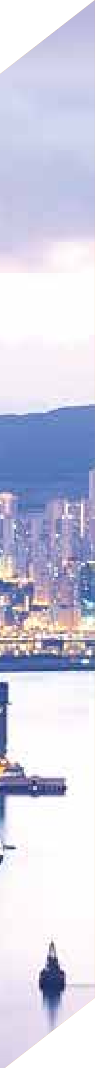

CREDIT INTELLIGENCE LIMITED

YOUR PROFESSIONAL CHOICE

ANNUAL REPORT 2020

Credit Intelligence Limited

Corporate Data

Directors

Jimmie Wong
King Wong
Wilson Lim
Brett Crowley
Michael Pixley
Vincent Lai

Secretary

Guy Robertson

Registered office

Suite 506, Level 5
50 Clarence Street
Sydney NSW 2000

Principal place of business

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

3 Ang Mo Kio Street 62
#03-32 Link@AMK
Singapore 569139

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

Independent auditor

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

Home Exchange

Perth

ASX Code CI1

Credit Intelligence Limited
ACN 126 296 295

Contents

Chairman's Letter

Dear fellow Shareholders,

Credit Intelligence (ASX: CI1) has continued to grow strongly in 2020 with group revenue up 125% to ~$13.6 million and profit after tax attributable to shareholders of CI1 up 384% to ~$2.5 million. This solid performance has again allowed the Company to declare a final dividend of $0.0005 per share payable on 20 November 2020.

The Group's core business being Hong Kong debt restructuring again performed well with a 23% increase in revenues and an 18% increase in profit before tax. The Hong Kong economy this financial year has suffered from political unrest which was then exacerbated by COVID-19. While court closures in Hong Kong have caused delays in appointments it is expected that these factors will result in a large increase in bankruptcies and Individual Voluntary Administration in the coming years which will benefit the CI1 Hong Kong business.

The Singapore acquisitions of ICS Funding Pte Limited (ICS) (28 June 2019) and Hup Hoe Credit Pte Limited (HHC) (30 September 2019) both performed above expectations. ICS exceeded its profit guarantee of S$1 million by 27.5% and HHC has already exceeded its annual profit guarantee in the 9 months to 30 June 2020. Both businesses experienced short term slow downs in the face of COVID-19 movement restrictions in Singapore. HHC is now trading normally while ICS will improve as government subsidies to SME's are withdrawn.

Following considerable effort in reviewing potential acquisitions in Australia, the Company acquired a 60% interest in Chapter Two Holdings Pty Ltd (CTH) post year end. This transaction marks CI1's first step in building a comprehensive debt management and solutions business in Australia. Headquartered in Sydney, ChapterTwo provides informal debt negotiation and mortgage broking services to individuals in Australia who are experiencing financial hardship. The current levels of mortgage stress, falling residential property prices and tightening lending policies in the housing sector in Australia leaves CTH well placed to service the growing need and market in Australia.

CI1 will continue to look at acquisition opportunities in Asia Pacific which leverage the business base it has established and which will add to shareholder wealth. While the current CI1 Group business performance is inversely related to poor economic conditions, that is business profitability increases in an economic downturn, the Board is seeking to build a broader base business in credit funding, which includes debt restructuring and insolvency practice.

My appointment as Executive Chairman followed the retirement of Mr Tony Ho in April 2020. The Company also appointed two new directors Mr Michael Pixley and Mr Brett Crowley during the year. Both Mr Pixley who has over 35 years merchant banking experience in Australia and Asian regions and Mr Crowley, a practicing solicitor, have significant experience with ASX listed companies.

On behalf of the Board I take this opportunity to thank the expanding Credit Intelligence team for their ongoing commitment to building the CI1 business and I thank our shareholders for their ongoing support.

Jimmie Wong
Executive Chairman

Directors' Report

Your 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 2020.

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 three years have been detailed below.

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

Ka Sek (Jimmie) Wong

Executive Chairman and Managing Director, 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. In 2008 Mr Wong was awarded the Hong Kong Innovative Entrepreneur of the Year Award. He is a non-practicing solicitor and was admitted as a solicitor in Hong Kong in 1989 and in Singapore in 1995.

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 HKDMS. Mr King Wong joined the Group in 2002 and is primarily responsible for overseeing the overall business operations of the Group. Mr King 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 first appointed as a bankruptcy trustee in Hong Kong in 2004 and has been a member of the Insolvency Law Committee of the Law Society of Hong Kong since June 2015, where he is primarily responsible for reporting on developments and possible reforms relating to the law and practice of insolvency in Hong Kong.

Directors' Report

Directors continued

Wilson Lim

Executive Director, appointed 1 October 2019.

Mr. Wilson Lim is a business entrepreneur having specialised in the credit lending industry for the last 10 years. Mr Lim's diverse credit lending experience has led him to establish successful corporate lending, vehicle financing and rental businesses. He is the founder of ICS Funding Pte Ltd ("ICS") a 60% held subsidiary of Credit Intelligence Limited. His role in ICS includes formulating broad business strategy, identifying sustainable monetisation models, corporate lending due diligence, and approval and review of borrowers.

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.

Michael Pixley

Non-Executive Director, appointed 28 April 2020.

Mr 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). Mr Pixley has a Bachelor of Business Management, Curtin University, Perth, Western Australia.

Ming Wai (Vincent) Lai

Non-Executive Director, appointed 17 May 2018.

B Soc Sci (Chairman of Audit and Risk Committee)

Mr Vincent Lai is an executive director and the Chief Executive Officer of Sustainable Forest Holdings Limited (stock code: 723), a company listed on the Main Board of the Hong Kong Stock Exchange since 1 March 2018.

Mr Lai has conducted and organised many training programs for banks, non-bank financial institutions and corporations in China in areas of credit & portfolio risk management, client relationship management, and corporate finance.

Directors continued

Company Secretary

Former Directors

Mr Mark Paton
Appointed 25 February 2020, resigned 28 April 2020.

Mr Mel Ashton
Resigned 25 February 2020.

Mr Tony Ho
Resigned 28 April 2020.

Guy Robertson

Appointed 14 September 2018
B. Com (Hons) CA

Mr Robertson has over 30 years' experience as a Director, CFO and Company Secretary of both public (ASX- listed) and private companies in Australia, New Zealand and Hong Kong. He has significant experience in due diligence, acquisitions, IPOs and corporate management. Mr Robertson has a Bachelor of Commerce (Hons) and is a Chartered Accountant.

Mr Robertson is currently a director of ASX listed Metal Bank Limited and Hastings Technology Metals Ltd.

Directors' Report

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	402,582,372
King Wong	39,142,628
Wilson Lim	33,337,736
Brett Crowley	-
Michael Pixley	10,000
Vincent Lai	2,500,000

Principal Activities

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

With effect from 28 June 2019 and 30 September 2019, Credit Intelligence provides financing to corporates and individuals in Singapore following completion of the acquisition of a 60% interest in ICS Funding Pte Ltd (ICS) and Hup Hoe Credit Pte. Limited (HHC) respectively, two credit financing companies in Singapore.

Dividends Paid or Recommended

The dividend reinvestment plan (DRP) will be adopted for the final dividend 2020. The DRP provides eligible shareholders an option to reinvest all or part of any dividend. The directors have declared an unfranked dividend of $0.0005 per share. The dividend is funded from the retained earnings of the operating subsidiary of the Group in Hong Kong. The dividend will be paid on Friday, 20 November 2020 with record date for the determination of dividend entitlement to be 5 pm Perth time, 4 September 2020. Shareholders with an Australian address will be paid by direct credit to an Australian bank account. Shareholders with an overseas address will receive their dividend payment in AUD cheque.

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 declared by the directors to be 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
Final ordinary dividend of $0.0012 per share paid on 16 November 2018 out of retained profits at 30 June 2018	$984,513

Review of Operations

Credit Intelligence has made excellent progress in this financial year as a leading diversified debt restructuring, personal insolvency management services business and credit funding for corporates and individuals.

	30 June 2020	30 June 2019	%
Revenue	$13,611,618	$6,049,307	+125%
Profit after tax	$2,541,275	$524,662	+384%

The Group's Hong Kong debt restructuring and personal insolvency management business continues to perform strongly and remains a firm base on which to expand the business in the Asia Pacific.

The Group's core business of Bankruptcy administration and Individual Voluntary Arrangement continues to trade well in the current social and political unrest in Hong Kong.

The contributions to the Group results for the year ended 30 June 2020 from recently acquired ICS and HHC exceeded the Profit Guarantee expectations. Both Singaporean companies are well managed and are investigating plans to grow their respective businesses.

