APAC Coal Limited
ACN 126 296 295

Notice of General Meeting

General Meeting to be held at
Moore Stephens, Level 15 Exchange Tower, 2 The Esplanade, Perth WA 6000 on 23 January 2018, commencing at 11:30am (WST).

Important

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

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NOTICE OF GENERAL MEETING

Notice is given that a general meeting of the shareholders of APAC Coal Limited ACN 126 296 295 (**Company**) will be held at Moore Stephens, Level 15 Exchange Tower, 2 The Esplanade, Perth WA 6000 on 23 January 2018, commencing at 11:30am (WST).

Each Resolution is subject to, and conditional on, each of the other Resolutions being passed. Accordingly, the Resolutions should be considered collectively as well as individually.

The Explanatory Statement that accompanies and forms part of this Notice of General Meeting describes in more detail the matters to be considered.

Business

Resolution 1 – Consolidation of securities

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

> *"That, subject to all other Resolutions being passed, for the purposes of section 254H of the Corporations Act and Listing Rule 11.1.2, and for all other purposes, approval is given for the consolidation of the Company's existing securities on the basis that every 3.468133847 Shares be consolidated into 1 Share with fractional entitlements rounded to the nearest whole number, on the terms and conditions set out in the Explanatory Statement."*

Resolution 2 – Change to nature and scale of activities

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

> *"That, subject to all other Resolutions being passed, for the purposes of Listing Rule 11.1.2, and all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities, on the terms and conditions set out in the Explanatory Statement."*

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 3 – Issue of Shares to Sellers

To consider and, if thought fit, to pass each of the following Resolutions as **ordinary resolutions**:

"That, subject to all other Resolutions being passed, for the purposes of item 7 of section 611 of the Corporations Act, section 208 of the Corporations Act, and all other purposes, approval is given for:

(a) the Company to issue to the Sellers (and/or their nominees) up to 532,852,564 Shares (on a post-Consolidation basis); and

(b) the Sellers (and/or their nominees) to increase their Relevant Interest as set out in Section 2.3 of the Explanatory Statement and acquire a maximum voting power of 65.21% in the Company's Shares as a result of being issued Shares at completion of the Share Purchase Agreement,

in consideration of the Company acquiring 100% of the issued share capital in Credit Intelligence Holding Limited, on the terms and conditions set out in the Explanatory Statement."

Independent Expert's Report

Shareholders should carefully consider the Independent Expert's Report prepared by Moore Stephens for the purposes of Shareholder approval required under item 7 of section 611 of the Corporations Act for this Resolution. The Independent Expert's Report comments on the fairness and reasonableness of the transaction to the non-associated Shareholders. The Independent Expert has determined that the transaction is **fair and reasonable** to the non-associated Shareholders.

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by any Seller and any associate of those persons (**excluded person**).

However, the Company need not disregard a vote if:

- it is cast by a person who is not an excluded person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form;
- it is cast by the Chair who is not an excluded person as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides; or
- it is cast by a person or the Chair who is an excluded person as proxy for a person who is entitled to vote in accordance with a specified and marked direction on the Proxy Form.

Resolutions 4(a), (b), (c), (d) and (e) – Appointment of Proposed Directors

To consider and, if thought fit, to pass each of the following Resolutions as **ordinary resolutions**:

"That, subject to all other Resolutions being passed, for all purposes:

(a) Jimmie Wong;

(b) Mel Ashton;

(c) King Wong;

(d) Krista Bates; and

(e) Vincent Lai,

having each provided conditional consent to act as a Director, be appointed as Directors pursuant to clause 13.3 of the Constitution with effect from completion of the Share Purchase Agreement."

Resolution 5 – Issue of Shares under the Prospectus

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

"That, subject to all other Resolutions being passed, for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 250,000,000 Shares under the Prospectus at an issue price of $0.02 each to raise up to $5,000,000, with a minimum subscription requirement to raise at least $3,500,000, on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 6 – Issue of Shares to Advisers

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

> *"That, subject to all other Resolutions being passed, for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue 37,299,679 Shares (on a post-Consolidation basis) to Rung Capital International Ltd, Henry Chow and Mark Ng (and/or their nominees) for services in relation to the Proposed Transaction, on the terms and conditions set out in the Explanatory Statement."*

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by the Advisers, and any associate of that person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 7 – Change of name

To consider and, if thought fit, to pass the following Resolution as a **special resolution**:

> *"That, subject to all Resolutions being passed, for the purposes of section 157(1) of the Corporations Act, and for all other purposes, the name of the Company be changed from "APAC Coal Limited" to "Credit Intelligence Limited" with effect from the date that ASIC alters the Company's registration and that, for the purpose of section 136(2) of the Corporations Act, and for all other purposes, all references to "APAC Coal Limited" in the Company's Constitution be replaced with references to "Credit Intelligence Limited".*

Resolution 8 – Approval of Performance Shares

To consider and, if thought fit, to pass the following Resolution as a **special resolution**:

> *"That, subject to all Resolutions being passed, for the purposes of Listing Rule 6.1 and sections section 246B(1) and 246C(5) of the Corporations Act and clause 2.4 of the Constitution of the Company, and for all other purposes, approval is given for the Company to issue the Class A Performance Shares and Class B Performance Shares on the terms and conditions set out in Schedule 3.*

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by the Proposed Directors, and any associate of that person.

However, the Company need not disregard a vote if:

- it is cast by a person who is not an excluded person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form;
- it is cast by the Chair who is not an excluded person as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides; or
- it is cast by a person or the Chair who is an excluded person as proxy for a person who is entitled to vote in accordance with a specified and marked direction on the Proxy Form.

Resolutions 9(a) and (b) – Issue of Performance Shares to Proposed Directors

To consider and, if thought fit, to pass the following Resolution as a **special resolution**:

"That, subject to all Resolutions being passed, for the purposes of Listing Rule 7.1, Listing Rule 10.11, section 208 of the Corporations Act, and for all other purposes, approval is given for the Company to issue:

(a) 18,500,000 Class A Performance Shares; and

(b) 21,500,000 Class B Performance Shares,

to the Proposed Directors on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by the Proposed Directors, and any associate of that person.

However, the Company need not disregard a vote if:

- it is cast by a person who is not an excluded person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form;
- it is cast by the Chair who is not an excluded person as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides; or
- it is cast by a person or the Chair who is an excluded person as proxy for a person who is entitled to vote in accordance with a specified and marked direction on the Proxy Form.

By order of the Board

Luke Ho Khee Yong
Director
APAC Coal Limited

19 December 2017

EXPLANATORY STATEMENT

Important information

This Explanatory Statement has been prepared for the information of the shareholders of the Company in connection with the Resolutions to be considered at the General Meeting to be held at Moore Stephens, Level 15 Exchange Tower, 2 The Esplanade, Perth WA 6000 on 23 January 2018, commencing at 11:30am (WST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company, which is material to a decision on how to vote on the Resolutions in the accompanying Notice of General Meeting.

Each Resolution is subject to, and conditional on, each of the other Resolutions being passed. Accordingly, the Resolutions should be considered collectively as well as individually.

This Notice and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

Interpretation

Capitalised terms which are not otherwise defined in this Notice and Explanatory Statement have the meanings given to those terms in Section 4.

References to “$” and “A$” in this Notice and Explanatory Statement are references to Australian currency unless otherwise stated.

References to “HK$” in this Notice and Explanatory Statement are references to Hong Kong currency unless otherwise stated.

References to time in this Notice and Explanatory Statement relate to the time in Perth, Western Australia.

Reference to Shares and Performance Shares in this Explanatory Statement assume that the Consolidation has occurred and are therefore to be interpreted as being on a post-Consolidation basis, unless otherwise stated.

Voting exclusion statements

Certain voting restrictions apply to the Resolutions as detailed beneath the applicable Resolutions in the Notice.

Proxies

Please note that:

- a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- a proxy need not be a Shareholder;
- a Shareholder may appoint a body corporate or an individual as its proxy;
- a body corporate appointed as a Shareholder’s proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder’s proxy; and
- Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

To vote by proxy, please complete and sign the enclosed Proxy Form and send by:

- post to the Company at Level 33, 50 Bridge Street, Sydney NSW 2000; or
- facsimile to the Company on (02) 8078 6677,

so that it is received by no later than 48 hours prior to the General Meeting. Proxy Forms received later than this time will be invalid.

Voting entitlements

In accordance with regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 11:30am (WST) on 19 January 2018. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the General Meeting.

1. PROPOSED TRANSACTION

1.1 Background

The Company was registered on 29 June 2007 and listed on the ASX on 10 July 2008. Since its incorporation, the Company has primarily operated as a coal company, engaged in the production of coal in Indonesia. The Company was suspended from trading on the ASX on 30 June 2016.

The Company has been presented with the opportunity to acquire Credit Intelligence Holding Limited Cayman Company No. 0021770 (**CIH**).

It is proposed that the Company will enter into a share purchase agreement (**Agreement**) with CIH and the Sellers to acquire 100% of the issued share capital of CIH (together with the matters described in Section 1.2, the **Proposed Transaction**).

Completion of the Proposed Transaction will constitute a significant change to the nature and scale of the Company's activities. Therefore, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules in order to complete the Proposed Transaction. Accordingly, the Company is seeking approval under Listing Rule 11.1.2 (Resolution 2) and will take the necessary steps to meet the requirements of Chapters 1 and 2 as if the Company were applying for admission to the official list of ASX.

1.2 Proposed Transaction

Under the Proposed Transaction, and subject to Shareholders approving the Resolutions, the Company will:

- consolidate its existing securities on a 1 for 3.46813384733847 basis;
- issue up to 250,000,000 Shares under the Prospectus at an issue price of $0.02 each to raise up to $5,000,000, with a minimum subscription requirement to raise at least $3,500,000 (**Public Offer**);
- acquire 100% of the issued share capital of CIH;
- issue 532,852,564 Shares to the Sellers;
- issue 37,299,679 Shares to Rung Capital International Ltd, Henry Chow and Mark Ng (and/or their nominees) in consideration of services provided to the Company in connection with the Proposed Transaction;
- change its name to "Credit Intelligence Limited";
- restructure its Board, with the existing Directors (Luke Ho Khee Yong, Quah Boon Ban and Brett Crowley) stepping down, and Jimmie Wong, Mel Ashton, King Wong, Krista Bates and Vincent Lai (**Proposed Directors**) replacing the existing Directors from completion of the Share Purchase Agreement;
- issue 18,500,000 Class A Performance Shares and 21,500,000 Class B Performance Shares to the Proposed Directors;
- re-commence trading on the ASX; and
- dilute the shareholder interests of Shareholders by 91.93%,

1.3 Share Purchase Agreement

The Company proposes to enter into the Share Purchase Agreement with CIH and the Sellers to acquire 100% of the issued share capital in CIH. The Sellers and their respective shareholding in CIH is set out below.

The key terms of the Agreement are set out below.

(a) In consideration of acquiring 100% of the issued capital of CIH, the Company will issue 532,852,564 Shares to the Sellers (pro rata to their respective shareholdings) as set out in the following table.

Seller	No. of CIH shares held	No. of Shares to be issued
Beta Field (China) Financial Information Services Ltd	8,600	458,253,206
King Wong	500	26,642,628
Chen Guorong	500	26,642,628
Chan Wing Keung Terence	200	10,657,051
Pang Wai Yu Michelle	200	10,657,051
TOTAL NUMBER OF SHARES	**10,000**	**532,852,564**

Note:

1. Beta Field (China) Financial Information Services Ltd is wholly owned by Jimmie Wong (see Section 3.3).

(b) Completion is subject to the following conditions:

(i) each party obtaining all necessary regulatory and shareholder approvals;

(ii) the Company being satisfied with its due diligence inquiries into CIH;

(iii) the Company completing the Public Offer;

(iv) the Company being reasonably satisfied of its ability to re-comply with Chapters 1 and 2 of the Listing Rules;

(v) the Company completing the Consolidation; and

(vi) no material adverse change having occurred.

(c) On completion, the Board will be replaced with the Proposed Directors.

(d) As soon as practicable following completion, the Company will change its name to 'Credit Intelligence Limited'.

The agreement is otherwise on terms and conditions considered standard for agreements of this nature.

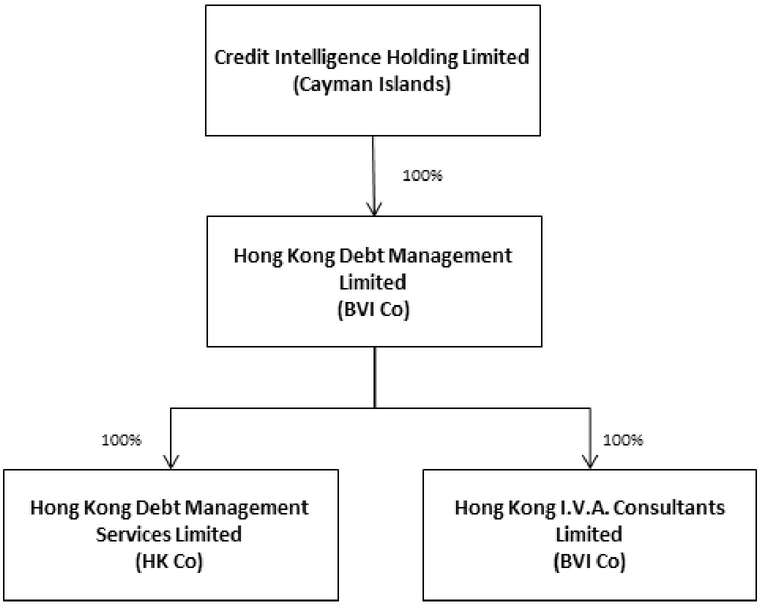
1.4 Overview of Credit Intelligence

Credit Intelligence is one of the leading diversified debt restructuring and management businesses operating in Hong Kong. Credit Intelligence's main business model includes the provision of bankruptcy administration services and Individual Voluntary Arrangement (IVA) proposal consultancy and implementation services. Credit Intelligence employs approximately 25 staff including accountants and legal practitioners who work with financial institutions to provide creditors, debtors and insolvency practitioners with customised and cost-effective solutions. Credit Intelligence has worked with over 30 banks in Hong Kong including HSBC, Standard Chartered Bank, Bank of China and Citibank and has played central role in shaping the IVA process in Hong Kong.

Key milestones that Credit Intelligence has achieved over the years are set out in the table below.

Key Milestones	
2002	Hong Kong I.V.A. Consultants Limited is incorporated
2003	Hong Kong Debt Management Limited is incorporated
2003	Hong Kong Debt Management Services Limited is incorporated
2003	Group achieves first revenue
2003	Group achieves first profit
2003	Group implements proprietary IVA service platform
2004	Group achieves profit milestone of $HK1,000,000
2009	Group implements proprietary bankruptcy service platform
2010	Group commences the provision of bankruptcy administration services
2010-2012	Group distributes approximately HK$150,000,000 to creditors
2013	Group achieves profit milestone of $HK10,000,000
2015	Credit Intelligence Holding Limited incorporated for the purpose of enabling the listing
2015	Credit Intelligence commences providing IVA proposal consultancy services

The corporate group structure of Credit Intelligence is set out below. If the Proposed Transaction completes, CIH will become a wholly owned subsidiary of the Company and the Company will become the ultimate parent company of Credit Intelligence.



1.5 Services

Bankruptcy Administration Services

Credit Intelligence, through its wholly owned subsidiary, Hong Kong Debt Management Services Limited, provides bankruptcy administration services to creditors in relation to bankrupts with the value of the assets being likely to exceed HK$200,000.

Under the Bankruptcy Ordinance (Cap.6 Laws of Hong Kong), where an individual is unable to pay their debts, they or their creditors may present a petition to court for a bankruptcy order against him. For cases where the value of assets is likely to exceed HK$200,000, a trustee-in-bankruptcy will be appointed to administer the bankruptcy estate upon a bankruptcy order being made. The duty of a trustee-in-bankruptcy includes the realisation of assets, monitoring income and expenses of the bankrupt to ensure that they make reasonable contributions and distributing dividends to creditors when there are sufficient funds in the bankruptcy estate.

Credit Intelligence provides qualified employees to take up the appointment of trustee-in-bankruptcy in bankruptcy cases at the general meetings of creditors and thereafter ensure smooth administration of the bankruptcy estates pursuant to the requirements of the Bankruptcy Ordinance.

IVA Proposal Consultancy Services

Credit Intelligence , through its wholly owned subsidiary, Hong Kong I.V.A. Consultants Limited (**HKIVA**), provides individual voluntary arrangement (**IVA**) consultancy services to debtors who wish to avoid bankruptcy and proposal implementation services to the Nominees.

An IVA is in essence an agreement between a debtor and creditors whereby the debtor agrees to pay all or part of its debts by agreeing to make regular payments to an insolvency practitioner known as an IVA nominee (**Nominee**). The Nominee distributes the funds received from the debtor between the various creditors.

An IVA not only helps debtors avoid bankruptcy but also provides relief from the constant demands of creditors. For a creditor, an IVA provides an end to costly enforcement proceedings whilst providing certainty at to what final amount of a debt will actually be received.

HKIVA's insolvency practitioners evaluate a debtor's financial position and then provide practical advice to the debtor. Once the debtor has agreed to proceed, HKIVA arranges the debtor to commence the formal legal process which includes drafting of the IVA proposal, liaising with the relevant creditors and processing the court application. After the proposal has been approved, the Nominee will be appointed to implement the proposal. HKIVA provides supporting services to the Nominees during the implement period which includes administrative support and liaison support when communicating with the creditors.

1.6 Business plan and strategy

Australian business strategy

Credit Intelligence believes that a business opportunity exists for it to enter the Australian debt management services market. This opportunity is due to Australia's record household debt to income ratio and historically low level of wages growth. It has also been reported that homeowners, consumers and property investors around Australia are making more calls to financial helplines, creating a need for more debt management services to be accessible by the Australian public.

Credit Intelligence plans to replicate its business model in Australia by establishing local offices in Melbourne and Sydney. Credit Intelligence intends to employ experienced Australian insolvency practitioners headed by a country manager. The country manager will be responsible for recruiting qualified insolvency practitioners and support staff. The country manager will also be responsible for applying for all Australian regulatory authorisations, developing Credit Intelligence's brand locally and implementing marketing and business strategies.

Upon completion of the Proposed Transaction, Credit Intelligence intends to expand its Australian business operations through partnerships with local businesses and acquisitions of suitable Australian insolvency businesses.

Competitive strengths

Credit Intelligence has developed the following competitive strengths to assist it in carrying out its business plan and strategy:

- established market position in the debt management service industry and strong management team and structure;
- established long-term cooperative relationships with financial institutions; and
- comprehensive information technology management systems.

Strategic relationships

Credit Intelligence has established strategic relationships with financial industry participants including banks and non-bank financial institutions throughout Hong Kong as a means to access new clients.

Proprietary information systems

Credit Intelligence has invested significant resources to develop its proprietary IVA service platform and bankruptcy service platform. These systems allow Credit Intelligence to streamline its internal processes in order to better service its customers.

1.7 Financial information

Financial information in relation to Credit Intelligence is set out in Schedule 2.

1.8 Key risks

Shareholders should be aware that if the Resolutions are approved, the Company will be changing the nature and scale of its activities which will expose the Company to various risk factors. These risks are both specific to the industry in which the Company operates and also relate to the general business and economic environment in which the Company will operate. An investment in the Company is not risk free and Shareholders should consider the risk factors described below, together with information contained elsewhere in this Explanatory Statement. The following is not intended to be an exhaustive list of the risk factors to which the Company will be exposed to.

(a) **Change in the nature and scale of activities**

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. There is a risk that the Company may not be able to meet the requirements of ASX for re-quotation on the ASX.

(b) **Reliance on key personnel**

The Company's success is highly dependent upon the retention of key personnel of Credit Intelligence, in particular its founder and the proposed managing director of the Company, Jimmie Wong, as well as other members of the senior management team such as King Wong.

As the face of Credit Intelligence, Jimmie Wong, King Wong and the senior management team of Credit Intelligence is integral to Credit Intelligence's Hong Kong operational success. The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. The Company may be detrimentally affected if one or more of the key management or other personnel cease their engagement with the Company.

There is no assurance that engagement contracts for such personnel will not be terminated or will be renewed on their expiry. If such contracts were terminated, of if members of the senior management team were otherwise no longer able to continue in their role, the Company would need to replace them which may not be possible if suitable candidates who hold the requisite accreditations and licences for Credit Intelligence's business are not available. As a result, the Company's operations and financial performance would likely be adversely affected.

(c) **Debtor repayment risk**

The success of Credit Intelligence's bankruptcy administration services is dependent on the repayment of debt under each bankruptcy case. The circumstances surrounding the bankruptcy, the formulation of the bankruptcy repayment plan and proper implementation of the bankruptcy repayment plan vary on a case by case basis, and there is no assurance that each debt will be repaid correctly and timely. Debt repayment failure may reduce the revenue generated from Credit Intelligence's bankruptcy administration services, which may negatively impact on Credit Intelligence's operational and financial performance.

(d) **Loss of key business relationships**

The business operations of Credit Intelligence are dependent on Credit Intelligence being referred bankruptcy cases from creditors. There is no assurance that Credit Intelligence's relationships with creditors will continue in the future. If Credit Intelligence was to cease being referred bankruptcy cases from creditors, or failed to retain these creditors as clients, then this may negatively impact on the business operations and revenues, and therefore profitability, of Credit Intelligence.

(e) **Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(f) **Future funding needs**

The funds to be raised under the Public Offer and Capital Raisings are considered sufficient to meet the immediate objectives of the Company. Further funding may be required by the Company in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies. For example, funding may be needed to acquire complementary assets.

Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the Public Offer price or may involve restrictive covenants that limit the Company's operations and business strategy.

There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Company's operations and business plan may adversely affect the potential growth of the Company.

(g) **Acquisitions**

The Company may make acquisitions of, or significant investments in, companies or assets that are complementary to its business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies or assets, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements and retaining key staff.

(h) **Litigation**

The Company may in the ordinary course of business become involved in litigation and disputes. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, customers or other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

(i) **Insurance coverage**

The Company intends to maintain adequate insurance over its operations within the ranges that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, the Company may not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

(j) **Force majeure**

Events may occur within or outside the markets in which the Company operates that could impact upon the global and Australian economies, the operations of the Company and the market price of its Shares. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labor strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially and adversely affected if any of the events described above occur

(k) **Share market risk**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

(l) **Foreign exchange risks**

The Company's costs and expenses in Hong Kong are denominated in Hong Kong dollars. Accordingly, the depreciation of the Australian dollar, or the appreciation of the Hong Kong dollar relative to the Australian dollar, may result in a translation loss on consolidation which is taken directly to shareholder equity. Any depreciation of the Hong Kong dollar relative to the Australian dollar may result in lower than anticipated revenues of profits.

The Company will be exposed to foreign exchange risks between the Australian and Hong Kong dollars on an ongoing basis and, accordingly, it will have to continuously monitor this risk. Any change in the ability to convert Hong Kong dollars to Australian dollars due to currency control may have an adverse effect on the financial position of the Company from time to time.

(m) **Liquidity risk**

Liquidity risk is the risk that the Company may encounter difficulties raising funds to meet commitments and financial obligations as and when they fall due. It is the Company's aim in managing its liquidity to ensure that there are sufficient funds to meets its liabilities as and when they fall due. The Company manages liquidity risk by continuously monitoring its actual cash flows and forecast cash flows.

There is no guarantee that there will be an ongoing liquid market for Shares. Accordingly, there is a risk that, should the market for Shares become illiquid, Shareholders will be unable to realise their investment in the Company.

(n) **Changes to laws and regulations**

The Company may be affected by changes to laws and regulations (in Australia, Hong Kong and other countries in which the Company may operate) concerning insolvency, bankruptcy administration services, accounting standards and other matters. Such changes could have adverse impacts on the Company from a financial and operational perspective.

1.9 Public Offer

As part of the Proposed Transaction, subject to Shareholder approval, the Company will offer up to 250,000,000 Shares under the Prospectus at an issue price of $0.02 each to raise up to $5,000,000 before costs, with a minimum subscription requirement to raise at least $3,500,000 before costs (**Public Offer**). Subject to foreign investor restrictions, the Public Offer will be open to members of the general public.

The Public Offer will not be underwritten.

Funds raised under the Public Offer will be used in accordance with the table set out in Section 1.11.

It is currently anticipated that the Public Offer will open on 10 January 2018 and close on 30 January 2018.

1.10 Indicative timetable

The indicative timetable for the Proposed Transaction is set out below.

Event	Date
Notice of General Meeting sent to Shareholders	19 December 2017
Prospectus lodged with ASIC	21 December 2017
Public Offer opens	10 January 2018
General Meeting to approve the Resolutions	23 January 2018
Public Offer closes	30 January 2018
Completion of the Proposed Transaction Issue of Shares under the Public Offer Issue of Shares to Sellers Issue of Shares to Advisers Completion of the Share Purchase Agreement Proposed Directors appointed to the Board Securities registered on a post-Consolidation basis	7 February 2018
Expected date for Shares to be reinstated to trading on ASX	15 February 2018

Note: The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. The Company reserves the right to vary these dates without notice.

1.11 Proposed use of funds

The Company intends to use the funds raised from the Public Offer as follows:

Item	Minimum Subscription		Full Subscription	
	Amount	%	Amount	%
Establishment of Australian operations	$1,750,000	50%	$2,500,000	50%
Marketing and advertising	$525,000	15%	$1,000,000	20%
Expenses of the Offer	$576,000	16.5%	$681,000	13.6%
ASX Fees and other miscellaneous	$70,000	2%	$75,000	1.5%
General working capital	$579,000	16.5%	$744,000	14.9%
Total	**$3,500,000**	**100%**	**$5,000,000**	**100%**

Notes:

1. Working capital may include wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, other items of a general administrative nature and cash reserves which may be used in connection with any project, investment or acquisition, as determined by the Board at the relevant time.

1.12 Pro forma capital structure

The pro forma capital structure of the Company, assuming the Resolutions are passed and the Proposed Transaction completes, is as follows:

Capital structure	Existing[1]	Completion	
		Minimum Subscription	Full Subscription
Existing Shares (pre-Consolidation)	249,705,637	249,705,637	249,705,637
Existing Shares (post-Consolidation)	72,000,000	72,000,000	72,000,000
Consideration Shares to Sellers[2]	-	532,852,564	532,852,564
Shares to Advisers[3]	-	37,299,679	37,299,679
Shares under Public Offer[4]	-	175,000,000	250,000,000
Total Shares	**72,000,000**	**817,152,243**	**892,152,243**
Class A Performance Shares[5]	**-**	18,500,000	18,500,000
Class B Performance Shares[6]	**-**	21,500,000	21,500,000
Fully diluted share capital	**72,000,000**	**857,152,243**	**932,152,243**

Notes:

1. Assumes completion of the Consolidation of securities on a 1 for 3.468133847 basis.
2. Shares to be issued to the Sellers under the Share Purchase Agreement in consideration for their shares in CIH. See Section 1.3 for further information.
3. Shares to be issued to Rung Capital International Ltd, Henry Chow and Mark Ng in consideration of services provided to the Company in connection with the Proposed Transaction. See Section 2.6 for further information.
4. See Section 2.5 for further information on the Public Offer.
5. Class A Performance Shares will be issued to the Proposed Directors. Full terms of the Class A Performance Shares are set out in Schedule 3.
6. Class B Performance Shares will be issued to the Proposed Directors. Full terms of the Class B Performance Shares are set out in Schedule 3.
7. Assumes no additional Shares are issued between the date of this Notice and completion of the Proposed Transaction.

