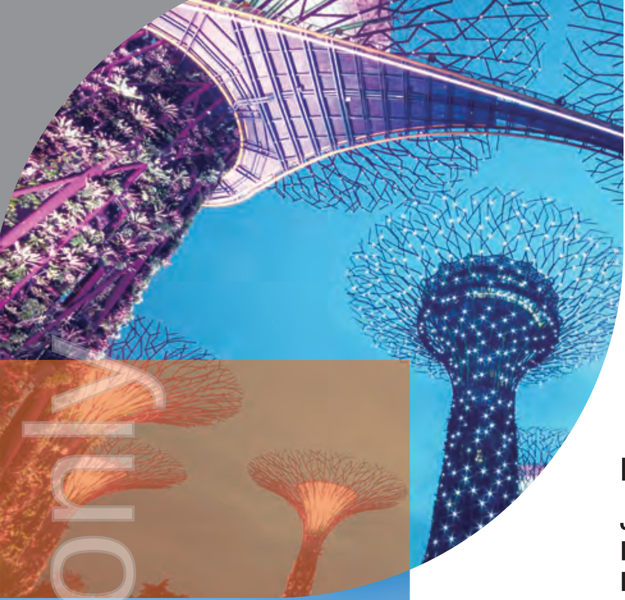
CREDIT INTELLIGENCE LIMITED

ACN 126 296 295

ANNUAL REPORT **2023**

ASX: CI1



Corporate Data

Directors

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

Company Secretary

Arthur Ma
Nicholas Ong

Registered Office

Level 8
99 St Georges Terrace
West Perth, WA 6000
Australia

Independent Auditor

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

Home Exchange

Perth

ASX Code

CI1

Principal Place of Business

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

Level 6, 56 Pitt Street
Sydney, NSW 2000
Australia

2 Kallang Avenue
#05-06 CT Hub
Singapore 339407

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

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Chairman's Letter

Dear fellow Shareholders,

On behalf of the board of directors (the Board) of Credit Intelligence Limited (CI1 or the Company), I submit to the shareholders the annual report for the year ended 30 June 2023 (FY23).

FY23 was a challenging year for our financial services as a whole. Our revenue increased by 6% to $16.6m in FY23. The loss after tax attributable to shareholders was $5.7m in FY23. This was primarily related to the impairment losses of assets of $5.2m recognised during the year. Other than that, the expenses increased by 26% which are mainly attributable to the employee benefits expenses and bad debt written off and allowance.

Australia business

Since the launch of CHT's App, CHT has started to see an increase in demand for debt management services and mortgage refinancing. Given the rise of interest rates and cost of living pressure in the Australian economy, many Australian's are falling into financial hardship. CHT has seen an increase in enquiries through website with numbers of already in distress needing immediate debt assistance. A noticeable trend is that most of the enquiries are beginning to experience mortgage stress given the fixed rate mortgage cliff starting to hurt home owners. This has made refinancing more difficult and many consumers are having to take out higher interest mortgages to consolidate their debts.

During FY23, it was quite challenging as small businesses still face a lot of disruption to their business due to the impact of shortage in supply and the rising interest rate. However, YOZO has maintained its position in the market, keeping minimum operation cost and achieved net profit. This was mainly due to the diversified loan risk portfolio and were able to keep the default rate to zero till date.

Overseas Business

The Group's cornerstone business and core source of revenue being the insolvency management service in Hong Kong and licensed lending business in Singapore continued to make positive contributions to the Group, with an overall net cash inflow recorded in FY23.

OneStep's App initially offers SME Buy Now Pay Later services ("BNPL") service to clients who subscribed ongoing audit matching service through iProEx under OneStep online platform. It has expanded its range of services by offering Hong Kong and UK company incorporation services to its existing clients. With the development of new client base developed in OneStep platform for Incorporation of Hong Kong companies and other corporate services, OneStep expects more clients are looking for services through online platform.

HKBNPL mainly provides BNPL to its users. Apart from traditional BNPL services, that is to allow users to settle in sixty days, up to 30 June 2023, it has expanded its services by adding two new features to the existing Mobile applications named "Ekpay" and "Ekpay for merchants". These new features are "Pay-in-one" and "Flexi-pay". "Pay-in-one" allows users to settle the bill fully at the point of consumption while "Flexi-pay" allows users to extend the instalments by six, nine or twelve months. Additional service charges will be charged to the users when they are using "Flexi-pay". HKBNPL considers that it will bring additional revenues to the Company for the next 12 months.

CI1 will continue to dedicate ourselves for the long-term growth of the Group by placing prudence and at the same time, to explore and seize the new business opportunities to improve the downturns further and create value for our shareholders.

Lastly, I take this opportunity to thank the Directors and our Australia, Hong Kong and Singapore teams for delivering a solid trading result to CI1.

Jimmie Wong

Executive Chairman

Directors' Report

Directors

Ka Sek (Jimmie) Wong
Executive Chairman and
Managing Director

Ka Lam (King) Wong
Executive Director

Mark Ng
Executive Director

The directors submit their report on the consolidated entity (referred to hereafter as the "Group") consisting of Credit Intelligence Limited (the "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2023.

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, 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 in 1986. Mr Wong has over 20 years' experience in Hong Kong as a leading insolvency lawyer having served as legal adviser to numerous financial institutions and groups and has also provided legal advice in relation to cross-border takeovers and mergers, corporate finance, IPOs and foreign direct investment. Mr Wong was appointed as trustee in bankruptcy by financial institutions in Hong Kong since 2004. Mr Wong was a lawyer in Hong Kong admitted in 1989 and Singapore in 1995. In 2008, Mr Wong was awarded the Hong Kong Innovative Entrepreneur of the Year Award.

Ka Lam (King) Wong

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

Mr King Wong is currently the trustee in bankruptcy of Hong Kong Debt Management Services Limited (HKDMS) which provides insolvency management services in Hong Kong. Mr Wong joined the Group in 2002 and is primarily responsible for overseeing the overall business operations of the Group. Mr Wong graduated with a Bachelor of Laws degree (Honours) from the City University of Hong Kong in 1998. Mr Wong 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. Mr Wong was appointed as trustee in bankruptcy by financial institutions in Hong Kong since 2004.

Mark Ng

Executive Director, appointed 29 December 2020.

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

Non-Executive Directors

Michael Pixley
Non-Executive Director

Russell Goodman
Non-Executive Director

Vincent Lai
Non-Executive Director

Michael Pixley

Non-Executive Director, appointed 28 April 2020.
Chairman of Remuneration and Nomination Committee

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

Russell Goodman

Non-Executive Director, appointed 22 October 2020.

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

Ming Wai (Vincent) Lai

Non-Executive Director, appointed 17 May 2018.
Chairman of Audit and Risk Committee

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

Company Secretary

Arthur Ma

Appointed 15 July 2022

Mr Arthur Ma is a member of CPA Australia. He was appointed as CFO of the Company on 17 May 2018. He is responsible for managing the group's finances. Mr Ma has extensive experience in Accounting, Finance and bankruptcy administration services. Mr Ma actively participated in the IPO of Credit Intelligence Limited and a number of acquisitions for the Group. Mr Ma is also a director of the Group's subsidiaries, Yozo Finance and ICS Funding.

Nicholas Ong

Appointed 15 July 2022

Mr Nicholas Ong brings 18 years' of experience in listing rules compliance and corporate governance. Mr Ong is a non-executive director and company secretary of several ASX listed companies. Mr Ong is a fellow member of the Governance Institute of Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.

Interests in the shares of the Company and related bodies corporate

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

	Option Holdings	Ordinary Shares
Jimmie Wong	5,590,000	14,209,118
King Wong	500,000	207,132
Mark Ng	500,000	100,000
Michael Pixley	130,000	5,000
Russell Goodman	130,000	100,000
Vincent Lai	130,000	127,232

Principal Activities

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

Dividends Paid or Recommended

The dividend reinvestment plan (DRP) was adopted in the FY21. The DRP provides eligible shareholders an option to reinvest all or part of any dividend. There was no dividend reinvestment plan in operation during the year.

The Group has identified an increase in expenses for business operations and development and advised that the Company will not declare a final dividend subsequent to year end (FY22: Nil).

Review of Operations

Australia

Since the launch of CHT's App, CHT has started to see an increase in demand for debt management services and mortgage refinancing. Given the rise of interest rates and cost of living pressure in the Australian economy, many Australian's are falling into financial hardship. CHT has seen an increase in enquiries through website with many already in distress needing immediate debt assistance. A noticeable trend is that most of the enquiries are beginning to experience mortgage stress given the fixed rate mortgage cliff starting to hurt many home owners. This has made refinancing more difficult and many consumers are having to take out higher interest mortgages to consolidate their debts.

During FY23, it was quite challenging as many small businesses still face a lot of disruption to their business due to the impact of shortage in supply and the rising interest rate. However, YOZO has maintained its position in the market, keeping minimum operation cost and achieved net profit. This was mainly due to the diversified loan risk portfolio and were able to keep the default rate to zero till date.

Hong Kong

The Group's core business in Hong Kong (provision of bankruptcy administration services, Individual Voluntary Arrangement proposal consultancy and implementation services) contributed positive result throughout the year.