The Group has also completed the acquisition of a 60% interest in Chapter Two Holdings Pty Ltd (Chapter Two) on 1 July 2020, a Sydney based debt solutions business providing debt negotiation and mortgage broking services to individuals who are experiencing financial hardship. Given the timing of the acquisition there are no results to be included from Chapter Two in this financial year.

The Group remains committed to expanding its operations in Australia in credit funding, debt restructuring and insolvency practice. The Group is also actively looking at acquisitions and/or joint ventures to achieve this objective and has had preliminary discussions with a number of prospective parties.

The Group has adopted AASB 3 Business Combinations for the preparation of the 2020 consolidated financial statements. The consolidated entity for the year ended 30 June 2020 is CIL 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.

Directors' Report

Significant Changes in the State of Affairs

Credit Intelligence Limited (CIL), being the ultimate legal parent, completed the legal acquisition of a majority interest 60% in ICS Funding Pte. Ltd (ICS) on 28 June 2019 and Hup Hoe Credit Pte. Limited (HHC) on 30 September 2019 through an intermediate holding company - Credit Intelligence (Singapore) Holdings Limited. As such, the post-acquisition results of ICS and HHC have been consolidated into the Group for the year ended 30 June 2020.

Significant Events after the Reporting Date

The Company declared an unfranked dividend on 31 August 2020. See Dividends section on page 6.

The Group has completed the acquisition of a 60% interest in Chapter Two Holdings Pty Ltd (Chapter Two) on 1 July 2020, a Sydney based debt solutions business providing debt negotiation and mortgage broking services to individuals who are experiencing financial hardship. Given the timing of the acquisition there are no results to be included from Chapter Two in this financial year.

Other than the foregoing, no other matter or circumstance has arisen since 30 June 2020, 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. 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 some suspension in operations due to COVID-19. Both businesses are looking to expand their businesses in a challenging economic climate, but are well supported by the Group.

The acquisition of Chapter Two has allowed the Group to establish operations in Australia that will identify further business opportunities as well as being earnings accretive in next financial year.

The Group remains committed to expanding its operations in Australia in credit funding, which includes a larger loan and mortgage business, and in Hong Kong potentially through the acquisition of a substantial credit management business.

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 Limited 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 Credit Intelligence Limited 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.

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. In this regard, performance rights provide a performance linked incentive component in the remuneration package, subject to shareholder approval.

Directors' Report

Principles Used to Determine the Nature and Amount of Remuneration continued

Performance based remuneration continued

Following shareholder approval at a general meeting of the Group held on 19 January 2018, Annual General Meeting held on 26 November 2018 and a general meeting on 27 June 2019, the current directors were granted performance shares with performance milestones that are linked to increases in the volume weighted average share price (VWAP) of the Company. The company has achieved the hurdle 2.5 cents and 3 cents to enable the vesting of Class A and Class B Performance Shares/Rights on 3 February 2020 and 8 April 2020 respectively. Details are provided in the 'Share-Based Compensation' section below.

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.

	2020 $	2019 $
Revenue	13,611,618	6,049,307
Net profit	2,541,275	524,662
Earnings per share	0.0025	0.0006
Share price at year end	0.026	0.015
Dividend payments	1,020,146	984,513

Use of remuneration consultants

The Group did not retain the services of any remuneration consultants during the financial year ended 30 June 2020.

Voting and comments made at the Company's 2019 Annual General Meeting

The Company received approximately 99% of "yes" votes on its remuneration report for the 2019 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 CIL 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								
2020	375,611	75,112	-	-	1,148	154,543	606,414	38
2019	200,319	73,347	-	-	-	105,626	379,292	47
King Wong								
2020	150,244	-	-	-	1,148	126,145	277,537	45
2019	150,240	-	-	-	-	90,647	240,887	37
Wilson Lim								
2020	129,369	-	-	-	13,377	-	142,746	-
2019	-	-	-	-	-	-	-	-
Brett Crowley								
2020	7,306	-	-	-	694	-	8,000	-
Krista Bates								
2019	16,222	-	-	-	-	20,492	36,714	56
Mark Paton								
2020	8,334	-	-	-	-	-	8,334	-
Michael Pixley								
2020	7,306	-	-	-	694	-	8,000	-
Mel Ashton								
2020	39,138	-	-	-	-	69,350	108,488	64
2019	100,028	-	-	-	-	60,691	160,719	38
Tony Ho								
2020	88,333	-	-	-	-	48,025	136,358	35
2019	61,890	-	-	-	-	8,809	70,699	12
Vincent Lai								
2020	43,333	-	-	-	-	22,852	66,185	35
2019	40,064	-	-	-	-	20,492	60,556	34
Total key management personnel compensation								
2020	848,974	75,112	-	-	17,061	420,915	1,362,062	36
2019	568,763	73,347	-	-	-	306,757	948,667	40

Directors' Report

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 $375,000 plus any statutory superannuation with effect from 1 July 2019.

- 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.

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.

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.

Share-Based Compensation

Performance Shares/Rights

Performance Shares/Rights are issued to directors and executives as part of their remuneration. The Group does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key personnel management from obtaining mortgages in securities held in the Company.

On 25 November 2019, the Company issued 250,000 Class B Performance Rights to a director which was approved at a General Meeting on 27 June 2019. There were no further performance shares/rights granted to key management personnel during the year. The following performance shares/rights were granted to key management personnel during the previous corresponding year.

	Grant Date	Granted Number	Number Vested	Date Vesting & Exercisable	Expiry Date	Value Per Right at Grant Date (3) (cents)
Directors						
Tony Ho	24/12/2018	1,750,000	1,750,000	(1)	22/05/2020	1.15
Tony Ho	24/12/2018	500,000	500,000	(2)	22/05/2021	1.38
Tony Ho	27/06/2019	3,250,000	3,250,000	(1)	22/05/2020	0.51
Tony Ho	27/06/2019	2,000,000	2,000,000	(2)	22/05/2021	0.73

(1) Each Class A Performance Share converted into a fully paid ordinary share in the capital of the Company upon satisfaction of the following milestone: on the Company's 30-day volume weighted average share price reaching at least $0.025 on 3 February 2020.

(2) Each Class B Performance Share will convert into a fully paid ordinary share in the capital of the Company upon satisfaction of the following milestone: on the Company's 30-day volume weighted average share price reaching at least $0.03 on 8 April 2020.

(3) For performance shares/rights granted during the previous corresponding period, the valuation inputs for the Binomial Barrier Valuation model were as follows:

2019	Underlying Share Price (cents)	Exercise Price (cents)	Barrier Price (cents)	Volatility	Risk Free Interest Rate	Valuation Date	Expiration Date
Class A	1.2	Nil	2.5	157.0%	1.75%	27/06/2019	22/05/2020
Class B	1.2	Nil	3.0	156.0%	1.85%	27/06/2019	22/05/2021

	Underlying Share Price (cents)	Exercise Price (cents)	Barrier Price (cents)	Volatility	Risk Free Interest Rate	Valuation Date	Expiration Date
Class A	1.9	Nil	2.5	157.0%	1.75%	24/12/2018	22/05/2020
Class B	1.9	Nil	3.0	157.0%	1.85%	24/12/2018	22/05/2021

There were 87,045,000 ordinary shares in the Company issued as a result of the exercise of remuneration performance shares/rights during the year.

Directors' Report

Equity Instruments Held by Key Management Personnel

Performance Shares/Rights

The numbers of performance shares in the Company held during the financial year by each director of Credit Intelligence Limited is set out below:

2020	Balance at start of the year	Granted as compensation	Vested and Exercised	Other changes	Balance at end of the year	Vested & exercisable	Unvested
Directors of Credit Intelligence Limited							
Jimmie Wong	15,000,000	-	15,000,000	-	-	-	-
King Wong	12,500,000	-	12,500,000	-	-	-	-
Mel Ashton	7,500,000	-	7,500,000	-	-	-	-
Tony Ho[1]	7,500,000	-	7,500,000	-	-	-	-
Krista Bates[2]	2,500,000	-	2,500,000	-	-	-	-
Vincent Lai	2,500,000	-	2,500,000	-	-	-	-

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.

[1]Performance Rights which have the same terms as Performance Shares but are subject to the Performance Rights Plan.
[2]Director has resigned but performance rights have been retained.