1.13 Pro forma statement of financial position

The pro forma statement of financial position of the Company, assuming the Resolutions are passed and implemented, is set out in Schedule 1.

1.14 Independent Expert's Report

The Independent Expert's Report assesses whether the acquisition of Shares by the Sellers under the Share Purchase Agreement is fair and reasonable to the Shareholders who are not associated with the Sellers. The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposed acquisition under the Share Purchase Agreement. This assessment is designed to assist Shareholders in reaching their voting decision.

Moore Stephens has prepared the Independent Expert's Report and has provided an opinion that it believes the proposal as outlined in the Share Purchase Agreement is, on balance, **fair and reasonable** to Shareholders not associated with CIH. It is recommended that all Shareholders read the Independent Expert's Report in full which is enclosed as Annexure A of this Notice.

1.15 Advantages of the Proposed Transaction

The Directors are of the view that the following non-exhaustive list of advantages of the Proposed Transaction may be relevant to a Shareholder's decision on how to vote on the Resolutions:

(a) The Company will acquire 100% of Credit Intelligence – a positive cash flow business which the Company considers has excellent potential for growth. In doing so, the Company aims to increase its share price and achieve capital growth for Shareholders. See Section 1.4 for further information on Credit Intelligence.

(b) As a result of the Public Offer, the Company will be well capitalised with an additional $3,500,000 to $5,000,000 in capital (before costs). These funds will primarily be used to grow the Credit Intelligence business with a view to achieving capital growth for Shareholders. See Section 1.11 for further information on the proposed use of funds raised under the Public Offer.

(c) The injection of capital via the Public Offer will significantly strength the Company's balance sheet. This will make the Company more attractive to investors which may improve the Company's ability to raise further funds as and when required via equity and debt markets.

(d) By completing the Proposed Transaction, the Company's securities will be reinstated to quotation on the ASX which will give Shareholders an opportunity to trade their Shares for value.

(e) A larger market capitalisation and enhanced Shareholder base resulting from the Proposed Transaction may provide a more liquid market for the Company's Shares.

(f) The change in nature of the Company's activities could attract new investors and may allow the Company to more readily raise additional working capital (if required) as such, the Company may increase its ability to acquire further projects.

(g) The Independent Expert has concluded that the proposed 100% acquisition of CIH is fair and reasonable to non-associated Shareholders.

1.16 Disadvantages of the Proposed Transaction

The Directors are of the view that the following non-exhaustive list of disadvantages of the Proposed Transaction may be relevant to a Shareholder's decision on how to vote on the Resolutions:

(a) Shareholders would suffer dilution. Assuming that the Offer is fully subscribed, the Proposed Transaction will result in Shareholders' interests in the Company being diluted by approximately 91.93%. This will in turn reduce the respective Voting Power of each existing Shareholder.

(b) Upon completion of the Proposed Transaction, the Company will be changing the nature of its activities from coal production to insolvency and bankruptcy administration services, which may not be consistent with the objectives of Shareholders.

(c) The Company and its Shareholders will be exposed to the risks associated with Credit Intelligence and its business including those risks set out in Section 1.8.

(d) Shareholders may believe that there is a possibility for a superior proposal to emerge in the foreseeable future to recapitalise and re-list the Company. As at the date of this Notice, no superior proposal has been received by the Company. While it is possible that a superior proposal would emerge, at the date of this Notice, there is no reason to believe that a superior proposal is likely to be forthcoming.

2. REGULATORY INFORMATION

2.1 Resolution 1 – Consolidation of securities

Resolution 1 is an ordinary resolution which proposes that the issued capital of the Company be altered by consolidating the existing securities on a 1 for 3.468133847 basis (**Consolidation**). The record date for determining the Consolidation will be 5.00pm on 24 January 2018. Any fractional entitlements as a result of holdings not being evenly divisible by 3.468133847 will be rounded to the nearest whole number.

Section 254H of the Corporations Act

Section 254H of the Corporations Act enables a company to convert all of its ordinary securities into a smaller number of securities by a resolution passed at a general meeting. The conversion proposed by Resolution 1 is permitted under section 254H of the Corporations Act.

The Consolidation will not result in any change to the substantive rights and obligations of existing Shareholders. The purpose of the Consolidation is to satisfy ASX's requirements in order to qualify for a waiver of the '20 cent rule' and enable the Company to offer Shares under the Public Offer for $0.02 each. The Consolidation is also required for the purposes of re-complying with Chapters 1 and 2 of the Listing Rules.

The Consolidation will reduce the number of existing securities on issue. For example, a Shareholder currently holding 34,681 Shares will, as a result of the Consolidation, hold 10,000 Shares.

The Company's balance sheet and tax position will remain unaltered as a result of the Consolidation.

(a) **Shares**

The Company's issued share capital as a result of the Consolidation on a 1 for 3.468133847 basis will be as follows (subject to rounding):

	Pre-Consolidation	Post-Consolidation
Shares on issue	249,705,637	72,000,000

(b) **Options**

Presently, the Company does not have any Options on issue.

(c) **Holding statements**

Following the Consolidation, all holding statements for existing Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares (on a post-Consolidation basis). After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to Shareholders.

(d) **Timetable**

If Resolution 1 and all other Resolutions are passed, the Consolidation will take effect in accordance with the timetable set out in paragraph 8 of Appendix 7A of the Listing Rules. The anticipated timetable for the Consolidation is set out below.

Event	Date
Company notifies ASX that Shareholders have approved the Consolidation	23 January 2018
Last day for the Company to register transfers on a pre- Consolidation basis	24 January 2018
Securities registered on a post-Consolidation basis	25 January 2018
Issue of new holding statements for consolidated Shares	29 January 2018

Note: The above dates are indicative only and are subject to change.

2.2 Resolution 2 – Change to nature and scale of activities

Resolution 2 seeks Shareholder approval to the change in the nature and scale of the Company's activities contemplated by the Proposed Transaction.

Listing Rule 11.1

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- if ASX requires, obtain shareholder approval and comply with any requirements of ASX in relation to the associated notice of meeting; and
- if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the entity were applying for admission to the official list of ASX.

The Company is required to seek the approval of Shareholders under Listing Rule 11.1.2 for a change in the nature and scale of its activities as a result of the Proposed Transaction. Accordingly, Resolution 2 seeks approval from Shareholders for a change to the nature and scale of the activities of the Company.

Further, the Company is required to re-comply with Chapters 1 and 2 of the Listing Rules in order to complete the Proposed Transaction under Listing Rule 11.1.3. Accordingly, the Company will take the necessary steps to meet the requirements of Chapters 1 and 2 as if the Company were applying for admission to the official list of ASX.

As required by ASX Guidance Note 12: *Significant Changes to Activities*, the following information is provided in relation to Resolution 2:

(a) **Material terms of the transaction**

A summary of the key terms of the Share Purchase Agreement is set out in Section 1.3, and a summary of the Proposed Transaction generally is set out in Section 1.

(b) **Financial effect of the transaction on the entity and on the interests of security holders**

The effect of the Proposed Transaction on the financial position of the Company is set out in Schedule 1.

The effect of the Proposed Transaction on the capital structure of the Company is set out in Section 0. Upon completion of the Proposed Transaction, assuming Full Subscription, existing Shareholders will be diluted by approximately 91.93%. Further, there will be an additional 40,000,000 Performance Shares on issue which, if converted into Shares upon meeting their relevant milestones, would dilute existing Shareholders by approximately a further 0.35%. Please see the table below for further details.

Scenario	Dilution
All Shares are issued and no Performance Share Milestones are reached	91.93%
All Shares are issued and the Performance Share Milestones are reached	92.28%

(c) **Details of how the entity will be modifying its business model to accommodate the significant change in the scale of the entity's activities**

From completion of the Proposed Transaction, the Company will change from coal production to insolvency and bankruptcy administration services. The Company will adopt the business model as described in Section 1.5.

(d) **Information about the entity's need to borrow any funds or raise any capital in the short term as a result of the transaction**

Other than as disclosed elsewhere in this Notice, there is no current intention of borrowing any funds or raising any capital in the short term in connection with the Proposed Transaction. However, final decisions regarding further funding will only be made by the Company in light of material information and circumstances at the relevant time. Accordingly, this statement is a statement of current intention only, which may change as new information becomes available or as circumstances change.

(e) **Changes proposed to the entity's board or senior management**

The Company will restructure its Board, with Jimmie Wong, Mel Ashton, King Wong, Krista Bates and Vincent Lai replacing the existing Directors from completion of the Share Purchase Agreement.

(f) **Timetable for implementing the transaction**

Completion of the Proposed Transaction is anticipated to occur on or about 7 February 2018, and the Company is anticipated to resume trading on the ASX on or about 15 February 2018.

2.3 Resolution 3 – Issue of Shares to Sellers

Resolution 3 is an ordinary resolution which seeks approval for the issue of 532,852,564 Shares to the existing shareholders of CIH (and/or their nominees) (**Sellers**) in consideration of the Company acquiring 100% of the issued share capital in CIH, as set out in the table below.

Seller	No. of CIH shares held	No. of Shares to be issued
Beta Field (China) Financial Information Services Ltd	8,600	458,253,206
King Wong	500	26,642,628
Chen Guorong	500	26,642,628
Chan Wing Keung Terence	200	10,657,051
Pang Wai Yu Michelle	200	10,657,051
TOTAL NUMBER OF SHARES	**10,000**	**532,852,564**

Note:

1. Beta Field (China) Financial Information Services Ltd is wholly owned by Jimmie Wong (see Section 3.3).

The Shares will be allocated to the Sellers in accordance with their proportional shareholding of CIH.

Takeover prohibition

Section 606 of the Corporations Act prohibits a person from acquiring a Relevant Interest in the issued voting shares of a listed company if the acquisition would result in that person's (or another person's) Voting Power in the company increasing:

- from 20% or below to more than 20%; or
- from a starting point that is above 20% and below 90%.

Voting Power

The Voting Power of a person in a company is determined in accordance with section 610 of the Corporations Act. It is aimed at grouping together and counting the percentage of all voting shares in a company that are controlled by a person and its associates (i.e. their Relevant Interests).

Relevant Interests

Section 608(1) of the Corporations Act provides that a person has a Relevant Interest in securities if that person:

- is the holder of the securities;
- has power to exercise, or control the exercise of, a right to vote attached to the securities; or
- has power to dispose of, or exercise control over the disposal of, the securities.

It is immaterial whether the power or control is direct or indirect, and it does not matter how remote the Relevant Interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that, if a body corporate has a Relevant Interest in securities, a person will also have a Relevant Interest in those securities if:

- the person has Voting Power in the body which is above 20%; or
- the person controls the body.

Associates

In determining who is an associate for the purposes of calculating a person's Voting Power, section 12(2) of the Corporations Act provides that:

- the following entities are associates of a body corporate:
  - another body corporate which it controls;
  - another body corporate which controls it; and
  - another body corporate that is controlled by the same entity which controls it;
- a person will be an associate of another person if they have, or propose to enter into, a relevant agreement for the purpose of controlling or influencing:
  - the composition of a body's board; or
  - the conduct of the body's affairs; and
- a person will be an associate of another person if they are acting, or propose to act, in concert in relation to the affairs of a body.

Item 7 of section 611 of the Corporations Act

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition in section 606 where the acquisition of the Relevant Interest has been approved by shareholders in a general meeting, provided that:

- no votes are cast in favour of the resolution by the person proposing to make the acquisition or their associates; and
- shareholders are given all information known to the acquirer or the company that was material to the decision on how to vote.

The acquisition of Shares by the Sellers as a result of being issued Shares at completion of the Share Purchase Agreement will result in the Sellers acquiring a Relevant Interest in the Company's Shares which will potentially increase its Voting Power in the Company:

- from 20% or below to more than 20%; and
- from a starting point that is above 20% and below 90%.

Based on certain assumptions, the maximum Voting Power that the Sellers may obtain in the Company as a result of being issued Shares at completion of the Share Purchase Agreement is 65.21%. Please refer below for further information on the Voting Power that may be acquired by the Sellers pursuant to the Share Purchase Agreement.

Beta Field (China) Financial Information Services Ltd, one of the Sellers, will acquire a maximum of 56.08% of the issued capital in the Company after completion of the Proposed Transaction.

The Sellers do not consider they will be associates of one another after completion of the Proposed Transaction however, at the point in time when the Shares are issued, they may be considered associates due to their common understanding and intentions with respect to the Proposed Transaction and by agreeing to effectively sell their shares in CIH to the Company. Jimmie Wong and King Wong are unrelated to one another. The Sellers will hold a maximum voting power in the Company of up to 65.21% following completion of the Proposed Transaction.

In addition, the Sellers have entered into a Share Purchase Agreement which contains provisions influencing the composition of the Board. By reason of this “relevant agreement” to alter the composition of the Board, the Sellers may be considered associates of each other for the purposes of section 12(2)(b) of the Corporations Act. However, the Sellers do not consider that they will be associates with respect to their interests in the Company following completion of the Proposed Transaction.

The Company is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act for the purposes of section 606 of the Corporations Act because, at the time of issuing the Shares pursuant to Resolution 3, the Sellers may be considered associates of one another and they will hold Voting Power in the Company of up to 65.21% (assuming that $3,500,000 is raised under the Public Offer).

Accordingly, Resolution 3 seeks Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act.

Prescribed information

The following information is required to be provided to Shareholders under the Corporations Act and *ASIC Regulatory Guide 74: Acquisitions approved by members* for the purposes of obtaining approval under item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert’s Report prepared by Moore Stephens contained in Annexure A of this Notice.

Identity of the acquirers and their associates

The Shares to be issued under Resolution 3 will be issued to the Sellers in consideration of all of the issued capital in CIH. The Sellers and their respective shareholding in CIH is set out below.

Effect on the acquirers’ Voting Power

As at the date of this Notice, the Company has 249,705,637 Shares on issue. Following the Consolidation, the number of Shares will decrease to 72,000,000 Shares.

Assuming all Shares are issued pursuant to the Resolutions and that only the Minimum Subscription is raised under the Public Offer) and no other Shares are issued, the capital structure of the Company upon completion of Proposed Transaction will consist of 817,152,243 Shares. See section 0 for the indicative capital structure table.

The maximum Voting Power that the Sellers may obtain in the Company as a result of being issued Shares at completion of the Share Purchase Agreement and acquiring Shares under the Public Offer is approximately 65.21%. The maximum voting power of each Seller is set out below.

Seller	No. of CIH Shares held	No. of APAC Shares to be issued	Relevant Interest
Beta Field (China) Financial Information Services Ltd	8,600	458,253,206	56.08%
King Wong	500	26,642,628	3.26%
Chen Guorong	500	26,642,628	3.26%
Chan Wing Keung Terence	200	10,657,051	1.3%

Seller	No. of CIH Shares held	No. of APAC Shares to be issued	Relevant Interest
Pang Wai Yu Michelle	200	10,657,051	1.3%
TOTAL NUMBER OF SHARES	**10,000**	**532,852,564**	**65.21%**

Notes:

1. Beta Field (China) Financial Information Services Ltd is wholly owned by Jimmie Wong (see Section 3.3).

2. Any discrepancies between the totals and sums of components in tables contained in this Notice are due to rounding.

Resolution 9 seeks the approval of Shareholders for the issue of Performance Shares to the Proposed Directors (see Section 2.9 for further details). In the event that the Performance Shares issued to Proposed Directors are converted into Shares:

- the number of Shares held by Jimmie Wong (including his interests held via Beta Field (China) Financial Information Services Ltd) will increase to 473,253,206 and his maximum voting power in the Company will decrease from 56.08% to 55.21%; and

- the number of Shares held by King Wong will increase to 39,142,628 and his maximum voting power in the Company will increase from 3.26% to 4.57%.

Reasons for the proposed acquisition

In accordance with the Share Purchase Agreement, the Sellers are to acquire 532,852,564 Shares in consideration of transferring all of the issued share capital in CIH to the Company. Please refer to Sections 0 and 1.16 for a summary of the key advantages and disadvantages of the Proposed Transaction.

Timing of the proposed acquisition

The Sellers will acquire up to 532,852,564 Shares at completion of the Share Purchase Agreement, which is anticipated to be on or about 7 February 2018. Upon being issued those Shares, the Sellers will acquire a Relevant Interest in up to 532,852,564 Shares.

Material terms of the proposed acquisition

Details of the Proposed Transaction are set out in Section 1 and a summary of the key terms of the Share Purchase Agreement is set out in Section 1.3.

Other relevant agreements

Details of other contracts that may be considered relevant to the Proposed Transaction are set out in Section 1. No other relevant agreements exist.

Acquirers' intentions regarding the future of the Company

Upon completion of the Proposed Transaction, the management team of the Company will comprise the following persons, on the following proposed terms:

Name	Position	Remuneration
Jimmie Wong	Managing Director	$200,000
King Wong	Executive Director	$150,000
Mel Ashton	Non-Executive Chairman	$70,000
Krista Bates	Non-Executive Director	$40,000
Vincent Lai	Non-Executive Director	$40,000

Other than as disclosed elsewhere in this Notice, the Sellers:

(a) have no current intention of making any changes to the business of the Company;

(b) do not propose to inject further capital into the Company;

(c) do not intend to change the employment arrangements of the Company;

(d) do not propose to transfer any assets between the Company and the Sellers, or its associates; and

(e) have no intention to otherwise redeploy the fixed assets of the Company.

These intentions are based on information concerning the Company, its business and the business environment which is known to the Sellers at the date of this Notice. Final decisions regarding these matters will only be made by the Sellers in light of material information and circumstances at the relevant time. Accordingly, the statements set out above are statements of current intention only, which may change as new information becomes available to them or as circumstances change.

Directors' interests

No Director has a material personal interest in the outcome of Resolution 3.

Independent Expert's Report

The Independent Expert's Report assesses whether the acquisition of Shares by the Sellers under the Share Purchase Agreement is fair and reasonable to the Shareholders who are not associated with the Sellers. The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposed acquisition under the Agreement. This assessment is designed to assist Shareholders in reaching their voting decision.

Moore Stephens has prepared the Independent Expert's Report and has provided an opinion that it believes the proposal as outlined in the Share Purchase Agreement is, on balance, **fair and reasonable** to Shareholders not associated with CIH. It is recommended that all Shareholders read the Independent Expert's Report in full which is enclosed as Annexure A of this Notice.

Section 208 of the Corporations Act

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit (including an issue of securities) to a related party of the company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an associate of the related party.

Of the Sellers, Beta Field (China) Financial Information Services Ltd, which is wholly owned by Jimmie Wong, and King Wong are related parties of the Company for the purposes of section 228 of the Corporations Act as both Jimmie Wong and King Wong are proposed to be directors of the Company from completion of the Proposed Transaction.

Accordingly, the Company is seeking Shareholder approval to Resolution 3 for the purposes of section 208 of the Corporations Act.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolution 3:

(a) **Related parties to whom the financial benefit is given**

Jimmie Wong via his wholly owned entity Beta Field (China) Financial Information Services Ltd (and/or its nominees).

King Wong (and/or his nominees).

(b) **Nature of the financial benefits**

Jimmie Wong	-	458,253,206 Shares
King Wong	-	26,642,628 Shares

(c) **Valuation of the financial benefits**

The Company is offering its Shares to the public under the Public Offer at an issue price of $0.02 each, which implies that each Share will initially have a market value of $0.02.

Based on this Share price, the indicative maximum value of the financial benefit to be given to Beta Field (China) Financial Information Services Ltd (and/or its nominees) is $9,165,064.10. The indicative maximum value of the financial benefit to be given to King Wong (and/or his nominees) is $532,852.56.

The value of the benefit of the Shares will depend on the price at which the Shares trade on the ASX from time to time.

(d) **Reason for the financial benefit**

The Shares are being issued in consideration of the share capital of CIH held by Beta Field (China) Financial Information Services Ltd and King Wong (following completion of the Credit Intelligence Restructure) pursuant to the Share Purchase Agreement.

(e) **Current remuneration and security interests**

When appointed as directors at completion of the proposed transaction, Jimmie Wong and King Wong will receive remuneration of $200,000 and $150,000 per annum respectively.

At completion of the Proposed Transaction, Beta Field (China) Financial Information Services Ltd (and/or its nominees) will hold no more than 458,253,206 Shares, with a maximum voting power of 56.08%. At the date of this Notice, Beta Field (China) Financial Information Services Ltd does not have a relevant interest in any securities in the Company.

At completion of the Proposed Transaction, King Wong (and/or his nominees) will hold no more than 26,642,628 Shares, with a maximum voting power of 3.26%. At the date of this Notice, King Wong does not have a relevant interest in any securities in the Company.

(f) **Terms of the securities**

The Shares that may be issued to Beta Field (China) Financial Information Services Ltd and King Wong pursuant to Resolution 3 will rank equally in all respects with existing Shares on issue.

(g) **Dilution**

If all Shares are issued pursuant to the Resolutions in this Notice and no other Shares are issued by the Company, then the Shares to be issued under Resolution 3 would dilute Shareholders by approximately 91.93%.

(h) **Opportunity costs to the Company**

The Company does not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing the Shares to Beta Field (China) Financial Information Services Ltd and King Wong under Resolution 3.

(i) **Intended use of funds**

No funds will be raised by the issue of Shares under Resolution 3 as they are being issued in consideration of the share capital of CIH held by Beta Field (China) Financial Information Services Ltd and King Wong (following completion of the Credit Intelligence Restructure) pursuant to the Share Purchase Agreement.

(j) **Directors' interests**

No Director has a material personal interest in the outcome of Resolution 3.

(k) **Other information**

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Directors which Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolution 3.

Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue equity securities to a related party without the approval of holders of ordinary securities. Further, exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

As set out above, Beta Field (China) Financial Information Services Ltd and King Wong are related parties of the Company for the purposes of section 228 of the Corporations Act. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of Shares to Beta Field (China) Financial Information Services Ltd and King Wong.

If Resolution 3 is approved, the Shares issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolution 3:

(a) **Name of the person**

Jimmie Wong via his wholly owned entity Beta Field (China) Financial Information Services Ltd (and/or its nominees).

King Wong (and/or his nominees).

(b) **Maximum number of securities to be issued**

Jimmie Wong	-	458,253,206 Shares
King Wong	-	26,642,628 Shares

(c) **Date by which the entity will issue the securities**

The Shares will be issued at completion of the Proposed Transaction, which is anticipated to be on or about 7 February 2018. In any event, however, no Shares will be issued to Beta Field (China) Financial Information Services Ltd (and/or its nominees) and King Wong (and/or his nominees) later than 3 months after the General Meeting or such longer period as permitted by ASX.

(d) **Relationship that requires Shareholder approval**

Jimmie Wong and King Wong are related parties of the Company under section 228 of the Corporations Act as both are proposed to be directors of the Company from completion of the Proposed Transaction.

(e) **Issue price of the securities**

The issue price for the Shares is $0.02 each.

(f) **Terms of the issue**

The Shares will rank equally in all respects with existing Shares on issue.

(g) **Intended use of the funds raised**

No funds will be raised by the issue of Shares under Resolution 3 as they are being issued in consideration of the share capital of CIH held by the Sellers pursuant to the Share Purchase Agreement.

Directors' recommendation and reason

The Director recommends that Shareholders vote in favour of Resolution 3 for the reasons set out in Section 0 Advantages of the Proposed Transaction. The Directors believe that these advantages outweigh the disadvantages of the Proposed Transaction set out in Section 1.16.

2.4 Resolutions 4(a), (b), (c), (d) and (e) – Appointment of Proposed Directors

Resolutions 4(a), (b), (c) (d) and (e) are ordinary resolutions that seek Shareholder approval to the appointment of Jimmie Wong, Mel Ashton, King Wong, Krista Bates and Vincent Lai as directors of the Company. In accordance with the Share Purchase Agreement, the Proposed Directors are the nominees of CIH.

Clause 13.3 of the Constitution provides that a person may be elected to the office of a director at a general meeting by Directors' nomination. The Directors may appoint any natural person to be a director either as an addition to the existing Directors or to fill a casual vacancy.

The appointment of the Proposed Directors will become effective from completion of the Proposed Transaction. Brief profiles of the Proposed Directors are set out in in Section 3.3.

2.5 Resolution 5 – Issue of Shares under the Prospectus

Resolution 5 is an ordinary resolution which seeks approval for the issue of up to 250,000,000 Shares at an issue price of $0.02 each to raise up to $5,000,000, with a minimum subscription requirement to raise at least $3,500,000 under the Prospectus (**Public Offer**).

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 5 seeks approval for the issue of up to 250,000,000 Shares at an issue price of $0.02 each to raise up to $5,000,000, with a minimum subscription requirement to raise at least $3,500,000. If Resolution 5 is approved, the Shares issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 5:

(a) **Maximum number of securities the entity is to issue**

250,000,000 Shares.

(b) **Date by which the entity will issue the securities**

The Shares will be issued at completion of the Proposed Transaction, which is anticipated to be on or about 7 February 2018. In any event, however, no Shares will be issued later than 3 months after the Meeting or such longer period as permitted by ASX.

(c) **Issue price of the securities**

$0.02 each.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The Shares will be issued to persons who apply for Shares under the Public Offer. Subject to foreign investor restrictions, the Public Offer will be open to members of the general public. No Shares will be issued to related parties of the Company and no Shares will be issued in contravention of the takeover prohibition in section 606 of the Corporations Act.

(e) **Terms of the securities**

The Shares will rank equally in all respects with existing Shares on issue.

(f) **Intended use of the funds raised**

Funds raised under the Public Offer will be used in accordance with the table set out in Section 1.11.

2.6 Resolution 6 – Issue of Shares to Advisers

Resolution 6 is an ordinary resolution and seeks Shareholder approval under Listing Rule 7.1, for the issue of 37,299,679 Shares to the Advisers for services provided in relation to the Proposed Transaction. The Advisors were engaged by the Company to identify private company targets interested in entering into a merger and acquisition transaction with the Company, which ultimately lead to the Company and Credit Intelligence entering into the Proposal Transaction.

The Company is offering its Shares to the public under the Public Offer at an issue price of $0.02 each, which implies that each Share will initially have a market value of $0.02. Based on this Share price, the indicative value of the financial benefit to be given to the Advisers is $745,993.58. The value of the benefit of the Shares will depend on the price at which the Shares trade on the ASX from time to time.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 6 seeks approval for the issue of 37,299,679 Shares for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 6 is approved, the Shares issued to the Advisers will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 13:

(a) **Maximum number of securities the entity is to issue**

37,299,679 Shares.

(b) **Date by which the entity will issue the securities**

The Shares will be issued to the Advisers at completion of the Proposed Transaction, which is anticipated to be on or about 7 February 2018. In any event, however, no Shares will be issued to the Advisers later than 3 months after the Meeting or such longer period as permitted by ASX.

(c) **Issue price of the securities**

No cash consideration is payable for the Shares issued to the Advisers as they are being issued in consideration of services provided to the Company in relation to the Proposed Transaction.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

Rung Capital International Ltd (and/or its nominees) – 22,646,000;

Mark Ng (and/or his nominees) – 7,326,839; and

Henry Chow (and/or his nominees) – 7,326,840.

(e) **Terms of the securities**

The Shares will rank equally in all respects with existing Shares on issue.

(f) **Intended use of the funds raised**

No funds will be raised by the Shares issued to the Advisers under Resolution 6 as they are being issued as consideration for services provided by the Advisers to CIH and the Company in relation to the Proposed Transaction.

