capital structure	1,103,914,485

Asia-Pacific expansion continues

Credit Intelligence recently completed the acquisition of a majority 60% interest in Singaporean finance company ICS Funding Pte Ltd ('ICS'), a credit funding company that assists Singaporean SMEs in accessing business funding as an alternative source of conventional banking platforms [ASX Announcement: July 1 2019]

The acquisitions of HHC and ICS will provide Credit Intelligence with economy of scale in the Singapore credit funding sector. Following the completion of the HHC acquisition, Credit Intelligence intends to focus on business development opportunities in Australasia.

In recognition of this, a significant portion of the purchase price of the HHC acquisition will be paid to the vendor in Credit Intelligence shares. This will allow the Company to retain capital for its stated objectives of establishing its Australian or New Zealand operations.

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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 administration 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