2020	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(*)
Directors of Credit Intelligence Limited Ordinary shares				
Jimmie Wong)	392,582,372	15,000,000	3,830,000	411,412,372
King Wong	26,642,628	12,500,000	-	39,142,628
Wilson Lim	69,420,809	-	-	69,420,809
Brett Crowley	-	-	-	-
Michael Pixley	10,000	-	-	10,000
Vincent Lai	-	2,500,000	-	2,500,000

*At year end there are no nominally held shares.

Loans from Key Management Personnel and their Related Parties

The balance of loan from Mr Wilson Lim (Key Management Personnel) as at 30 June 2020 was $1,503,109 (2019: $1,685,166).

The balance of loan from CLT Investment Ltd being a company controlled by Mr Wilson Lim (Key Management Personnel) as at 30 June 2020 was $640,286 (2019: 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 ten meetings of directors. The attendance of directors at meetings of the board was:

			Committee Meetings	
	Directors Meetings		Audit and Risk	
	A	B	A	B
Jimmie Wong	10	10	-	-
King Wong	9	10	-	-
Wilson Lim (appointed 1 Oct 19)	8	8	-	-
Brett Crowley (appointed 28 Apr 20)	3	3	-	-
Mark Paton (resigned 28 Apr 20)	1	1	1	1
Michael Pixley (appointed 28 Apr 20)	3	3		
Mel Ashton (resigned 25 Feb 20)	6	6	1	1
Tony Ho (resigned 28 Apr 20)	7	7	2	2
Vincent Lai	10	10	2	2

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

Shares Under Option

There are no unissued ordinary shares of Credit Intelligence Limited under option at the date of this report.

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, to an amount of $51,231 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 the Credit Intelligence Limited:

		2020 $	2019 $
–	Taxation services		
	Moore Hong Kong	-	-
	Moore Australia	6,000	5,000
–	Corporate advisory services		
	Moore Australia	10,385	-
		16,385	5,000

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

25 September 2020

Auditor's Independence Declaration

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 2020, 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

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 25th day of September 2020.

Moore Australia Audit (WA) – ABN 16 874 357 907.
An independent member of Moore Global Network Limited - members in principal cities throughout the world.
Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Notes	2020 $	2019 $
Revenue	3	13,611,618	6,049,307
Other income	4	342,745	191,385
Bad debt written off and loss allowance		(1,434,425)	-
Bank charges and interest		(173,719)	(149,265)
Consultancy fee		(262,317)	(384,704)
Directors' fees		(195,138)	(218,204)
Directors' fees (Share-based payments)		(163,079)	(110,484)
Amortisation on right-of-use assets	13	(502,615)	-
Depreciation expense		(73,582)	(51,246)
Employee benefits expense (including Share-based payments)		(4,197,468)	(2,349,713)
Administration cost		(1,911,076)	(2,042,510)
Finance cost		(497,415)	-
Profit before income tax	5	4,543,529	934,566
Income tax expense	6	(961,656)	(409,904)
Profit after income tax		3,581,873	524,662
Profit for the year		3,581,873	524,662
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		(93,556)	69,684
Total other comprehensive income for the year, net of tax		(93,556)	69,684
Total comprehensive income for the year		3,488,317	594,346
Net profit attributable to:			
Members of the parent entity		2,541,275	524,662
Non-controlling interest		1,040,598	-
		3,581,873	524,662
Total comprehensive income attributable to:			
Members of the parent entity		2,502,701	524,662
Non-controlling interest		985,616	-
		3,488,317	524,662
Earnings per share			
Basic earnings per share	27	0.0025	0.0006
Diluted earnings per share	27	0.0023	0.0006

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	2020 $	2019 $
CURRENT ASSETS			
Cash and cash equivalents	7	3,060,459	3,432,929
Trade and other receivables	8	410,294	319,065
Loan receivables	9	11,447,207	4,411,288
Swap assets	10	500,000	-
Other current assets	11	769,583	633,278
TOTAL CURRENT ASSETS		16,187,543	8,796,560
NON-CURRENT ASSETS			
Property, plant and equipment	12	302,935	232,495
Right-of-use assets	13	316,363	-
Loan receivables	9	-	19,738
Intangible assets	14	11,094,456	3,628,678
TOTAL NON-CURRENT ASSETS		11,713,754	3,880,911
TOTAL ASSETS		27,901,297	12,677,471
CURRENT LIABILITIES			
Trade and other payables	15	2,835,852	1,836,179
Lease liabilities	16	322,055	-
Amounts due to vendors of ICS & HHC	17	6,254,453	1,323,636
Amounts due to related party	18	3,485,696	-
Derivative liabilities	19	1,000,000	-
Current tax liabilities	20	807,710	195,739
TOTAL CURRENT LIABILITIES		14,705,766	3,355,554
NON-CURRENT LIABILITIES			
Amounts due to related party	18	2,143,395	2,526,486
Amounts due to vendors of ICS	17	-	498,475
TOTAL NON-CURRENT LIABILITIES		2,143,395	3,024,961
TOTAL LIABILITIES		16,849,161	6,380,515
NET ASSETS		11,052,136	6,296,956
EQUITY			
Issued capital	21	8,915,406	6,220,555
Reserves	22	71,107	585,521
Accumulated profit / (loss)	22	801,422	(719,707)
Equity attributable to owners of the parent entity		9,787,935	6,086,369
Non-controlling interest		1,264,201	210,587
TOTAL EQUITY		11,052,136	6,296,956

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Notes	Issued Capital $	Retained Earnings $	Merger Reserve $	Foreign Currency Translation Reserve $	Share based Payment Reserve $	Total $	Non-controlling Interest $	Total Equity $
Balance at 1.7.2018		4,485,035	(259,856)	11,037	28,960	36,734	4,301,910	-	4,301,910
Comprehensive income:									
Profit after tax for the year		-	524,662	-	-	-	524,662	-	524,662
Other comprehensive income for the year		-	-	-	69,684	-	69,684	-	69,684
Total comprehensive income for the year		4,485,035	264,806	11,037	98,644	36,734	4,896,256	-	4,896,256
Transactions with owners, in their capacity as owners, and other transfers									
Allotment of shares		1,735,520	-	-	-	-	1,735,520	-	1,735,520
Acquisition of subsidiaries		-	-	-	-	-	-	210,587	210,587
Share based payments expense recognised in the year		-	-	-	-	439,106	439,106	-	439,106
Dividends recognised for the period		-	(984,513)	-	-	-	(984,513)	-	(984,513)
Total transactions with owners and other transfers		1,735,520	(984,513)	-	-	439,106	1,190,113	210,587	1,400,700
Balance at 30.6.2019		6,220,555	(719,707)	11,037	98,644	475,840	6,086,369	210,587	6,296,956
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 income 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	19	(1,000,000)	-	-	-	-	(1,000,000)	-	(1,000,000)
Convert share based payment reserve on vesting of performance shares/rights		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

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Notes	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		7,534,217	6,173,962
Payments to suppliers and employees		(5,740,283)	(5,001,587)
Interest received		304	3,768
Bank charges and interest		(173,719)	(149,265)
Income tax paid		(380,140)	(586,512)
		1,240,379	440,366
Changes in operating assets arising from cash flow movements:			
Net funding of customer loans		(777,724)	-
Loan from related party		2,680,350	-
Net cash provided by operating activities	24	3,143,005	440,366
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(135,406)	(192,379)
Investment in subsidiary		(1,008,607)	(215,060)
Net cash outflow on disposal of subsidiary		(47)	-
Amount paid to vendors		(1,180,771)	-
Net cash used in investing activities		(2,324,831)	(407,439)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(496,131)	-
Finance cost for debt for equity funding		(32,500)	-
Debt for equity funding		467,500	-
Dividend paid		(1,020,146)	(984,513)
Net cash used in financing activities		(1,081,277)	(984,513)
Net decrease in cash held		(263,103)	(951,586)
Cash at beginning of the year		3,432,929	4,334,378
Effect of foreign currency translation		(109,367)	50,137
Cash at the end of the year		3,060,459	3,432,929

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

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 25 September 2020 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 2020 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.

Credit Intelligence Limited (CIL), being the ultimate legal parent, completed the legal acquisition of a majority interest 60% in ICS Funding Pte. Ltd (ICS) on 28 June 2019 and Hup Hoe Credit Pte. Limited (HHC) on 30 September 2019 through an intermediate holding company - Credit Intelligence (Singapore) Holdings Limited. As such, the post-acquisition results of ICS and HHC have been consolidated into the Group for the year ended 30 June 2020.

Both the consolidated entity for the year ended 30 June 2020 and comparative figures for the previous year to 30 June 2019 are Credit Intelligence Limited and its subsidiaries.