2.7 Resolution 7 – Change of name

Resolution 7 is a special resolution which seeks approval to change the name of the Company to "Credit Intelligence Limited", consistent with the new focus and direction of the Company upon completion of the Proposed Transaction.

Section 157 of the Corporations Act

The change requires Shareholder approval for the purposes of section 157 of the Corporations Act by way of special resolution, meaning that at least 75% of votes must be cast in favour of the Resolution in order for it to be passed.

The change does not affect the legal status of the Company. The change will take effect upon a new certificate of registration being issued by ASIC.

2.8 Resolutions 8 – Approval of Performance Shares

Resolution 8 seeks Shareholder approval to create the Class A Performance Shares and Class B Performance Shares as new classes of shares in the Company on the terms set out in Schedule 3.

Section 246B of the Corporations Act

Section 246C(5) of the Corporations Act provides that if a company has one class of shares (e.g. ordinary shares) and seeks to issue a new class of shares, the new issue is taken to vary the rights attached to the existing shares. Under section 246B(1) of the Corporations Act, if a company has a constitution which sets out the procedure for varying or cancelling rights attached to shares in a class of shares, those rights may only be varied or cancelled in accordance with that procedure.

Clause 2.4 of the Constitution provides that if the share capital is divided into different classes of shares, the rights attaching to a class of shares may be varied or cancelled by a special resolution of holders of shares of that class.

Despite being 'shares', the Performance Shares proposed to be issued under Resolutions 9(a) and 9(b) are of a different class to ordinary Shares as their respective rights and liabilities differ. Accordingly, the issue of the Performance Shares under Resolution 9(a) and 9(b) must be approved by a special resolution of ordinary Shareholders.

Full terms of the Class A Performance Shares and Class B Performance Shares are set out in Schedule 3.

2.9 Resolutions 9(a) and (b) – Issue of Performance Shares to Proposed Directors

Resolutions 9(a) and 9(b) seek Shareholder approval to issue 18,500,000 Class A Performance Shares and 21,500,000 Class B Performance Shares to the Proposed Directors as set out in the table below.

Related Party Benefits

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit (including an issue of securities) to a related party of the company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an associate of the related party.

Under section 228(2)(a) of the Corporations Act a director of a public company is deemed to be 'related party' of the company.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolutions 9(a) and 9(b):

(a) **Related party to whom the financial benefit is to be given**

Jimmie Wong, King Wong, Mel Ashton, Krista Bates and Vincent Lai as proposed directors of the Company.

(b) **Nature of the financial benefit**

The Class A Performance Shares and Class B Performance Shares to be issued to the Proposed Directors are set out in the table below.

Proposed Director	Class A Performance Shares	Class B Performance Shares
Jimmie Wong	5,000,000	10,000,000
King Wong	5,000,000	7,500,000
Mel Ashton	5,000,000	2,500,000
Krista Bates	1,750,000	750,000
Vincent Lai	1,750,000	750,000
Total	**18,500,000**	**21,500,000**

(c) **Valuation of the financial benefit**

The Performance Shares are inherently difficult to value as their value is contingent on uncertain outcomes in the future. Further, the negative impact of the dilution of the share capital in the Company upon the conversion of the Performance Shares into Shares is arguably offset by the positive impact the achievement of the Milestone will have on the Company. However, despite this, the Company has ascribed a value of $0.0082 for each Class A Performance Share and $0.0069 for each Class B Performance Share for the purposes of this notice. Please refer to section 10.11 on page 26 of the Independent Expert's Report attached to Annexure A.

Below is the value of the financial benefits to be provided to the Proposed Directors pursuant to the issue of the Performance Shares

Proposed Director	Class A Performance Shares financial benefit	Class B Performance Shares financial benefit	Total
Jimmie Wong	$41,000	$69,000	$110,000
King Wong	$41,000	$51,750	$92,750
Mel Ashton	$41,000	$17,250	$58,250
Krista Bates	$14,350	$5,175	$19,525
Vincent Lai	$14,350	$5,175	$19,525
Total	**$151,700**	**$148,350**	**$300,050**

(d) **Reason for the financial benefit**

The financial benefit is being issued and paid in consideration of services to be provided by the Proposed Directors as Directors of the Company and to align the interests of the Proposed Directors with the Company.

(e) **Terms of the securities**

The full terms of the Performance Shares are set out in Schedule 3.

Performance Share	Milestone	Expiry date
Class A	On the Company's 30 day volume weighted average share price reaching at least $0.025.	2 years from the date the Company re-commences trading on the ASX.
Class B	On the Company's 30 day volume weighted average share price reaching at least $0.03.	3 years from the date the Company re-commences trading on the ASX.

Each Performance Share is convertible into 1 Share upon the respective Milestone being met. The Performance Shares Milestones are considered appropriate by the Company as they allow the Company to appoint the Proposed Directors at a lower cash fee, they are in accordance with ASX guidance, and require a significant increase in the Company's share price (a 25% increase for Class A Performance Shares and a 50% increase for Class B Performance Shares) well above the average market return for the past 30 years.

(f) **Opportunity costs to the Company**

The Company does not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Shares to the Proposed Directors under Resolutions 9(a) and (b).

(g) **Intended use of funds raised**

No funds will be raised by the issue of the Performance Shares as they are being issued as consideration for the services to be provided by the Proposed Directors as Directors of the Company.

(h) **Directors' interests**

No Director has a material personal interest in the outcome of Resolutions 9(a) and 9(b).

(i) **Other infort that anmation**

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Directors which Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolutions 9(a) and 9(b).

Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue equity securities to a related party without the approval of holders of ordinary securities. Further, exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

As set out above, Jimmie Wong, King Wong, Mel Ashton, Krista Bates and Vincent Lai are related parties of the Company for the purposes of section 228 of the Corporations Act. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of Performance Shares to Jimmie Wong, King Wong, Mel Ashton, Krista Bates and Vincent Lai.

If Resolutions 9(a) and 9(b) are approved, the Performance Shares issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolution 3:

(a) **Name of the persons**

Jimmie Wong, King Wong, Mel Ashton, Krista Bates and Vincent Lai (and/or their nominees)

(b) **Maximum number of securities to be issued**

Proposed Director	Class A Performance Shares	Class B Performance Shares	Total number of Shares upon conversion of Performance Shares
Jimmie Wong	5,000,000	10,000,000	473,253,206
King Wong	5,000,000	7,500,000	39,142,628
Mel Ashton	5,000,000	2,500,000	7,500,000
Krista Bates	1,750,000	750,000	2,500,000
Vincent Lai	1,750,000	750,000	2,500,000
Total	**18,500,000**	**21,500,000**	**524,895,834**

Notes:

1. Each Performance Share is convertible into 1 Share (see Schedule 3 for the full terms and conditions of the Performance Shares).

2. Jimmie Wong (through his controlled entity Beta Field (China) Financial Information Services Ltd) will receive 458,253,206 Shares under the Share Purchase Agreement (see Section 1.3 for further details).

3. King Wong will receive 26,642,628 under the Share Purchase Agreement (see Section 1.3 for further details).

(c) **Date by which the entity will issue the securities**

The Performances Shares will be issued at completion of the Proposed Transaction, which is anticipated to be on or about 7 February 2018. In any event, however, no Performances Shares will be issued to Jimmie Wong, King Wong, Mel Ashton, Krista Bates and Vincent Lai (and/or their nominees) later than 3 months after the General Meeting or such longer period as permitted by ASX.

(d) **Relationship that requires Shareholder approval**

Jimmie Wong, King Wong, Mel Ashton, Krista Bates and Vincent Lai are related parties of the Company under section 228 of the Corporations Act as they are proposed to be directors of the Company from completion of the Proposed Transaction.

(e) **Issue price of the securities**

Nil.

(f) **Terms of the issue**

The full terms of the Performance Shares are set out in Schedule 3.

(g) **Intended use of the funds raised**

No funds will be raised by the issue of Performance Shares under Resolution 3 as they are being issued in consideration of the services to be provided by Jimmie Wong, King Wong, Mel Ashton, Krista Bates and Vincent Lai as directors of the Company.

Directors' recommendation and reason

The Director recommends that Shareholders vote in favour of Resolution 9 for the reasons set out in Section 0 Advantages of the Proposed Transaction. The Directors believe that these advantages outweigh the disadvantages of the Proposed Transaction set out in Section 1.16.

3. ADDITIONAL INFORMATION

3.1 Scope of disclosure

The law requires that this Explanatory Statement sets out all other information that is reasonably required by Shareholders in order to decide whether or not it is in the Company's interests to pass the Resolutions and which is known to the Company.

The Company is not aware of any relevant information that is material to the decision on how to vote on the Resolutions other than as is disclosed in this Explanatory Statement or previously disclosed to Shareholders by the Company by notification to the ASX.

3.2 Existing Directors' profiles

Luke Ho Khee Yong
Executive Director

Mr Ho was appointed as Executive Director on 3 September 2015. Mr Ho is also currently the Chief Executive Officer of APAC's parent, Magnus Energy Group Ltd.

Mr Ho holds a Master Degree in Strategic Business Management and the CIMA Professional Qualification with the Chartered Institute of Management Accountants of the United Kingdom (the "CIMA"). He is an associate member of the CIMA and also a non-practicing member of Institute of Singapore Chartered Accountants.

Quah Boon Ban
Non-Executive Director

Mr Quah has over ten years of experience in a variety of roles across diversified industry sectors including, engineering, I.T, insurance, real estate and the resource sector.

Brett Crowley
Non-Executive Director

Mr Crowley is a practicing solicitor and is an experienced chairman, finance director and company secretary of ASX-listed companies. He currently practices as a solicitor and is a former Senior Legal Member of the NSW Civil and Administrative Tribunal. He is currently a director of two ASX listed companies and company secretary of five ASX listed companies. Mr Crowley is also the Company Secretary.

3.3 Proposed Directors' profiles

Jimmie Wong
Managing Director

Mr Jimmie Wong is the founder of Credit Intelligence. Mr Wong obtained a Bachelor of Laws from the University of Hong Kong. Mr Wong has over 20 years' experience as a leading insolvency lawyer having served as legal adviser to numerous financial institutions and groups, and has also provided legal advice in relation to cross-border takeovers and mergers, corporate finance, IPOs and foreign direct investment. Mr Wong pioneered Hong Kong's IVA system which has since been used extensively by many leading banks and non-bank financial institutions. In 2008 Mr Wong was awarded the Hong Kong Innovative Entrepreneur of the Year Award.

Mel Ashton
Non-Executive Chairman

Mr Ashton has over 37 years' experience as a chartered accountant, 25 years as an insolvency practitioner and turnaround specialist and 12 years' experience as a chairman of ASX listed and large private companies.

Mr Ashton has experience in many capital raisings (over A$400 Million) and more than 12 mergers and acquisitions. Mr Ashton's diversified experience is complimented by his strategic approach and considerable business network. He is currently a director of Hawaiian Group and the non-executive chairman of the ASX listed company, Venture Minerals Ltd.

King Wong
Executive Director

Mr Wong King (''Mr King Wong'') is currently the CEO and Executive Director of Hong Kong Debt Management Services Limited, Credit Intelligence's wholly owned subsidiary. Mr King Wong joined the Group in 2002 and is primarily responsible for overseeing the overall business operations of the Group. Mr King Wong graduated with a Bachelor of Laws degree (Honours) from the City University of Hong Kong in 1998. He is a practicing solicitor and was admitted as a solicitor in Hong Kong in 2001. Mr King Wong has extensive professional experience in handling insolvency matters. He was appointed as a bankruptcy trustee by the financial institutions in Hong Kong in 2004. He has been qualified as a civil celebrant of marriages in Hong Kong since June 2009, and has been nominated for co-option of the Insolvency Law Committee of the Law Society of Hong Kong since June 2015, where he is primarily responsible for reporting on developments and possible reforms relating to the law and practice of insolvency in Hong Kong.

Krista Bates
Non-Executive Director

Ms Bates has over 15 years as a legal practitioner, being admitted as a solicitor in England and Wales in 2001. In this role, Ms Bates has been involved in the restructuring and strategy for the roll-out of commercial initiatives in multiple jurisdictions, and has extensive experience in advising corporate matters such as acquisitions, disposals, joint ventures, takeovers and corporate governance. Ms Bates also has extensive experience with insolvency matters. Ms Bates has also acted as legal counsel and director of Fastjet Plc, a company listed on the London Stock Exchange.

Vincent Lai
Non-Executive Director

Formerly the senior executive at the PRC Office of Bank of America, Mr Lai was the CEO of a listed company in Hong Kong before joining the Group. He has 30 years' experience in international banking & corporate finance, and is also well versed in the China market. He was the first branch manager for the Shanghai and Guangzhou Branches of Bank of America. Over the years, he has conducted and organised many training programs for banks, non-bank financial institutions and corporations in China in areas of credit & portfolio risk management, client relationship management, and corporate finance. Mr Lai graduated from the University of Hong Kong with a Bachelor's Degree in Social Sciences (major in Economics and Management Studies).

3.4 Relevant Interests of existing Directors

The table below sets out the Relevant Interests of the existing Directors in the Shares of the Company as at the date of this Notice and on a pre-Consolidation basis.

Name	Shares	Voting Power
Luke Ho Khee Yong	1,000,000	0.004%
Quah Boon Ban	-	-
Brett Crowley	-	-
Total	**1,000,000**	**0.004%**

3.5 Relevant Interests of Proposed Directors

The table below sets out the Relevant Interests of the Proposed Directors in the Shares of the Company as at the date of this Notice and on a pre-Consolidation basis.

Name	Shares	Voting Power
Jimmie Wong	-	0%
Mel Ashton	-	0%
King Wong	-	0%
Krista Bates	-	0%
Vincent Lai	-	0%
Total	**-**	**0%**

3.6 Directors' recommendations

To the extent that an existing Director is legally required to provide a recommendation on a Resolution, the Director recommends that Shareholders vote in favour of all Resolutions for the reasons set out in Section 0 Advantages of the Proposed Transaction. The Directors believe that these advantages outweigh the disadvantages of the Proposed Transaction set out in Section 1.16.

3.7 Voting intentions of the Chair

The Chair intends to vote all available proxies in favour of all Resolutions.

3.8 ASX waivers

The Company has obtained the following waivers from ASX:

- a waiver with respect to Listing Rule 2.1 condition 12 to enable the Company to issue Shares under the Public Offer ($0.02) at a price less of than $0.20 each; and

- a waiver with respect to Listing Rule 10.13.3 to enable the Company to issue Performance Shares to related parties up to 3 months after the General Meeting, instead of 1 month.

3.9 Escrow arrangements

Under the Listing Rules, ASX may determine that securities issued to promoters, seed capital investors and Sellers of classified assets have escrow restrictions placed on them. Such securities may be required to be held in escrow for up to 24 months from quotation of the Company's Shares, during which time they must not be transferred, assigned or otherwise disposed of.

The Company will announce final escrow arrangements to ASX prior to re-quotation of its Shares.

3.10 Taxation

The Proposed Transaction and/or the passing of the Resolutions may give rise to income tax implications for the Company and Shareholders.

Shareholders are advised to seek their own taxation advice on the effect of the Resolutions on their personal position and neither the Company, nor any Director or advisor to the Company accepts any responsibility for any individual Shareholder's taxation consequences on any aspect of the Proposed Transaction or the Resolutions.

3.11 ASIC and ASX's Role

The fact that the Notice of General Meeting, Explanatory Statement and other relevant documentation has been received by ASX and ASIC is not to be taken as an indication of the merits of the Resolutions or the Company. ASIC, ASX and their respective officers take no responsibility for any decision a Shareholder may make in reliance on any of that documentation.

4. DEFINITIONS

In this Notice of General Meeting and Explanatory Statement, the following terms have the following meanings:

Advisers means Rung Capital International Ltd, Mark Ng and Henry Chow.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

Board means the board of Directors.

Business Day means a day other than a Saturday, Sunday or public holiday in Perth, Western Australia.

CIH means Credit Intelligence Holding Limited Cayman Company No. 0021770.

Class A Performance Shares means a performance share on the terms set out in Schedule 3.

Class B Performance Shares means a performance share on the terms set out in Schedule 3.

Consolidation means consolidation of the existing Shares on a 1 for 3.468133847 basis, with any fractional entitlements being rounded to the nearest whole number.

Chair means the chairperson of the Meeting.

Closely Related Party means a closely related party of a member of Key Management Personnel as defined in section 9 of the Corporations Act, being:

(a) a spouse or child of the member;

(b) a child of that member's spouse;

(c) a dependent of that member or of that member's spouse;

(d) anyone else who is one of that member's family and may be expected to influence that member, or be influenced by that member, in that member's dealings with the Company;

(e) a company that is controlled by that member; or

(f) any other person prescribed by the regulations.

Company means APAC Coal Limited ACN 126 296 295.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth)..

Credit Intelligence or **Group** means CIH and its wholly owned subsidiaries Hong Kong Debt Management Limited, HKIVA and Hong Kong Debt Management Services Limited.

Credit Intelligence Restructure means the restructure whereby CIH will become the ultimate parent company of Credit Intelligence.

Director means a director of the Company.

Exempt Investor means a sophisticated and/or professional investor to whom securities may be offered by the Company without disclosure under section 708 of the Corporations Act.

Explanatory Statement means this explanatory statement incorporated in the Notice.

Full Subscription means $5,000,000 is raised under the Public Offer..

General Meeting or **Meeting** means the general meeting convened by this Notice to be held on 23 January 2018, commencing at 11:30am (WST).

HKIVA means Hong Kong I.V.A Consultants Limited.

Independent Expert's Report means the Independent Expert's Report prepared by Moore Stephens which is attached as Annexure A.

Key Management Personnel means the key management personnel of the Company as defined in section 9 of the Corporations Act and Australian Accounting Standards Board accounting standard 124, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Listing Rules means the official listing rules of ASX.

Minimum Subscription means $3,500,000 is raised under the Public Offer.

Moore Stephens means Moore Stephens Perth Corporate Services Pty Ltd ACN 058 626 403.

Notice or **Notice of General Meeting** means the notice of general meeting incorporating this Explanatory Statement.

Performance Shares means Class A Performance Shares and Class B Performance Shares.

Proposed Directors means Jimmie Wong, Mel Ashton, King Wong, Krista Bates and Vincent Lai.

Proposed Transaction means the transactions summarised in Section 1.2 and described in more detail throughout Section 1.

Prospectus means the Prospectus to be issued by the Company for the purposes of, among other things, undertaking the Public Offer and re-complying with Chapters 1 and 2 of the Listing Rules.

Proxy Form means the proxy form attached to this Notice.

Public Offer means the proposed offer to the public of 250,000,000 new Shares under the Prospectus at an offer price of $0.02 each as referred to in Section 1.9.

Relevant Interest has the meaning given in the Corporations Act.

Resolution means a resolution contained in the Notice.

Sellers means the shareholders of CIH on completion of the Credit Intelligence Restructure.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of one or more Shares.

Share Purchase Agreement or **Agreement** means the share purchase agreement to be entered into between the Company, the Sellers and CIH in relation to the sale and purchase of all the issued capital of CIH.

Voting Power has the meaning given in the Corporations Act.

WST means Western Standard Time, being the time in Perth, Western Australia.

SCHEDULE 1 – PRO FORMA STATEMENT OF FINANCIAL POSITION

APAC COAL LIMITED
PRO-FORMA BALANCE SHEET AS AT 30.06.2017

Exchange rate: HKD/AUD 0.1672

	APAC	CIH		Reverse acquisition adjustments		APAC + CIH CONSOLIDATED	Proforma adjustments	Proforma adjustments	Pro-forma Consolidated Balance Sheet	Pro-forma Consolidated Balance Sheet
	ACTUAL	ACTUAL					Capital Raising Minimum	Capital Raising Maximum	Minimum Capital Subscription	Maximum Capital Subscription
	30.06.2017	30.06.2017		30.06.2017	30.06.2017	30.06.2017			30.06.2017	30.06.2017
	A$	HK$	A$	A$	A$	A$	A$	A$	A$	A$
Current assets										
Cash and cash equivalents	11,198	2,098,138	350,746	-	-	361,944	2,970,871	4,365,871	3,332,815	4,727,815
Trade and other receivables	451	1,148,443	191,985	-	-	192,436			192,436	192,436
Prepayments	-	674,680	112,786			112,786			112,786	112,786
Directors loan acc - Jimmie		4,050,563	677,133			677,133	(677,133)	- 677,133	(0)	(0)
Directors loan acc - Jimmie's wife		225,739	37,737			37,737	(37,737)	- 37,737	(0)	(0)
Assets held for sale	1	-	-			1	(1)	- 1	-	-
Total current assets	11,650	8,197,563	1,370,387	-	-	1,382,037	2,256,000	3,651,000	3,638,037	5,033,037
Non-current assets										
Other financial assets	-		-	1,440,000	(1,440,000)	-			-	-
Property, plant and equipment	-	187,963	31,422	-	-	31,422			31,422	31,422
Total non-current assets	-	187,963	31,422	1,440,000	(1,440,000)	31,422	-	-	31,422	31,422
Total assets	11,650	8,385,526	1,401,808	1,440,000	(1,440,000)	1,413,458	2,256,000	3,651,000	3,669,458	5,064,458
Current liabilities										
Trade and other payables	48,530	206,900	34,587	-		83,117		-	83,117	83,117
Loan from Magnus	19,404		-			19,404	(19,404)	- 19,404	-	-
Borrowings	99,000		-			99,000	(99,000)	- 99,000	-	-
Tax Provisions	-	546,325	91,329	-		91,329		-	91,329	91,329
Total current liabilities	166,934	753,225	125,917	-	-	292,851	(118,404)	- 118,404	174,447	174,447
Non-current liabilities										
Deferred income	-	-	-	-	-	-			-	-
Total non-current liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	166,934	753,225	125,917	-	-	292,851	(118,404)	- 118,404	174,447	174,447
Net assets	**(155,284)**	**7,632,301**	**1,275,892**	**1,440,000**	**(1,440,000)**	**1,120,608**	**2,374,404**	**3,769,404**	**3,495,012**	**4,890,012**
Equity										
Issued capital	6,394,067	78,000	13,039	1,440,000	(6,394,067)	1,453,039	3,835,994	5,230,994	5,289,033	6,684,033
Merger reserve	-	(10,906)	(1,823)	-	-	(1,823)	-	-	(1,823)	(1,823)
Retained Earnings	(6,549,351)	7,565,207	1,264,676		4,954,067	(330,608)	(1,461,590)	- 1,461,590	(1,792,198)	(1,792,198)
Total equity	**(155,284)**	**7,632,301**	**1,275,892**	**1,440,000**	**(1,440,000)**	**1,120,608**	**2,374,404**	**3,769,404**	**3,495,012**	**4,890,012**

SCHEDULE 2 – CREDIT INTELLIGENCE FINANCIAL INFORMATION

The financial statements for financial years ended 31 March 2017, 31 March 2016, 31 March 2015 and for the 3 months ended 30 June 2017 for Credit Intelligence have been audited by Moore Stephens Hong Kong in accordance with International Financial Reporting Standards which are consistent with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board.

The financial information in this Schedule 2 is presented in an abbreviated form insofar as it does not contain all of the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports usually provided in an annual report prepared in accordance with the Corporations Act.

HONG KONG DEBT MANAGEMENT LIMITED
(FORMERLY KNOWN AS AIM SUCCESS HOLDINGS LIMITED)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 MARCH 2015, 2016 AND 2017

Contents

Corporate Data

Sole director	Mr. Wong Ka Sek (resigned on 11 August 2014) Beta Field (China) Financial Information Services Limited (appointed on 11 August 2014 and resigned on 24 October 2017) Credit Intelligence Holding Limited (appointed on 24 October 2017)
Secretary	JW Secretarial Services Limited
Registered office	Vistra Corporate Services Centre Wickhams Cay II, Road Town Tortola, VG1110 British Virgin Islands
Principal place of business	4/F., Double Building 22 Stanley Street Central Hong Kong
Independent auditor	Moore Stephens CPA Limited 801-806 Silvercord, Tower 1 30 Canton Road Tsimshatsui, Kowloon Hong Kong

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大華馬施雲
會計師事務所有限公司

Independent Auditor's Report to the Sole Director of Hong Kong Debt Management Limited (Incorporated in the British Virgin Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Hong Kong Debt Management Limited (formerly known as Aim Success Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 6 to 40, which comprise the consolidated statement of financial position as at 31 March 2015, 2016 and 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for each of the three years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial positions of the Group as at 31 March 2015, 2016 and 2017 and of its consolidated financial performance and its consolidated cash flows for each of the three years then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the International Ethics Standards Board for Accountants ("IESBA"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

(i) The comparative consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the relevant explanatory notes for the year ended 31 March 2014 disclosed in this consolidated financial statements have not been audited in accordance with ISAs.

(ii) Under the same date of approval of these consolidated financial statements, we have also reported on the consolidated financial statements of the Group for the three months ended 30 June 2017. Accordingly, the sole director of the Company may wish to consider those consolidated financial statements and read them in conjunction with the audited consolidated financial statements of the Group for the years ended 31 March 2015, 2016 and 2017.

Independent Auditor's Report to the Sole Director of Hong Kong Debt Management Limited (Incorporated in the British Virgin Islands with limited liability) (Continued)

Responsibilities of the Sole Director for the Consolidated Financial Statements

The sole director is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and for such internal control as the sole director determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the sole director is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the sole director either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The sole director is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the sole director.