OneStep's App initially offers SME Buy Now Pay Later services ("BNPL") service to clients who subscribed ongoing audit matching service through iProEx under OneStep online platform.

OneStep has expanded its range of services by offering Hong Kong and UK company incorporation services to its existing clients. The client databases of OneStep and OneFlexi SMEBNPL are synchronized simultaneously. With the development of new client base developed in OneStep platform for Incorporation of Hong Kong companies and other corporate services and more clients looking for services through online platform, it is believed that in the next 18 months, more and more clients will choose iProEx's audit service matching packages to meet their audit needs, and pay a fee to OneFlexi SME BNPL for expense management and payment solutions services as well.

HKBNPL is mainly engaged in providing Buy Now Pay Later services ("BNPL") to its users. Apart from traditional BNPL services, that is to allow users to settle in sixty days, up to 30 June 2023, it has expanded its services by adding two new features to the existing Mobile applications named "Ekpay" and "Ekpay for merchants". These new features are "Pay-in-one" and "Flexi-pay". "Pay-in-one" allows users to settle the bill fully at the point of consumption while "Flexi-pay" will allow users to choose to extend the instalments by six, nine or twelve months. Additional service charges will be charged to the users when they are using "Flexi-pay".

Singapore

ICS performed non-aggressive approach to mitigate credit risk exposure. The declining revenue of ICS was due to strict credit review of loan applications.

HHC contributed positive result to the Group during FY23 given the fierce competition in local market with the entry of new digital banks.

Risk Management

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

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

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

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year.

Significant Events after the Reporting Date

On 15 July 2023, the Group entered into a bond subscription agreement with an individual, who is an independent third party, to borrow an aggregate amount of $1.1 million (including extension of part of the existing other borrowing and interest accrual amounting to $957k and $131k respectively). This new and/or extended borrowing is unsecured, interest-bearing at 15% per annum, repayable on 31 July 2024 (interest rate 15% per annum as at 30 June 2023).

On 11 September 2023, the Company issued 4,546,051 shares as part of the consideration to the vendor of CHT.

No other matters or circumstances have arisen since 30 June 2023, which 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

CHT is continuing to onboard clients at a rising rate each month. Given interest rates are rising and applying pressure on household spending, we have seen an increased demand for our debt management services.

YOZO heavily invests its time to build long term relationship and has taken a customer centric focus on its product offering thus was able to keep a high retention rate. YOZO will continue focusing on improving its product offering and customer experience to expand and grow its loan portfolio.

The Group expects the core business in Hong Kong (provision of bankruptcy administration services, Individual Voluntary Arrangement proposal consultancy and implementation services) will continue to contribute positive results.

With the development of new client base developed in OneStep platform for Incorporation of Hong Kong companies and other corporate services, and more clients looking for services through our online platform, it is believed that in the next 18 months, more and more clients will choose iProEx's audit service matching packages to meet their audit needs, and pay a fee to OneFlexi SME BNPL for expense management and payment solutions services as well.

The new features of HKBNPL are "Pay-in-one" and "Flexi-pay". "Pay-in-one" allows users to settle the bill fully at the point of consumption while "Flexi-pay" will allow users to choose to extend the instalments by six, nine or twelve months. Additional service charges will be charged to the users when they are using "Flexi-pay". HKBNPL considers that it will bring additional revenues to the Company for the next 12 months.

The Group expects the Singapore business of ICS and HHC will contribute positive results. Both businesses are well supported by the Group.

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

The Board has established a remuneration committee comprised of three independent non-executive directors and a nomination committee comprised of three independent non-executive directors and chairman. The Corporate Governance Statement provides further information on the role of this committee. The remuneration policy of Credit Intelligence has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives. The board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

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

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

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

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

Where required, the executive directors and executives receive a superannuation guarantee contribution required by the government, which was 10.5% for Australia in FY23 and 5% or maximum contribution HKD1,500 per month circa AUD256 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 addition, discretionary bonuses are paid at the discretion of the Board based on the KMP's individual performance, the overall performance of the company, the KMP's length of service and prior years' salary reviews.

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

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 five years as required by the *Corporations Act 2001*. The results below set as reference in determining the amounts of remuneration to be awarded to Key Management Personnel (KMP). The Group also quotes references from market rates and market capitalisation as benchmark. 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 five years.

	2023 $	2022 $	2021 $	2020 $	2019 $
Revenue	16,630,580	15,714,147	12,698,718	13,611,618	6,049,307
Net (loss)/profit attributable to members	(5,775,845)	(842,421)	736,062	2,541,275	524,662
(Loss)/Earnings per share*	(0.0697)	(0.0105)	0.0111	0.0500	0.0120
Share price at year end*	0.135	0.097	0.32	0.5200	0.3000
Dividend payments	–	–	599,689	1,020,146	984,513

* Following shareholders' approval at the General Meeting held on 27 April 2022, the consolidation of the issued capital of the Company on the basis of one (1) share for every twenty (20) shares was completed. Accordingly, earnings per share and the share price from year 2019 to year 2021 are re-presented.

Use of remuneration consultants

The Group did not retain the services of any remuneration consultants during the financial year ended 30 June 2023.

Voting and comments made at the Company's 2022 Annual General Meeting

The Company received approximately 60.15% of "For" votes on its remuneration report for the 2022 financial year.

The Remuneration Committee (RC) has reviewed Jimmie Wong's remuneration and recommended the Board to have further discussion as (i) this is directly related to subsidiary level operation, (ii) there is a lack of market information for comparison purpose (over 80% of market is shared by the Company and its only competitor which is a local law firm in Hong Kong) and (iii) the Board comprises wider expertise and knowledge in the local market in Hong Kong. The Board has reviewed the nature, actual job requirements and market references for Jimmie Wong's remuneration, and is of the view that:

- HKDMS is not able to locate an alternative independent third party in the market in a short period of time
- Re-appointment of OT involves various approval and discussion with the creditors and the authorities, on-going arrangements, loss of business and so on
- The payments of dividends to creditors, bankruptcy's expenditures etc., must be authorised by the OTs on a timely and regular basis. The cashflow/workflow cannot be delayed
- No market comparable available

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 comprises all the Directors of CIL. All amounts included in the Remuneration Table below are included as expenses within the consolidated statements of profit or 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 (Options)
	Salary & Fees	Discretionary Cash Bonus	Non-Monetary	Leave Entitlements	Superannuation	Options		
	$	$	$	$	$	$	$	%
Directors								
Jimmie Wong								
2023	**2,262,427**	**–**	**–**	**–**	**6,828**	**274,020**	**2,543,275**	**11%**
2022	1,227,637	38,468	–	–	6,635	77,970	1,350,710	9%
King Wong								
2023	**247,156**	**–**	**–**	**–**	**6,828**	**25,437**	**279,421**	**9%**
2022	199,270	–	–	–	6,635	9,074	214,979	4%
Mark Ng								
2023	**126,080**	**–**	**–**	**–**	**–**	**25,437**	**151,517**	**17%**
2022	127,926	–	–	–	–	9,074	137,000	7%
Michael Pixley								
2023	**48,000**	**–**	**–**	**–**	**–**	**7,296**	**55,296**	**N/A**
2022	48,000	4,000	–	–	–	3,896	55,896	N/A
Russell Goodman								
2023	**48,000**	**–**	**–**	**–**	**–**	**7,296**	**55,296**	**N/A**
2022	48,000	4,000	–	–	–	3,896	55,896	N/A
Vincent Lai								
2023	**63,040**	**–**	**–**	**–**	**–**	**7,296**	**70,336**	**N/A**
2022	64,204	–	–	–	–	3,896	68,100	N/A
Brett Crowley								
2023	**–**	**–**	**–**	**–**	**–**	**3,684**	**3,684**	**N/A**
2022	14,954	–	–	–	–	3,466	18,420	N/A
Total key management personnel compensation								
2023	**2,794,703**	**–**	**–**	**–**	**13,656**	**350,466**	**3,158,825**	**11%**
2022	1,729,991	46,468	–	–	13,270	111,272	1,901,001	8%

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 $540,000 plus any statutory superannuation with effect from 1 February 2022.
- 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.

Trustee service agreement

On 1 February 2022, Hong Kong Debt Management Services Limited (HKDMS) (major operating subsidiary) entered into a trustee service agreement with Jimmie Wong to compensate his services as bankruptcy trustee. The fee consists of i) HK$450,000 monthly service fee circa A$81,000 and ii) 10% earnout which is calculated based on HKDMS's monthly revenue roughly around HK$300,000 circa A$54,000.

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 $247,000 plus any statutory superannuation.
- The agreement may be terminated by either party giving 6 months' notice in writing, or applicable shorter periods upon breach of contract by either party. There are no benefits payable on termination other than entitlements accrued to the date of termination.

Mark Ng, Executive Director

- Term of agreement – employment commencing from 29 December 2020 or until employment is terminated.
- Annual salary of $126,000 inclusive of any statutory superannuation.
- The agreement may be terminated by either party in writing, or applicable shorter periods upon breach of contract by either party. There are no benefits payable on termination other than entitlements accrued to the date of termination.