- The consolidated statement of profit or loss and comprehensive income and consolidated statement of cash flow:
  - for the period between 1 July 2019 to 30 June 2020 comprises 12 months of CIL, Credit Intelligence Holding Limited and subsidiaries (CIH), ICS and 9 months of HHC; and
  - for the comparative period between 1 July 2018 to 30 June 2019 comprises 12 months of CIL and its subsidiaries.
- The consolidated statement of financial position:
  - as at 30 June 2020 represents both CIL, CIH, ICS, and HHC as at that date; and
  - as at 30 June 2019 represents both CIL, CIH and ICS as at that date.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

1 Summary of significant accounting policies continued

(b) Principles of consolidation continued

- The consolidated statement of changes in equity:
  - for the period between 1 July 2019 to 30 June 2020, CIL, 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 CIL, CIH, ICS and HHC at 30 June 2020. The number of shares on issue at period end represent those of CIL only; and
  - for the period between 1 July 2018 to 30 June 2019 CIL and CIH's balance at 1 July 2018, its profit for the period and transactions with equity holders for 12 months. It also comprises the equity value of CIL, CIH and ICS at 30 June 2019. The number of shares on issue at period end represent those of CIL only.

(c) Foreign currency translation

(i) Functional and presentation currency

The functional currencies of the Group are 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.

(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.

1 Summary of significant accounting policies continued

(d) Revenue recognition continued

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.

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”.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

1 Summary of significant accounting policies continued

(d) Revenue recognition continued

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 fees

Permitted fees are recognised at a point in time when performance obligations are satisfied.

(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.

1 Summary of significant accounting policies continued

(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.

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

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

1 Summary of significant accounting policies continued

(g) Leases continued

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.

(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.

1 Summary of significant accounting policies continued

(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.

(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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

1 Summary of significant accounting policies continued

(k) Employee benefits continued

(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.

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.

1 Summary of significant accounting policies continued

(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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

1 Summary of significant accounting policies continued

(o) 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.

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.

1 Summary of significant accounting policies continued

(p) 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;

over 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

1 Summary of significant accounting policies continued

(p) Accounting of goodwill continued

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.

(q) 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.

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

1 Summary of significant accounting policies continued

(q) Financial instruments continued

Initial recognition and measurement continued

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

1 Summary of significant accounting policies continued

(q) 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.

1 Summary of significant accounting policies continued

(q) Financial instruments continued

Classification and subsequent measurement continued

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

1 Summary of significant accounting policies continued

(q) Financial instruments continued

Derecognition continued

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.

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.

1 Summary of significant accounting policies continued

(q) Financial instruments continued

Compound financial instruments continued

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

1 Summary of significant accounting policies continued

(q) Financial instruments continued

Impairment continued

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.

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.

1 Summary of significant accounting policies continued

(q) Financial instruments continued

Impairment continued

General approach – Loan receivables continued

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

1 Summary of significant accounting policies continued

(q) 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.

(r) 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.

(s) New and amended accounting standards adopted by the Group

Initial application of AASB 16

The Group has adopted AASB 16 Leases using the modified retrospective approach at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases (with the exception for short term and low value leases) recognised as operating leases under AASB 117 Leases where the Group is the lessee.

1 Summary of significant accounting policies continued

(s) New and amended accounting standards adopted by the Group continued

Initial application of AASB 16 continued

There has been no significant change from prior year treatment for leases where the Group is a lessor.

The lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right of use assets for leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability, pre-paid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same was as short-term leases.
- The use of hindsight to determine lease terms on contracts that have options to extend or terminate.
- applying AASB 16 to leases previously identified as leases under *AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing* whether they are, or contain, a lease at the date of initial application.
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

The difference of $4,079 between the lease liability $192,277 as at 1 July 2019 and the discounted operating lease commitments as at 30 June 2019 of $196,356 comprises the effect of the discounted amount.

The Group's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 3.62%.

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.

Credit Intelligence Limited (CIL), being the ultimate legal parent, completed the legal acquisition of a majority interest 60% in ICS Funding Pte. Ltd (ICS) on 28 June 2019 and Hup Hoe Credit Pte. Limited (HHC) on 30 September 2019 through an intermediate holding company - Credit Intelligence (Singapore) Holdings Limited. As such, the post-acquisition results of ICS and HHC have been consolidated into the Group for the year ended 30 June 2020.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

2 Critical accounting estimates and judgements continued

(i) Business combinations continued

The deemed acquisition costs to acquire ICS and HHC 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 2020 and 2019 have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the period.

(ii) Performance shares

The residual value of non-cash share based payment expense $222,896 was recognised in this year due to the acceleration of the achievement of Performance shares' hurdles at the share price of 2.5c & 3c respectively. The full year of this expense was $795,004 (2019: $439,106).

The performance rights issued on 27 June 2019 comprising class A and class B were valued using the binomial method as between 0.51 cents and 0.73 cents per share. A share-based payment expense of $44,548 was recognised for the period ended 30 June 2020. Given the timing of issue, there was no share-based payment expense recognised for the period ended 30 June 2019 in relation to these performance rights.

The performance rights issued on 24 December 2018 comprising class A and class B were valued using the binomial method as between 1.15 cents and 1.38 cents per share. A share-based payment expense of $354,714 was recognised for the period ended 30 June 2020 in relation to these performance rights (2019: 141,158).

The performance shares issued on 16 May 2018 comprising class A and class B were valued using the binomial method as between 1.81 cents and 1.85 cents per share. A share-based payment expense of $395,742 was recognised for the period ended 30 June 2020 in relation to these performance shares (2019: $297,948).

Performance rights were issued to employees during the previous corresponding period. The terms of these performance shares are set out in note 23.

(iii) 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.

(iv) 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.

(v) 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

	2020 $	2019 $
Bankruptcy administration service income	7,300,894	5,951,051
IVA service income	80,206	98,256
Service income of ICS	2,990,110	-
Service income of HHC	3,240,408	-
	13,611,618	**6,049,307**

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

4 Other income

	2020 $	2019 $
Bank interest income	304	3,768
Administrative charges	156,711	168,832
Other income	87,292	54
Foreign exchange gain	98,438	18,731
	342,745	**191,385**

5 Profit for the Year

	2020 $	2019 $
Profit before income tax from continuing operations includes the following specific expenses:	4,543,529	934,566
Expenses		
Operating lease payments	37,800	416,482
Contributions to defined contribution plans	102,519	62,086
Directors' fees (share-based payments)	163,079	110,484
Consultancy fee	262,317	384,704
Advisor fee	-	228,617

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.

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 2020. Singapore Profits Tax is calculated at 17% of estimated assessable profit.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

6 Income tax continued

	2020 $	2019 $
a. The components of tax expense comprise:		
Current tax	961,656	409,904
Deferred tax	-	-
Income tax reported in statement of comprehensive income	**961,656**	**409,904**
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 30% (2019: 30%)	1,363,057	280,370
Add tax effect of:		
- Non-allowable items	455,048	252,033
- Revenue losses not recognised	49,490	276,363
	1,867,595	808,766
Less tax effect of:		
- Differential in corporate tax rate	878,263	341,637
- Non-assessable items	-	8,655
- Special tax reduction	1,695	1,442
- Other deferred tax balances not recognised	25,981	47,128
Income tax reported in statement of comprehensive income	961,656	409,904
c. Deferred tax recognised at 30% (2019: 30%) (Note 1):		
Deferred tax liabilities:		
Foreign exchange differences	(24,369)	-
Deferred tax assets:		
Revenue losses	24,369	-
Net deferred tax	-	-
d. Unrecognised deferred tax assets at 30% (2019: 30%) (Note 1):		
Revenue losses	248,488	303,272
Capital raising costs	76,171	114,257
Provisions and accruals	11,528	7,500
Other	16,252	-
	352,439	425,029
e. Current tax liabilities		
Provision for tax	807,710	195,739

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.

7 Cash and cash equivalents

	2020 $	2019 $
Cash at bank and in hand	**3,060,459**	**3,432,929**

8 Trade and other receivables

	2020 $	2019 $
Trade debtors	410,294	312,828
Other receivables	-	6,237
	410,294	**319,065**

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 2020 and 2019 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 2020 and 2019 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 2020 and 2019.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

8 Trade and other receivables continued

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	Adjustment for AASB 9	Net measurement of loss allowance	Amounts written off	Closing balance
Trade and other receivables	1 July 2019				30 June 2020
	$	$	$	$	$
	-	-	-	-	-
	-	-	-	-	-

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 2019 and 30 June 2020 is determined as follows; the expected credit losses also incorporate forward-looking information.