Independent Auditor's Report to the Sole Director of Hong Kong Debt Management Limited (Incorporated in the British Virgin Islands with limited liability) (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of the sole director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the sole director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Moore Stephens CPA Limited

Moore Stephens CPA Limited
Certified Public Accountants

Li Wing Yin
Practising Certificate Number: P05035

Hong Kong, 6 NOV 2017

Consolidated Statements of Comprehensive Income

For the years ended 31 March 2015, 2016 and 2017

	Notes	2017 HK$	2016 HK$	2015 HK$	2014 HK$ (unaudited)
Revenue	4	**20,952,783**	**20,289,872**	**18,422,815**	22,264,094
Other income	5	**590,375**	**449,365**	**342,984**	482,438
Employee benefits expenses		**(6,183,189)**	**(4,497,900)**	**(4,140,153)**	(4,101,676)
Minimum lease payments under operating leases		**(1,104,000)**	**(1,068,000)**	**(960,000)**	(902,000)
Gain of change in shareholding of a subsidiary	10	**-**	**14,399,991**	**-**	-
Other operating expenses		**(2,596,003)**	**(2,740,228)**	**(1,656,948)**	(2,110,766)
Finance costs		**-**	**(61,874)**	**(45,414)**	(27,622)
Profit before taxation	6	**11,659,966**	**26,771,226**	**11,963,284**	15,604,468
Income tax expense	7	**(1,896,390)**	**(2,002,422)**	**(1,966,880)**	(2,476,015)
Profit and total comprehensive income for the years		**9,763,576**	**24,768,804**	**9,996,404**	13,128,453

Consolidated Statements of Financial Position
As at 31 March 2015, 2016 and 2017

	Notes	2017 HK$	2016 HK$	2015 HK$	2014 HK$ (unaudited)
ASSETS AND LIABILITIES					
Non-current asset					
Property, plant and equipment	9	162,471	140,498	16,293	34,383
Current assets					
Account receivables	11	1,040,222	1,695,169	992,799	829,016
Prepayments, deposits and other receivables	12	650,213	925,464	565,545	503,482
Amount due from the controlling shareholder	13	1,540,217	4,417,799	5,005,999	4,839,209
Amount due from a shareholder	13	-	5	1	-
Tax recoverable		280,256	4,455	530,755	-
Cash and cash equivalents		1,270,108	6,623,033	600,354	242,799
		4,781,016	13,665,925	7,695,453	6,414,506
Current liabilities					
Accruals, other payables and receipts in advance	14	230,625	10,145,163	35,620	59,679
Amount due to a related party	13	-	79,046	179,178	64,274
Amount due to a related company	13	-	-	25,660	15,450
Interest-bearing bank borrowings	15	-	-	3,517,900	332,251
Tax payable		-	-	-	1,920,243
		230,625	10,224,209	3,758,358	2,391,897
Net current assets		4,550,391	3,441,716	3,937,095	4,022,609
Net assets		4,712,862	3,582,214	3,953,388	4,056,992
CAPITAL AND RESERVES					
Share capital	16	78,000	8	8	8
Reserves	17	4,634,862	3,582,206	3,953,380	4,056,984
Total equity		4,712,862	3,582,214	3,953,388	4,056,992

Credit Intelligence Holding Limited
Sole Director

Consolidated Statements of Changes in Equity

For the years ended 31 March 2015, 2016 and 2017

	Share capital HK$	Merger Reserve* HK$ (Note 17)	Retained Earnings* HK$	Total equity HK$
At 1 April 2013 (unaudited)	8	9	728,522	728,539
Profit and total comprehensive income for the year (unaudited)			13,128,453	13,128,453
Interim dividends (Note 8)	-	-	(9,800,000)	(9,800,000)
At 31 March 2014 and 1 April 2014 (unaudited)	8	9	4,056,975	4,056,992
Profit and total comprehensive income for the year	-	-	9,996,404	9,996,404
Change in shareholding of a subsidiary (Note2(a)(iv))	-	(8)	-	(8)
Interim dividends (Note 8)	-	-	(10,100,000)	(10,100,000)
At 31 March 2015 and 1 April 2015	**8**	**1**	**3,953,379**	**3,953,388**
Profit and total comprehensive income for the year	-	-	24,768,804	24,768,804
Change in shareholding of a subsidiary (Note 2(a)(v))	-	13	-	13
Interim dividends (Note 8)	-	-	(25,139,991)	(25,139,991)
At 31 March 2016 and 1 April 2016	**8**	**14**	**3,582,192**	**3,582,214**
Profit and total comprehensive income for the year	-	-	9,763,576	9,763,576
Allotment of shares (Note 2(a)(vi))	67,072	-	-	67,072
Exchange of the shares of the Company with the shares of a subsidiary from the Remaining Shareholders (as defined in Note 2(a)(v) (Note 2(a)(vi))	10,920	(10,920)	-	-
Interim dividends (Note 8)	-	-	(8,700,000)	(8,700,000)
At 31 March 2017	**78,000**	**(10,906)**	**4,645,768**	**4,712,862**

* The total of these balances represent "Reserves" in the consolidated statements of financial position.

Consolidated Statements of Cash Flows

For the years ended 31 March 2015, 2016 and 2017

	Notes	2017 HK$	2016 HK$	2015 HK$	2014 HK$ (unaudited)
Cash flows from operating activities					
Profit before taxation		11,659,966	26,771,226	11,963,284	15,604,468
Adjustments for:					
Depreciation on property, plant and equipment	6	39,222	13,015	37,510	35,532
Gain of change in shareholding of a subsidiary		-	(14,399,991)	-	-
Interest expenses	6	-	61,874	45,414	27,622
Operating profit before working capital changes		11,699,188	12,446,124	12,046,208	15,667,622
Decrease/(increase) in account receivables		654,947	(702,370)	(163,783)	(385,319)
Decrease/(increase) in prepayments, deposits and other receivables		275,251	(359,919)	(62,063)	129,435
Increase/(decrease) in accruals, other payables and receipts in advance		85,462	109,543	(24,059)	(94,926)
Cash generated from operations		12,714,848	11,493,278	11,796,303	15,316,812
Income tax paid		(2,172,191)	(1,476,122)	(4,417,878)	(558,424)
Net cash generated from operating activities		10,542,657	10,017,256	7,378,425	14,758,388

Consolidated Statements of Cash Flows (Continued)

For the years ended 31 March 2015, 2016 and 2017

	Notes	2017 HK$	2016 HK$	2015 HK$	2014 HK$ (unaudited)
Cash flows from investing activities					
Advanced to the controlling shareholder		(5,755,346)	(10,151,787)	(10,266,798)	(14,854,178)
Repayment from/(advanced to) a shareholder		5	(4)	(1)	-
Purchase of property, plant and equipment	8	(61,195)	(137,220)	(19,420)	-
Net cash used in investing activities		(5,816,536)	(10,289,011)	(10,286,219)	(14,854,178)
Cash flows from financing activities					
Repayment of borrowings		(10,000,000)	(3,517,900)	(1,232,230)	(638,397)
Proceeds from borrowings		-	10,000,000	4,417,879	558,424
(Repayment to)/advanced from a related party		(79,046)	(100,132)	114,904	(9,508)
(Repayment to)/advanced from a related company		-	(25,660)	10,210	15,450
Interest paid		-	(61,874)	(45,414)	(27,622)
Net cash (used in)/ generated from financing activities		(10,079,046)	6,294,434	3,265,349	(101,653)
Net (decrease)/increase in cash and cash equivalents		(5,352,925)	6,022,679	357,555	(197,443)
Cash and cash equivalents at the beginning of the years		6,623,033	600,354	242,799	440,242
Cash and cash equivalents at the end of the years		1,270,108	6,623,033	600,354	242,799

Notes to the Consolidated Financial Statements

For the years ended 31 March 2015, 2016 and 2017

1. *General*

Hong Kong Debt Management Limited (formerly known as Aim Success Holdings Limited) (the "Company") was incorporated in the British Virgin Islands on 6 March 2003 as an exempted company with limited liability under the Companies Law of the British Virgin Islands. With effect from 16 May 2014, the name of the Company was changed from Aim Success Holdings Limited to Hong Kong Debt Management Limited. The address of its registered office was Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The Company has established a principal place of business in Hong Kong at 4/F., Double Building, 22 Stanley Street, Central, Hong Kong.

The Company is an investment holding company. During the years ended 31 March 2015, 2016 and 2017, the Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the business of provision of debt management services which comprise of bankruptcy administration services and individual voluntary arrangement ("IVA") services.

In the opinion of the sole director of the Company, during the years ended 31 March 2015, 2016 and 2017, the Company's immediate holding company and ultimate holding company was Beta Field (China) Financial Information Services Limited ("Beta Field"), a company incorporated in the British Virgin Islands. On 24 October 2017, Beta Field disposed its entire equity interest in the Company to Credit Intelligence Holding Limited ("CIH"), a company incorporated in the Cayman Islands and also wholly owned by Beta Field. Immediate after this transaction, the Company's immediate holding company is changed to CIH while ultimate holding company is still Beta Field. Mr. Wong Ka Sek, being the sole shareholder of Beta Field, is the controlling shareholder of the Group.

The Company and its subsidiaries now comprising the Group underwent the reorganisation as set out in Note 2(a).

2. *Group reorganisation and basis of preparation and presentation*

(a) *Group reorganisation*

The Group underwent a reorganisation (the "Reorganisation") to rationalise the Group's structure. The Reorganisation involved the followings:

(i) Subscription of share in the Company by Beta Field and Mr. Wong Ka Sek

Before the Reorganisation, Mr. Wong Ka Sek was the sole shareholder of the Company.

Pursuant to the written resolution of the sole director of the Company dated on 11 August 2014, Mr. Wong Ka Sek transferred the one subscriber share of the Company to Beta Field on 11 August 2014, with a consideration of United States dollar ("US$") 1, with reference to the share capital of the Company. As a result, the Company became a wholly-owned subsidiary of Beta Field.

(ii) Subscription of share in Hong Kong I.V.A. Consultants Limited ("HKIVA") by the Company

On 11 August 2014, the Company acquired entire equity interest in HKIVA from Mr. Wong Ka Sek with a consideration of US$1, with reference to the share capital of HKIVA.

(iii) Deemed acquisition of equity interest in Hong Kong Debt Management Services Limited ("HKDMS") by the Company

Before 25 April 2014, the Company and Mr. Wong Ka Sek have 67% and 33% equity interest in HKDMS respectively.

2. *Group reorganisation and basis of preparation and presentation (continued)*

(a) *Group reorganisation (continued)*

(iii) Deemed acquisition of equity interest in Hong Kong Debt Management Services Limited ("HKDMS") by the Company (continued)

On 25 April 2014, HKDMS allotted six, ten and one ordinary shares to Mr. Wong Ka Sek, the Company and Mr. Wong Ka Lam King with considerations of HK$6, HK$10 and HK$1 respectively, with reference to the share capital of HKDMS.

(iv) Transfer of equity interest in HKDMS from Mr. Wong Ka Sek to the Company

On 11 August 2014, Mr. Wong Ka Sek transferred seven ordinary shares of HKDMS, represented his entire interest in HKDMS, to the Company with a consideration of HK$7, with reference to the share capital of HKDMS.

(v) Disposal of shares in HKDMS to Mr. Chen Guorong, Mr. Chan Wing Keung Terence and Ms. Pang Wai Yu Michelle (including Mr. Wong Ka Lam King, referred to as the "Remaining Shareholders").

Pursuant to the Share Transfer Agreement entered between the Company and Mr. Chen Guorong, Mr. Chan Wing Keung Terence and Ms. Pang Wai Yu Michelle respectively dated on 14 May 2015, the Company disposed of an aggregate of 9% equity interest in HKDMS to Mr. Chen Guorong, Mr. Chan Wing Keung Terence and Ms. Pang Wai Yu Michelle on 14 May 2015, with an aggregate consideration of HK$14,400,000.

(vi) Exchange the ordinary shares of HKDMS held by the Remaining Shareholders to the ordinary shares of the Company

Pursuant to the Share Swap Agreement entered between the ultimate controlling shareholders and the Remaining Shareholders dated on 10 January 2017, the Remaining Shareholders transferred the respective entire equity interests in HKDMS to the Company in consideration of the Company allotting and issuing in aggregate of 1,400 shares to them, respectively, credited as fully paid, on 10 January 2017.

Pursuant to the written resolution of the sole director of the Company dated on 10 January 2017, on the same day, 8,599 ordinary shares of the Company were allotted and issued to Beta Field. Immediate after the Reorganisation, HKDMS became a wholly owned subsidiary of the Company, while Beta Field and the Remaining Shareholders have 86% and 14% equity interest in the Company respectively.

(b) *Basis of preparation and presentation*

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International financial reporting standards, International Accounting standards ("IASs") and related Interpretations, promulgated by the International Accounting standards Board ("IASB").

2. *Group reorganisation and basis of preparation and presentation (continued)*

(b) *Basis of preparation and presentation (continued)*

This is the first set of consolidated financial statements of the Company and the management of the Company have adopted, for the first time, IFRSs in preparing these financial statements. The Company has adopted all applicable IFRSs that are effective for the Group's accounting period beginning on 1 April 2016, consistently throughout the years to the extent required or allowed by the transitional provisions in the IFRSs.

Pursuant to the Reorganisation, HKDMS and HKIVA are wholly owned by the Company. Accordingly, the consolidated financial statements have been prepared using the principles of merger accounting as if the Reorganisation had occurred as of the beginning of the earliest period presented and the current group structure had always been in existence.

The assets and liabilities of the companies comprising the Group are consolidated using the existing book values. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the Reorganisation.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on consolidation. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

The consolidated financial statements have been prepared on historical cost basis. The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is also the functional currency of the Company.

3. *Significant accounting policies*

(a) *Significant judgements and estimates*

In the application of the Company's accounting policies, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The management have considered the development, selection and disclosure of the Group's critical accounting judgements and estimates.

(i) Current taxation

Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

3. *Significant accounting policies (continued)*

(a) *Significant judgements and estimates (continued)*

(ii) Estimated impairment of account receivables

The Group determines impairment losses for bad and doubtful debts resulting from the inability of the customers/debtors to make the required payments. A considerable amount of estimate and judgement is required in assessing the ultimate realisation of these receivables which is based on the ageing of the receivable balance, customer credit-worthiness, and historical write-off experience. If the financial conditions of customers/debtors deteriorate, additional allowance for bad and doubtful debts may be required. Further details are set out in Note 11.

(b) *Basis of consolidation*

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without loss of control, is accounted for an equity transaction.

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.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any investment retained and (ii) the previous carrying amounts of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The Group's share of components previously recognised in other comprehensive income is reclassified to income statement or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. *Significant accounting policies (continued)*

(c) *Property, plant and equipment*

Property, plant and equipment are stated at cost, less provisions for depreciation and impairment losses, if any.

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 year 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.

Furniture, fixtures and equipment is provided on the straight-line method, based on the estimated economic useful life of the individual assets, at 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 year the asset is derecognised is the difference between the net sales proceeds and the carrying amounts of the relevant asset.

(d) *Impairment of non-financial assets*

Where an indication of impairment exists, the recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of the value in use of the asset or cash-generating unit to which it belongs and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In 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. An impairment loss is charged to the consolidated statement of comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An impairment loss is charged to the consolidated statement of comprehensive income in the period in which it arises, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

3. *Significant accounting policies (continued)*

(d) *Impairment of non-financial assets (continued)*

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the consolidated statement of comprehensive income in the period in which it arises.

(e) *Financial assets*

The Group's financial assets are classified, at initial recognition, into loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition such assets are carried at amortised cost using the effective interest method, less any identified impairment losses.

All regular way purchases or sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the consolidated statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

3. ***Significant accounting policies (continued)***

(e) *Financial assets (continued)*

Impairment of financial assets (continued)

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other income in the consolidated statement of comprehensive income.

(f) *Financial liabilities*

Financial liabilities are classified, at initial recognition, as financial liabilities at loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include other payables and accruals, amounts due to a related party and a related company, and interest-bearing bank borrowings.

After initial recognition, interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of comprehensive income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

3. ***Significant accounting policies (continued)***

(g) *Leased assets*

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the consolidated statement of comprehensive income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the consolidated statement of comprehensive income as an integral part of the aggregate net lease payments made. Contingent rentals, if any, are charged to the consolidated statement of comprehensive income in the accounting period in which they are incurred.

(h) *Provisions and contingent liabilities*

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of comprehensive income.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. *Significant accounting policies (continued)*

(i) Foreign currency translation

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of comprehensive income with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Bankruptcy Administration Service

Revenue from payment collection and assets realisation services represents service fee charged by the Group to the creditors of the bankrupts on the monetary value of the payments paid to their bankruptcy estate bank accounts at an agreed rate. Revenue is recognised when the above transactions take place.

Revenue from dividend distribution services represents service fee charged by the Group to the creditors of the bankrupts on the monetary value of the dividend distributed to the creditors of the bankrupts at an agreed rate. Revenue from provision of dividend distribution services are recognised when the above transactions take place.

Upon the discharge of a bankrupt, in the event that the total aggregate revenue from payment collection and assets realisation 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. The minimum fee is recognised when the bankrupt was discharged.

(ii) IVA Service

Revenue from sharing of service fee from the IVA nominees is recognised when the debtors deposit their IVA contributions into bank accounts designated by the nominee to the debtors.

Revenue from rendering of IVA proposal consultancy services is recognised when the services are rendered.

Notes to the Consolidated Financial Statements (Continued)

For the years ended 31 March 2015, 2016 and 2017

3. Significant accounting policies (continued)

(k) Borrowing costs

Borrowing costs are charged to the consolidated statement of comprehensive income in the period in which they are incurred.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

(m) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Retirement benefit plans

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.

3. Significant accounting policies (continued)

(n) Income tax

Income tax represents the sum of current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:-

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. ***Significant accounting policies (continued)***

(n) *Income tax (continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(o) *Related parties*

(I) A person, or a close member of that person's family, is related to the Group if that person:-

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of key management personnel of the Group or the Group's parent;

or

(II) An entity is related to the Group if any of the following conditions applies:-

(i) the entity and the Group are members of the same group;
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) the entity and the Group are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
(vi) the entity is controlled or jointly controlled by a person identified in (I);
(vii) a person identified in (I)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the Consolidated Financial Statements (Continued)

For the years ended 31 March 2015, 2016 and 2017

4. *Revenue*

The Group is principally engaged in the business of provision of debt management services which comprise of bankruptcy administration services and IVA services. An analysis of the Group's revenue for the years is as follows:

	2017 HK$	**2016 HK$**	**2015 HK$**	2014 HK$ (unaudited)
Provision of bankruptcy administration services	**19,474,908**	**18,189,077**	**15,720,090**	18,639,279
Provision of IVA services	**1,477,875**	**2,100,795**	**2,702,725**	3,624,815
	20,952,783	**20,289,872**	**18,422,815**	22,264,094

5. *Other income*

	2017 HK$	**2016 HK$**	**2015 HK$**	2014 HK$ (unaudited)
Administrative charges	**590,374**	**449,252**	**316,885**	482,438
Others	**1**	**113**	**26,099**	-
	590,375	**449,365**	**342,984**	482,438

6. *Profit before taxation*

Profit before taxation is stated after charging the following:

	2017 HK$	**2016 HK$**	**2015 HK$**	2014 HK$ (unaudited)
Depreciation on property, plant and equipment	**39,222**	**13,015**	**37,510**	35,532
Employee benefits expenses:				
Salaries, wages and other benefits	**5,923,603**	**4,289,299**	**3,959,969**	3,927,885
Contributions to defined contribution retirement plans	**259,586**	**208,601**	**180,184**	173,791
	6,183,189	**4,497,900**	**4,140,153**	4,101,676

Notes to the Consolidated Financial Statements (Continued)
For the years ended 31 March 2015, 2016 and 2017

6. *Profit before taxation (continued)*

Profit before taxation is stated after charging the following: (continued)

	2017 HK$	2016 HK$	2015 HK$	2014 HK$ (unaudited)
Interests on interest-bearing bank borrowings	-	61,874	45,414	27,622
Minimum lease payments under operating leases on office premises	1,104,000	1,068,000	960,000	902,000

7. *Income tax expense*

	2017 HK$	2016 HK$	2015 HK$	2014 HK$ (unaudited)
Current tax				
- Hong Kong Profits Tax	1,896,390	2,002,422	1,966,880	2,476,015

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 British Virgin Islands, the Group is not subject to any income tax under this jurisdiction during the years.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit derived in Hong Kong for the years.

Reconciliation between income tax expense and accounting profit before taxation at the applicable tax rate:

	2017 HK$	2016 HK$	2015 HK$	2014 HK$ (unaudited)
Profit before taxation	11,659,966	26,771,226	11,963,284	15,604,468
Tax at the applicable tax rate at 16.5%	1,923,894	4,417,252	1,973,942	2,574,737
Tax effect on non-deductible expenses	16,804	21,476	31,354	5,369
Tax effect on non-taxable income	-	(2,376,017)	(16)	(6)
Tax effect on temporary difference not recognised	(4,308)	(20,289)	1,600	(84,085)
Special tax reduction	(40,000)	(40,000)	(40,000)	(20,000)
Income tax expense	1,896,390	2,002,422	1,966,880	2,476,015

7. *Income tax expense (continued)*

There were no material unrecognised deferred tax assets and liabilities as at 31 March 2014, 2015, 2016 and 2017.

8. *Dividends*

	2017 HK$	2016 HK$	2015 HK$	2014 HK$ (unaudited)
Interim dividends	**8,700,000**	**25,139,991**	**10,100,000**	9,800,000

The dividends during the years ended 31 March 2014, 2015, 2016 and 2017 represented dividends declared by the companies now comprising the Group to the equity holders of the companies, after elimination of intra-group dividends. The rate of dividends and the number of shares ranking for dividend are not presented as such information is not meaningful having regard to the purpose of these consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the years ended 31 March 2015, 2016 and 2017

9. *Property, plant and equipment*

	Furniture, fixtures and equipment HK$	Leasehold Improvement HK$	Total HK$
Cost			
At 1 April 2013 (unaudited)	923,409	636,480	1,559,889
Written off (unaudited)	(17,460)	(636,480)	(653,940)
At 31 March 2014 and 1 April 2014 (unaudited)	905,949	-	905,949
Additions	19,420	-	19,420
At 31 March 2015 and 1 April 2015	925,369	-	925,369
Additions	137,220	-	137,220
Written off	(153,876)	-	(153,876)
At 31 March 2016 and 1 April 2016	908,713	-	908,713
Additions	61,195	-	61,195
At 31 March 2017	969,908	-	969,908
Accumulated depreciation			
At 1 April 2013 (unaudited)	(853,494)	(636,480)	(1,489,974)
Charge for the year (unaudited)	(35,532)	-	(35,532)
Written off (unaudited)	17,460	636,480	653,940
At 31 March 2014 and 1 April 2014 (unaudited)	(871,566)	-	(871,566)
Charge for the year	(37,510)	-	(37,510)
At 31 March 2015 and 1 April 2015	(909,076)	-	(909,076)
Charge for the year	(13,015)	-	(13,015)
Written off	153,876	-	153,876
At 31 March 2016 and 1 April 2016	(768,215)	-	(768,215)
Charge for the year	(39,222)	-	(39,222)
At 31 March 2017	(807,437)	-	(807,437)
Net carrying amounts			
At 31 March 2017	**162,471**	-	**162,471**
At 31 March 2016	**140,498**	-	**140,498**
At 31 March 2015	**16,293**	-	**16,293**
At 31 March 2014 (unaudited)	34,383	-	34,383

Notes to the Consolidated Financial Statements (Continued)

For the years ended 31 March 2015, 2016 and 2017

10. Interests in subsidiaries

As at 31 March 2014, 2015, 2016 and 2017, the Company had direct interests in the following subsidiaries, all of which are private limited liability companies. The particulars of the subsidiaries are set out below:

Name of subsidiaries	Place and date of incorporation	Nominal value of issued share capital				Percentage of equity attributable held by the Group				Principal activities and place of operation
		2017	**2016**	**2015**	2014 (unaudited)	**2017**	**2016**	**2015**	2014 (unaudited)	
HKDMS	Hong Kong, 28 April 2003	**HK$100**	**HK$100**	**HK$20**	HK$3	**100%**	**100%**	**100%**	100%	Provision of bankruptcy administration services
HKIVA	The BVI, 23 August 2002	**US$1**	**US$1**	**US$1**	US$1	**100%**	**100%**	**100%**	100%	Provision of IVA services

Pursuant to the Share Transfer Agreement entered between the Company and Mr. Chen Guorong, Mr. Chan Wing Keung Terence and Ms. Pang Wai Yu Michelle respectively dated on 14 May 2015, the Company disposed of an aggregate of 9% equity interest in HKDMS to Mr. Chen Guorong, Mr. Chan Wing Keung Terence and Ms. Pang Wai Yu Michelle on 14 May 2015, with an aggregate consideration of HK$14,400,000. Gain on change in shareholding of HKDMS of HK$14,399,991 was recognised in the consolidated statements of comprehensive income during the year ended 31 March 2016. The aggregate consideration was received by Mr. Wong Ka Sek on behalf of the Company.

11. Account receivables

	2017 HK$	**2016 HK$**	**2015 HK$**	2014 HK$ (unaudited)
Account receivables from				
- Creditors of bankrupts	**1,024,447**	**1,664,719**	**938,774**	829,016
- Nominees of I.V.A. services	**15,775**	**30,450**	**54,025**	-
	1,040,222	**1,695,169**	**992,799**	829,016

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

Account receivables from creditors of bankrupts are generally deducted from the estate bank accounts in the name of bankrupts and paid when instructed by the bankruptcy trustees, Mr. Wong Ka Sek and Mr. Wong Ka Lam King, who are also the directors of HKDMS. 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 believe that no provision for impairment is necessary as at 31 March 2014, 2015, 2016 and 2017 as there has not been a significant change in credit quality and the balances are considered fully recoverable. The Group does not hold any collateral over these balances.

11. *Account receivables (continued)*

Account receivables from nominees of I.V.A. 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 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.

Further details on the Group's credit policy are set out in Note 21(b)(i).

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

12. *Prepayments, deposits and other receivables*

	2017 HK$	**2016 HK$**	**2015 HK$**	2014 HK$ (unaudited)
Prepayments	**11,501**	**297,759**	**13,755**	13,529
Deposits	**197,000**	**197,000**	**192,400**	192,400
Other receivables	**441,712**	**430,705**	**359,390**	297,553
	650,213	**925,464**	**565,545**	503,482

All of the prepayments, deposits and other receivables are expected to be recovered or recognised as expense within one year.

13. *Amounts due from/(to) the controlling shareholder/a shareholder/a related party/a related company*

The amounts due from/(to) the controlling shareholder/a shareholder/a related party/a related company are unsecured, interest-free and repayable on demand.

The controlling shareholder represents Mr. Wong Ka Sek who is the sole shareholder of Beta Field, the immediate and ultimate holding company. The related party represents Ms. Chan Chuen Lan who is the spouse of Mr. Wong Ka Sek.

The shareholder represents Mr. Wong Ka Lam King who has 5% equity interest in HKDMS as at 31 March 2015 and 2016.

The related company represents Jimmie K S Wong & Partners, a partnership of which Mr. Wong Ka Sek, the controlling shareholder of the Group, who is also the beneficiary owner as at 31 March 2014 and 2015. On 14 May 2015, Mr. Wong Ka Sek retired from Jimmie K S Wong & Partners and Jimmie K S Wong & Partners ceased to be a related party of the Group thereafter.

Notes to the Consolidated Financial Statements (Continued)

For the years ended 31 March 2015, 2016 and 2017

14. *Accruals, other payables and receipts in advance*

	2017 HK$	2016 HK$	2015 HK$	2014 HK$ (unaudited)
Accruals	182,344	102,071	35,620	59,679
Other payables (Note)	-	10,000,000	-	-
Receipts in advance	48,281	43,092	-	-
	230,625	10,145,163	35,620	59,679

Note: As at 31 March 2016, HK$7,000,000 and HK$3,000,000 were advanced from two independent individuals. The payables were unsecured, interest-free and fully repaid during the year ended 31 March 2017.

15. *Interest-bearing bank borrowings*

The analysis of the carrying amounts of unsecured bank loans is as follows:

	2017 HK$	2016 HK$	2015 HK$	2014 HK$ (unaudited)
Unsecured bank loans due for repayment within one year	-	-	3,517,900	332,251

The unsecured bank loans bear interest rates per annum as follows:

	2017	2016	2015	2014 (unaudited)
Unsecured term loans	-	-	2.5% to 4.75%	2.5% to 4.75%

As at 31 March 2014 and 2015, the unsecured bank loans were guaranteed by the followings:

(i) As at 31 March 2014 and 2015, bank loans amounting to HK$316,628 and HK$15,972 were guaranteed by Mr. Wong Ka Sek, the controlling shareholder of the Group.

(ii) As at 31 March 2014, bank loan amounting to HK$15,623 was jointly guaranteed by Mr. Wong Ka Sek, the controlling shareholder of the Group and a related company, Jimmie K S Wong & Partners.

(iii) As at 31 March 2015, bank loan amounting to HK$3,501,928 was jointly guaranteed by Mr. Wong Ka Sek and Ms. Chan Chuen Lan, the controlling shareholder of the Group and his spouse.