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

Equity Instruments Held by Key Management Personnel

Ordinary Share and Option Holdings

The number of ordinary shares and option 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.

	Balance at start of the year or date of appointment	Received during the year as remuneration	Other changes during the year	Balance at end of the year(*)
2023 Ordinary share				
Jimmie Wong	**14,209,118**	**–**	**–**	**14,209,118**
King Wong	**1,207,132**	**–**	**(1,000,000)**	**207,132**
Mark Ng	**100,000**	**–**	**–**	**100,000**
Michael Pixley	**5,000**	**–**	**–**	**5,000**
Russell Goodman	**600,000**	**–**	**(500,000)**	**100,000**
Vincent Lai	**127,232**	**–**	**–**	**127,232**
2023 Option holdings				
Jimmie Wong	**5,590,000**	**–**	**–**	**5,590,000**
King Wong	**500,000**	**–**	**–**	**500,000**
Mark Ng	**500,000**	**–**	**–**	**500,000**
Michael Pixley	**130,000**	**–**	**–**	**130,000**
Russell Goodman	**130,000**	**–**	**–**	**130,000**
Vincent Lai	**130,000**	**–**	**–**	**130,000**

* At year end there are no nominally held shares.

Loans from Key Management Personnel and their Related Parties

There were no loans from Key Management Personnel and their related parties during the financial year the previous corresponding period.

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 four meetings of directors. The attendance of directors at meetings of the board was:

	Directors Meetings		Committee Meetings: Audit and Risk		Committee Meetings: Remuneration and Nomination	
	A	B	A	B	A	B
Jimmie Wong	4	4	–	–	–	–
King Wong	4	4	–	–	–	–
Mark Ng	4	4	–	–	–	–
Michael Pixley	4	4	3	3	–	–
Russell Goodman	4	4	3	3	–	–
Vincent Lai	4	4	3	3	–	–

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

Indemnification of Officers

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

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

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

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

Proceedings on Behalf of the Company

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

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

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;

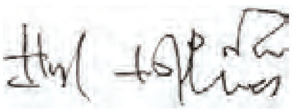
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

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

	2023 $	**2022 $**
– Taxation services		
Moore Australia	17,047	13,500
	17,047	13,500

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 16.

Signed in accordance with a resolution of the directors.



Jimmie Wong
Executive Chairman

22 September 2023

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 2023, there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

SUAN LEE TAN
PARTNER

MOORE AUSTRALIA
MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 22nd day of September 2023.

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 2023

	Notes	2023 $	2022 $
Service revenue	3a	12,895,526	11,467,749
Credit financing interest revenue	3b	3,735,054	4,246,398
Other income	4	325,307	603,878
Bad debt written off and loss allowance	5	(3,521,088)	(2,656,466)
Employee benefits expense		(8,741,221)	(5,886,413)
Other expenses		(3,389,313)	(3,721,283)
Impairment losses	5	(5,243,471)	(3,105,656)
Finance costs		(218,303)	(325,293)
(Loss)/profit before income tax		(4,157,509)	622,914
Income tax expense	6	(824,393)	(606,207)
(Loss)/profit for the year		(4,981,902)	16,707
Other comprehensive income			
Exchange differences on translating foreign operations, net of tax		939,978	1,413,949
Total comprehensive (loss)/income for the year, net of tax		(4,041,924)	1,430,656
Net (loss)/profit attributable to:			
Members of the parent entity		(5,775,845)	(842,421)
Non-controlling interest		793,943	859,128
		(4,981,902)	16,707
Total comprehensive (loss)/income attributable to:			
Members of the parent entity		(5,000,709)	495,709
Non-controlling interest		958,785	934,947
		(4,041,924)	1,430,656
Loss per share			
Basic loss per share	26	(0.0697)	(0.0105)
Diluted loss per share	26	(0.0697)	(0.0105)

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	2023 $	2022 $
CURRENT ASSETS			
Cash and cash equivalents	7	5,658,783	3,589,354
Trade and other receivables	8	1,272,208	783,762
Loan receivables	9	5,387,892	9,803,266
Current tax assets	20	7,962	–
Other current assets	10	267,602	275,298
TOTAL CURRENT ASSETS		12,594,447	14,451,680
NON-CURRENT ASSETS			
Property, plant and equipment	12	215,920	298,081
Right-of-use assets	13	311,281	792,234
Trade and other receivables	8	3,239,305	1,393,175
Loan receivables	9	127,276	–
Deferred tax assets	11	357,597	293,292
Intangible assets	14	10,350,951	15,356,252
TOTAL NON-CURRENT ASSETS		14,602,330	18,133,034
TOTAL ASSETS		27,196,777	32,584,714
CURRENT LIABILITIES			
Trade and other payables	15	1,426,415	1,205,753
Lease liabilities	16	192,566	704,244
Contract liabilities	17	127,575	644,296
Amounts due to vendors	18	699,643	370,449
Current tax liabilities	20	–	659,234
Other borrowings	21	1,089,139	2,201,150
TOTAL CURRENT LIABILITIES		3,535,338	5,785,126
NON-CURRENT LIABILITIES			
Lease liabilities	16	121,888	176,723
Deferred tax liabilities	11	917,027	405,581
Amounts due to vendors	18	–	128,000
Amounts due to related party	19	368,319	343,524
TOTAL NON-CURRENT LIABILITIES		1,407,234	1,053,828
TOTAL LIABILITIES		4,942,572	6,838,954
NET ASSETS		22,254,205	25,745,760
EQUITY			
Issued capital	22	22,074,790	21,705,165
Reserves	23	2,362,207	1,151,291
(Accumulated loss)/retained earnings		(5,517,417)	199,334
Equity attributable to owners of the parent entity		18,919,580	23,055,790
Non-controlling interest		3,334,625	2,689,970
TOTAL EQUITY		22,254,205	25,745,760

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Issued Capital $	Retained Earnings $	Merger Reserve $	Foreign Currency Translation Reserve $	Option Reserve $	Total $	Non-controlling Interest $	Total Equity $
Balance at 1.7.2021	21,705,165	937,795	11,037	(433,965)	163,054	22,383,086	1,702,365	24,085,451
Comprehensive income:								
Loss after tax for the year	–	(842,421)	–	–	–	(842,421)	859,128	16,707
Other comprehensive income for the year	–	–	–	1,338,130	–	1,338,130	75,819	1,413,949
Total comprehensive income for the year	–	(842,421)	–	1,338,130	–	495,709	934,947	1,430,656
Transactions with owners, in their capacity as owners, and other transfers								
Capital injection from non-controlling Interest	–	–	–	–	–	–	52,658	52,658
Option expense recognised in the year	–	–	–	–	176,995	176,995	–	176,995
Expiry of option derecognised in the year	–	103,960	–	–	(103,960)	–	–	–
Total transactions with owners and other transfers	–	103,960	–	–	73,035	176,995	52,658	229,653
Balance at 30.6.2022	21,705,165	199,334	11,037	904,165	236,089	23,055,790	2,689,970	25,745,760
Balance at 1.7.2022	21,705,165	199,334	11,037	904,165	236,089	23,055,790	2,689,970	25,745,760
Comprehensive income:								
Loss after tax for the year	–	(5,775,845)	–	–	–	(5,775,845)	793,943	(4,981,902)
Other comprehensive income for the year	–	–	–	775,136	–	775,136	164,842	939,978
Total comprehensive income for the year	–	(5,775,845)	–	775,136	–	(5,000,709)	958,785	(4,041,924)
Transactions with owners, in their capacity as owners, and other transfers								
Allotment of shares	369,625	–	–	–	–	369,625	–	369,625
Capital injection from non-controlling Interest	–	–	–	–	–	–	127,312	127,312
Options expense recognised in the year	–	–	–	–	494,874	494,874	–	494,874
Expiry of option derecognised in the year	–	59,094	–	–	(59,094)	–	–	–
Dividends recognised for the year	–	–	–	–	–	–	(441,442)	(441,442)
Total transactions with owners and other transfers	369,625	59,094	–	–	435,780	864,499	(314,130)	550,369
Balance at 30.6.2023	22,074,790	(5,517,417)	11,037	1,679,301	671,869	18,919,580	3,334,625	22,254,205

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Notes	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		7,551,606	8,610,417
Payments to suppliers and employees		(9,933,638)	(7,951,706)
Interest received		3,983	20
Bank charges and interest		(222,626)	(194,045)
Income tax paid		(1,062,846)	(749,357)
		(3,663,521)	(284,671)
Changes in operating assets arising from cash flow movements:			
Net funding of customer loans		7,818,316	3,174,715
Net cash provided by operating activities	24	4,154,795	2,890,044
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(26,985)	(146,202)
Expenditure on intangible assets		–	(739,131)
Investment in subsidiaries		–	(418,224)
Net cash used in investing activities		(26,985)	(1,303,557)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(664,861)	(533,954)
Capital injection from non-controlling Interest		127,312	49,129
Receipt of loans from related parties		20,640	63,213
Net proceeds from other borrowings		(1,370,337)	173,133
Payment of dividends to subsidiary shareholders		(528,586)	(121,680)
Net cash used in financing activities		(2,415,832)	(370,159)
Net increase in cash and cash equivalents held		1,711,978	1,216,328
Cash and cash equivalents at beginning of the year		3,589,354	2,433,881
Effect of foreign currency translation		357,451	(60,855)
Cash and cash equivalents at the end of the year		5,658,783	3,589,354

The accompanying notes form part of these consolidated financial statements.