	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 2019					
Trade and other receivables					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	312,828	-	6,237	-	319,065
Loss allowance	-	-	-	-	-
30 June 2020					
Trade and other receivables					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	410,294	-	-	-	410,294
Loss allowance	-	-	-	-	-

(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".

8 Trade and other receivables continued

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. None of the trade and other receivables were written off during the financial year.

9 Loan receivables

	2020 $	2019 $
Loan receivables – Third parties	12,488,516	4,554,544
Allowance for impairment	(1,041,309)	(123,518)
	11,447,207	**4,431,026**
Undue matured loans	183,237	-
Near due matured loans	133,585	-
Matured loans	210,560	-
Non performing loans	433,025	123,518
Non active loans	80,902	-
Allowance for impairment	**1,041,309**	**123,518**
Current	11,447,207	4,411,288
Non-current	-	19,738
	11,447,207	**4,431,026**
Movement in allowance accounts:		
At beginning of the financial year	123,518	95,503
At the date of acquisition of HHC	127,846	-
Allowance for impairment	878,287	34,331
Allowance written back	(14,916)	(6,316)
Allowance written-off	(35,839)	-
Foreign exchange adjustment	(37,587)	-
At end of the financial year	**1,041,309**	**123,518**
Maturity analysis		
0 to 3 months	8,438,822	4,175,088
3 to 6 months	1,734,075	3,501
6 to 12 months	2,315,619	356,217
Over 12 months	-	19,738
	12,488,516	**4,554,544**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

9 Loan receivables continued

The maturity date of the loans ranged from 3 months to 24 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

	2020 $	2019 $
Swap assets	**500,000**	**-**

Under the equity financing arrangement with LS Whitehall Group (see note 19 for further details), the Group received $500,000 cash and has a right to $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 will be recognised as changes in fair value in the statement of profit or loss in accordance with AASB 9: Financial Instruments.

11 Other current assets

	2020 $	2019 $
Deposits	94,031	80,715
Accrued Income and other debtors	544,280	406,510
GST receivable	18,816	93,348
Prepayments	112,456	52,705
	769,583	**633,278**

12 Property, plant and equipment

	2020 $	2019 $
Leasehold improvements		
At cost	72,307	25,113
Accumulated depreciation	(12,854)	(4,469)
Foreign exchange adjustment	(236)	610
Total leasehold improvements	**59,217**	**21,254**
Furniture, fixtures and equipment		
At cost	536,644	410,855
Accumulated depreciation	(298,097)	(206,985)
Foreign exchange adjustment	5,171	7,371
Total furniture, fixtures and equipment	**243,718**	**211,241**
Total property, plant and equipment	**302,935**	**232,495**

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	21,254	211,241	232,495
Additions	46,425	92,662	139,087
Disposals	-	-	-
Depreciation expense	(8,226)	(65,356)	(73,582)
Foreign exchange adjustment	(236)	5,171	4,935
Carrying amount at the end of year	**59,217**	**243,718**	**302,935**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

13 Right-of-use assets

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

		2020 $
(i)	*AASB 16 related amounts recognised in the balance sheet*	
	Right-of-use assets	
	Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	192,277
	Addition to right-of-use assets	624,162
	Amortisation expense for the year	(502,615)
	Foreign exchange adjustment	2,539
	Net carrying amount	316,363
(ii)	*AASB 16 related amounts recognised in the statement of profit or loss*	
	Amortisation charge related to right-of-use assets	502,615
	Interest expense on lease liabilities (under finance cost)	21,056
	Short-term leases expense	37,800

	2020 $	2019 $
Total yearly cash outflows for leases	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 additional goodwill during the financial year arose from the acquisition of a 60% interest in Hup Hoe Credit Pte. Limited (HHC).

14 Intangible assets continued

	Goodwill $
Year ended 30 June 2020	
Balance at the beginning of the year	3,628,678
Acquisitions through business combinations	6,115,658
Reassessment	1,320,615
Foreign exchange adjustment	29,505
Closing value at 30 June 2020	11,094,456

Impairment disclosures

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

	2020 $	2019 $
ICS	4,949,293	3,628,678
HHC*	6,115,658	-
Foreign exchange adjustment	29,505	-
	11,094,456	**3,628,678**

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

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	8.1%	9.9%

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

	2020 $	2019 $
Accrued expenses	346,873	171,100
Other payables	2,488,979	1,665,079
	2,835,852	**1,836,179**

The other payables represent accrued salaries of HHC and a dividend payable to the individual shareholders of ICS and HHC.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

16 Lease liabilities

The measurement principles of AASB 16 are only applied from 1 July 2019. At the date of initial application, the right-of-use assets equals to the lease liabilities and there was no adjustment to retained earnings. The liabilities are presented below:

	$
Operating lease commitment disclosed as at 30 June 2019	196,356
Discounting using leases incremental borrowing rate	(4,079)
Balance at 1 July 2019	192,277
New leases during the period	624,162
Payments	(517,187)
Interest charges during the period	21,056
Foreign exchange adjustment	1,747
Balance at 30 June 2020	322,055

17 Amounts due to vendors of ICS and HHC

	2020 $	2019 $
Current	6,254,453	1,323,636
Non-current	-	498,475
	6,254,453	**1,822,111**

Amounts due to vendors of ICS and HHC comprise 18 monthly interest-free instalments for the acquisition of 60% interest of ICS and the contingent consideration of ICS and HHC.

18 Amounts due to related party

	2020 $	2019 $
Current	3,485,696	-
Non-current	2,143,395	2,526,486
	5,629,091	**2,526,486**

The amounts due to the shareholders, directors and related parties of ICS and HHC that are trade in nature, unsecured, interest bearing and repayable within 12 months & 24 months. Interest is charged at 10% per annum.

19 Derivative liabilities

	2020 $	2019 $
Equity financing	**1,000,000**	**-**

On 22 May 2020, the Group issued 32,148,759 fully paid ordinary shares for $1,000,000 to LS Whitehall Group under an equity financing (swap) arrangement. This arrangement will be fully settled after an agreed pricing period where the final amount is to be adjusted by a swap amount calculated using an average VWAP of CIL's shares nominated by the investor. Upon settlement, the carrying amount of $1,000,000 will be transferred to share capital.

20 Current tax liabilities

	2020 $	2019 $
Provision for taxation - Hong Kong	170,234	43,496
Provision for taxation - Singapore	637,476	152,243
	807,710	**195,739**

21 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 (CIL).

The current period reflects the movements in the legal parent's capital structure for the year to 30 June 2020.

	2020 No.	2019 No.	2020 $	2019 $
(a) Ordinary issued and paid up share capital				
At the beginning of the reporting year	936,128,534	820,427,185	6,220,555	4,485,035
Allotment of shares	32,148,759	-	1,000,000	-
Shares issued to vendors	86,956,694	115,701,349	1,288,982	1,735,520
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	-
Classified to derivative liabilities	(32,148,759)	-	(1,000,000)	-
Total ordinary share capital at the end of the reporting period	1,114,952,542	936,128,534	8,915,406	6,220,555
(b) Share-based payment reserve				
At the beginning of the reporting year	86,795,000	40,000,000	475,840	36,734
Valuation of class A and class B performance shares at the end of the reporting period	-	-	793,318	297,948
Class A performance rights issued during the financial year end 2020	-	24,772,500	-	84,919
Class B performance rights issued during the financial year end 2020	250,000	22,022,500	1,686	56,239
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	-	86,795,000	-	475,840

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.

At the date of this report, there were no options on issue by the Company.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

22 Reserves and accumulated profits / (losses)

		2020 $	2019 $
(a)	**Reserves**		
	Total reserves	**71,107**	**585,521**
	Movements in share-based payments reserve were as follows:		
	Balance 1 July	475,840	36,734
	Transfer to share based payments reserve	795,004	439,106
	Transfer from share option reserve on exercise of vesting of performance shares/rights	(1,270,844)	-
	Balance 30 June	**-**	**475,840**
	Movements in foreign currency translation reserve		
	Balance 1 July	98,644	28,960
	Movement in foreign currency translation reserve	(38,574)	69,684
	Balance 30 June	**60,070**	**98,644**
	Movements in merger reserve		
	Balance 1 July	11,037	11,037
	Balance 30 June	**11,037**	**11,037**
	Total reserves	**71,107**	**585,521**
(b)	**Accumulated Profits / (losses)**		
	Movements in accumulated profit / losses were as follows:		
	Opening retained earnings	(719,707)	(259,856)
	Profit after tax for the year	2,541,275	524,662
	Final dividend paid	(1,020,146)	(984,513)
	Balance 30 June	**801,422**	**(719,707)**

(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 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.