Notes to the Consolidated Financial Statements (Continued)

For the years ended 31 March 2015, 2016 and 2017

16. Share capital

	Number of shares	Nominal value HK$
Ordinary shares of US$1.00 each		
Authorised:		
As at 1 April 2013 (unaudited), 31 March 2014 (unaudited), 31 March 2015, 2016 and 2017	50,000	390,000
Issued and fully paid:		
As at 1 April 2013 (unaudited), 31 March 2014 (unaudited), 31 March 2015 and 2016	1	8
Allotment of share (Note)	9,999	77,992
As at 31 March 2017	10,000	78,000

Note: On 10 January 2017, the Remaining Shareholders transferred the respective entire equity interests in HKDMS to the Company in consideration of the Company allotting and issuing in aggregate 1,400 shares to them, respectively, credited as fully paid. On the same day, 8,599 ordinary shares of the Company were allotted and issued to Beta Field.

17. Reserves

Details of the movements on the Group's reserves are as set out in the consolidated statements of changes in equity.

Merger reserve

The merger reserve represents (i) the difference between the nominal value of share capital of the Company held by the Remaining Shareholders and the nominal value of share capital of HKDMS held by the Remaining Shareholders upon completion of the Reorganisation; and (ii) the nominal value of share capital held by the Remaining Shareholders prior to the Reorganisation.

18. Significant assets not dealt with in the consolidated financial statements

(a) Estate bank accounts in the name of bankrupts

Mr. Wong Ka Sek and Mr. Wong Ka Lam King, who are also the directors of HKDMS, acting as the bankruptcy joint trustees (the "Trustees") to manage the funds deposited by the bankrupts and the funds from realisation of the bankrupts' estates. The Trustees maintain segregated accounts with authorised institutions for these purposes. These segregated bank accounts can be operated by the Trustees only. These bank balances arising thereon are not dealt with in the consolidated financial statements, as they are not assets of the Group. As at 31 March 2014, 2015, 2016 and 2017, total balances of these segregated bank accounts amounting to HK$50,596,810, HK$57,732,411, HK$67,595,898 and HK$73,217,297 respectively.

18. Significant assets not dealt with in the consolidated financial statements (continued)

(b) Properties vested from the estates of bankrupts

The Trustees hold the properties vested from the bankrupts' estates. These properties arising thereon are not dealt with in the consolidated financial statements, as they are not assets of the Group. As at 31 March 2014, 2015, 2016 and 2017, they held 661 units, 658 units, 673 units and 709 units of properties in Hong Kong respectively. For the years ended 31 March 2014, 2015, 2016 and 2017, revenue earned by the Group in respect of the realisation of these properties amounting to HK$524,665, HK$1,646,877, HK$1,661,540 and HK$542,108 respectively.

(c) Security provided by the Trustees to Official Receiver

Pursuant to section 23 of the Bankruptcy Ordinance, the Trustees had jointly and severally act as the bankruptcy trustees provided that they have maintained a time deposit of HK$1,000,000 as general security to the Official Receiver of the Official Receiver's Office of the Hong Kong Government. As at 31 March 2014, 2015, 2016 and 2017, the balances of time deposit pledged as security for the above purpose were HK$1,042,026, HK$1,042,124, HK$1,042,231 and HK$1,042,337 respectively. These assets arising thereon are not dealt with in the consolidated financial statements, as they are not assets of the Group.

19. Operating leases commitments

As at 31 March 2014, 2015, 2016 and 2017, the Group had minimum outstanding commitments under non-cancellable operating leases in respect of office premises which fall due as follows:

	2017 HK$	**2016 HK$**	**2015 HK$**	2014 HK$ (unaudited)
Within one year	**276,000**	**1,104,000**	**240,000**	960,000
In the second to fifth year, inclusive	**-**	**276,000**	**-**	240,000
	276,000	**1,380,000**	**240,000**	1,200,000

The Group leases a property under a non-cancellable operating lease arrangement with lease term of two years, without option to renew the lease term at the expiry date. None of the lease includes contingent rentals.

20. *Related party transactions*

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the years:

(a) Related party transactions

	2017 HK$	2016 HK$	2015 HK$	2014 HK$ (unaudited)
Legal and professional fee paid to a related company	-	9,000	-	-

(b) Financial guarantees provided by the related parties

The details of guarantees provided by the related parties are set out in Note 15.

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's sole director, is disclosed as follows:

	2017 HK$	2016 HK$	2015 HK$	2014 HK$ (unaudited)
Salaries, wages and other benefits	660,000	398,488	362,672	417,871
Contributions to defined contribution retirement plans	29,500	18,167	15,000	15,000
	689,500	416,655	377,672	432,871

Notes to the Consolidated Financial Statements (Continued)

For the years ended 31 March 2015, 2016 and 2017

21. *Financial risk management and capital disclosures*

(a) Financial instruments by categories

	2017 HK$	2016 HK$	2015 HK$	2014 HK$ (unaudited)
Financial assets				
Loans and receivables, measured at amortised cost:				
- Account receivables	1,040,222	1,695,169	992,799	829,016
- Deposit and other receivables	638,712	627,705	551,790	489,953
- Amount due from the controlling shareholder	1,540,217	4,417,799	5,005,999	4,839,209
- Amount due from a shareholder	-	5	1	-
- Cash and cash equivalents	1,270,108	6,623,033	600,354	242,799
	4,489,259	13,363,711	7,150,943	6,400,977
Financial liabilities				
Financial liabilities, measured at amortised cost:				
- Accruals and other payables	182,344	10,102,071	35,620	59,679
- Amount due to a related party	-	79,046	179,178	64,274
- Amount due to a related company	-	-	25,660	15,450
- Interest-bearing bank borrowings	-	-	3,517,900	332,251
	182,344	10,181,117	3,758,358	471,654

(b) Financial risk managements and policies

The Group has exposure to the credit risk, liquidity risk and interest rate 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.

Notes to the Consolidated Financial Statements (Continued)

For the years ended 31 March 2015, 2016 and 2017

21. Financial risk management and capital disclosures (continued)

(b) Financial risk managements and policies (continued)

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

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

With respect to credit risk arising from amounts due from the controlling shareholder and a shareholder, the Group's exposure to credit risk arising from default of the counterparties is limited as the counterparties have good history of repayment and the Group does not expect to incur a significant loss for uncollected amounts due from the controlling shareholder and a shareholder.

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 and bank borrowings as significant sources of liquidity.

The following table set out the Group's remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

21. *Financial risk management and capital disclosures (continued)*

(b) Financial risk managements and policies (continued)

(ii) Liquidity risk (continued)

Specifically, for interest-bearing bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

	Less than 1 year or on demand HK$	**Total undiscounted cash flows HK$**	**Carrying amount HK$**
At 31 March 2014 (unaudited)			
Accruals and other payables	59,679	59,679	59,679
Amount due to a related party	64,274	64,274	64,274
Amount due to a related company	15,450	15,450	15,450
Interest-bearing bank borrowings	332,251	332,251	332,251
	471,654	471,654	471,654
At 31 March 2015			
Accruals and other payables	35,620	35,620	35,620
Amount due to a related party	179,178	179,178	179,178
Amount due to a related company	25,660	25,660	25,660
Interest-bearing bank borrowings	3,517,900	3,517,900	3,517,900
	3,758,358	**3,758,358**	**3,758,358**
At 31 March 2016			
Accruals and other payables	10,102,071	10,102,071	10,102,071
Amount due to a related party	79,046	79,046	79,046
	10,181,117	**10,181,117**	**10,181,117**
At 31 March 2017			
Accruals and other payables	**182,344**	**182,344**	**182,344**

21. *Financial risk management and capital disclosures (continued)*

(b) Financial risk managements and policies (continued)

(ii) Liquidity risk (continued)

The following table that follows summarises the maturity analysis of interest-bearing bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "less than 1 year or on demand" time band in the maturity analysis. Taking into account the Group's financial position, the management do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The management believe that such interest-bearing bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Less than 1 year or on demand HK$	**Total undiscounted cash flows HK$**	**Carrying amount HK$**
At 31 March 2014 (unaudited)			
Interest-bearing bank borrowings	343,237	343,237	332,251
At 31 March 2015			
Interest-bearing bank borrowings	3,579,687	3,579,687	3,517,900

(iii) Interest rate risk

The Group manages its interest rate exposure based on interest rate level and outlook as well as the potential impact on the Group's financial position arising from volatility. The Group currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The management monitor the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arises.

The Group is exposed to interest rate risk through the impact of rates changes on interest-bearing borrowing, predominantly with variable interest rate.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank loans.

As the Group does not have significant exposure to interest rate risk, the Group's income and operating cash flows are substantially independent of changes in interest rates.

21. *Financial risk management and capital disclosures (continued)*

(c) Capital management

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

The Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including unsecured bank loans and amounts due to a related party and a related company (as detailed in notes 13 and 15 respectively) 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.

As at 31 December 2016 and 2017, cash and cash equivalents exceeds total borrowings. Net gearing ratio as at 31 December 2016 and 2017 is not presented as such information is not meaningful. The net gearing ratio of the Group as at 31 March 2014 and 2015 are as follows:

	2015 **HK$**	2014 HK$ (unaudited)
Total borrowings	**3,722,738**	411,975
Less: Cash and cash equivalents	**(600,354)**	(242,799)
Net debt	**3,122,384**	169,176
Total equity	**7,075,772**	4,226,168
Net gearing ratio	**0.44**	0.04

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(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 31 March 2014, 2015, 2016 and 2017.

22. *Major non-cash transactions*

In respect of the years ended 31 March 2014, 2015, 2016 and 2017, the interim dividends in the amount of HK$9,800,000, HK$10,100,000, HK$10,740,000 and HK$8,700,000 respectively were settled by crediting the amount due from the controlling shareholder, Mr. Wong Ka Sek and the amount due to a related party.

23. *New and revised IFRSs not yet adopted*

At the date of this report, certain new and amended IFRSs have been issued but are not yet effective, and have not been applied early by the Group.

		Effective for annual reporting periods beginning on or after
IFRS 10 and IAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
IAS 7 Amendments	Disclosure Initiative	1 January 2017
IAS 12 Amendments	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRSs Amendments	Annual Improvements to IFRSs 2014 – 2016 Cycle	1 January 2017 or 1 January 2018 (as appropriate)
IAS 40 Amendments	Transfers of Investment Property	1 January 2018
IFRS 2 Amendments	Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 4 Amendments	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contacts	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

* On 17 December 2015, the IASB issued "Effective Date of Amendments to IFRS 10 and IAS 28". This update defers the effective date of the amendments in "Sale or Contribution of Assets between an Investor or its Associate or Joint Venture" that the IASB issued in September 2014. Early application of these amendments continues to be permitted.

The Group has already commenced an assessment of the related impact of adopting the above new and revised IFRSs. So far, it has concluded that the above new and revised IFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group except for the following:

23. ***New and revised IFRSs not yet adopted (continued)***

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, IFRS 15 introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The amendments to IFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; license of intellectual property; and transition requirements.

The Group is still in the process of assessing the impact of IFRS 15. The management of the Company believe that it is impractical to disclose the impact in these financial statements until the Group has competed the assessment.

IFRS 16 "Leases"

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. The new standard maintains substantially the lessor accounting requirements in the current standard.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of IAS 16 "Property, Plant and Equipment", while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

Notes to the Consolidated Financial Statements (Continued)
For the years ended 31 March 2015, 2016 and 2017

23. New and revised IFRSs not yet adopted (continued)

IFRS 16 "Leases" (continued)

The total operating lease commitments of the Group in respect of leased premises as at each of the reporting dates are set out in Note 19, the management of the Group expects that the adoption of IFRS 16 is unlikely to result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

24. Approval of the consolidated financial statements

These consolidated financial statements were approved and authorised for issue by the sole director on 6 NOV 2017 .

HONG KONG DEBT MANAGEMENT LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2017

Contents

Corporate Data

Sole director	Beta Field (China) Financial Information Services Limited (appointed on 11 August 2014 and resigned on 24 October 2017) Credit Intelligence Holding Limited (appointed on 24 October 2017)
Secretary	JW Secretarial Services Limited
Registered office	Vistra Corporate Services Centre Wickhams Cay II, Road Town Tortola, VG1110 British Virgin Islands
Principal place of business	4/F., Double Building 22 Stanley Street Central Hong Kong
Independent auditor	Moore Stephens CPA Limited 801-806 Silvercord, Tower 1 30 Canton Road Tsimshatsui, Kowloon Hong Kong

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大華馬施雲會計師事務所有限公司

Independent Auditor's Report to the Sole Director of Hong Kong Debt Management Limited (Incorporated in the British Virgin Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Hong Kong Debt Management Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 6 to 31, which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended 30 June 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2017 and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the International Ethics Standards Board for Accountants ("IESBA"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The comparative consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the relevant explanatory notes for the three months ended 30 June 2016 disclosed in this consolidated financial statements have not been audited in accordance with ISAs.

Independent Auditor's Report to the Sole Director of Hong Kong Debt Management Limited (Incorporated in the British Virgin Islands with limited liability) (Continued)

Responsibilities of the Sole Director for the Consolidated Financial Statements

The sole director is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and for such internal control as the sole director determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the sole director is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the sole director either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The sole director is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the sole director.

Independent Auditor's Report to the Sole Director of Hong Kong Debt Management Limited (Incorporated in the British Virgin Islands with limited liability) (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of the sole director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the sole director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Moore Stephens CPA Limited

Moore Stephens CPA Limited
Certified Public Accountants

Li Wing Yin
Practising Certificate Number: P05035

Hong Kong, 6 NOV 2017

Consolidated Statement of Comprehensive Income

For the three months ended 30 June 2017

	Notes	Three months ended 30 June **2017** **HK$**	 2016 HK$ (unaudited)
Revenue	4	**5,851,603**	5,005,972
Other income	5	**138,333**	181,208
Employee benefits expenses		**(1,548,850)**	(1,552,556)
Minimum lease payments under operating leases		**(276,000)**	(276,000)
Other operating expenses		**(590,684)**	(606,171)
Profit before taxation	6	**3,574,402**	2,752,453
Income tax expense	7	**(590,664)**	(454,155)
Profit and total comprehensive income for the period		**2,983,738**	2,298,298

Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	**30 June 2017 HK$**	31 March 2017 HK$
ASSETS AND LIABILITIES			
Non-current asset			
Property, plant and equipment	9	**187,963**	162,471
Current assets			
Account receivables	11	**1,148,443**	1,040,222
Prepayments, deposits and other receivables	12	**674,679**	650,213
Amount due from the controlling shareholder	13	**4,114,863**	1,540,217
Amount due from a related party	13	**225,739**	-
Tax recoverable		**-**	280,256
Cash and cash equivalents		**2,098,138**	1,270,108
		8,261,862	4,781,016
Current liabilities			
Accruals and receipts in advance	14	**206,900**	230,625
Tax payable		**546,325**	-
		753,225	230,625
Net current assets		**7,508,637**	4,550,391
Net assets		**7,696,600**	4,712,862
CAPITAL AND RESERVES			
Share capital	15	**78,000**	78,000
Reserves	16	**7,618,600**	4,634,862
Total equity		**7,696,600**	4,712,862

Credit Intelligence Holding Limited
Sole Director

Consolidated Statement of Changes in Equity
For the three months ended 30 June 2017

	Share capital HK$	Merger Reserve* HK$ (Note 16)	Retained Earnings* HK$	Total equity HK$
At 1 April 2016	8	14	3,582,192	3,582,214
Profit and total comprehensive income for the period (unaudited)	-	-	2,298,298	2,298,298
At 30 June 2016 (unaudited)	8	14	5,880,490	5,880,512
At 1 April 2017	78,000	(10,906)	4,645,768	4,712,862
Profit and total comprehensive income for the period	-	-	2,983,738	2,983,738
At 30 June 2017	**78,000**	**(10,906)**	**7,629,506**	**7,696,600**

* The total of these balances represent "Reserves" in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the three months ended 30 June 2017

	Note	Three months ended 30 June 2017 HK$	2016 HK$ (unaudited)
Cash flows from operating activities			
Profit before taxation		**3,574,402**	2,752,453
Adjustment for:			
Depreciation on property, plant and equipment	6	**11,508**	9,243
Operating profit before working capital changes		**3,585,910**	2,761,696
(Increase)/decrease in account receivables		**(108,221)**	660,908
(Increase)/decrease in prepayments, deposits and other receivables		**(24,466)**	301,629
(Decrease)/increase in accruals and receipts in advance		**(23,725)**	90,130
Cash generated from operations		**3,429,498**	3,814,363
Income tax refunded		**235,917**	-
Net cash generated from operating activities		**3,665,415**	3,814,363
Cash flows from investing activities			
Advanced to the controlling shareholder		**(2,574,646)**	(4,649,069)
Repayment from a shareholder		**-**	5
Purchase of property, plant and equipment		**(37,000)**	(31,122)
Net cash used in investing activities		**(2,611,646)**	(4,680,186)
Cash flows from financing activity			
Repayment to a related party		**(225,739)**	(79,046)
Net cash used in financing activity		**(225,739)**	(79,046)
Net increase/(decrease) in cash and cash equivalents		**828,030**	(944,869)
Cash and cash equivalents at the beginning of the period		**1,270,108**	6,623,033
Cash and cash equivalents at the end of the period		**2,098,138**	5,678,164

Notes to the Consolidated Financial Statements
For the three months ended 30 June 2017

1. *General*

Hong Kong Debt Management Limited (the "Company") was incorporated in the British Virgin Islands on 6 March 2003 as an exempted company with limited liability under the Companies Law of the British Virgin Islands. The address of its registered office was P.O. Box 957, Offshore Incorporations Centre, Road Town, the British Virgin Islands. The Company has established a principal place of business in Hong Kong at 4/F., Double Building, 22 Stanley Street, Central, Hong Kong.

The Company is an investment holding company. During the three months ended 30 June 2017, the Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the business of provision of debt management services which comprise of bankruptcy administration services and individual voluntary arrangement ("IVA") services.

In the opinion of the sole director of the Company, during the three months ended 30 June 2016 and 2017, the Company's immediate holding company and ultimate holding company is Beta Field (China) Financial Information Services Limited ("Beta Field"), a company incorporated in the British Virgin Islands. On 24 October 2017, Beta Field disposed its entire equity interest in the Company to Credit Intelligence Holding Limited ("CIH"), a company incorporated in the Cayman Islands and also wholly owned by Beta Field. Immediate after this transaction, the Company's immediate holding company is changed to CIH while ultimate holding company is still Beta Field. Mr. Wong Ka Sek, being the sole shareholder of Beta Field, is the controlling shareholder of the Group.

2. *Group reorganisation and basis of preparation and presentation*

(a) *Group reorganisation*

The Group underwent a reorganisation (the "Reorganisation") to rationalise the Group's structure. The Reorganisation involved the followings:

(i) Subscription of share in the Company by Beta Field and Mr. Wong Ka Sek

Before the Reorganisation, Mr. Wong Ka Sek was the sole shareholder of the Company.

Pursuant to the written resolution of the sole director of the Company dated on 11 August 2014, Mr. Wong Ka Sek transferred the one subscriber share of the Company to Beta Field on 11 August 2014, with a consideration of United States dollar ("US$") 1, with reference to the share capital of the Company. As a result, the Company became a wholly-owned subsidiary of Beta Field.

(ii) Subscription of share in Hong Kong I.V.A. Consultants Limited ("HKIVA") by the Company

On 11 August 2014, the Company acquired entire equity interest in HKIVA from Mr. Wong Ka Sek with a consideration of US$1, with reference to the share capital of HKIVA.

(iii) Deemed acquisition of equity interest in Hong Kong Debt Management Services Limited ("HKDMS") by the Company

Before 25 April 2014, the Company and Mr. Wong Ka Sek have 67% and 33% equity interest in HKDMS respectively.

2. ***Group reorganisation and basis of preparation and presentation (continued)***

(a) *Group reorganization (continued)*

(iv) Transfer of equity interest in HKDMS from Mr. Wong Ka Sek to the Company

On 11 August 2014, Mr. Wong Ka Sek transferred seven ordinary shares of HKDMS, represented his entire interest in HKDMS, to the Company with a consideration of HK$7, with reference to the share capital of HKDMS.

(v) Disposal of shares in HKDMS to Mr. Chen Guorong, Mr. Chan Wing Keung Terence and Ms. Pang Wai Yu Michelle (including Mr. Wong Ka Lam King, referred to as the "Remaining Shareholders").

Pursuant to the Share Transfer Agreement entered between the Company and Mr. Chen Guorong, Mr. Chan Wing Keung Terence and Ms. Pang Wai Yu Michelle respectively dated on 14 May 2015, the Company disposed of an aggregate of 9% equity interest in HKDMS to Mr. Chen Guorong, Mr. Chan Wing Keung Terence and Ms. Pang Wai Yu Michelle on 14 May 2015, with an aggregate consideration of HK$14,400,000.

(vi) Exchange the ordinary shares of HKDMS held by the Remaining Shareholders to the ordinary shares of the Company

Pursuant to the Share Swap Agreement entered between the ultimate controlling shareholders and the Remaining Shareholders dated on 10 January 2017, the Remaining Shareholders transferred the respective entire equity interests in HKDMS to the Company in consideration of the Company allotting and issuing in aggregate of 1,400 shares to them, respectively, credited as fully paid, on 10 January 2017.

Pursuant to the written resolution of the sole director of the Company dated on 10 January 2017, on the same day, 8,599 ordinary shares of the Company were allotted and issued to Beta Field. Immediate after the Reorganisation, HKDMS became a wholly owned subsidiary of the Company, while Beta Field and the Remaining Shareholders have 86% and 14% equity interest in the Company respectively.

(b) *Basis of preparation and presentation*

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International financial reporting standards, International Accounting standards ("IASs") and related Interpretations, promulgated by the International Accounting standards Board ("IASB").

Pursuant to the Reorganisation, HKDMS and HKIVA are wholly owned by the Company. Accordingly, the consolidated financial statements have been prepared using the principles of merger accounting as if the Reorganisation had occurred as of the beginning of the earliest period presented and the current group structure had always been in existence.

The assets and liabilities of the companies comprising the Group are consolidated using the existing book values. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the Reorganisation.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on consolidation. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

2. *Group reorganisation and basis of preparation and presentation (continued)*

(b) *Basis of preparation and presentation (continued)*

The consolidated financial statements have been prepared on historical cost basis. The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is also the functional currency of the Company.

The significant accounting policies and methods of computation used by the Group in the preparation of the consolidated financial statements for the three months ended 30 June 2017 are consistent with those adopted in the consolidated financial statements for the year ended 31 March 2017, except for the adoption of the new and revised IFRSs as explained in (c) below.

(c) Adoption of new and revised Hong Kong Financial Reporting Standards

In the preparation of the financial statements for the three months ended 30 June 2017, the Group has applied, for the first time, the following new and revised standards issued by the IASB.

IAS 7 Amendments	Disclosure Initiative
IAS 12 Amendments	Recognition of Deferred Tax Assets for Unrealised Losses
IFRSs Amendments	Annual Improvements to IFRSs 2014 – 2016 Cycle

The adoption of the above new and revised standards has had no significant effect on these consolidated financial statements.

3. *Significant accounting policies*

(a) *Significant judgements and estimates*

In the application of the Company's accounting policies, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The management have considered the development, selection and disclosure of the Group's critical accounting judgements and estimates.

(i) Current taxation

Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Notes to the Consolidated Financial Statements (Continued)

For the three months ended 30 June 2017

3. *Significant accounting policies (continued)*

(a) *Significant judgements and estimates (continued)*

(ii) Estimated impairment of account receivables

The Group determines impairment losses for bad and doubtful debts resulting from the inability of the customers/debtors to make the required payments. A considerable amount of estimate and judgement is required in assessing the ultimate realisation of these receivables which is based on the ageing of the receivable balance, customer credit-worthiness, and historical write-off experience. If the financial conditions of customers/debtors deteriorate, additional allowance for bad and doubtful debts may be required. Further details are set out in Note 11.

(b) *Basis of consolidation*

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without loss of control, is accounted for an equity transaction.

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.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any investment retained and (ii) the previous carrying amounts of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The Group's share of components previously recognised in other comprehensive income is reclassified to income statement or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(c) *Property, plant and equipment*

Property, plant and equipment are stated at cost, less provisions for depreciation and impairment losses, if any.

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.

3. *Significant accounting policies (continued)*

(c) Property, plant and equipment (continued)

Furniture, fixtures and equipment is provided on the straight-line method, based on the estimated economic useful life of the individual assets, at 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.

(d) Impairment of non-financial assets

Where an indication of impairment exists, the recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of the value in use of the asset or cash-generating unit to which it belongs and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In 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. An impairment loss is charged to the consolidated statement of comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An impairment loss is charged to the consolidated statement of comprehensive income in the period in which it arises, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the consolidated statement of comprehensive income in the period in which it arises.

(e) Financial assets

The Group's financial assets are classified, at initial recognition, into loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition such assets are carried at amortised cost using the effective interest method, less any identified impairment losses.

Notes to the Consolidated Financial Statements (Continued)
For the three months ended 30 June 2017

3. Significant accounting policies (continued)

(e) Financial assets (continued)

All regular way purchases or sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the consolidated statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

3. Significant accounting policies (continued)

(e) Financial assets (continued)

Impairment of financial assets (continued)

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other income in the consolidated statement of comprehensive income.

(f) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include accruals.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of comprehensive income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

3. *Significant accounting policies (continued)*

(g) Leased assets (continued)

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the consolidated statement of comprehensive income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the consolidated statement of comprehensive income as an integral part of the aggregate net lease payments made. Contingent rentals, if any, are charged to the consolidated statement of comprehensive income in the accounting period in which they are incurred.

(h) Provisions and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of comprehensive income.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(i) Foreign currency translation

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of comprehensive income with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

3. *Significant accounting policies (continued)*

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Bankruptcy Administration Service

Revenue from payment collection and assets realisation services represents service fee charged by the Group to the creditors of the bankrupts on the monetary value of the payments paid to their bankruptcy estate bank accounts at an agreed rate. Revenue is recognised when the above transactions take place.

Revenue from dividend distribution services represents service fee charged by the Group to the creditors of the bankrupts on the monetary value of the dividend distributed to the creditors of the bankrupts at an agreed rate. Revenue from provision of dividend distribution services are recognised when the above transactions take place.

Upon the discharge of a bankrupt, in the event that the total aggregate revenue from payment collection and assets realisation 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. The minimum fee is recognised when the bankrupt was discharged.

(ii) IVA Service

Revenue from sharing of service fee from the IVA nominees is recognised when the debtors deposit their IVA contributions into bank accounts designated by the nominee to the debtors.

Revenue from rendering of IVA proposal consultancy services is recognised when the services are rendered.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

(l) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the period when the employees render the related service.

3. ***Significant accounting policies (continued)***

(l) *Employee benefits (continued)*

(ii) Retirement benefit plans

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.