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 22 September 2023 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 2023 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.

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss.

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

1 Summary of significant accounting policies (continued)

(d) Revenue recognition

Debt solution service

Debt solution service is recognised (a) at a point in time which is defined as the point of settlement for a finance facility, the successful negotiation of debt or the commission received from placing a client into a complimentary product and (b) a mixture of at a point in time and over time which is defined as the length of the long term payment arrangement (5 years) with the client. This arrangement contains a fixed component (present value of the amount to be repaid over 5 years) which is recognised as revenue at a point in time and a financing component (interest charge) which is recognised as revenue over time.

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, which 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 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 bankruptcy administration 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".

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

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

(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 (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 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.

1 Summary of significant accounting policies (continued)

(g) Leases (the Group as lessee) (continued)

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

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

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

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

(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.

1 Summary of significant accounting policies (continued)

(i) Cash and cash equivalent

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

(j) Provisions

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

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

(k) Employee benefits

(i) Short-term employee benefits

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

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

(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.

1 Summary of significant accounting policies (continued)

(k) Employee benefits (continued)

(iii) Retirement benefit obligations

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

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

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

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

(iv) Share-based payments

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

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

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.

1 Summary of significant accounting policies (continued)

(k) Employee benefits (continued)

(iv) Share-based payments (continued)

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

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

(l) Contributed equity

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

(m) Goods and services tax (GST)

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

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

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

(n) Property, plant and equipment

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

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

1 Summary of significant accounting policies (continued)

(n) Property, plant and equipment (continued)

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

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

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

(o) Intangible assets (other than goodwill)

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

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

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

(p) Business combinations

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

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at 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.

1 Summary of significant accounting policies (continued)

(p) Business combinations (continued)

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.

(q) Accounting of goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred at fair value;
(ii) any non-controlling interest (determined under either the fair value or proportionate interest method); and
(iii) the acquisition date fair value of any previously held equity interest; and
(iv) less the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

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

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

1 Summary of significant accounting policies (continued)

(q) Accounting of goodwill (continued)

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.

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

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

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

(r) Financial instruments

Initial recognition and measurement

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

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

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1 Summary of significant accounting policies (continued)

(r) Financial instruments (continued)

Initial recognition and measurement (continued)

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.

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.

1 Summary of significant accounting policies (continued)

(r) Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial liabilities (continued)

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.

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)

(r) Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets (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.

1 Summary of significant accounting policies (continued)

(r) 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.

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;
- contract assets;
- 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; and
- the simplified approach

1 Summary of significant accounting policies (continued)

(r) 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.

1 Summary of significant accounting policies (continued)

(r) Financial instruments (continued)

Impairment (continued)

General approach – Loan receivables (continued)

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. 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.

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).

1 Summary of significant accounting policies (continued)

(r) Financial instruments (continued)

Impairment (continued)

Simplified approach (continued)

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

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

Recognition of expected credit losses in financial statements

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

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

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

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

(s) Comparative figures

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

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

(t) New and amended accounting policies not yet adopted by the Group

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024 along with the adoption of AASB 2022-6. The amendment is not expected to have a material impact on the financial statements once adopted.

1 Summary of significant accounting policies (continued)

(t) New and amended accounting policies not yet adopted by the Group (continued)

AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2022-6 amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment amends the initial recognition exemption in AASB 112: *Income Taxes* such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

AASB 2021-7b & c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2021-7b makes various editorial corrections to AASB 17 *Insurance Contracts* which applies to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

AASB 2021-7c defers the mandatory effective date (application date) of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets* between an Investor and its Associate or Joint Venture so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018.

The Group plans on adopting the amendments for the reporting periods ending 30 June 2024 and 30 June 2026. The impact of initial application is not yet known.

1 Summary of significant accounting policies (continued)

(t) New and amended accounting policies not yet adopted by the Group (continued)

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

AASB 2022-7 makes editorial corrections to the following standards: AASB 7, AASB 116, AASB 124, AASB 128, AASB 134 and AASB as well as to AASB Practice Statement 2. It also formally repeals superseded and redundant Australian Account Standards as set out in Schedules 1 and 2 to the Standard.

The Group plans on adopting the amendments for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

(u) New and amended accounting policies adopted by the Group

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments

The Entity adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021-7a: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2020-7a makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The adoption of the amendment did not have a material impact on the financial statements.

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.

2 Critical accounting estimates and judgements (continued)

(ii) Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/type, cost/value, quantity and the period of transfer related to the goods or services promised. Where a contract includes variable consideration, this is subject to management judgement and estimation of the amount to which it will be entitled and that a significant reversal in the amount will not occur.

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

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

(iv) Coronavirus (COVID-19) Pandemic

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

(v) Share based payment transactions

The fair value of any options issued as remuneration is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on historic volatility adjusted for changes expected due to publicly available information, if any), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

3a. Service Revenue

	2023 $	2022 $
Debt solution and finance service	3,568,680	2,235,842
Debt restructuring, personal insolvency and BNPL service	7,039,478	7,208,093
Credit financing service income	2,287,368	2,023,814
	12,895,526	**11,467,749**
3b. Credit financing interest revenue	**3,735,054**	**4,246,398**
Total revenue	**16,630,580**	**15,714,147**

The credit financing service income predominantly comprises of permit fees income of ICS and HHC.

4 Other income

	2023 $	2022 $
Bank interest income	3,983	20
Administrative charges	146,893	180,198
Other income	174,431	423,660
	325,307	603,878

Government grant income of $56,706 (2022: $126,528) was recognised as part of other income during the financial period.

5 (Loss)/profit for the Year

	2023 $	2022 $
(Loss)/profit before income tax from continuing operations includes the following specific expenses:	(4,157,509)	622,914
Expenses		
Short-term operating lease payments	27,421	24,690
Contributions to defined contribution plans	144,364	120,079
Consultancy fee	43,260	3,533
Bad debt written off and loss allowance – comprising		
Allowance for impairment	1,750,585	856,334
Bad debt written off	1,770,503	1,800,132
	3,521,088	2,656,466
Impairment losses – comprising		
Goodwill	5,243,471	2,488,827
Software	–	500,152
Property, plant & equipment	–	44,594
Right-of-use assets	–	72,083
	5,243,471	3,105,656

6 Income tax

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

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

The Company, CHT and Yozo are subject to Australian tax. 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. Singapore Profits Tax is calculated at 17% of estimated assessable profit.

6 Income tax (continued)

		2023 $	2022 $
a.	**The components of tax expense comprise:**		
	Current tax	186,957	445,906
	Deferred tax	489,429	160,301
	Under provision from prior years	148,007	–
	Income tax reported in statement of comprehensive income	**824,393**	**606,207**
b.	**The prima facie tax (benefit)/expense on (loss)/profit from ordinary activities before income tax is reconciled to the income tax as follows:**		
	Prima facie tax (benefit)/expense on (loss)/profit from ordinary activities before income tax at 25%	(1,039,377)	155,729
	Add tax effect of:		
	– Non-allowable items	1,888,258	1,125,483
	– Revenue losses not recognised	281,274	2,433
		1,130,155	**1,283,645**
	Less tax effect of:		
	– Differential in corporate tax rate	159,963	373,776
	– Non-assessable items	9,547	2,865
	– Special tax reduction	75,464	65,310
	– Prior period adjustment	60,788	66,056
	– Other deferred tax balances not recognised	–	169,431
	Income tax reported in statement of comprehensive income	**824,393**	**606,207**
c.	**Deferred tax recognised at 25% (Note 1(e)):**		
	Deferred tax liabilities:		
	Deferred payment contracts	(917,027)	(405,581)
	Deferred tax assets:		
	Revenue losses	300,194	257,907
	Others	57,403	35,385
		357,597	293,292
	Net deferred tax	**559,430**	**(112,289)**
d.	**Unrecognised deferred tax assets at 25% (Note 1(e)):**		
	Revenue losses	1,648	1,712
	Property, plant & equipment	4,709	7,966
	Provisions and accruals	9,250	–
	Unlisted investments	254,064	111,360
		269,671	**121,038**
e.	**Current tax liabilities**		
	Provision for tax	**–**	**659,234**
f.	**Current tax assets**		
	Current tax receivable	**7,962**	**–**

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.

7 Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	**5,658,783**	**3,589,354**

8 Trade and other receivables

	2023 $	2022 $
Current	1,434,587	858,496
Allowance for impairment	(162,379)	(74,734)
	1,272,208	783,762
Non-current	3,239,305	1,393,175
Allowance for impairment	–	–
	3,239,305	1,393,175
Trade debtors	**4,511,513**	**2,176,937**

Account receivables from debt negotiation service normally span over 6-12 months from the date of billing. They are paid when the settlements are negotiated or if they are part of a refinance they are paid when the loan is settled. Account receivables from debt arrangement services span over 60 months from the date of billing. They are paid in equal monthly instalments.

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, Jimmie Wong and King Wong. 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 2023 and 2022 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 2023 and 2022 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 2023 and 2022.