23 Share-based payments

The following share-based payments were made during the year ended 30 June 2020 and 30 June 2019:

Issue of Performance Shares to directors and employees:

On 25 November 2019, the Company issued 250,000 Class B Performance Rights to a director which was approved at a General Meeting on 27 June 2019:

Director	Class B Performance Rights
Tony Ho	250,000

During the year ended 30 June 2019 the Company issued 24,772,500 Class A Performance Rights and 22,022,500 Class B Performance Rights to the directors and employees as partial consideration of services provided to the Company:

Director & employees	Class A Performance Rights	Class B Performance Rights
Tony Ho	5,000,000	2,250,000
Employees	19,772,500	19,772,500

The performance shares entitle the holder to ordinary shares on the terms and conditions set out below.

(1) Each Class A Performance Share/Right will convert into one fully paid ordinary share in the capital of the Company upon satisfaction of the following milestone: on the Company's 30-day volume weighted average share price reaching at least $0.025 two years from the date the Company re-commenced trading on the ASX, being 22 May 2018.

(2) Each Class B Performance Share/Right will convert into one fully paid ordinary share in the capital of the Company upon satisfaction of the following milestone: on the Company's 30-day volume weighted average share price reaching at least $0.03 three years from the date the Company re-commenced trading on the ASX, being 22 May 2018.

(3) The Performance Shares/Rights do not carry any voting rights in the Company.

(4) The Performance Shares/Rights confer on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders of Performance Shares have the right to attend general meetings of shareholders.

(5) The Performance Shares/Rights do not entitle the holder to any dividends.

(6) The Performance Shares/Rights do not confer any right to participate in the surplus profits or assets of the Company upon winding up of the Company.

(7) The Performance Shares/Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(8) The Performance Shares/Rights do not confer the right to participate in new issues of securities such as entitlement issues. If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares which must be issued on the conversion of a Performance Share/Right will be increased by the number of Shares which the holder would have received if the relevant Performance Share had converted before the record date for the bonus issue.

(9) If at any time the issued capital of the Company is reorganised, the Performance Shares are to be treated in the manner set out in Listing Rule 7.21 (or other applicable Listing Rule), being that the number of Performance Shares/Rights or the conversion ratio or both will be reorganised so that the holder of the Performance Shares/Rights will not receive a benefit that holders of ordinary shares do not receive and so that the holders of ordinary shares will not receive a benefit that the holder of the Performance Shares/Rights does not receive.

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For the year ended 30 June 2020

23 Share-based payments continued

(10) The Performance Shares/Rights give the holder no rights other than those expressly provided by these terms and conditions and those provided at law where such rights at law cannot be excluded by these terms and conditions.

Performance Rights have the same terms as the Performance Shares but are subject to the Performance Rights Plan.

For performance shares/rights granted during the current and prior year, the valuation inputs for the Binomial Barrier Valuation model were as follows:

2019

	Underlying Share Price (cents)	Exercise Price (cents)	Barrier Price (cents)	Volatility	Risk Free Interest Rate	Valuation Date	Expiration Date
Class A	1.2	Nil	2.5	157.0%	1.75%	27/06/2019	22/05/2020
Class B	1.2	Nil	3.0	156.0%	1.85%	27/06/2019	22/05/2021

	Underlying Share Price (cents)	Exercise Price (cents)	Barrier Price (cents)	Volatility	Risk Free Interest Rate	Valuation Date	Expiration Date
Class A	1.9	Nil	2.5	157.0%	1.75%	24/12/2018	22/05/2020
Class B	1.9	Nil	3.0	157.0%	1.85%	24/12/2018	22/05/2021

The performance shares/rights vest over the period from the grant date to the expiration date. An expense of $795,004 (2019: $439,106) was recognised in the profit or loss account of the Company for the year ended 30 June 2020.

The company has achieved the hurdle 2.5 cents and 3 cents to enable the vesting of Class A and Class B Performance Shares/Rights on 3 February 2020 and 8 April 2020 respectively.

24 Cash flow information

	2020 $	2019 $
Reconciliation of cash flow from operations with operating profit from ordinary activities after income tax:		
Profit from ordinary activities after income tax	3,581,873	524,662
Non-cash flows in profit from ordinary activities:		
Bad debt written off	1,434,425	-
Depreciation	73,582	51,246
Amortisation on right-of-use assets	502,615	-
Finance costs of debt for equity funding	32,500	-
Interest expense on advance from shareholders	443,987	-
Gain on acquisition of a subsidiary	-	(54)
Share-based payment	795,004	439,106
Effect of foreign currency translation	(33,783)	11,566
Movements in working capital		
Increase in trade and other receivables	(97,465)	(60,046)
Increase in loan receivables	(6,958,915)	-
Increase in other current assets	(95,058)	(192,315)
Increase in loan from related party	2,658,618	-
Increase/(Decrease) in trade and other payables	233,706	(165,831)
Increase/(Decrease) in income tax payable	571,916	(167,968)
Cash flow from operations	**3,143,005**	**440,366**

25 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 2020 %	Ownership Interest 2019 %
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	Nil

Percentage of voting power is in proportion to ownership

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

26 Business Combinations

Acquisition of Hup Hoe Credit Pte. Ltd

Credit Intelligence Limited (CIL), being the ultimate legal parent, completed the legal acquisition of a majority interest 60% in Hup Hoe Credit Pte. Ltd on 30 September 2019 through an intermediate holding company - Credit Intelligence (Singapore) Holdings Limited. As such, the post-acquisition results of HHC have been consolidated into the Group as at 30 June 2020.

The values identified in relation to the acquisition of the above businesses are provisional as at 30 June 2020. For a further understanding of the provisional basis, accounting policy in Note 1 which states that 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 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	4,381,315
	6,842,394
Less: fair value of net identifiable assets acquired (see below)	(726,736)
Excess consideration	6,115,658

The excess consideration has been recognised as Goodwill in the statement of financial position. As at 30 June 2020, the Company has recognised $4,381,315 forecast profit in excess of the profit guarantee as contingent consideration payable to the vendors of HHC in accordance with the SPA (2019: $nil).

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

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

Direct costs relating to the acquisition have been expensed in the statement of comprehensive income.

26 Business Combinations continued

Acquisition of Hup Hoe Credit Pte. Ltd

Credit Intelligence Limited (CIL), being the ultimate legal parent, completed the legal acquisition of a majority interest 60% in ICS Funding Pte. Ltd (ICS) on 28 June 2019 through an intermediate holding company - Credit Intelligence (Singapore) Holdings Limited. As such, the post-acquisition results of ICS have been consolidated into the Group as at 30 June 2020 and 30 June 2019..

The values identified in relation to the acquisition of the above businesses are provisional as at 30 June 2019. For a further understanding of the provisional basis, accounting policy in Note 1 which states that 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 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 (including amounts payable to vendors at 30 June 2019)	1,882,282
Shares	1,735,520
Contingent consideration	1,647,301
	5,265,103
Less: fair value of net identifiable assets acquired (see below)	(315,810)
Excess consideration	4,949,293

The excess consideration has been recognised as Goodwill in the statement of financial position. As at 30 June 2020, the Company has recognised an addition $1,320,615 forecast profit in excess of the profit guarantee as final consideration payable to the vendors of ICS under the contingent arrangement in accordance with the SPA (2019: $326,686).

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

	Book carrying value $	Fair value $
Assets		
Loan receivables	4,431,026	4,431,026
Cash and cash equivalents	171,697	171,697
Other receivables	309,868	309,868
Due from director	6,237	6,237
	4,918,828	4,918,828
Liabilities		
Accruals and other payables	(48,670)	(48,670)
Amounts due to related party	(2,526,486)	(2,526,486)
Dividend payable	(1,665,079)	(1,665,079)
Tax payable	(152,243)	(152,243)
	(4,392,478)	(4,392,478)
Net assets		
Non-controlling interest	526,350	526,350
	(210,540)	(210,540)
	315,810	315,810

Direct costs relating to the acquisition have been expensed in the statement of comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

27 Earnings per share

	2020 $	2019 $
Basic Earnings per share	0.0025	0.0006
Diluted Earnings per share	0.0023	0.0006
***Weighted average number of shares used in**		
Basic earnings per share calculation	1,023,909,906	821,378,155
Diluted earnings per share calculation[1]	1,084,181,248	881,725,929
*Excluding the shares issued under equity financing arrangement pending settlement.		
Profit/(loss) for the period used in earnings per share		
From continuing operations	2,541,275	524,662

[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.