(m) *Income tax*

Income tax represents the sum of current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:-

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

3. *Significant accounting policies (continued)*

(m) Income tax (continued)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(n) Related parties

(I) A person, or a close member of that person's family, is related to the Group if that person:-

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of key management personnel of the Group or the Group's parent;

or

(II) An entity is related to the Group if any of the following conditions applies:-

(i) the entity and the Group are members of the same group;
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) the entity and the Group are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
(vi) the entity is controlled or jointly controlled by a person identified in (I);
(vii) a person identified in (I)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the Consolidated Financial Statements (Continued)

For the three months ended 30 June 2017

4. *Revenue*

The Group is principally engaged in the business of provision of debt management services which comprise of bankruptcy administration services and IVA services. An analysis of the Group's revenue for the period is as follows:

	Three months ended 30 June	
	2017	2016
	HK$	HK$
		(unaudited)
Provision of bankruptcy administration services	**5,548,928**	4,631,747
Provision of IVA services	**302,675**	374,225
	5,851,603	5,005,972

5. *Other income*

	Three months ended 30 June	
	2017	2016
	HK$	HK$
		(unaudited)
Administrative charges	**138,333**	181,208

6. *Profit before taxation*

Profit before taxation is stated after charging the following:

	Three months ended 30 June	
	2017	2016
	HK$	HK$
		(unaudited)
Depreciation on property, plant and equipment	**11,508**	9,243
Employee benefits expenses:		
Salaries, wages and other benefits	**1,482,608**	1,488,438
Contributions to defined contribution retirement plans	**66,242**	64,118
	1,548,850	1,552,556
Minimum lease payments under operating leases on office premises	**276,000**	276,000

Notes to the Consolidated Financial Statements (Continued)

For the three months ended 30 June 2017

7. *Income tax expense*

	Three months ended 30 June	
	2017	2016
	HK$	HK$
		(unaudited)
Current tax		
- Hong Kong Profits Tax	**590,664**	454,155

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 British Virgin Islands, the Group is not subject to any income tax under this jurisdiction during the period (three months ended 30 June 2016: Nil).

Hong Kong Profits Tax is calculated at 16.5% (three months ended 30 June 2016: 16.5%) of the estimated assessable profit derived in Hong Kong for the three months ended 30 June 2017.

Reconciliation between income tax expense and accounting profit before taxation at the applicable tax rate:

	Three months ended 30 June	
	2017	2016
	HK$	HK$
		(unaudited)
Profit before taxation	**3,574,402**	2,752,453
Tax at the applicable tax rate at 16.5%	**589,776**	454,155
Tax effect on non-deductible expenses	**888**	-
Income tax expense	**590,664**	454,155

There were no material unrecognised deferred tax assets and liabilities as at 30 June 2017 (31 December 2016: Nil).

8. *Dividends*

The management of the Company do not recommend for payment of a dividend for the three months ended 30 June 2017 (three months ended 30 June 2016: Nil).

Notes to the Consolidated Financial Statements (Continued)
For the three months ended 30 June 2017

9. *Property, plant and equipment*

	Furniture, fixtures and equipment HK$
Cost	
At 1 April 2016	908,713
Additions (unaudited)	31,122
At 30 June 2016 (unaudited)	939,835
At 1 April 2017	969,908
Additions	37,000
At 30 June 2017	1,006,908
Accumulated depreciation	
At 1 April 2016	(768,215)
Charge for the period (unaudited)	(9,243)
At 30 June 2016 (unaudited)	(777,458)
At 1 April 2017	(807,437)
Charge for the period	(11,508)
At 30 June 2017	(818,945)
Net carrying amounts	
At 30 June 2017	**187,963**
At 31 March 2017	162,471

10. *Interests in subsidiaries*

As at 30 June 2017, the Company had direct interests in the following subsidiaries, all of which are private limited liability companies. The particulars of the subsidiaries are set out below:

Name of subsidiaries	Place and date of incorporation	Nominal value of issued share capital		Percentage of equity attributable held by the Group		Principal activities and place of operation
		30 June 2017	31 March 2017	**30 June 2017**	31 March 2017	
HKDMS	Hong Kong, 28 April 2003	**HK$100**	HK$100	**100%**	100%	Provision of bankruptcy administration services
HKIVA	The BVI, 23 August 2002	**US$1**	US$1	**100%**	100%	Provision of IVA services

Notes to the Consolidated Financial Statements (Continued)

For the three months ended 30 June 2017

11. Account receivables

	30 June 2017 HK$	31 March 2017 HK$
Account receivables from		
- Creditors of bankrupts	**1,148,443**	1,024,447
- Nominees of I.V.A. services	**-**	15,775
	1,148,443	1,040,222

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

Account receivables from creditors of bankrupts are generally deducted from the estate bank accounts in the name of bankrupts and paid when instructed by the bankruptcy trustees, Mr. Wong Ka Sek and Mr. Wong Ka Lam King, who are also the directors of HKDMS. 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 believe that no provision for impairment is necessary as at 30 June 2017 as there has not been a significant change in credit quality and the balances are still considered fully recoverable (31 March 2017: Nil). The Group does not hold any collateral over these balances.

Account receivables from nominees of I.V.A. 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 31 March 2017 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 31 March 2017.

Further details on the Group's credit policy are set out in Note 20(b)(i).

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

12. Prepayments, deposits and other receivables

	30 June 2017 HK$	31 March 2017 HK$
Prepayments	**20,659**	11,501
Deposits	**197,000**	197,000
Other receivables	**457,020**	441,712
	674,679	650,213

All of the prepayments, deposits and other receivables are expected to be recovered or recognised as expense within one year.

13. *Amounts due from the controlling shareholder/a related party*

The amounts due from the controlling shareholder/a related party are unsecured, interest-free and repayable on demand.

The controlling shareholder represents Mr. Wong Ka Sek who is the sole shareholder of Beta Field, the immediate and ultimate holding company. The related party represents Ms. Chan Chuen Lan who is the spouse of Mr. Wong Ka Sek.

14. *Accruals and receipts in advance*

	30 June 2017 HK$	31 March 2017 HK$
Accruals	**165,805**	182,344
Receipts in advance	**41,095**	48,281
	206,900	230,625

15. *Share capital*

	Number of shares	**Nominal value HK$**
Ordinary shares of US$1.00 each		
Authorised:		
At 31 March 2017 and 30 June 2017	50,000	390,000
Issued and fully paid:		
At 31 March 2017 and 30 June 2017	10,000	78,000

16. *Reserves*

Details of the movements on the Group's reserves are as set out in the consolidated statement of changes in equity.

Merger reserve

The merger reserve represents (i) the difference between the nominal value of share capital of the Company held by the Remaining Shareholders and the nominal value of share capital of HKDMS held by the Remaining Shareholders upon completion of the Reorganisation; and (ii) the nominal value of share capital held by the Remaining Shareholders prior to the Reorganisation.

17. Significant assets not dealt with in the consolidated financial statements

(a) Estate bank accounts in the name of bankrupts

Mr. Wong Ka Sek and Mr. Wong Ka Lam King, who are also the directors of HKDMS, acting as the bankruptcy joint trustees (the "Trustees") to manage the funds deposited by the bankrupts and the funds from realisation of the bankrupts' estates. The Trustees maintain segregated accounts with authorised institutions for these purposes. These segregated bank accounts can be operated by the Trustees only. These bank balances arising thereon are not dealt with in the consolidated financial statements, as they are not assets of the Group. As at 30 June 2017, total balances of these segregated bank accounts amounting to HK$77,428,692 (31 March 2017: HK$73,217,297).

(b) Properties vested from the estates of bankrupts

The Trustees hold the properties vested from the bankrupts' estates. These properties arising thereon are not dealt with in the consolidated financial statements, as they are not assets of the Group. As at 30 June 2017, they held 714 units (31 March 2017: 709 units) of properties in Hong Kong. For the three months ended 30 June 2017, no revenue earned by the Group in respect of the realisation of these properties (three months ended 30 June 2016: HK$156,741).

(c) Security provided by the Trustees to Official Receiver

Pursuant to section 23 of the Bankruptcy Ordinance, the Trustees had jointly and severally act as the bankruptcy trustees provided that they have maintained a time deposit of HK$1,000,000 as general security to the Official Receiver of the Official Receiver's Office of the Hong Kong Government. As at 30 June 2017 the balances of time deposit pledged as security for the above purpose were HK$1,042,364 (31 March 2017: HK$1,042,337). These assets arising thereon are not dealt with in the consolidated financial statements, as they are not assets of the Group.

18. Operating leases commitments

As at 30 June 2017, the Group had minimum outstanding commitments under non-cancellable operating leases in respect of office premises which fall due as follows:

	30 June 2017 HK$	31 March 2017 HK$
Within one year	-	276,000
In the second to fifth year, inclusive	-	-
	-	276,000

The Group leases a property under a non-cancellable operating lease arrangement with lease term of two years, without option to renew the lease term at the expiry date. None of the lease includes contingent rentals.

Notes to the Consolidated Financial Statements (Continued)
For the three months ended 30 June 2017

19. *Related party transactions*

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the period:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's sole director, is disclosed as follows:

	Three months ended 30 June	
	2017	2016
	HK$	HK$
		(unaudited)
Salaries, wages and other benefits	**245,000**	105,000
Contributions to defined contribution retirement plans	**8,250**	5,250
	253,250	110,250

20. *Financial risk management and capital disclosures*

(a) Financial instruments by categories

	30 June 2017	31 March 2017
	HK$	HK$
Financial assets		
Loans and receivables measured at amortised cost:		
- Account receivables	**1,148,443**	1,040,222
- Deposit and other receivables	**654,020**	638,712
- Amount due from the controlling shareholder	**4,114,863**	1,540,217
- Amount due from a related party	**225,739**	-
- Cash and cash equivalents	**2,098,138**	1,270,108
	8,241,203	4,489,259
Financial liabilities		
Financial liabilities measured at amortised cost:		
- Accruals	**165,805**	182,344

20. *Financial risk management and capital disclosures (continued)*

(b) Financial risk managements 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 related party. In order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its debtors' financial position and condition are performed on each and every major debtor periodically. These evaluations focus on the debtor's past history of making payments when due and current ability to pay, and take into account information specific to the debtor as well as pertaining to the economic environment in which the debtor operates. Debtors with overdue balances, which will be reviewed on a case-by-case basis, are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

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

With respect to credit risk arising from amounts due from the controlling shareholder and a related party, the Group's exposure to credit risk arising from default of the counterparties is limited as the counterparties have good history of repayment and the Group does not expect to incur a significant loss for uncollected amounts due from the controlling shareholder and a related party.

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 and bank borrowings as significant sources of liquidity.

All financial liabilities as at 30 June 2017 and 31 March 2017 were repayable on demand.

20. *Financial risk management and capital disclosures(continued)*

(c) Capital management

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

The Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement 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 2017 and 31 March 2017.

21. *New and revised IFRSs not yet adopted*

At the date of this report, certain new and amended IFRSs have been issued but are not yet effective, and have not been applied early by the Group.

		Effective for annual reporting periods beginning on or after
IFRS 10 and IAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
IFRSs Amendments	Annual Improvements to IFRSs 2014 – 2016 Cycle	1 January 2018
IAS 40 Amendments	Transfers of Investment Property	1 January 2018
IFRS 2 Amendments	Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 4 Amendments	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contacts	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 16	Leases	1 January 2019

21. *New and revised IFRSs not yet adopted (continued)*

		Effective for annual reporting periods beginning on or after
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

* On 17 December 2015, the IASB issued "Effective Date of Amendments to IFRS 10 and IAS 28". This update defers the effective date of the amendments in "Sale or Contribution of Assets between an Investor or its Associate or Joint Venture" that the IASB issued in September 2014. Early application of these amendments continues to be permitted.

The Group has already commenced an assessment of the related impact of adopting the above new and revised IFRSs. So far, it has concluded that the above new and revised IFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group except for the following:

<u>IFRS 15 "Revenue from Contracts with Customers"</u>

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, IFRS 15 introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The amendments to IFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; license of intellectual property; and transition requirements.

The Group is still in the process of assessing the impact of IFRS 15. The management of the Company believe that it is impractical to disclose the impact in these financial statements until the Group has competed the assessment.

21. New and revised IFRSs not yet adopted (continued)

IFRS 16 "Leases"

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. The new standard maintains substantially the lessor accounting requirements in the current standard.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of IAS 16 "Property, Plant and Equipment", while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The total operating lease commitments of the Group in respect of leased premises as at each of the reporting dates are set out in Note 19, the management of the Group expects that the adoption of IFRS 16 is unlikely to result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

22. Approval of the consolidated financial statements

These consolidated financial statements were approved and authorised for issue by the sole director on 6 NOV 2017 .

CREDIT INTELLIGENCE HOLDING LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 17 AUGUST 2015 (DATE OF INCORPORTION) TO 31 MARCH 2016
AND
THE YEAR ENDED 31 MARCH 2017

Contents

Corporate Data

Directors	Sharon Pierson (appointed and resigned on 17 August 2015) Wong Ka Sek (appointed on 17 August 2015) Wong Ka Lam King (appointed on 17 August 2015) Chan Chuen Lan (appointed on 17 August 2015)
Secretary	Codan Trust Company (Cayman) Limited
Registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business	5/F., Double Building 22 Stanley Street Central Hong Kong
Independent auditor	Moore Stephens CPA Limited 801-806 Silvercord, Tower 1 30 Canton Road Tsimshatsui, Kowloon Hong Kong

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大華馬施雲
會計師事務所有限公司

Independent Auditor's Report to the Directors of Credit Intelligence Holding Limited (Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the financial statements of Credit Intelligence Holding Limited (the "Company") set out on pages 6 to 17, which comprise the statements of financial position as at 31 March 2016 and 2017, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the period from 17 August 2015 (date of incorporation) to 31 March 2016 and the year ended 31 March 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2016 and 2017 and of its financial performance and its cash flows for the period from 17 August 2015 (date of incorporation) to 31 March 2016 and the year ended 31 March 2017 in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the International Ethics Standards Board for Accountants ("IESBA"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) to the financial statements, which indicates that the Company incurred a net loss of HK$30,361 for the year ended 31 March 2017, and as of that date, the Company has net current liability and a capital deficiency of HK$64,300. As stated in Note 2(a), these conditions indicate a material uncertainty exists which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

Under the same date of approval of these financial statements, we have also reported on the financial statements of the Company for the three months ended 30 June 2017. Accordingly, the shareholder of the Company may wish to consider those financial statements and read them in conjunction with the audited financial statements of the Company for the period from 17 August 2015 (date of incorporation) to 31 March 2016 and the year ended 31 March 2017.

Independent Auditor's Report to the Directors of Credit Intelligence Holding Limited (Incorporated in the Cayman Islands with limited liability) (Continued)

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability 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 Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report to the Directors of Credit Intelligence Holding Limited (Incorporated in the Cayman Islands with limited liability) (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Moore Stephens CPA

Moore Stephens CPA Limited
Certified Public Accountants

Li Wing Yin
Practising Certificate Number: P05035

Hong Kong, 6 NOV 2017

Statements of Comprehensive Income

For the period from 17 August 2015 (date of incorporation) to 31 March 2016 and the year ended 31 March 2017

	Notes	**Year ended 31 March 2017 HK$**	Period from 17 August 2015 (date of incorporation) to 31 March 2016 HK$
Revenue	4	**-**	-
Administrative expenses		**(30,361)**	(33,939)
Loss before taxation		**(30,361)**	(33,939)
Income tax expense	5	**-**	-
Loss and total comprehensive income for the year/period		**(30,361)**	(33,939)

Statements of Financial Position
As at 31 March 2016 and 2017

	Notes	2017 HK$	2016 HK$
LIABILITY			
Current liability			
Amount due to a director	6	**64,300**	33,939
Net current liability		**(64,300)**	(33,939)
CAPITAL AND RESERVES			
Share capital	7	**-**	-
Accumulated losses		**(64,300)**	(33,939)
Capital deficiency		**(64,300)**	(33,939)

On behalf of the directors

Mr. Wong Ka Sek
Director

Mr. Wong Ka Lam King
Director

Statements of Changes in Equity

For the period form 17 August 2015 (date of incorporation) to 31 March 2016 and the year ended 31 March 2017

	Share capital HK$	Accumulated losses HK$	Total equity HK$
As at 17 August 2015 (date of incorporation)	-	-	-
Issuance of share upon incorporation	-	-	-
Loss and total comprehensive income for the period	-	(33,939)	(33,939)
As at 31 March 2016 and 1 April 2016	**-**	**(33,939)**	**(33,939)**
Loss and total comprehensive income for the year	-	(30,361)	(30,361)
As at 31 March 2017	**-**	**(64,300)**	**(64,300)**

Statements of Cash Flows

For the period form 17 August 2015 (date of incorporation) to 31 March 2016 and the year ended 31 March 2017

	Year ended 31 March 2017 HK$	Period from 17 August 2015 (date of incorporation) to 31 March 2016 HK$
Cash flows from operating activity		
Loss before taxation	**(30,361)**	(33,939)
Net cash used in operating activity	**(30,361)**	(33,939)
Cash flows from financing activity		
Advanced from a director	**30,361**	33,939
Net cash generated from financing activity	**30,361**	33,939
Net movement in cash and cash equivalents	**-**	-
Cash and cash equivalents at the beginning of the year/period	**-**	-
Cash and cash equivalents at the end of the year/period	**-**	-

Notes to the Financial Statements

For the period form 17 August 2015 (date of incorporation) to 31 March 2016 and the year ended 31 March 2017

1. *General*

Credit Intelligence Holding Limited (the "Company") was incorporated in the Cayman Islands on 17 August 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office was Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The Company has established a principal place of business in Hong Kong at 5/F., Double Building, 22 Stanley Street, Central, Hong Kong.

During the period from 17 August 2015 (date of incorporation) to 31 March 2016 and the year ended 31 March 2017, the Company was inactive.

In the opinion of the directors of the Company, the Company's immediate holding company and ultimate holding company is Beta Field (China) Financial Information Services Limited ("Beta Field"), a company incorporated in the British Virgin Islands. Mr Wong Ka Sek, being the sole shareholder of Beta Field, who is also a director of the Company, is the controlling shareholder of the Company.

2. *Basis of preparation and presentation*

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International financial reporting standards, International Accounting standards ("IASs") and related Interpretations, promulgated by the International Accounting Standards Board ("IASB").

This is the first set of financial statements of the Company and the management of the Company have adopted, for the first time, IFRSs in preparing these financial statements. The Company has adopted all applicable IFRSs that are effective for the current accounting period beginning on 1 April 2016, consistently throughout the period from 17 August 2015 (date of incorporation) to 31 March 2016 and the year ended 31 March 2017 to the extent required or allowed by the transitional provisions in the IFRSs.

The financial statements have been prepared on historical cost basis. The financial statements are presented in Hong Kong dollar ("HK$"), which is also the functional currency of the Company.

(a) *Going concern*

The financial statements have been prepared on a going concern basis notwithstanding that the Company incurred a net loss of HK$30,361 for the year ended 31 March 2017 and had net current liability and a capital deficiency of HK$64,300, as of that date, which indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore, the Company may not be able to discharge its liabilities in the normal course of business. The going concern basis has been adopted on the basis of undertaking from the ultimate holding company to provide continuing financial support and the undertaking from the director not to demand repayment of debts due from the Company until such time when repayment will not affect the Company's ability to repay other creditors in the normal course of business (collectively, the "Undertakings"). The ultimate holding company and the director have provided the Undertakings.

Should the Company be unable to continue in business as a going concern, adjustments would have to be made to provide for any further liabilities which might arise. No such adjustments are made to the financial statements.

Notes to the Financial Statements (Continued)

For the period form 17 August 2015 (date of incorporation) to 31 March 2016 and the year ended 31 March 2017

3. *Significant accounting policies*

(a) *Significant judgements and estimates*

In the application of the Company's accounting policies, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Company did not adopt any critical accounting estimates and judgements in the preparation of the financial statements that would have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

(b) *Financial Instruments*

The Company classified its financial instruments into the following categories at inception, depending on the purpose for which the liabilities were incurred.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liability includes amount due to a director.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statements of comprehensive income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statements of comprehensive income.

3. Significant accounting policies (continued)

(c) Income tax

Income tax represents the sum of current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred tax liabilities are recognised for all taxable temporary differences, except:-

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. Significant accounting policies (continued)

(c) Income tax (continued)

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(d) Provisions and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statements of comprehensive income.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(e) Related parties

(I) A person, or a close member of that person's family, is related to the Company if that person:-

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of key management personnel of the Company or the Company's parent;

or

(II) An entity is related to the Company if any of the following conditions applies:-

(i) the entity and the Company are members of the same group;
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) the entity and the Company are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
(vi) the entity is controlled or jointly controlled by a person identified in (I);
(vii) a person identified in (I)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the Financial Statements (Continued)

For the period form 17 August 2015 (date of incorporation) to 31 March 2016 and the year ended 31 March 2017

4. *Revenue*

The Company is inactive and no revenue derived during the period from 17 August 2015 (date of incorporation) to 31 March 2016 and the year ended 31 March 2017.

5. *Income tax expense*

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax under this jurisdiction during the period from 17 August 2015 (date of incorporation) to 31 March 2016 and the year ended 31 March 2017.

No provision for Hong Kong Profits Tax has been made as the Company did not generate any assessable profits during the period from 17 August 2015 (date of incorporation) to 31 March 2016 and the year ended 31 March 2017.

Reconciliation between income tax expense and loss before taxation at the applicable tax rate:

	Year ended 31 March 2017 HK$	Period from 17 August 2015 (date of incorporation) to 31 March 2016 HK$
Loss before taxation	(30,361)	(33,939)
Tax at applicable rate at 16.5%	(5,010)	(5,600)
Tax effect of non-deductible expenses	5,010	5,600
Income tax expense	-	-

There were no material unrecognised deferred tax assets and liabilities as at 31 March 2016 and 2017.

6. *Amount due to a director*

The amount due to a director is unsecured, interest-free and repayable on demand.

Notes to the Financial Statements (Continued)
For the period form 17 August 2015 (date of incorporation) to 31 March 2016 and the year ended 31 March 2017

7. *Share capital*

	Number of shares	Nominal value HK$
Ordinary shares of HK$0.01 each		
Authorised:		
As at 17 August 2015 (date of incorporation), 31 March 2016 and 31 March 2017	38,000,000	38,000
Issued and fully paid:		
As at 17 August 2015 (date of incorporation)	-	-
Issuance of share upon incorporation (Note)	1	0.01
As at 31 March 2016 and 31 March 2017	1	0.01

Note: On the date of incorporation, 1 ordinary share was issued and allotted at HK$0.01 to provide the initial capital of the Company.

8. *Financial risk management and capital disclosures*

(a) Financial instrument by category

	2017 HK$	2016 HK$
Financial liability		
Financial liability measured at amortised cost:		
- Amount due to a director	64,300	33,939

(b) Financial risk management and policies

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

(i) Liquidity risk

The Company'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 Company relies on the financial support from its controlling shareholder as significant source of liquidity.

The financial liability as at 31 March 2016 and 2017 was repayable on demand or within one year.

8. Financial risk management and capital disclosures (continued)

(b) Financial risk management and policies (continued)

(i) Liquidity risk (continued)

The Company had net current liability and a capital deficiency of HK$64,300 as at 31 March 2017. The liquidity of the Company is dependent on the ability of the ultimate holding company to provide the continuing financial support to the Company and the ability of the director not to demand repayment until such time when repayment of such will not affect the ability of the Company to repay other creditors in the normal course of business.

(c) Capital management

The Company's objectives when managing capital are to ensure that the Company will be able to continue as a going concern while maximising the return to the owners through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Company 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.

(d) Fair value

The carrying amount of the Company's financial liability carried at cost or amortised cost are not materially different from its fair value as at 31 March 2016 and 2017.

9. Event after the reporting period

As at 24 October 2017, the Company acquired entire equity interest in Hong Kong Debt Management Limited ("HKDM") and its subsidiaries from ultimate holding company, Mr. Wong Ka Lam King, Mr. Chen Guorong, Mr. Chan Wing Keung Terence and Ms. Pang Wai Yu Michelle, with an aggregate cash consideration of United States dollars 10,000. Immediate after this transaction, HKDM became a wholly owned subsidiary of the Company.

Pursuant to the written resolution of the directors of the Company dated on 24 October 2017, the Company issued and allotted 8,599, 500, 500, 200 and 200 ordinary shares of the Company to ultimate holding company, Mr. Wong Ka Lam King, Mr. Chen Guorong, Mr. Chan Wing Keung Terence and Ms. Pang Wai Yu Michelle, with an aggregate cash consideration of HK$100.

10. New and revised IFRSs not yet adopted

At the date of this report, certain new and amended IFRSs have been issued but are not yet effective, and have not been applied early by the Company.

		Effective for annual reporting periods beginning on or after
IFRS 10 and IAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
IAS 7 Amendments	Disclosure Initiative	1 January 2017

10. New and revised IFRSs not yet adopted (continued)

		Effective for annual reporting periods beginning on or after
IAS 12 Amendments	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRSs Amendments	Annual Improvements to IFRSs 2014 – 2016 Cycle	1 January 2017 or 1 January 2018 (as appropriate)
IAS 40 Amendments	Transfers of Investment Property	1 January 2018
IFRS 2 Amendments	Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 4 Amendments	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contacts	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

* On 17 December 2015, the IASB issued "Effective Date of Amendments to IFRS 10 and IAS 28". This update defers the effective date of the amendments in "Sale or Contribution of Assets between an Investor or its Associate or Joint Venture" that the IASB issued in September 2014. Early application of these amendments continues to be permitted.

The Company has already commenced an assessment of the related impact of adopting the above new and revised IFRSs. So far, it has concluded that the above new and revised IFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the financial statements of the Company.

11. Approval of the financial statements

These financial statements were approved and authorised for issue by the board of directors on 6 NOV 2017.

CREDIT INTELLIGENCE HOLDING LIMITED

FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2017

Contents

Corporate Data

Directors	Wong Ka Sek Wong Ka Lam King Chan Chuen Lan
Secretary	Codan Trust Company (Cayman) Limited
Registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business	5/F., Double Building 22 Stanley Street Central Hong Kong
Independent auditor	Moore Stephens CPA Limited 801-806 Silvercord, Tower 1 30 Canton Road Tsimshatsui, Kowloon Hong Kong

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大華馬施雲
會計師事務所有限公司

Independent Auditor's Report to the Directors of Credit Intelligence Holding Limited (Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the financial statements of Credit Intelligence Holding Limited (the "Company") set out on pages 6 to 17, which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the three months ended 30 June 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2017 and of its financial performance and its cash flows for the three months period then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the International Ethics Standards Board for Accountants ("IESBA"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) to the financial statements, which indicates that the Company has net current liability and a capital deficiency of HK$64,300 as at 30 June 2017. As stated in Note 2(b), this condition indicates that a material uncertainty exists which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The comparative statement of comprehensive income, statement of changes in equity, statement of cash flows and the relevant explanatory notes for the three months ended 30 June 2016 disclosed in these financial statements have not been audited in accordance with ISAs.

Independent Auditor's Report to the Directors of Credit Intelligence Holding Limited (Incorporated in the Cayman Islands with limited liability) (Continued)

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability 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 Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report to the Directors of Credit Intelligence Holding Limited (Incorporated in the Cayman Islands with limited liability) (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Moore Stephens CPA Limited

Moore Stephens CPA Limited
Certified Public Accountants

Li Wing Yin
Practising Certificate Number: P05035

Hong Kong, 6 NOV 2017

Statement of Comprehensive Income

For the three months ended 30 June 2017

	Notes	Three months ended 30 June 2017 HK$	2016 HK$ (unaudited)
Revenue	4	-	-
Administrative expenses		-	-
Result before taxation		-	-
Income tax expense	5	-	-
Result and total comprehensive income for the period		-	-

Statement of Financial Position
As at 30 June 2017

	Notes	**30 June 2017 HK$**	31 March 2017 HK$
LIABILITY			
Current liability			
Amount due to a director	6	**64,300**	64,300
Net current liability		**(64,300)**	(64,300)
CAPITAL AND RESERVE			
Share capital	7	**-**	-
Accumulated losses		**(64,300)**	(64,300)
Capital deficiency		**(64,300)**	(64,300)

On behalf of the directors

Mr. Wong Ka Sek
Director

Mr. Wong Ka Lam King
Director

Statement of Changes in Equity
For the three months ended 30 June 2017

	Share capital HK$	Accumulated losses HK$	Total equity HK$
As at 1 April 2016	-	(33,939)	(33,939)
Result and total comprehensive income for the period (unaudited)	-	-	-
As at 30 June 2016 (unaudited)	-	(33,939)	(33,939)
At 1 April 2017	-	(64,300)	(64,300)
Result and total comprehensive income for the period	-	-	-
At 30 June 2017	**-**	**(64,300)**	**(64,300)**

Statement of Cash Flows

For the three months ended 30 June 2017

	Three months ended 30 June	
	2017	2016
	HK$	HK$
		(unaudited)
Results before taxation	-	-
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the period	-	-
Cash and cash equivalents at the end of the period	-	-

Notes to the Financial Statements

For the three months ended 30 June 2017

1. General

Credit Intelligence Holding Limited (the "Company") was incorporated in the Cayman Islands on 17 August 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office was Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The Company has established a principal place of business in Hong Kong at 5/F., Double Building, 22 Stanley Street, Central, Hong Kong.