8 Trade and other receivables (continued)

Account receivables from SME and individuals BNPL services normally span 3 months from the date of billing.

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 1 July 2022 $	Net measurement of loss allowance $	Amounts written off $	Closing balance 30 June 2023 $
Trade and other receivables	74,734	87,645	–	162,379

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 2022 and 30 June 2023 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 2023					
Trade and other receivables					
Expected credit loss	0.6%	1.2%	1.9%	3.9%	
Gross carrying amount	417,493	225,890	122,991	3,907,518	4,673,892
Loss allowance	2,573	2,610	2,276	154,920	162,379
30 June 2022					
Trade and other receivables					
Expected credit loss	0%	1%	2.5%	4.3%	
Gross carrying amount	385,691	131,160	105,135	1,629,685	2,251,671
Loss allowance	–	1,312	2,628	70,794	74,734

(ii) Credit Risk

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

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

8 Trade and other receivables (continued)

(ii) Credit Risk (continued)

There has been a change in the estimation techniques used or significant assumptions made during the current reporting period due to the growth in operations of the cash generating unit.

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

9 Loan receivables

	2023 $	2022 $
Loan receivables – Third parties	9,955,344	12,736,801
Allowance for impairment	(4,440,176)	(2,933,535)
	5,515,168	**9,803,266**
Undue matured loans	37,563	305,347
Near due matured loans	86,114	166,628
Matured loans	814,401	407,960
Non performing loans	2,791,976	1,576,032
Non active loans	710,122	477,568
Allowance for impairment	**4,440,176**	**2,933,535**
Current	5,387,892	9,803,266
Non-current	127,276	–
	5,515,168	**9,803,266**
Movement in allowance accounts:		
At beginning of the financial year	2,933,535	2,112,035
Allowance for impairment	3,264,503	2,680,786
Allowance written back	(27,400)	(23,497)
Allowance written-off	(1,923,897)	(1,942,375)
Foreign exchange adjustment	193,435	106,586
At end of the financial year	**4,440,176**	**2,933,535**
Maturity analysis		
0 to 3 months	8,288,384	6,411,241
3 to 6 months	823,668	1,697,293
6 to 12 months	574,530	4,628,267
Over 12 months	268,762	–
	9,955,344	**12,736,801**

The maturity date of the loans ranged from 3 months to 36 months. They are due within 5 business days from the maturity date.

The key inputs into the measurement of allowance for impairment (ECL) are the term structure of the following variables:

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

9 Loan receivables (continued)

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.

The loan receivables are bearing interest rate at 1% to 8% 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 receivables as at the reporting dates.

10 Other current assets

	2023 $	2022 $
Deposits	143,818	146,144
Accrued income and other debtors	103,888	104,105
Prepayments	19,747	24,905
Amount due from a shareholder	149	144
	267,602	**275,298**

11 Deferred tax assets/(liabilities)

	2023 $	2022 $
Deferred tax assets		
Tax losses	300,194	257,907
Others	57,403	35,385
	357,597	**293,292**
Deferred tax liabilities		
Deferred payment contracts	**917,027**	**405,581**

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12 Property, plant and equipment

	2023 $	2022 $
Leasehold improvements		
At cost	134,811	127,403
Accumulated depreciation	(72,721)	(46,791)
Accumulated Impairment loss	(16,968)	(16,968)
Foreign exchange adjustment	2,447	4,649
Total leasehold improvements	**47,569**	**68,293**
Furniture, fixtures and equipment		
At cost	755,893	686,994
Accumulated depreciation	(567,683)	(443,301)
Accumulated Impairment loss	(27,626)	(27,626)
Foreign exchange adjustment	7,767	13,721
Total furniture, fixtures and equipment	**168,351**	**229,788**
Total property, plant and equipment	**215,920**	**298,081**

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.

30 June 2023	Leasehold improvements $	Furniture, fixtures and equipment $	Total $
Balance at the beginning of the year	68,293	229,788	298,081
Additions	–	26,532	26,532
Depreciation expense	(23,171)	(95,736)	(118,907)
Foreign exchange adjustment	2,447	7,767	10,214
Carrying amount at the end of year	**47,569**	**168,351**	**215,920**

30 June 2022	Leasehold improvements $	Furniture, fixtures and equipment $	Total $
Balance at the beginning of the year	62,930	226,502	289,432
Additions	38,374	108,009	146,383
Depreciation expense	(20,692)	(90,818)	(111,510)
Impairment loss	(16,968)	(27,626)	(44,594)
Foreign exchange adjustment	4,649	13,721	18,370
Carrying amount at the end of year	**68,293**	**229,788**	**298,081**

13 Right-of-use assets

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

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

	2023 $	2022 $
Right-of-use assets		
Balance at the beginning of the year	792,234	374,870
Addition to right-of-use assets	62,074	1,018,802
Lease modification	9,469	–
Amortisation expense for the year	(576,868)	(560,534)
Impairment loss	–	(72,083)
Foreign exchange adjustment	24,372	31,179
Net carrying amount	**311,281**	**792,234**
(ii) *AASB 16 related amounts recognised in the statement of profit or loss*		
Amortisation charge related to right-of-use assets	576,868	560,534
Interest expense on lease liabilities (under finance cost)	17,313	18,800
Short-term leases expense	27,421	24,690
	621,602	**604,024**
Total yearly cash outflows for leases	694,835	586,657

14 Intangible assets

(a) 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;
(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.

	2023 $	2022 $
ICS	4,959,448	4,620,319
HHC	8,291,515	7,724,539
CHT	691,396	691,396
Yozo	981,272	1,520,202
OneStep	–	1,816,563
Impairment loss	(5,243,471)	(2,488,827)
Foreign exchange adjustment	476,057	1,039,439
	10,156,217	**14,923,631**

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14 Intangible assets (continued)

(b) Software

	2023 $	2022 $
Balance at 1 July	432,621	244,260
(Government grant)*/Additions	(176,693)	739,131
Amortisation	(67,477)	(63,557)
Impairment loss	–	(500,152)
Foreign exchange adjustment	6,283	12,939
Balance at 30 June	194,734	432,621
Total Intangible Assets	**10,350,951**	**15,356,252**

* During the year, the Group received a government grant of $176,693. The amount of government grant received has been deducted from the carrying amount of software in accordance with AASB 120: Accounting for Government Grants and Disclosure of Government Assistance.

Goodwill impairment test

Goodwill is allocated to the Company's cash generating units "CGUs" which are based on individual entities acquired by the Group. The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

In accordance with Australian Accounting Standard AASB 136, "Impairment of Assets", the Company performed its goodwill impairment test by comparing the recoverable amount of each CGU with its carrying amount. 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:

CGU	Long Term Growth Rate	Discount Rate
ICS	2.42%	10.22%
HHC	2.42%	10.97%
CHT	2.5%	12.52%
Yozo	1.2%	12.79%
OneStep	N/A	N/A

14 Intangible assets (continued)

(b) Software (continued)

Goodwill impairment test (continued)

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.

	2023 $	2022 $
Impairment loss		
Goodwill (ICS)	2,653,878	–
Goodwill (HHC)	1,608,321	–
Goodwill (Yozo)	981,272	538,930
Goodwill (OneStep)	–	1,949,897
	5,243,471	**2,488,827**
Software (OneStep)	–	151,470
Software (HKBNPL)	–	348,682
	–	500,152
Total impairment loss	**5,243,471**	**2,988,979**

Based on the goodwill impairment assessment of ICS, HHC and Yozo, the goodwill allocated to the CGU's was determined to be impaired. As a result, an impairment loss of $5,243,471 was recognised in the consolidated statement of profit or loss in the current year.

15 Trade and other payables

	2023 $	2022 $
Accrued expenses	1,204,459	914,206
Other payables	221,956	291,547
	1,426,415	**1,205,753**

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

16 Lease liabilities

	2023 $	2022 $
Balance at the beginning of the year	880,967	361,912
New leases during the period	62,074	1,016,402
Lease modification	4,676	–
Payments	(694,835)	(586,657)
Interest charges during the period	34,564	55,213
Foreign exchange adjustment	27,008	34,097
Net carrying amount at the end of the year	**314,454**	**880,967**
Current	192,566	704,244
Non-current	121,888	176,723
	314,454	**880,967**

17 Contract liabilities

	2023 $	2022 $
Contract liabilities	**127,575**	**644,296**

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

18 Amounts due to vendors

	2023 $	2022 $
Current	699,643	370,449
Non-current	–	128,000
	699,643	**498,449**

Amounts due to vendors represent the acquisition of 60% interest of subsidiaries. The company will pay the Vendors an additional $320,000 in terms of Shares plus profit guarantee adjustment in the first three financial years following completion of the acquisition.

19 Amounts due to related parties

	2023 $	2022 $
Current	–	–
Non-current	368,319	343,524
	368,319	**343,524**

The amount is non-trade in nature and unsecured.