28 Commitments and contingent liabilities

Capital expenditure commitments

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

	2020 $	2019 $
Contracted for, but not provided for:-		
Property, plant and equipment	**21,625**	**10,936**

Operating leases commitments

As at 30 June 2020 and 2019, the Group had the following commitments under non-cancellable operating leases in respect of office premises.

	2020 $	2019 $
Within one year	8,329	157,085
In the second to fifth year, inclusive	-	39,271
	8,329	**196,356**

Contingent liabilities

There are no contingent liabilities as at 30 June 2020.

29 Events occurring after the balance sheet date

The dividend reinvestment plan (DRP) will be adopted for the final dividend 2020. The DRP provides eligible shareholders an option to reinvest all or part of any dividend on their shares. The directors have declared an unfranked dividend of $0.0005 per share. The dividend is funded from the retained earnings of the operating subsidiary of the Group in Hong Kong. The dividend will be paid on Friday, 20 November 2020 with record date for the determination of dividend entitlement to be 5 pm Perth time, 4 September 2020. Shareholders with an Australian address will be paid by direct credit to an Australian bank account. Shareholders with an overseas address will receive their dividend payment in AUD cheque.

The group has completed the acquisition of a 60% interest in Chapter Two Holdings Pty Ltd (Chapter Two) on 1 July 2020, a Sydney based debt solutions business providing debt negotiation and mortgage broking services to individuals who are experiencing financial hardship. Given that the timing of acquisition there are no results to be included from Chapter Two in this financial year.

30 Segment information

Credit Intelligence is one of the leading diversified debt restructuring and personal insolvency management businesses operating in Hong Kong and Singapore. For management purposes, the Group is organised into two main operating segments which involves 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 two single segments. Accordingly, all significant operating decisions are based upon analysis of the Group as two 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 2020 the Group operated in the Hong Kong and Singapore markets. The Group operated only in the Hong Kong market during the year ended 30 June 2019. There are inter-segment sales of $365,055 between CIL and CIH in the current year (2019: 296,215).

At 28 June 2019 and 30 September 2020, Credit Intelligence Limited completed the legal acquisition of a majority 60% interest in ICS Funding Pte. Ltd and Hup Hoe Credit Pte. Ltd. Their core business involves providing credit financing to corporates and individuals in Singapore. There was no attributable profit to the Group in the previous corresponding period from ICS and HHC.

		2020 $	2019 $
(i)	*Revenue by geographical region* Revenue attributable to external customers is disclosed below, based on the location of the external customer:		
	Australia	-	-
	Hong Kong	7,381,100	6,049,307
	Singapore	6,230,518	-
	Total revenue	13,611,618	6,049,307
(ii)	*Revenue by operating segment*		
	Debt restructuring and personal insolvency	7,381,100	6,049,307
	Credit Financing	6,230,518	-
	Total revenue	13,611,618	6,049,307

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

30 Segment information continue

		2020 $	2019 $
(iii)	*Timing of revenue recognition*		
	At point in time	1,828,139	-
	Over time	11,783,479	6,049,307
	Total revenue	13,611,618	6,049,307
(iv)	*Assets by geographical region*		
	The location of segment assets by geographical location of the assets is disclosed below:		
	Australia	1,158,462	4,787,326
	Hong Kong	2,958,508	1,491,612
	Singapore	23,784,327	6,398,533
	Total assets	27,901,297	12,677,471

31 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 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.

31 Related party transactions continue

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 2020.

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

	2020 $	2019 $
Short-term employee benefits	924,086	642,110
Post-employment benefits	17,061	-
Share-based payments	420,915	306,757
Total KMP compensation	1,362,062	948,867

Short-term employee benefits

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

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 for the year ended 30 June 2020, Ms Eva Chan received $215,120 (2019: $141,847) director fees and performance shares/rights from the Group. Ms Chan is the spouse of Mr Jimmie Wong, Key Management Personnel of the Group.

During for the year ended 30 June 2020, Mr Herbert Wong received $191,056 (2019: $105,801) salary and performance shares/rights from the Group. Mr Wong is the son of Mr Jimmie Wong, Key Management Personnel of the Group.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

31 Related party transactions continue

Other related party transactions continue

Loans from Key Management Personnel and their Related Parties

The balance of loan from Mr Wilson Lim (Key Management Personnel) as at 30 June 2020 was $1,503,109 (2019: $1,685,166).

The balance of loan from CLT Investment Ltd being a company controlled by Mr Wilson Lim (Key Management Personnel) as at 30 June 2020 was $640,286 (2019: 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.

32 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.

	2020 $	2019 $
Statement of Financial Position		
ASSETS		
Current assets	7,849,417	4,787,326
Non-current assets	18	18
TOTAL ASSETS	7,849,435	4,787,344
LIABILITIES		
Current liabilities	1,072,737	40,687
Non-current liabilities	-	-
TOTAL LIABILITIES	1,072,737	40,687
EQUITY		
Issued capital	8,915,390	6,220,538
Reserve	-	475,840
(Accumulated losses)	(2,138,692)	(1,949,721)
TOTAL EQUITY	6,776,698	4,746,657
Statement of Profit or Loss and Other Comprehensive Income		
Total profit	831,174	327,181
Total comprehensive income	831,174	327,181

Contractual commitments

As at 30 June 2020, 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 2020.

33 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.

	2020 $	2019 $
Auditors of the Group – Moore and related network firms		
Audit and review of financial statements		
Group	55,500	36,500
Controlled entities	149,611	153,063
Total audit and review of financial statements	205,111	189,563
Non-audit services		
Taxation services	6,000	5,000
Corporate advisory services	10,385	-
Total non-audit services	16,385	5,000
Total services provided by Moore	**221,496**	**194,563**
Other auditors and their related network firms		
Audit and review of financial statements		
Controlled entities	43,079	-
Non audit service		
Taxation services	1,531	5,708
Total services provided by other auditors (excluding Moore)	**44,610**	**5,708**

34 Dividends

Subsequent to the 30 June 2020 the directors declared an unfranked dividend of $0.0005 per share. The DRP provides eligible shareholders an option to reinvest all or part of any dividend. The directors have declared an unfranked dividend of $0.0005 per share. The dividend is funded from the retained earnings of the operating subsidiary of the Group in Hong Kong. The dividend will be paid on Friday, 20 November 2020 with record date for the determination of dividend entitlement to be 5 pm Perth time, 4 September 2020. Shareholders with an Australian address will be paid by direct credit to an Australian bank account. Shareholders with an overseas address will receive their dividend payment in AUD cheque.

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 declared by the directors to be 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
Final ordinary dividend of $0.0012 per share paid on 16 November 2018 out of retained profits at 30 June 2018	$984,513

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

35 Financial risk management

(a) Financial instruments by categories

	2020 $	2019 $
Financial assets		
Receivables measured at amortised cost:		
- Accounts receivable	410,294	312,828
- Loan receivable	11,447,207	4,431,026
- Deposits and other receivables	796,583	633,278
- Amount due from a director	-	6,237
- Swap assets	500,000	-
- Cash and cash equivalents	3,060,459	3,432,929
	16,214,543	8,816,298
Financial liabilities		
Financial liabilities measured at amortised cost:		
- Accruals and other payables	2,835,852	1,836,179
- Tax payables	807,710	195,739
- Amount due to vendors of ICS and HHC	6,254,453	1,822,111
- Amount due to related party	5,629,091	2,526,486
- Lease liabilities	322,055	-
- Derivative liabilities	1,000,000	-
	16,849,161	6,380,515

(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.

(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.

35 Financial risk management continue

(b) Financial risk management and policies continue

(i) Credit risk continue

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.