During the three months ended 30 June 2017, the Company was inactive.

In the opinion of the directors of the Company, the Company's immediate holding company and ultimate holding company is Beta Field (China) Financial Information Services Limited ("Beta Field"), a company incorporated in the British Virgin Islands. Mr Wong Ka Sek, being the sole shareholder of Beta Field, who is also a director of the Company, is the controlling shareholder of the Company.

2. Basis of preparation and presentation

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International financial reporting standards, International Accounting standards ("IASs") and related Interpretations, promulgated by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on historical cost basis. The financial statements are presented in Hong Kong dollar ("HK$"), which is also the functional currency of the Company.

The significant accounting policies and methods of computation used by the Company in the preparation of the financial statements for the three months ended 30 June 2017 are consistent with those adopted in the financial statements for the year ended 31 March 2017, except for the adoption of the new and revised IFRSs as explained in (a) below.

(a) Adoption of new and revised International Financial Reporting Standards

In the preparation of the financial statements for the three months ended 30 June 2017, the Group has applied, for the first time, the following new and revised standards issued by the IASB.

IAS 7 Amendments	Disclosure Initiative
IAS 12 Amendments	Recognition of Deferred Tax Assets for Unrealised Losses
IFRSs Amendments	Annual Improvements to IFRSs 2014 – 2016 Cycle

The adoption of the above new and revised standards has had no significant effect on these financial statements.

2. *Basis of preparation and presentation (continued)*

(b) *Going concern*

The financial statements have been prepared on a going concern basis notwithstanding that the Company had net current liability and a capital deficiency of HK$64,300 as of that date, which indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore, the Company may not be able to discharge its liabilities in the normal course of business. The going concern basis has been adopted on the basis of undertaking from the ultimate holding company to provide continuing financial support and the undertaking from the director not to demand repayment of debts due from the Company until such time when repayment will not affect the Company's ability to repay other creditors in the normal course of business (collectively, the "Undertakings"). The ultimate holding company and the director have provided the Undertakings.

Should the Company be unable to continue in business as a going concern, adjustments would have to be made to provide for any further liabilities which might arise. No such adjustments are made to the financial statements.

3. *Significant accounting policies*

(a) *Significant judgements and estimates*

In the application of the Company's accounting policies, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Company did not adopt any critical accounting estimates and judgements in the preparation of the financial statements that would have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

(b) *Financial Instruments*

The Company classified its financial instruments into the following categories at inception, depending on the purpose for which the liabilities were incurred.

<u>Financial liabilities</u>

Financial liabilities are classified, at initial recognition, as financial liabilities at loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liability includes amount due to a director.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statements of comprehensive income.

3. ***Significant accounting policies (continued)***

(b) *Financial Instruments (continued)*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statements of comprehensive income.

(c) *Income tax*

Income tax represents the sum of current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred tax liabilities are recognised for all taxable temporary differences, except:-

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

3. *Significant accounting policies (continued)*

(c) Income tax (continued)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(d) Provisions and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statements of comprehensive income.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(e) Related parties

(I) A person, or a close member of that person's family, is related to the Company if that person:-

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of key management personnel of the Company or the Company's parent;

or

3. *Significant accounting policies (continued)*

(e) Related parties (continued)

(II) An entity is related to the Company if any of the following conditions applies:-

(i) the entity and the Company are members of the same group;
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) the entity and the Company are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
(vi) the entity is controlled or jointly controlled by a person identified in (I);
(vii) a person identified in (I)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. *Revenue*

The Company is inactive and did not generate any revenue for the current period (three months ended 30 June 2016: Nil).

5. *Income tax expense*

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax under this jurisdiction during the three months ended 30 June 2017 (three months ended 30 June 2016: Nil).

No provision for Hong Kong Profits Tax has been made as the Company did not generate any assessable profits during the three months ended 30 June 2017 (three months ended 30 June 2016: Nil).

Reconciliation between income tax expense and result before taxation at the applicable tax rate:

	Three months ended 30 June	
	2017	2016
	HK$	HK$
		(unaudited)
Result before taxation	-	-
Tax at applicable rate at 16.5%	-	-
Income tax expense	-	-

There were no material unrecognised deferred tax assets and liabilities as at 30 June 2017 (31 March 2017: Nil).

Notes to the Financial Statements (Continued)

For the three months ended 30 June 2017

6. *Amount due to a director*

The amount due to a director is unsecured, interest-free and repayable on demand.

7. *Share capital*

	Number of shares	Nominal value HK$
Ordinary shares of HK$0.01 each		
Authorised:		
As at 31 March 2017 and 30 June 2017	38,000,000	380,000
Issued and fully paid:		
As at 31 March 2017 and 30 June 2017	1	0.01

8. *Financial risk management and capital disclosures*

(a) Financial instrument by category

	30 June 2017 HK$	31 March 2017 HK$
Financial liability		
Financial liability measured at amortised cost:		
- Amount due to a director	**64,300**	64,300

(b) Financial risk management and policies

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

(i) Liquidity risk

The Company'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 Company relies on the financial support from its controlling shareholder as significant source of liquidity.

The financial liability as at 30 June 2017 and 31 March 2017 was repayable on demand or within one year.

Notes to the Financial Statements (Continued)

For the three months ended 30 June 2017

8. Financial risk management and capital disclosures (continued)

(b) Financial risk management and policies (continued)

(i) Liquidity risk (continued)

The Company had net current liability and a capital deficiency of HK$64,300 as at 30 June 2017. The liquidity of the Company is dependent on the ability of the ultimate holding company to provide the continuing financial support to the Company and the ability of the director not to demand repayment until such time when repayment of such will not affect the ability of the Company to repay other creditors in the normal course of business.

(c) Capital management

The Company's objectives when managing capital are to ensure that the Company will be able to continue as a going concern while maximising the return to the owners through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Company 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.

(d) Fair value

The carrying amount of the Company's financial liability carried at cost or amortised cost is not materially different from its fair value as at 30 June 2017 and 31 March 2017.

9. Event after the reporting period

As at 24 October 2017, the Company acquired entire equity interest in Hong Kong Debt Management Limited ("HKDM") and its subsidiaries from ultimate holding company, Mr. Wong Ka Lam King, Mr. Chen Guorong, Mr. Chan Wing Keung Terence and Ms. Pang Wai Yu Michelle, with an aggregate cash consideration of United States dollars 10,000. Immediate after this transaction, HKDM became a wholly owned subsidiary of the Company.

Pursuant to the written resolution of the directors of the Company dated on 24 October 2017, the Company issued and allotted 8,599, 500, 500, 200 and 200 ordinary shares of the Company to ultimate holding company, Mr. Wong Ka Lam King, Mr. Chen Guorong, Mr. Chan Wing Keung Terence and Ms. Pang Wai Yu Michelle, with an aggregate cash consideration of HK$100.

10. New and revised IFRSs not yet adopted

At the date of this report, certain new and amended IFRSs have been issued but are not yet effective, and have not been applied early by the Company.

		Effective for annual reporting periods beginning on or after
IFRS 10 and IAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*

10. *New and revised IFRSs not yet adopted (continued)*

		Effective for annual reporting periods beginning on or after
IFRSs Amendments	Annual Improvements to IFRSs 2014 – 2016 Cycle	1 January 2018
IAS 40 Amendments	Transfers of Investment Property	1 January 2018
IFRS 2 Amendments	Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 4 Amendments	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contacts	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
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IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

* On 17 December 2015, the IASB issued "Effective Date of Amendments to IFRS 10 and IAS 28". This update defers the effective date of the amendments in "Sale or Contribution of Assets between an Investor or its Associate or Joint Venture" that the IASB issued in September 2014. Early application of these amendments continues to be permitted.

The Company has already commenced an assessment of the related impact of adopting the above new and revised IFRSs. So far, it has concluded that the above new and revised IFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the financial statements of the Company.

11. *Approval of the financial statements*

These financial statements were approved and authorised for issue by the board of directors on 6 NOV 2017 .

SCHEDULE 3 – TERMS OF PERFORMANCE SHARES

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

Issue price

Each performance share (**Performance Share**) will be issued for nil cash consideration.

Rights

(a) The Performance Shares do not carry any voting rights in the Company.

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

(c) The Performance Shares do not entitle the holder to any dividends.

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

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

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

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

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

Conversion

(a) Subject to clause 3(b) each Performance Share is convertible into a fully paid ordinary share in the capital of the Company (**Conversion Share**) subject to the Company achieving the following applicable milestone (**Milestone**):

Performance Share	Milestone	Expiry date
Class A	On the Company's 30 day volume weighted average share price reaching at least $0.025.	2 years from the date the Company re-commences trading on the ASX.
Class B	On the Company's 30 day volume weighted average share price reaching at least $0.03.	3 years from the date the Company re-commences trading on the ASX.

(b) Despite anything else contained in these terms and conditions, the conversion of any Performance Shares is subject to the Company obtaining all required (if any) shareholder or regulatory approval for the purpose of issuing the Conversion Shares. If conversion of all or part of the Performance Shares would result in any person being in contravention of section 606(1) of the Corporations Act then the conversion of each Performance Share that would cause the contravention will be deferred until such time or times that the conversion would not at a later date result in a contravention of section 606(1) of the Corporations Act. The holder must give prior notification to the Company in writing if it considers that the conversion of all or part of its Performance Shares may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the conversion of the Performance Shares under these terms and conditions will not result in any person being in contravention of section 606(1) of the Corporations Act.

(c) The Company must issue any Conversion Shares in the name of the holder (or its nominee) within 7 days of the relevant Performance Shares becoming convertible into Conversion Shares under these terms and conditions.

(d) Each Conversion Share will rank equally with a fully paid ordinary share in the capital of the Company.

(e) The Performance Shares will not be quoted on any securities exchange and the Company will not make an application for quotation in respect of them. However, if the Company is listed on the ASX at the relevant time, upon conversion of any Performance Shares into Conversion Shares, the Company must within 7 days after the conversion apply for quotation of the Conversion Shares on the ASX, subject always to the requirements of the Listing Rules, including those relating to escrow.

(f) If the Milestone is not satisfied on or before the expiry date, the relevant Performance Shares will immediately be redeemed by the Company for nil cash consideration.

Transferability

The Performance Shares are not transferable.

Compliance with Corporations Act, Listing Rules and Constitution

(a) Despite anything else contained in these terms and conditions, if the Corporations Act, Listing Rules or Constitution prohibits an act being done, that act must not be done.

(b) Nothing contained in these terms and conditions prevents an act being done that the Corporations Act, Listing Rules or Constitution require to be done.

(c) If the Corporations Act, Listing Rules or Constitution conflict with these terms and conditions, or these terms and conditions do not comply with the Corporations Act, Listing Rules or the Constitution, the holder authorises the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.

(d) The terms of the Performance Shares may be amended as necessary by the directors of the Company in order to comply with the Listing Rules, or any directions of ASX regarding the terms.

Change of Control Event

(a) A change of control event (**Change of Control Event**) occurs where:

(i) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional; or

(ii) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies.

(b) If a Change of Control Event occurs, unconverted Performance Shares will, subject to the Listing Rules and 6(c) below, become immediately convertible into Conversion Shares with such conversion deemed to have taken place immediately prior to the effective date of the Change of Control Event.

(c) The total number of Conversion Shares issued under 6(b) above shall not exceed 10% of the issued ordinary capital of the Company as at the date of conversion.

(d) Whether or not the Board determines to accelerate the conversion of any Performance Shares, the Company shall give written notice of any proposed Change of Control Event to each holder of Performance Shares.

ANNEXURE A – INDEPENDENT EXPERT'S REPORT

Please note: Due to document size, ANNEXURE A – INDEPENDENT EXPERT'S REPORT has been sent as a separate postage item to Shareholders.

The Notice of General Meeting document in its entirety can be viewed at: http://www.apaccoal.com/

APAC Coal Limited

Independent Expert's Report

and Financial Services Guide

14 November 2017

The Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of APAC Coal Limited

Prepared by Moore Stephens Perth Corporate Services Pty Ltd
Australian Financial Services License No. 240773

MOORE STEPHENS

MOORE STEPHENS PERTH CORPORATE SERVICES PTY LTD

Australian Financial Services License No. 240773

FINANCIAL SERVICES GUIDE

This Financial Services Guide is issued in relation to our Independent Expert's Report on the proposed acquisition of 100% of the issued shares of Credit Intelligence Holding Limited ("CIH") by APAC Coal Limited ("APAC"), in exchange for the issue of 532,852,564 fully paid APAC shares (the "Proposed Transaction"). Our report has been prepared at the request of the Directors of APAC for inclusion in the Notice of Meeting to be dated 14 November 2017.

Moore Stephens Perth Corporate Services Pty Ltd

Moore Stephens Perth Corporate Services Pty Ltd ("MSPCS") has been engaged by the directors of APAC to prepare an independent expert's report expressing our opinion as to whether or not the Proposed Transaction is "fair and reasonable" to the shareholders of APAC.

MSPCS holds an Australian Financial Services Licence – Licence No 240773.

Financial Services Guide

As a result of our report being provided to you we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial Services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, and to carry on a financial services business to provide general financial product advice for securities to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with the issue of securities of a company or other entities.

Our report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our report as a retail client because of your connection with the matters on which our report has been issued. We do not accept instructions from retail clients and do not receive remuneration from retail clients for financial services.

Our report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in this report.

General Financial Product Advice

Our report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives either financial or otherwise, your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the proposed transaction may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that we may receive

We will charge fees for providing our report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who engaged us to provide the report. Our fees have been agreed on either a fixed fee or time cost basis. We estimate that our fees for the preparation of this report will be approximately $25,000 plus GST.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of MSPCS or related entities but any bonuses are not directly in connection with any assignment and in particular are not directly related to the engagement for which our report was provided.

Referrals

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

MSPCS is the licensed corporate advisory arm of Moore Stephens Perth, Chartered Accountants. The directors of MSPCS may also be partners in Moore Stephens Perth Chartered, Accountants.

Moore Stephens Perth, Chartered Accountants is comprised of a number of related entities that provide audit, accounting, tax, and financial advisory services to a wide range of clients.

MSPCS's contact details are set out on our letterhead.

Neither MSPCS, nor its related entities, have previously provided any professional services to CIH.

Moore Stephens Perth, a related entity to MSPCS, has previously provided audit and taxation services to APAC.

MSPCS has also provided IER and IAR preparation services to APAC.

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, Moore Stephens, PO Box 5785, St George's Terrace, Perth WA 6831.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited ("FOS"). FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. MSPCS is a member of FOS. FOS may be contacted directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: 03 9613 6399
Email: info@fos.org.au

MOORE STEPHENS

Contents

14 November 2017

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The Directors
APAC Coal Limited
Suite 904
37 Bligh Street
Sydney NSW 2000

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. INTRODUCTION

1.1 This Independent Expert's Report ("IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a General Meeting of APAC Coal Limited ("APAC" or "the Company") at which shareholder approval will be sought for the acquisition of 100% of the issued shares in Credit Intelligence Holding Limited ("CIH") in exchange for the issue of 532,852,564 APAC shares to the shareholders of CIH ("Vendors") ("Proposed Transaction").

1.2 Further details of the Proposed Transaction are set out in Section 3.

2. SUMMARY & OPINION

Purpose of the Report

2.1 Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest increasing from a starting point below 20% to an interest above 20%. Completion of the Proposed Transaction is expected to result in CIH acquiring at least a 59.73% interest in APAC (assuming the minimum capital raising is achieved).

2.2 Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 of the Act does not apply if the acquisition has been approved by the Non-Associated Shareholders of the Company. Accordingly, the Company is seeking approval from the Non-Associated Shareholders for the Proposed Transaction under Item 7 of Section 611 of the Act.

2.3 Item 7 Section 611 of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC Regulatory Guide 111 ("RG 111") advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.

2.4 The Directors of APAC have engaged Moore Stephens Perth Corporate Services Pty Ltd ("MSPCS" or "Moore Stephens") being independent and qualified for the purpose, to prepare an Independent Expert's Report to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the shareholders of APAC not associated with the Proposed Transaction (the "Non-Associated Shareholders").

2.5 Our assessment of the Proposed Transaction relies on financial information and instructions provided by the Company and the Directors. We have critically analysed the information provided to us, but we have not completed any audit or due diligence of the information which has been provided for the entities which have been valued. This report does not contain any accounting or taxation advice.

Approach

2.6 Our report has been prepared having regard to Australian Securities & Investments Commission ("ASIC") Regulatory Guide 111 Content of Expert's Reports ("RG 111") and Regulatory Guide 112 Independence of Expert's ("RG 112")

Approach (continued)

2.7 Our report has been prepared having regard to Australian Securities & Investments Commission ("ASIC") Regulatory Guide 111 Content of Expert's Reports ("RG 111") and Regulatory Guide 112 Independence of Expert's ("RG 112")

2.8 In arriving at our opinion, we have assessed the terms of the Proposed Transaction, as outlined in the body of our report, by considering the following;

- How the value of an APAC share prior to the Proposed Transaction on a control basis compares to the value of an APAC share following the Proposed Transactions on a minority basis;
- Advantages and disadvantages of approving the Proposed Transaction;
- The likelihood of a superior alternative Proposed Transaction being available to APAC;
- Other factors which we consider to be relevant to the shareholders of APAC in their assessment of the Proposed Transaction; and
- The position of the shareholders of APAC should the Proposed Transaction not be successful.

2.9 Further information on the approach we have employed in assessing whether the Proposed Transaction is "fair and reasonable" is set out at Section 4 of this Report.

Opinion

2.10 We have considered the terms of the Proposed Transaction as outlined in the body of our report and have concluded that the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of APAC, as set out in sections 11 and 12 of this Report.

2.11 In our opinion, the Proposed Transaction is fair because the range of values of an APAC share following the Proposed Transaction, valued on a minority basis, are within the assessed fair value range of an APAC share prior to the Proposed Transaction on a control basis.

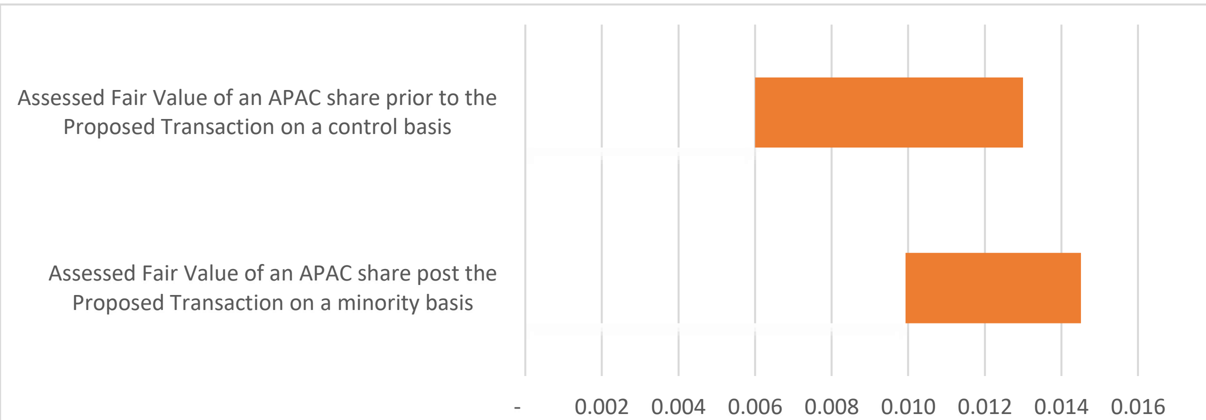
Fairness

2.12 In Section 11 we determined that the value of APAC shares prior to the Proposed Transaction compares to the value of APAC shares following the Proposed Transaction, as detailed below;

	Section	Low A$	High A$
Assessed Fair Value of an APAC share prior to the Proposed Transaction on a control basis (post consolidation)	9	0.006	0.013
Assessed Fair Value of an APAC share post the Proposed Transaction on a minority basis (post consolidation)	10	0.010	0.015

Source: Moore Stephens analysis

Valuation in graphical representation



Source: Moore Stephens analysis

Opinion (continued)

2.13 The above assessment indicates that, in the absence of any other relevant information, the Proposed Transaction is considered to be fair to the Non-Associated Shareholders of APAC as the range of values of an APAC share following the Proposed Transaction are within or greater than the range of values of an APAC share prior to the Proposed Transaction.

Reasonableness

2.14 RG 111 establishes that an offer is reasonable if it is fair. It may also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the Proposed Transaction in the absence of a higher bid before the Proposed Transaction closes. We have considered the analysis in Section 12 of this report, in terms of both;

- Advantages and disadvantages of the Proposed Transaction;
- Other considerations, including the level of control of APAC if the Proposed Transaction is successful and the position of shareholders of APAC if the Proposed Transaction is not successful.

2.15 In our opinion, if the Proposed Transaction is successful the position of Non-Associated Shareholders of APAC is more advantageous than their position if the Proposed Transaction is not successful. Accordingly, in the absence of a superior Proposed Transaction, and any other relevant information, we believe that the Proposed Transaction is reasonable for Non-Associated Shareholders of APAC.

2.16 The advantages and disadvantages considered are summarised below;

Advantages

- The Proposed Transaction is considered to be fair.
- The CIH business would bring profits to the combined group. See paragraph 6.11 for details of CIH's historic profits.
- CIH's subsidiaries have a history of paying dividends. This may increase the likelihood of APAC shareholders receiving dividends in the future. However, CIH intends to pursue the expansion of the business into Australia and may choose to retain cash and retained earnings in the business in order to aid this expansion.
- The transaction would be Earnings per Share ("EPS") accretive to APAC shareholders.
- The Proposed Transaction is expected to lead to the relisting of APAC on the ASX, which would increase the liquidity of APAC shares.
- The Proposed Transaction provides an opportunity for APAC to diversify its business interests, and continue as a going concern. Currently APAC is not trading, and its ability to continue as a going concern relies on the continuing financial support of its parent company, Magnus Energy Group Limited.
- The Capital Raising as part of the Proposed Transaction will provide the combined group with access to cash for working capital to facilitate the growth and development of the CIH business.

Disadvantages

- The Proposed Transaction will change the nature and scale of the Company's activities which may not be in line with the risk profile and investment objectives of all Shareholders.
- In the event that the offer is successful, the issue of Consideration Shares to CIH vendors will have a dilutive effect on the voting interest of Non-Associated Shareholders of APAC.
- The CIH business is significantly dependent on key business relationships with banks, key management and referrers.

Reasonableness (continued)

Disadvantages (continued)

- The Proposed Transaction would result in the Vendors of CIH owning a minimum of 59.73% (assuming the maximum Capital Raising is achieved) of APAC. Effectively the Vendors will have control over APAC. Acting alone, the Vendors would be able to pass general resolutions, block general and special resolutions and, assuming not all shareholders vote at meetings, have significant influence over passing special resolutions. Should the minimum Capital Raising be achieved, the Vendors of CIH would have a relevant interest in APAC of 65.21% and would have greater influence over shareholder voting.
- The CIH business currently operates solely in Hong Kong. The Hong Kong business model may not easily be transferable to Australia, and will be subject to Australian laws and regulations, as well as local competition and cultural differences. The CIH business does not have any experience operating in Australia, which may limit the opportunity for growth.
- On completion of the Proposed Transaction, CIH intends to expand its business into Australia. This expansion will involve the establishment of operations in Melbourne and Sydney. Once established, CIH may consider the partnership with, or acquisition of, one or more Australian businesses. The success of CIH in Australia will be dependent on the successful expansion of the business.

Other key matters we have considered include:

Section	
12	We are not aware of any alternative offers.
12	If the Proposed Transaction is not approved, APAC may continue to be loss making and may not be able to continue as a going concern without financial support from its parent company, Magnus Energy Group Limited.
12	APAC shares are illiquid.
12	APAC already currently has a controlling shareholder, being Magnus Energy Group Limited, as such some of the disadvantages of the Proposed Transaction may already be experienced by some shareholders.

3. SUMMARY OF TRANSACTION

3.1 APAC has entered into a conditional Share Purchase Agreement to acquire 100% of the issued capital of CIH ("Proposed Transaction"). In consideration for the acquisition of CIH, APAC will issue a total of 532,852,564 fully paid ordinary APAC Shares (post-consolidation) to the Vendors of CIH.

3.2 If the Proposed Transaction proceeds, CIH will become a wholly owned subsidiary of APAC.

3.3 APAC is currently controlled by its parent company, Magnus Energy Group Limited ("Magnus"), which currently has a relevant interest in APAC of 57.79%. If the Proposed Transaction proceeds, APAC will no longer be a subsidiary of Magnus and APAC will instead be controlled by the Vendors of CIH.

3.4 The transaction involves the following:

i. The consolidation of existing share capital of APAC through the conversion of every 3.4681 shares into 1 share;

ii. The acquisition of 100% of the issued shares in CIH through the issue of 532,852,564 fully paid ordinary shares ("Consideration Shares") to CIH Vendors (post consolidation);

iii. The Company raising up to A$5m through the issue of up to 250,000,000 fully paid ordinary shares at A$0.02 per share to fund the costs of the relisting and the ongoing operations of the Company, with a minimum capital raising of A$3.5m (the "Capital Raising");

iv. The issue of 37,299,679 APAC shares to Richard Chan, Henry Chow and Mark Ng as consideration for services in relation to the Proposed Transaction ("Advisor Shares");

v. A change in the Company name to Credit Intelligence Holding Limited;

vi. The issue of a dividend to the current shareholders of CIH, prior to completion, of HK$5,500,000;

vii. A change in the nature and scale of the Company's activities to those of CIH; and

viii. The resignation of all of the current Directors from the APAC board, and the appointment of five new Directors to the APAC board as noted in the table below:

Name	Title	Experience
Mel Ashton	Non-Executive Chairman	Mr Ashton has over 37 years' experience as a chartered accountant, 25 years as an insolvency practitioner and turnaround specialist, and 12 years' experience as Chairman of ASX listed and large private companies. Mr Ashton has experience in capital raisings and mergers and acquisitions. He is currently a Director of Hawaiian Group and the Non-Executive Chairman of ASX listed company, Venture Minerals Ltd.
Jimmie Wong	Managing Director	Mr Wong is the founder of CIH. He holds a Bachelor of Law from the University of Hong Kong. Mr Wong has over 20 years' experience as an insolvency lawyer and has also provided legal advice in relation to cross-border takeovers and mergers, corporate finance, IPOs and foreign direct investment. In 2008 Mr Wong was awarded the Hong Kong Innovative Entrepreneur of the Year Award.
King Wong	Executive Director	Mr Wong Ka Lam King (''Mr King Wong'') is currently the CEO and Executive Director of Hong Kong Debt Management Services Limited, Credit Intelligence's wholly owned subsidiary. Mr King Wong joined the CIH Group in 2002 and is primarily responsible for overseeing the overall business operations of the CIH Group. Mr King Wong graduated with a Bachelor of Laws degree (Honours) from the City University of Hong Kong in 1998. He is a practicing solicitor and was admitted as a solicitor in Hong Kong in 2001. Mr King Wong has professional experience in handling insolvency matters.