20 Current tax assets and liabilities

	2023 $	2022 $
Current tax assets		
Tax refund receivable	**7,962**	**–**
Current tax liabilities		
Provision for taxation – Hong Kong	–	304,828
Provision for taxation – Singapore	–	354,406
	–	**659,234**

21 Other borrowings

	2023 $	2022 $
Bond	**1,089,139**	**2,201,150**

On 15 July 2023, the Group entered into a bond subscription agreement with an individual, who is an independent third party, to borrow an aggregate amount of $1.1 million (including extension of part of the existing other borrowing and interest accrual amounting to $957k and $131k respectively). This new and/or extended borrowing is unsecured, interest-bearing at 15% per annum, repayable on 31 July 2024 (interest rate 15% per annum as at 30 June 2023). Refer to note 28 for further information.

22 Issued capital

Following shareholders' approval at the General Meeting held on 27 April 2022, the consolidation of the issued capital of the Company on the basis of one (1) share for every twenty (20) shares was completed.

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22 Issued capital (continued)

The number of ordinary issued and paid up share capital and option for both years have been adjusted to reflect the Share Consolidation during the year ended 30 June 2022. Accordingly, they are re-presented.

	2023 No.	2022 No.	2023 $	2022 $
(a) Ordinary issued and paid up share capital				
At the beginning of the reporting year	80,137,020	1,602,723,518	21,705,165	21,705,165
Shares issued to vendors	3,362,140	–	369,625	–
Share consolidation*	–	(1,522,586,498)	–	–
Total ordinary share capital at the end of the reporting period	83,499,160	80,137,020	22,074,790	21,705,165
(b) Option reserve				
At the beginning of the reporting year	10,140,000	21,480,000	236,089	163,054
Issue share option to directors and employees	–	44,200,000	494,874	176,995
Expiry of share option derecognised	(330,000)	(14,880,000)	(59,094)	(103,960)
Share consolidation*	–	(40,660,000)	–	–
Total option at the end of the reporting period	**9,810,000**	**10,140,000**	**671,869**	**236,089**

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.

* *Following shareholders' approval at the General Meeting held on 27 April 2022, the consolidation of the issued capital of the Company on the basis of one (1) share for every twenty (20) shares was completed.*

The Company issued 24,800,000 options to service provider on 30 October 2020 of which 3,320,000 options were exercised during year 2021 and 14,880,000 options expired on 30 October 2021 and 6,600,000 options expired on 30 October 2022.

The Company granted 36,200,000 options to directors and employees on 23 July 2021. Each option will expire on 23 July 2024. The Options are exercisable at any time after the date that is two years following its date of issue; and on or prior to the Expiry Date (Exercise Period).

The Company granted 8,000,000 options to directors and employees on 16 May 2022. Each option will expire on 16 May 2024. The Options are exercisable at any time after the date that is one year following its date of issue; and on or prior to the Expiry Date (Exercise Period) (Details please read the announcement on 25 March 2022).

Options	Number of options	Exercise price $	Expiry dates
Unlisted Options as at 30 June 2023			
23 July 2021 – Issue of KMP/employee options (post consolidation)	1,810,000	0.60	23 July 2024
2 May 2022 – Issue of KMP/employee options	8,000,000	0.24	2 May 2024
Balance at end of financial year 30 June 2023	9,810,000	0.31	WAEP (i)

(i) *Weighted Average exercise price*

23 Reserves and (accumulated loss)/retained earnings

		2023 $	2022 $
(a)	**Reserves**		
	Movements in option reserve were as follows:		
	Balance 1 July	236,089	163,054
	Transfer to option reserve	494,874	176,995
	Transfer from option reserve on expiry of share options	(59,094)	(103,960)
	Balance 30 June	**671,869**	**236,089**
	Movements in foreign currency translation reserve		
	Balance 1 July	904,165	(433,965)
	Movement in foreign currency translation reserve	775,136	1,338,130
	Balance 30 June	**1,679,301**	**904,165**
	Movements in merger reserve		
	Balance 1 July	11,037	11,037
	Balance 30 June	**11,037**	**11,037**
	Total reserves	**2,362,207**	**1,151,291**
(b)	**(Accumulated loss)/retained earnings**		
	Movements in (accumulated loss)/retained earnings were as follows:		
	Opening retained earnings	199,334	937,795
	Expiry of option derecognised in the year	59,094	103,960
	Loss after tax for the year	(5,775,845)	(842,421)
	Balance 30 June	**(5,517,417)**	**199,334**

(c) Nature and purpose of reserves

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

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

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

24 Cash flow information

	2023 $	2022 $
Reconciliation of cash flow from operations with operating (loss)/profit after tax from ordinary activities:		
(Loss)/profit after income tax from ordinary activities		
Non-cash flows in (loss)/profit from ordinary activities:	(4,981,902)	16,707
Bad debt written-off	3,521,088	2,656,466
Depreciation	118,907	111,510
Amortisation on right-of-use assets	576,868	560,534
Amortisation on software	67,477	63,557
Impairment loss on goodwill	5,243,471	2,488,827
Impairment loss on assets	–	616,829
Finance cost	183,739	270,080
Exchange (gain)/loss	(122,536)	6,165
Share-based payment	1,065,693	355,444
Movements in working capital		
Effect of foreign currency translation	289,976	552,854
Increase in trade and other receivables	(2,678,313)	(1,534,847)
Decrease/(increase) in loan receivables	1,110,747	(3,738,599)
Decrease in other current assets	184,395	8,002
Increase in trade and other payables	307,806	344,515
(Decrease)/increase in contract liabilities	(516,721)	198,903
Increase in loan from related party	4,155	–
(Decrease) in income tax payable	(220,055)	(86,903)
Net cash provided by operating activities	**4,154,795**	**2,890,044**

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 2023 %	Ownership Interest 2022 %
Credit Intelligence Holding Limited	Cayman Islands	Hong Kong	100	100
Hong Kong Debt Management Limited	British Virgin Island	Hong Kong	100	100
Hong Kong Debt Management Services Limited	Hong Kong	Hong Kong	100	100
Hong Kong I.V.A. Consultants Limited	British Virgin Island	Hong Kong	100	100
Credit Intelligence Finance (Hong Kong) Limited	Hong Kong	Hong Kong	100	100
Credit Intelligence (Singapore) Holdings Limited	Cayman Islands	Hong Kong	100	100
ICS Funding Pte Ltd	Singapore	Singapore	60	60
Hup Hoe Credit Pte Ltd	Singapore	Singapore	60	60
Chapter Two Holdings Pty Ltd	Australia	Australia	60	60
BNPL International Limited formerly known as BIBO Investment Holdings Ltd	British Virgin Island	Hong Kong	100	100
HKBNPL Investments Limited	Hong Kong	Hong Kong	81.2	70
Yozo Finance Pty Ltd	Australia	Australia	60	60
OneStep Information Technology Limited	British Virgin Island	Hong Kong	60	60
Hong Kong BNPL Limited	Hong Kong	Hong Kong	60	60

Percentage of voting power is in proportion to ownership

25 Interests in other entities (continued)

The following subsidiaries have material NCI.

Name of Entity	Country of Incorporation	Operating Segment	Ownership Interest held by NCI 2023 %	Ownership Interest held by NCI 2022 %
Chapter Two Holdings Pty Ltd	Australia	Debt solution and finance service	40	40
ICS Funding Pte Ltd	Singapore	Credit financing	40	40
Hup Hoe Credit Pte Ltd	Singapore	Credit financing	40	40

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group, before any intragroup eliminations.

	Chapter Two Holdings Pty Ltd		ICS Funding Pte Ltd		Hup Hoe Credit Pte Ltd	
	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $
Summarised Financial Position						
Current assets	823,050	402,251	2,539,423	2,736,043	5,490,059	8,205,670
Non-current assets	3,528,471	1,751,910	58,614	236,129	76,596	118,639
Current liabilities	(1,117,996)	(718,677)	(636,913)	(1,135,035)	(319,171)	(3,159,627)
Non-current liabilities	(1,228,008)	(821,485)	(27,119)	–	(14,577)	–
NET ASSETS	**2,005,517**	**613,999**	**1,934,005**	**1,837,137**	**5,232,907**	**5,164,682**
Carrying amount of non-controlling interests	802,207	245,600	773,602	734,855	2,093,163	2,065,873
Summarised Financial Performance						
Revenue	3,317,885	2,072,397	828,833	1,283,508	5,193,589	4,966,704
Profit/(loss) after tax	1,391,518	884,912	(23,882)	628,928	821,830	1,304,454
Other comprehensive income after tax	–	–	–	–	–	
Total comprehensive income	**1,391,518**	**884,912**	**(23,882)**	**628,928**	**821,830**	**1,304,454**
Profit/(loss) attributable to non-controlling interests	556,607	353,965	(9,553)	251,571	328,732	522,182
Distributions paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**
Summarised Cash Flow Information						
Net cash from/(used in) operating activities	(60,477)	(115,477)	17,661	794,877	5,538,339	284,545
Net cash from/(used in) investing activities	–	(119,071)	180,387	(67,938)	(5,104)	(1,491)
Net cash from/(used in) financing activities	53,239	233,187	(441,165)	(974,993)	(3,526,258)	(22,729)
Net increase/(decrease) in cash and cash equivalents	**(7,238)**	**(1,361)**	**(243,117)**	**(248,054)**	**2,006,977**	**260,325**
Dividends paid to NCI	**–**	**–**	**87,144**	**121,680**	**441,442**	**–**

26 Loss per share

	2023 $	2022 $
Basic Loss per share	(0.0697)	(0.0105)
Diluted Loss per share**	(0.0697)	(0.0105)
***Weighted average number of shares used in**		
Basic loss per share calculation*	82,845,155	80,137,020
Diluted loss per share calculation*[1]	92,655,155	83,149,266

* The weighted average number of ordinary shares used to calculate the basic and diluted loss per share for both years have been adjusted to reflect the Share Consolidation during the year ended 30 June 2022.