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	
	2020	2019	2020	2019	2020	2019	2020	2019
Consolidated Group								
Financial liabilities due for payment								
Accruals and other payables	2,835,852	1,836,179	-	-	-	-	2,835,852	1,836,179
Tax payables	807,710	195,739	-	-	-	-	807,710	195,739
Amount due to vendors of ICS and HHC	6,254,453	1,323,636	-	498,475	-	-	6,254,453	1,822,111
Amount due to related party	3,485,696	-	2,143,395	2,526,486	-	-	5,629,091	2,526,486
Lease liabilities	322,055	-	-	-	-	-	322,055	-
Derivative liabilities	1,000,000	-	-	-	-	-	1,000,000	-
Total expected outflows	14,705,766	3,355,554	2,143,395	3,024,961	-	-	16,849,161	6,380,515
Financial assets – cash flows realisable								
Accounts receivable	410,294	312,828	-	-	-	-	410,294	312,828
Loan receivable	11,447,207	4,411,288	-	19,738	-	-	11,447,207	4,431,026
Deposits and other receivables	796,583	633,278	-	-	-	-	796,583	633,278
Amount due from a director	-	6,237	-	-	-	-	-	6,237
Swap assets	500,000	-	-	-	-	-	500,000	-
Cash and cash equivalents	3,060,459	3,432,929	-	-	-	-	3,060,459	3,432,929
Total anticipated inflows	16,214,543	8,796,560	-	19,738	-	-	16,214,543	8,816,298
Net (outflow)/ inflow on financial instruments	1,580,777	5,441,006	(2,143,395)	(3,005,223)	-	-	(634,618)	2,435,783

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

35 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:

	2020 $	2019 $
Hong Kong Dollars (HK$)		
Cash and cash equivalents	1,754,233	2,036,523
Accounts receivable	410,294	312,828
Deposits and other receivables	191,658	230,060
Lease liabilities	(306,933)	-
Accruals and other payables	(141,606)	(81,742)
Tax payables	(170,234)	(43,496)
Amount due to vendors	(6,254,453)	(1,822,111)
Net HK$ exposure	(4,517,041)	632,062
Singapore Dollars (SG$)		
Cash and cash equivalents	766,593	171,697
Loan receivable	11,447,207	4,431,026
Deposits and other receivables	459,097	309,869
Amount due from a director	-	6,237
Lease liabilities	(15,122)	-
Accruals and other payables	(2,621,508)	(1,713,749)
Tax payables	(637,476)	(152,243)
Amount due to related party	(5,629,091)	(2,526,486)
Net SG$ exposure	3,796,700	526,351

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 2020		
+/–2% in $A/$HK	+/- 40,839	+/- 63,826
Year ended 30 June 2019		
+/–2% in $A/$HK	+/- 25,917	+/- 32,517

		Consolidated Group
	Profit after Tax $	Equity $
Year ended 30 June 2020		
+/–2% in $A/$SG	+/- 30,606	+/- 62,001
Year ended 30 June 2019		
+/–2% in $A/$SG	+/- Nil*	+/- 4,128

*Given the time of the acquisition, the revenue and expenses of ICS were not consolidated in the Group.

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 owners 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 2020 and 2019.

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 22 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 2020 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 2020, 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

25 September 2020

Independent Auditors Report to the Members

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 2020, 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 2020 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.

Independent Auditors Report to the Members

MOORE

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 Combination and Goodwill on Acquisition	
Refer to Note 14 Intangible Assets and Note 26 Business Combinations	
During the year ended 30 June 2020, Credit Intelligence Limited (the legal acquirer) acquired a 60% interest in Hup Hoe Credit Pte. Ltd (HHC). The audit of the business combination is a key audit matter due to the complexity of transaction and judgement involved in the recognition and calculation of goodwill on acquisition. Specifically, judgement is involved in the determination of the fair value of the purchase consideration (which is settled by a combination of share-based payment, cash (of which part was recognised as deferred consideration payable) and contingent consideration payable) and the net assets acquired.	Our procedures included, amongst others: • Reviewed the share purchase agreement and underlying terms and conditions of the transaction; • Discussed with management regarding the nature of the transaction; • Evaluated the valuation of the share-based payment and reviewed the underlying assumptions used; • Challenged the Management's judgement and forecast of HHC's net profit after tax for the next 12 months following the acquisition date which formed the basis of recognising contingent consideration payable; • Checked the calculation of the net assets acquired and goodwill on acquisition; • Reviewed workings to ensure accounting for business combination and goodwill on acquisition were in line with Australian Accounting Standards; • Ensured that the consolidated financial statements accurately reflect the business combination transaction and calculation of goodwill on acquisition; 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) as at 30 June 2020 was $4,949,293. This was 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; • 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 2020 was $13,611,618. Revenue from bankruptcy administration services is recognised when payment collections and dividend distributions are made to creditors of the bankrupts. Bankruptcy discharge fees are recognised on discharge of the bankrupt individual. Revenue from Individual Voluntary Arrangements is recognised when debtors deposit their contributions to the designated bank accounts. Revenue from permit fees is recognised when performance obligations are satisfied. 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. 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.

Independent Auditors Report to the Members

MOORE

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 $11,447,207 attributed to the consolidation of ICS and HHC's financial results as at 30 June 2020. The balance was inclusive of an impairment allowance of $1,041,309. 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; • Assessed the adequacy of the disclosures in the financial statements relating to AASB 9: Financial Instruments.

Accounting for Financial Derivative (Equity Financing Agreement)	
Refer to Note 10 Swap Assets and Note 19 Derivative Liabilities	
The Company signed an equity financing agreement with LS Whitehall Group in May 2020. Under the terms of this agreement, the Company issued 32,148,759 fully paid ordinary shares worth $1,000,000 to LS Whitehall Group and received $500,000 cash up front. At the same time, the Company has a right to $500,000 swap assets (50% of equity financing arrangement). This arrangement will be fully settled after an agreed pricing period where the final amount is to be adjusted by a swap amount calculated using an average VWAP of the Company's shares nominated by the investor. Due to its terms and conditions, this is required to be accounted for as a derivative liability in accordance with AASB 9: Financial Instruments. On settlement, the difference between the amount received and the swap assets will be recognised as changes in fair value in the statement of profit or loss. Accounting for financial derivative is a key audit matter due to the complexity and material nature of the arrangement.	Our procedures included, amongst others: • Comprehensive review of the equity financing agreement to ensure the accounting treatment was in accordance with AASB 9: Financial Instruments. • Assessed the adequacy of the disclosures in the financial statements relating to AASB 9: Financial Instruments.

MOORE

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

Report on the Audit of the Financial Report (continued)

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 2020 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.

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.

Independent Auditors Report to the Members

MOORE

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

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 2020.

In our opinion, the Remuneration Report of Credit Intelligence Limited, for the year ended 30 June 2020 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 25th day of September 2020.

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 2020 Corporate Governance Statement was approved by the Board on **25 September 2020** and is current as at **25 September 2020**. 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 23 September 2020.

(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	19	5,447	0.00%
1,001 - 5,000	167	496,519	0.04%
5,001 - 10,000	47	316,993	0.03%
10,001 - 100,000	697	31,761,172	2.65%
100,001 - 999,999,999,999	364	1,166,796,915	97.28%
TOTAL	**1,294**	**1,199,377,046**	**100%**

The number of shareholders holding less than a marketable Parcel of shares are:

Less than market parcel	Number of holders	Number of units	% Of total issued capital
1 - 17,857	341	2,453,159	0.21%
17,858 - OVER	953	1,196,923,887	99.80%
TOTAL	**1,294**	**1,199,377,046**	**100%**

(b) Twenty largest shareholders

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

Rank	Name	Number of Shares	Percentage of Ordinary Shares
1	CITICORP NOMINEES PTY LIMITED	421,277,974	35.12
2	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	102,321,855	8.53
3	TAN BIING GIM	80,990,951	6.75
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	57,158,033	4.77
5	MR KA LAM KING WONG	39,142,628	3.26
6	CHOW YI LOONG	27,779,248	2.32
7	YEO WEI CHUNG	27,779,248	2.32
8	MR SIU CHUNG HO	26,882,437	2.24
9	CHEN GUORONG	26,642,628	2.22
10	BNP PARIBAS NOMS PTY LTD <DRP>	25,405,481	2.12
11	MR LIM CHEE WEI	16,539,280	1.38
12	MS SUSAN YAP	16,441,211	1.37
13	ADVANCED ASSETS MANAGEMENT LTD	15,339,662	1.28
14	MR MICHAEL CHARLES BOWDEN	14,000,000	1.17
15	MS KWAN YEE WAN	12,900,000	1.08
16	MR HEUNG KWAN TSANG	11,400,000	0.95
17	MICHELLE WAI YU PANG	10,657,052	0.89
18	TERENCE WING KEUNG CHAN	10,657,051	0.89
19	MR KWOK WAI HO	7,800,000	0.65
20	MR GEORGE HRISTODOULOU	7,736,659	0.65
		958,851,398	**79.95**
Total Remaining Holders Balance		**240,525,648**	**20.05**
Total Holders Balance		**1,199,377,046**	**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.