** Potential shares relating to options have not been included in determining diluted earnings per share because these are anti-dilutive.

Loss for the period used in loss per share		
From continuing operations	(5,775,845)	(842,421)

1 Options granted to executives and employees are included in the calculation of diluted earnings per share assuming all rights will vest.

27 Commitments and contingent liabilities

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

	2023 $	2022 $
Contracted for, but not provided for:		
Motor Vehicle	209,682	–

The Group did not have any contingent liabilities as at 30 June 2023 (2022: Nil).

28 Events occurring after the balance sheet date

On 15 July 2023, the Group entered into a bond subscription agreement with an individual, who is an independent third party, to borrow an aggregate amount of $1.1 million (including extension of part of the existing other borrowing and interest accrual amounting to $957k and $131k respectively). This new and/or extended borrowing is unsecured, interest-bearing at 15% per annum, repayable on 31 July 2024 (interest rate 15% per annum as at 30 June 2023).

On 11 September 2023, the Company issued 4,546,051 shares as part of the consideration to the vendor of CHT.

29 Segment information

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

During the year, the Group operated in the Australia, Hong Kong and Singapore markets.

(i) Revenue by operating segment

	Debt solution and finance service		Debt restructuring, personal insolvency and BNPL service		Credit financing		Total	
	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $
Revenue								
External sales	3,568,680	2,235,842	7,039,478	7,208,093	6,022,422	6,270,212	16,630,580	15,714,147
Inter-segment sales	–	–	–	–	–	–	–	–
Other revenue	–	–	–	–	–	–	–	–
Total segment revenue	3,568,680	2,235,842	7,039,478	7,208,093	6,022,422	6,270,212	16,630,580	15,714,147
Reconciliation of segment revenue to Group revenue								
Unallocated revenue	–	–	–	–	–	–	–	–
Total group revenue							16,630,580	15,714,147
Segment net profit before tax	1,979,025	1,117,237	326,368	1,507,516	935,224	1,976,510	3,240,617	4,601,263
Reconciliation of segment result to Group net profit/(loss) before tax								
Amounts not included in segment result but reviewed by the Board:								
Unallocated items:								
– Corporate charges							(2,154,655)	(1,489,522)
– Impairment loss on goodwill							(5,243,471)	(2,488,827)
– Finance costs							–	–
– Other							–	–
Net (loss)/profit before tax from continuing operations							(4,157,509)	622,914
Net profit before tax from discontinuing operations							–	–

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29 Segment information (continued)

(ii) Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	2023 $	2022 $
Australia	3,568,680	2,235,842
Hong Kong	7,039,478	7,208,093
Singapore	6,022,422	6,270,212
	16,630,580	**15,714,147**

(iii) Timing of revenue recognition

At point in time	3,271,879	2,064,837
Over time	13,358,701	13,649,310
	16,630,580	**15,714,147**

(iv) Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

Australia	16,227,666	18,697,847
Hong Kong	2,916,682	2,590,386
Singapore	8,052,429	11,296,481
	27,196,777	**32,584,714**

30 Related party transactions

Related parties

The Group's main related parties are as follows:

(i) Entities exercising control over the Group:

The ultimate Parent Entity that exercises control over the Group is Credit Intelligence Ltd, which is incorporated in Australia.

(ii) Key management personnel:

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

(iii) Other related parties:

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

30 Related party transactions (continued)

Transactions with related parties

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

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

	2023 $	2022 $
Short-term employee benefits	2,794,703	1,729,991
Cash bonus	–	46,468
Post-employment benefits	13,656	13,270
Share-based payments	350,466	111,272
Total KMP compensation	3,158,825	1,901,001

Short-term employee benefits

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

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.

30 Related party transactions (continued)

Transactions with related parties (continued)

Other related party transactions

During the year ended 30 June 2023, $226,104 (2022: $195,521) was paid to Ms Eva Chan as remuneration (including salary and options issued by the Company). Ms Chan joined the Group since 2002. She is employed as a director of CIH in charge of human resources and administration function at Hong Kong head office, she is the spouse of Mr Jimmie Wong, executive chairman of the Company.

During the year ended 30 June 2023, $226,104 (2022: $173,021) was paid to Mr Herbert Wong as remuneration (including salary and options issued by the Company). Mr Wong is employed as regional business development manager focusing on the Group's BNPL business expansion. He is the son of Mr Jimmie Wong, executive chairman of the Company.

During the year ended 30 June 2023, $92,557 (2022: $34,008) was paid to Mr Hansen Wong as remuneration. Mr Wong is employed as marketing officer focusing on the Group's BNPL business expansion. He is the son of Mr Jimmie Wong, executive chairman of the Company.

During the year ended 30 June 2023, $48,934 (2022: $3,533) was paid to Mr Terence Chan. Mr Chan is employed as Part-time IT consultant. He is the brother-in-law of Mr Jimmie Wong, executive chairman of the Company.

Loans from Key Management Personnel and their Related Parties

As disclosed in note 19 the amounts due to related parties comprise the amount due to the vendors of the subsidiaries. They are unsecured and interest free.

31 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.

	2023 $	2022 $
Statement of Financial Position		
ASSETS		
Current assets	13,934,966	13,625,091
Non-current assets	3,864,902	3,864,902
TOTAL ASSETS	17,799,868	17,489,993
LIABILITIES		
Current liabilities	842,285	418,022
Non-current liabilities	–	128,000
TOTAL LIABILITIES	842,285	546,022
EQUITY		
Issued capital	22,074,773	21,705,148
Reserve	671,869	236,089
Accumulated losses	(5,789,059)	(4,997,266)
TOTAL EQUITY	16,957,583	16,943,971
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	(850,887)	(757,554)
Total comprehensive income	(850,887)	(4,603)

31 Parent information (continued)

Contractual commitments

As at 30 June 2023, the legal parent entity had no contractual commitments for the acquisition of property, plant or equipment (30 June 2022: Nil).

Guarantees and contingent liabilities

There are no contingent liabilities or guarantees as at 30 June 2023 (30 June 2022: Nil).

32 Auditor's remuneration

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

	2023 $	2022 $
Auditors of the Group – Moore and related network firms		
Audit and review of financial statements		
Group	65,000	56,000
Controlled entities	232,075	214,994
Total audit and review of financial statements	297,075	270,994
Non-audit services		
Taxation services	17,047	13,500
Total non-audit services	17,047	13,500
Total services provided by Moore	**314,122**	**284,494**

33 Dividends

The dividend reinvestment plan (DRP) was adopted in FY21. The DRP provides eligible shareholders an option to reinvest all or part of any dividend. There was no dividend reinvestment plan in operation during the year.

The Group has identified an increase in expenses for business operations and development and advised that the Company will not declare a final dividend subsequent to year end (2022: Nil).

34 Financial risk management

(a) Financial instruments by categories

	2023 $	2022 $
Financial assets		
Receivables measured at amortised cost:		
– Trade and other receivables	4,511,513	2,176,937
– Loan receivables	5,515,168	9,803,266
– Other current assets	267,602	275,298
– Cash and cash equivalents	5,658,783	3,589,354
	15,953,066	15,844,855
Financial liabilities		
Financial liabilities measured at amortised cost:		
– Trade and other payables	1,426,415	1,205,753
– Amount due to vendors	699,643	498,449
– Amount due to related parties	368,319	343,524
– Lease liabilities	314,454	880,967
– Contract liabilities	127,575	644,296
– Other borrowings	1,089,139	2,201,150
	4,025,545	5,774,139

(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 other than loans to corporates which are guaranteed by the shareholders and directors of the borrowers.

34 Financial risk management (continued)

(b) Financial risk management and policies (continued)

(i) Credit risk (continued)

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	
	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $
Consolidated Group								
Financial liabilities due for payment								
Trade and other payables	1,426,415	1,205,753	–	–	–	–	1,426,415	1,205,753
Amount due to vendors	699,643	370,449	–	128,000	–	–	699,643	498,449
Amount due to related parties	–	–	368,319	343,524	–	–	368,319	343,524
Lease liabilities	192,566	704,244	121,888	176,723	–	–	314,454	880,967
Contract liabilities	127,575	644,296	–	–	–	–	127,575	644,296
Other borrowings	1,089,139	2,201,150	–	–	–	–	1,089,139	2,201,150
Derivative liabilities	–	–	–	–	–	–	–	–
Total expected outflows	3,535,338	5,125,892	490,207	648,247	–	–	4,025,545	5,774,139
Financial assets – cash flows realisable								
Trade and other receivables	1,272,208	783,762	3,239,305	1,393,175	–	–	4,511,513	2,176,937
Loan receivables	5,387,892	9,803,266	127,276	–	–	–	5,515,168	9,803,266
Other current assets	267,602	275,298	–	–	–	–	267,602	275,298
Cash and cash equivalents	5,658,783	3,589,354	–	–	–	–	5,658,783	3,589,354
Total anticipated inflows	12,586,485	14,451,680	3,366,581	1,393,175	–	–	15,953,066	15,844,855
Net inflow on financial instruments	9,051,147	9,325,788	2,876,374	744,928	–	–	11,927,521	10,070,716

34 Financial risk management (continued)

(b) Financial risk management and policies (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:

	2023 $	2022 $
Hong Kong Dollars (HK$)		
Cash and cash equivalents	1,601,420	899,527
Trade and other receivables	336,156	379,372
Current tax assets	198,199	–
Other current assets	107,077	107,177
Lease liabilities	(85,287)	(520,139)
Trade and other payables	(163,660)	(158,399)
Current tax liabilities	–	(304,828)
Other borrowings	(1,089,139)	(2,201,150)
Net HK$ exposure	904,766	(1,798,440)
Singapore Dollars (SG$)		
Cash and cash equivalents	3,162,865	1,281,306
Loan receivables	4,855,331	9,650,277
Other current assets	11,930	10,567
Lease liabilities	(130,010)	(138,751)
Contract liabilities	(127,575)	(644,296)
Trade and other payables	(294,998)	(392,844)
Current tax liabilities	(112,264)	(354,406)
Net SG$ exposure	7,365,279	9,411,853

34 Financial risk management (continued)

(b) Financial risk management and policies (continued)

(iii) Foreign currency risk (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 2023		
+/-2% in $A/$HK	+/- 10,953	+/- 10,953
Year ended 30 June 2022		
+/-2% in $A/$HK	+/- 10,460	+/- 10,460

	Consolidated Group	
	Profit after Tax	**Equity**
	$	**$**
Year ended 30 June 2023		
+/-2% in $A/$SG	+/- 151	+/- 151
Year ended 30 June 2022		
+/-2% in $A/$SG	+/- 118	+/- 118

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

(c) Capital management

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

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

(d) Fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair value as at 30 June 2023 and 2022.

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 17 to 68 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 2023 and of its performance for the financial year ended on that date;

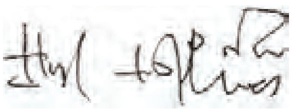
(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

(c) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2023, 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

22 September 2023

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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 2023, 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 2023 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.

Report on the Audit of the Financial Report (continued)

Key Audit Matters (continued)

Goodwill Impairment Assessment	
Refer to Note 1(q) Accounting of Goodwill and Note 14 Intangible Assets	
At 30 June 2023, the Group has $10.16 million of goodwill recognised on the statement of financial position. These are required to be assessed for impairment annually in accordance with AASB 138: *Intangible Assets* and AASB 136: *Impairment*. The Group performed an impairment test to assess the recoverable amount through "value in use" (VIU) using a discounted cashflow model. Significant judgment was required by the Group to estimate the key assumptions in the model to determine the recoverable amount of the goodwill and the amount of any impairment. The most significant areas of judgement relate to: • the level at which the goodwill is assessed; • cash flow forecasts, including terminal values; • future growth rates in revenue; and • discount rates used As a result of the impairment assessment, an impairment of $5.24 million was recognised with respect to the ICS, HHC and Yozo goodwill. This was a key audit mater given the level of judgement required by the Group in determining the assumptions used to perform the impairment test and the significance of goodwill to the statement of financial position.	Our procedures included, amongst others: • Assessed whether the Group's identification of the group of cash generating unit (CGU) was consistent with the level at which goodwill is allocated, based on our knowledge of the operations and internal monitoring & reporting; • Reviewed the impairment assessment prepared by management, including an assessment of the appropriateness of the relevant inputs and cash flow forecast together with the underlying assumptions used in determining the recoverable amount of cash generating unit; • Assessed the Group's ability to forecast future cash flows for the business by comparing historical budgets against actual results; • Assessed the appropriateness of terminal growth rates used in the model; • Performed a sensitivity analysis based on the "worst case scenario" to test the reasonableness of the impairment assessment; • Agreed the mathematical accuracy of the impairment model calculations; and • Assessed the adequacy of the disclosures in the financial statements relating to AASB 138: *Intangible Assets & 136: Impairment.*

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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)

Revenue Recognition

Refer to Note 1(d) Revenue Recognition, Note 3a Service Revenue and Note 3b Credit Financing Interest Revenue

Revenue recognised in the financial statements for the year ended 30 June 2023 was $16,630,580.

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

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

Our procedures included, amongst others:

- Documented the revenue cycle process and assessed the design and implementation of internal controls relating to revenue recognition;
- Assessed the accounting policy for revenue recognition to ensure compliance with AASB 15: *Revenue from Contracts with Customers*;
- Evaluated the judgements made by the Group in applying the accounting policy by obtaining an understanding of the revenue streams and considering the terms and conditions of a sample of contracts;
- Performed tests of detail on a sample of transactions throughout the year to verify the accuracy of the revenue recognised;
- Performed cut off procedures to ensure revenue is recognised in the correct period;
- Performed analytical procedures to ensure the reasonableness of revenue;
- Tested the appropriateness of journal entries in the accounting system;
- Obtained evidence of the subsequent collection of receivables recognised as at 30 June 2023;
- Reviewed component auditors' audit working papers to ensure revenue testing procedure was appropriate and adequate; and
- Assessed the adequacy of disclosures in the financial statements relating to AASB 15: *Revenue from Contracts with Customers*.

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Report on the Audit of the Financial Report (continued)

Key Audit Matters (continued)

Impairment Allowance for Loan Receivables

Refer to Note 1(r) Financial Instruments - Impairment and Note 9 Loan Receivables

The Group recorded loan receivables of $5,515,168 attributed to the consolidation of ICS and HHC's financial results as at 30 June 2023. The balance was inclusive of a credit loss impairment allowance of $4,440,176.

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 (ECL) model prepared by management and assessing the continuing appropriateness of key judgements and assumptions exercised by management, including:
  - Assumptions used in modelling including Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD");
  - An assessment of the reasonableness of inputs used to calculate the impairment allowance for loan receivables;
  - Timing and recognition of loss event and significant increase in credit risk;
- Tested the mathematical accuracy of the ECL model through re-performance;
- Identified key inputs used in the calculation of impairment allowance and testing a sample of the source data (e.g. probability of default rates used by Credit Bureau Singapore) used in the impairment model, and a sample of the calculations within the model for mathematical accuracy and completeness;
- Reviewed component auditors' audit working papers; and
- Assessed the adequacy of the disclosures in the financial statements relating to AASB 9: *Financial Instruments.*

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 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.

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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)

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Credit Intelligence Limited, for the year ended 30 June 2023 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.

Suan-Lee Tan | MOORE AUSTRALIA

SUAN-LEE TAN
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 22nd day of September 2023.

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 (4th edition) published by the ASX Corporate Governance Council.

The 2023 Corporate Governance Statement was approved by the Board on 22 September 2023 and is current as at 22 September 2023. 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 15 September 2023.

(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	915	465,839	0.53%
1,001 – 5,000	1,112	3,057,008	3.47%
5,001 – 10,000	364	2,759,067	3.13%
10,001 – 100,000	481	13,993,684	15.89%
100,001 – 999,999,999,999	39	67,769,613	76.97%
TOTAL	**2,911**	**88,045,211**	**100%**

(b) Twenty largest shareholders

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

Rank	Name	Units	% of Units
1	**GROUP # 8142**	**27,638,748**	**31.39**
	BNP PARIBAS NOMS PTY LTD <DRP>	355,250	0.4
	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	27,283,498	30.99
2	CITICORP NOMINEES PTY LIMITED	12,111,434	13.76
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,745,202	9.93
4	MR CHRISTOPHER HAYDEN MUSHAN	4,735,546	5.38
5	MS HOULI DAI	1,719,178	1.95
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,543,059	1.75
7	MR BRADLEY PAUL BOYLING	1,383,929	1.57
8	MR KOK KEEN CHONG + MRS HUE NGHI CHONG	1,182,500	1.34
9	MS LAI TING CHOW	1,000,000	1.14
10	ADVANCE ASSETS MANAGEMENT LTD	766,984	0.87
11	MR CHENBING LI	665,000	0.76
12	MR GEORGE HRISTODOULOU	655,448	0.74
13	TERENCE WING KEUNG CHAN	532,853	0.61
14	MR FAZEL NOORI	475,675	0.54
15	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	334,946	0.38
16	CHIANG LAI FAN	325,000	0.37
17	MR PANKESH PATEL	307,214	0.35
18	MR HEUNG KWAN TSANG	285,000	0.32
19	MR CAL DOUGLAS TOSTEVIN	250,000	0.28
20	MR HARVEY ZHENYU WANG + MRS LINDA QUAN CHEN	250,000	0.28
Totals: Top 20 holders of CI1 ORDINARY FULLY PAID		**64,907,716**	**73.72**
Total Remaining Holders Balance		**23,137,495**	**26.28**
Total Holders Balance		**88,045,211**	**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.*