Name	Title	Experience
Krista Bates	Non-Executive Director	Ms Bates has over 15 years as a legal practitioner, being admitted as a solicitor in England and Wales in 2001. Ms Bates was involved in the restructuring and strategy for the roll-out of commercial initiatives in multiple jurisdictions, and has experience in advising corporate matters such as acquisitions, disposals, joint ventures, takeovers and corporate governance. Ms Bates also has experience with insolvency matters and acted as legal counsel and Director of Fastjet Plc, a company listed on the London Stock Exchange.
Vincent Lai	Non-Executive Director	Formerly the senior executive at the PRC Office of Bank of America, Mr Lai was the CEO of a listed company in Hong Kong. He has 30 years' experience in international banking & corporate finance, and is also well versed in the China market. Over the years, he has conducted and organised training programs for banks, non-bank financial institutions and corporations in China in areas of credit & portfolio risk management, client relationship management, and corporate finance. Mr Lai graduated from the University of Hong Kong with a Bachelor's Degree in Social Sciences (major in Economics and Management Studies).

Key conditions of the Proposed Transaction

3.5 The Proposed Transaction is conditional upon a number of conditions precedent, including:

- APAC obtaining all necessary shareholder, regulatory and ASX approvals;
- APAC completing the consolidation of capital;
- No material adverse change;
- Restructuring of the CIH Group, with CIH becoming the ultimate parent company of Hong Kong Debt Management Limited ("HKDM"), Hong Kong IVA Consultants Limited ("HKIVA") and Hong Kong Debt Management Services Limited ("HKDMS") (the "Restructuring"). This condition was satisfied on 24 October 2017;
- APAC successfully completing the Capital Raising (having received valid applications for shares to raise at least A$3.5m); and
- APAC having received conditional approval to be readmitted to the official list of the ASX.

Rationale for the Proposed Transaction

3.6 The acquisition of CIH provides APAC with access to a profitable trading business that is EPS accretive, and allows the Company to relist on the ASX.

Impact of the Proposed Transaction on APAC's Capital Structure

3.7 The table below sets out a summary of the capital structure of APAC prior to, and post, the Proposed Transaction:

Share structure of APAC prior to and post the Proposed Transaction

	Ref	Post Proposed Transaction (minimum capital raising)		Post Proposed Transaction (maximum capital raising)	
Shares on issue:			%		%
Ordinary shares currently issued (post consolidation)		72,000,000	8.81	72,000,000	8.07
Shares issued to CIH Vendors to acquire CIH (post consolidation)	3.1	532,852,564	65.21	532,852,564	59.73
Shares issued as per Capital Raising (post consolidation)	3.4	175,000,000	21.42	250,000,000	28.02
Advisor shares	3.4	37,299,679	4.56	37,299,679	4.18
Total shares on issue (post consolidation)		**817,152,243**	**100**	**892,152,243**	**100**

Source: Company Estimates

Impact of the Proposed Transaction on APAC's Capital Structure (continued)

3.8 Following the minimum Capital Raising, APAC's existing Non-Associated shareholders interest will decrease from 100% to 8.81% prior to any existing shareholders participating in the Capital Raising. This interest would be 8.07% if the maximum capital were to be raised.

3.9 Following the completion of the Proposed Transaction, CIH Vendors will be entitled to a relevant interest in APAC of 65.21% (assuming the minimum capital is raised under the Capital Raising), this decreases to 59.73% if the maximum capital is raised.

4. SCOPE OF THE REPORT

Purpose of the Report

4.1 APAC has entered into a conditional Share Purchase Agreement to acquire 100% of the issued share capital of CIH.

4.2 Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest increasing from a starting point below 20% to an interest above 20%. Completion of the Proposed Transaction is expected to result in the CIH Vendors acquiring at least a 59.73% interest in APAC.

4.3 Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 of the Act does not apply if the acquisition has been approved by the Non-Associated Shareholders of the Company. Accordingly, the Company is seeking approval from the Non-Associated Shareholders for the Proposed Transaction under Item 7 of Section 611 of the Act.

4.4 Item 7 Section 611 of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC Regulatory Guide 111 ("RG 111") advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.

Regulatory guidance

4.5 Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

4.6 This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

4.7 In our opinion, the Proposed Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Proposed Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to the shareholders of APAC.

Adopted basis of evaluation

4.8 RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. RG111 requires the value of the APAC shares to be issued to the Vendors prior to the Proposed Transaction to be valued on a control basis, and the value of APAC following the Proposed Transaction to be valued on a minority basis.

4.9 Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for Non – Associated Shareholders to accept the Proposed Transaction in the absence of any higher bid.

4.10 Having regard to the above, MSPCS has completed this comparison in two parts:

- A comparison between the value of an APAC share prior to the Proposed Transaction on a control basis (post consolidation), and the value of an APAC share post the Proposed Transaction on a minority basis (post consolidation) (fairness – see Section 11 – Assessment of Fairness); and
- An investigation into other significant factors to which Non-Associated Shareholders might give consideration, prior to accepting the Proposed Transaction, after reference to the value derived above (reasonableness – see Section 12 -Assessment of Reasonableness).

5. PROFILE OF APAC COAL LTD

Background

5.1 APAC is a public company which is incorporated in Australia and listed on the Australian Securities Exchange (ASX: AAL). APAC was officially listed on the ASX on 10 July 2008.

5.2 APAC's principal activities are focused on care and maintenance of a coal resource within a disputed mining lease located in Indonesia, and the ongoing review of alternative investment opportunities.

5.3 The Company's shares have been suspended on the ASX since 29 June 2016.

Legal Dispute in Indonesia

5.4 As previously announced to the market, APAC's ownership of its subsidiary, PT Batubara Selarus Sapta ("PTBSS"), which holds the rights to the coal tenements, is currently being disputed. As a result of the dispute, exploration activities were suspended, with only care and maintenance activities being performed at the site. A skeleton crew have been employed to maintain the base camp, site office and communications with the local community and authorities. A request to resolve the investment dispute through consultations and negotiations was sent to the Republic of Indonesia by APAC, however, the Company has since decided to halt the proceedings until the outcome the Proposed Transaction.

5.5 The net assets of these Indonesian subsidiaries, including any capitalised exploration assets, have been impaired to A$1 as at 30 June 2017. The unimpaired value of the net assets of these subsidiaries as at 30 June 2017 (after elimination of intra group balances) was A$552,103. We consider a fair value of A$1 to be appropriate given the current and ongoing ownership dispute, and the intention of the Directors to dispose of the subsidiary via sale of the shares for consideration of US$2 if the Proposed Transaction proceeds.

Abandoned Goyes Acquisition

5.6 On 30 June 2016, APAC announced it had entered into a share purchase agreement to acquire the holding company of the Goyes Group. The acquisition was subject to a number of conditions, including regulatory and shareholder approval. During the year ended 30 June 2017 the Company was advised that due to the structure and nature of the transaction, it was unlikely that the merged group would meet the ASX's requirements for re-admission. As a result, APAC decided not to proceed with the acquisition.

Board of Directors

5.7 The current Board of Directors are:

Name	Title	Experience
Brett Crowley	Non-Executive Director, Chairperson and Company Secretary	Mr Crowley has over 30 years' experience in advising emerging companies with taxation, corporate strategy, structuring, capital raising and commercial negotiations.
Luke Ho Khee Yong	Executive Director	Mr Ho has a Master's Degree in Strategic Business Management and is an Associate Member of the Chartered Institute of Management Accountants. He has more than 15 years' experience with various listed companies.
Boon Ban Quah	Non-Executive Director	Mr Quah has a Bachelor of Engineering with Honours, and a Masters of Computer Science. He has over 10 years' experience in a variety of industry sectors.

The Historical Consolidated Financial Information

5.8 The information below provides a summary of the financial information of APAC for the years ended 30 June 2016 and 30 June 2017 extracted from the audited financial statements of the Company.

5.9 The auditor of APAC issued an unqualified opinion on the financial statements for the year ended 30 June 2016 and 30 June 2017.

5.10 The table below sets out the Consolidated Statement of Financial Position of APAC for the years ended 30 June 2016 and 30 June 2017.

Consolidated Statement of Financial Position	Ref	30 June 2017 A$	30 June 2016 A$
ASSETS			
Current assets			
Cash and cash equivalents	i	11,198	31,042
Other receivables		451	482
Loan owed by Magnus	ii	-	80,000
Assets held for sale	iii	1	1
Total current assets		**11,650**	**111,525**
Total assets		**11,650**	**111,525**
LIABILITIES			
Current liabilities			
Other payables		48,530	31,274
Loan owed to Magnus	iv	19,404	-
Borrowings	v	99,000	-
Total current liabilities		**166,934**	**31,274**
Total liabilities		**166,934**	**31,274**
NET ASSETS/(LIABILITIES)		**(155,284)**	**80,251**
EQUITY			
Share capital		6,394,067	6,394,067
Accumulated losses		(6,549,351)	(6,313,816)
TOTAL EQUITY		**(155,284)**	**80,251**

Source: Audited APAC financial statements for the years ended 30 June 2016 and 2017.

5.11 We note the following in relation to the financial position of APAC as at 30 June 2017:

i. The group is cash poor and is reliant on its parent company, Magnus Energy Limited ("Magnus") to provide cash to fund its working capital.

ii. The loan owed by Magnus was repaid in full during the year ended 30 June 2017.

iii. The asset held for sale relates to the impaired value of the Indonesian subsidiary's net assets. As described in paragraph 5.4 above, there is a long running legal dispute over the ownership rights in relation to these assets, and as such the Company impaired the value of these assets to nil. The unimpaired value of the net assets of these subsidiaries as at 30 June 2017 (after elimination of intra group balances) was A$552,103. We consider a fair value of A$1 to be appropriate given the current ownership dispute, and the intention of the Directors to dispose of the subsidiary via sale of the shares for consideration of US$2 if the Proposed Transaction proceeds.

The Historical Consolidated Financial Information (continued)

iv. During the year ended 30 June 2017, Magnus loaned the Company A$19,404. The loan is interest free and unsecured.

v. During the year ended 30 June 2017, APAC borrowed A$99,000 from Rung Capital in the form of an interest free, unsecured, non-trading loan. The loan is repayable on demand.

5.12 We have reviewed the unaudited net asset position of APAC as at 30 September 2017 and note that the following movements in the net asset position subsequent to 30 June 2017:

Name	A$
Audited net asset/(liability) position as at 30 June 2017	(155,284)
Unaudited net asset/(liability) position as at 30 September 2017	(299,860)
Increase in the net liability position subsequent to 30 June 2017	**(144,576)**

5.13 The increase in the net liability position subsequent to 30 June 2017 is due to the following transactions/events:

i. Decrease in the borrowings from Rung Capital from A$99,000 to nil due to the repayment of the loan in full by Magnus on behalf of APAC.

ii. Increase in the loan from Magnus by A$245,000 partly due to the repayment of the loan to Rung Capital noted above of A$99,000, and partly due to management fees and Directors' fees for the period being charged to the Magnus loan account.

5.14 The table below sets out the Consolidated Statement of Profit or Loss and Other Comprehensive Income of APAC for the years ended 30 June 2017 and 30 June 2016.

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Ref	30 June 2017 A$	30 June 2016 A$
Other income	i	**10,766**	**49,072**
Expenses			
Administrative expenses		(35,196)	(38,327)
Travel and accommodation	ii	(77,613)	(32,871)
Finance costs		(335)	(172)
Personnel expenses	iii	(99,583)	(105,000)
Foreign exchange gain/(loss)		622	(37,200)
Professional fees	ii	(144,332)	14,671
Management fees	iv	(199,200)	(199,200)
Reversal of / (provision for doubtful debts	v	372,118	(323,118)
Loss before tax from continuing operations		(172,753)	(672,145)
Income tax benefit/(expense)		-	-
Loss after tax for the year from continuing operations		**(172,753)**	**(672,145)**
Discontinuing operations			
Loss from discontinuing activities after tax	vi	(62,782)	(535,695)
Net loss for the year		**(235,535)**	**(1,207,840)**
Other Comprehensive income			
Exchange differences on translating foreign controlled entities		-	(369,485)
Total comprehensive loss for the year		**(235,535)**	**(1,577,325)**

Source: Audited APAC financial statements for the years ended 30 June 2016 and 2017.

The Historical Consolidated Financial Information (continued)

5.15 We note the following in relation to APAC's financial performance:

i. APAC does not earn trading revenue. Other income includes interest receivable from Magnus at a rate of 7% per annum on the loan principal receivable. The loan was fully repaid during the year ended 30 June 2017.

ii. Travel and professional costs increased during the year ended 30 June 2017 as a result of costs associated with the former Goyes transaction as described in paragraph 5.6. The Goyes transaction was abandoned during the year ended 30 June 2017.

iii. Personnel costs consist of Directors fees for the year.

iv. Management fees relate to contracted provision of administrative and financial reporting services by Magnus.

v. During the year ended 30 June 2016 the Company recognised a provision against the loan receivable from Magnus of A$323,118. The provision was recognised as part of the agreement related to the Goyes acquisition (refer to paragraph 5.6). The agreement stated that APAC was required to dispose of all of its existing assets and liabilities prior to completion of the acquisition. As the Goyes acquisition was abandoned during the year ended 30 June 2017, this provision was reversed against the loan receivable from Magnus.

vi. Discontinued operations relate to the coal mining segment of the Company, being the Indonesian subsidiaries. These results are shown as discontinued as the Directors intend to dispose of the subsidiaries if the Proposed Transaction proceeds. The loss for discontinued activities was significantly higher in the year ended 30 June 2016 as this was the first year of impairment of the Indonesian subsidiaries' net assets. The 30 June 2017 loss relates to the movement for the year ended 30 June 2017 only.

Group Structure

5.16 The APAC Group includes the following subsidiaries:

	Proportion (% of ownership interest)	
Name	**30 June 17**	**30 June 16**
PT Deefu Chemical Indonesia*	99.33	99.33
PT Batubara Selaras Sapta*	95.00	95.00

* Ownership of these subsidiaries is in dispute (see paragraph 5.4)

Capital Structure

5.17 At the date of this report APAC has 249,705,637 Ordinary Shares on issue (pre-consolidation). Details of the top 10 shareholders as at 10 August 2017 are as follows:

	Shareholder	Number of Ordinary Shares (pre-consolidation)	% of Total Shares
1	Magnus Energy Group Ltd	139,300,002	55.79
2	Advanced Assets Management Ltd	53,200,000	21.31
3	Hawlia Jake Pison	10,000,000	4.00
4	UOB Kay Hian Private Ltd	7,732,586	3.10
5	Mid-Continent Equipment Group Pte Ltd	5,000,000	2.00
6	Ong kok Wah	2,000,000	0.80
7	Chong Pawzen	1,700,000	0.68
8	Koh Tieng Poh	1,615,000	0.65
9	Anjana Handha	1,487,450	0.60
10	Chong Paw Zen	1,430,000	0.57

Source: APAC's share register

6. PROFILE OF CIH

Background

6.1 Following the Restructuring on 24 October 2017, Credit Intelligence Holding Limited ("CIH") became the ultimate parent company of three wholly owned subsidiaries (see paragraph 6.16) that provide Bankruptcy Administration Services and Individual Voluntary Arrangement ("IVA") Proposal Consultancy Services to its clients in Hong Kong.

6.2 CIH is a private company incorporated in the Cayman Islands. All operations of the CIH group are conducted in Hong Kong.

6.3 CIH employs approximately 25 staff members, including accountants and legal practitioners who work with financial institutions and clients to provide cost effective debt solutions.

Bankruptcy Administration Services

6.4 CIH provides Bankruptcy Administration Services for bankruptcies with assets in excess of HK$200,000 through its wholly owned subsidiary Hong Kong Debt Management Services Limited ("HKDMS"). HKDMS was incorporated in 2003 and commenced the provision of bankruptcy administration services in 2010.

IVA Proposal Consultancy Services

6.5 IVA Proposal Consultancy Services are provided by CIH's wholly owned subsidiary, Hong Kong IVA Consultants Limited ("HKIVA"). HKIVA was incorporated in 2002 and began providing IVA proposal consultancy services in 2015. These services are provided to clients as an alternative to bankruptcy by helping their clients enter into a repayment plan with their creditors. These repayments are made to an insolvency practitioner or IVA Nominee, who in turn distributes these monies to the creditors. HKIVA's employees customise the IVA proposal for the client, liaise with creditors and also conduct court proceedings.

6.6 An IVA involves compliance with various laws and regulations, including an application to the Court and a creditors meeting.

Board of Directors

6.7 The current Board of Directors are:

Name	Title	Experience
Jimmie Wong	Chairman	Mr Wong is the founder of CIH. He holds a Bachelor of Law from the University of Hong Kong. Mr Wong has over 20 years' experience as an insolvency lawyer and has also provided legal advice in relation to cross-border takeovers and mergers, corporate finance, IPOs and foreign direct investment. In 2008 Mr Wong was awarded the Hong Kong Innovative Entrepreneur of the Year Award.
King Wong	CEO and Executive Director	Mr Wong Ka Lam King (''Mr King Wong'') is currently the CEO and Executive Director of Hong Kong Debt Management Services Limited, Credit Intelligence's wholly owned subsidiary. Mr King Wong joined the CIH Group in 2002 and is primarily responsible for overseeing the overall business operations of the CIH Group. Mr King Wong graduated with a Bachelor of Laws degree (Honours) from the City University of Hong Kong in 1998. He is a practicing solicitor and was admitted as a solicitor in Hong Kong in 2001. Mr King Wong has professional experience in handling insolvency matters.
Chan Chuen Lan	Director	Ms. Chan Chuen Lan is the spouse of Jimmie Wong. She joined the CIH Group in August 2002 and is primarily responsible for monitoring the executive activities, advising on corporate and business strategies and also providing services and advice in relation to IVA to clients.

The Historical Consolidated Financial Information

6.8 The information below provides a summary of the financial information of CIH for the years ended 31 March 2015, 31 March 2016 and 31 March 2017, and the three months ended 30 June 2017 as if the Restructuring took place on 1 April 2014.

Consolidated Statement of Financial Position	Ref	Audited 30 June 2017 A$	Audited 31 March 2017 A$	Audited 31 March 2016 A$	Audited 31 March 2015 A$
ASSETS					
Current assets					
Cash & cash equivalents	i	350,746	213,238	1,115,716	100,661
Trade receivables	ii	191,985	174,643	285,568	166,463
Receivable from Director/s	iii	714,869	247,792	738,506	839,356
Income tax receivable		-	47,052	750	88,992
Prepayments		112,786	109,164	155,904	94,825
		1,370,387	**791,889**	**2,296,444**	**1,290,297**
Non-current assets					
Plant and equipment		31,422	27,277	23,668	2,732
		31,422	**27,277**	**23,668**	**2,732**
Total assets		**1,401,808**	**819,167**	**2,320,113**	**1,293,028**
LIABILITIES					
Current liabilities					
Trade and other payables	iv	34,587	38,720	1,709,054	5,972
Payable to Director/s		-	-	13,316	34,345
Income tax liabilities	v	91,329	-	-	-
Bank loans		-	-	-	589,846
		125,917	**38,720**	**1,722,370**	**630,164**
Non-current liabilities		**-**	**-**	**-**	**-**
Total liabilities		**125,917**	**38,720**	**1,722,370**	**630,164**
NET ASSETS		**1,275,892**	**780,447**	**597,742**	**662,865**
EQUITY					
Share capital		13,039	13,095	1	1
Other reserve		(1,823)	(1,831)	2	-
Retained profits		1,264,676	769,183	597,739	662,864
TOTAL EQUITY		**1,275,892**	**780,447**	**597,742**	**662,865**

Source: Financial information for CIH and HKDM extracted from the audited financial statements for the years ended 31 March 2015, 2016 and 2017, and the three months ended 30 June 2017 respectively. The financial information in the historical Statements of Financial Position have been translated from Hong Kong dollars (HK$) to Australian dollars (A$) at the exchange rate prevailing at the balance sheet date as follows:

31 March 2015: HK$1 = A$0.16767

31 March 2016: HK$1 = A$0.16846

31 March 2017: HK$1 = A$0.16789

30 June 2017: HK$1 = A$0.16717

6.9 We have not undertaken a review of CIH and HKDM's audited financial statements in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information.

The Historical Consolidated Financial Information (continued)

6.10 We note the following in relation to CIH's recent financial position:

i. Cash and cash equivalents as at 30 June 2017 were $350,746. CIH has paid out a dividend to shareholders on a regular basis during the period noted above, and therefore has not retained surplus cash in the business. Revenue is received by CIH on a monthly basis. As CIH is not dependent on significant levels of capital to earn revenue, CIH has not needed the reinvestment of significant amounts of cash and earnings.

ii. Trade receivables have been confirmed as recoverable in full.

iii. As at 30 June 2017 the Director, Jimmie Wong, owed CIH A$677,133. The balance of the amount receivable, being A$37,737, is owed by Chuen Lan, the spouse of Jimmie Wong. On completion of the Proposed Transaction, the amount owing on the loan accounts will be cleared partly by dividend, and partly by the payment of the Proposed Transaction expenses on behalf of CIH.

iv. Trade and other payables relate to ordinary business payables, and have been confirmed as complete.

v. The income tax liability includes $91,329 accrued as income tax for the period ended 30 June 2017.

6.11 The table below sets out the Consolidated Statement of Profit and Loss and Other Comprehensive Income of CIH for the years ended 31 March 2015, 31 March 2016 and 31 March 2017, and for the three months ended 30 June 2017 as if the Restructuring took place on 1 April 2014.

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Ref	3 months ended 30 June 2017 A$	Year ended 31 March 2017 A$	Year ended 31 March 2016 A$	Year ended 31 March 2015 A$
Revenue					
Service income	i	1,000,928	3,588,290	3,552,371	2,713,607
Other income	ii	23,662	101,105	78,675	50,520
Gain on sale of interest in subsidiary	iii	-	-	2,521,165	-
Total Revenue		**1,024,591**	**3,689,395**	**6,152,211**	**2,764,127**
Expenses					
Minimum lease payments	iv	47,210	189,067	186,987	141,404
Employee benefit expense	v	264,934	1,058,908	787,497	609,828
Other operating costs	vi	101,038	449,781	485,704	244,062
Finance costs		-	-	10,833	6,689
Total Expenses		**413,182**	**1,697,755**	**1,471,020**	**1,001,983**
Profit before tax		**611,409**	**1,991,640**	**4,681,191**	**1,762,144**
Income tax credit/(expense)		(101,034)	(324,768)	(350,586)	(289,714)
Profit after tax		**510,374**	**1,666,872**	**4,330,605**	**1,472,430**
Other comprehensive income:		**-**	**-**	**-**	**-**
Total comprehensive income for the year		**510,374**	**1,666,872**	**4,330,605**	**1,472,430**

Source: Financial information for CIH and HKDM extracted from the audited financial statements for the years ended 31 March 2015, 2016 and 2017, and the three months ended 30 June 2017. The financial information in the historical statements of profit or loss and other comprehensive income have been translated from Hong Kong dollars (HK$) to Australian dollars (A$) at the average exchange rate during the period reported as follows:
31 March 2015: $HK1 = A$0.1473
31 March 2016: HK$1 = A$0.1751
31 March 2017: HK$1 = A$0.1713
30 June 2017: HK$1 = A$0.17105

The Historical Consolidated Financial Information (continued)

6.12 We have not undertaken a review of CIH's audited financial statements in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information.

6.13 We note the following in relation to CIHs recent financial performance:

i. CIH service revenue includes revenue derived from both Bankruptcy Administration Services and Individual Voluntary Arrangements. See paragraphs 6.4 and 6.5 for details.

ii. Other income includes costs incurred on behalf of clients that are invoiced as disbursements during the period.

iii. The gain arose due to the disposal of 9% of CIH's equity interest in its subsidiary, Hong Kong Debt Management Services Limited for consideration of HK$14,400,000.

iv. Minimum lease payments include rental costs for the property in Hong Kong.

v. Staff costs include employee and Director salaries. Note that the Director, Jimmie Wong, is not paid a salary, and is instead remunerated by dividend.

vi. Other operating costs include administrative costs such as advertising, professional fees, stationery and computer costs, rates and utilities etc.

Capital Structure

6.14 Prior to the Restructuring, which was completed on 24 October 2017, CIH had one Ordinary Share on issue. Details of the sole shareholder were as follows:

Shareholder	Number of Ordinary Shares	% of Total Shares
Beta Field (China) Financial Information Services Limited	1	100

Source: CIH management

6.15 Following the Restructuring on 24 October 2017, CIHs capital structure was as follows:

Shareholder	Number of Ordinary Shares	% of Total Shares
Beta Field (China) Financial Information Services Limited	8,600	86
King Wong	500	5
Chen Guo Rong	500	5
Chan Wing Keung	200	2
Pang Wai Yu	200	2

Group Structure

6.16 Following the Restructuring on 24 October 2017, CIH became the ultimate parent company of the following subsidiaries:

Name	Proportion (% of ownership interest)
Hong Kong Debt Management Limited	100
Hong Kong IVA Consultants Limited	100
Hong Kong Debt Management Services Limited	100

7. INDUSTRY ANALYSIS

7.1 CIH provides personal debt management and collection services in Hong Kong. The debt management industry thrives in periods of economic downturn and high unemployment, when households are more likely to default on their loans. Similarly, the demand for debt management services also increases with the level of consumer debt. High household debt levels increase the likelihood of bankruptcies occurring.

7.2 Businesses in the debt management industry often rely on strong referral relationships with loan providers and other stakeholders which help to develop recurring revenue streams.

7.3 Industry participants are subject to various laws and regulations that govern debt collection practices, and therefore need to be aware of their compliance obligations.

Hong Kong

7.4 CIH's activities are based in Hong Kong. Hong Kong has experienced significant growth in household income, but this has been overtaken by the inflation in the cost of living. The CPI increased 2.5% in 2015 and 2.3% in 2016, largely due to the increase in the cost of private housing rentals. The year on year increase in the housing index was 5.2% in 2015 and 3.7% in 2016.[1]

7.5 The increase in the cost of housing has also impacted household debt levels. Since the Global Financial Crisis in 2008/9, household debt in Hong Kong has increased considerably. At the end of September 2015, household debt was up 11% from the previous year, reaching HK$1,571 billion, of which 71% represented residential mortgages.[2] The mortgage payment to income ratio in Hong Kong (being the ratio of a mortgage repayment for a 45m^2 apartment to median household income, exclusive of public housing) increased to approximately 67% in the second quarter of 2017, which is significantly above the long term average of 45% over 1997-2016.[3]

7.6 Given the high levels of household debt, housing affordability in Hong Kong is highly sensitive to interest rate rises and unemployment rates. The high levels of personal debt have led to an increase in demand for debt management services. According to the Official Receivers Office of Hong Kong, the total number of bankruptcy petitions and orders was 9,750 in 2015, 8,919 in 2016 and is 5,243 for the first eight months of 2017.[4]

Australia

7.7 Revenue derived from the debt collection industry in Australia is expected to grow steadily over the next 5 years to 2021-22, at an annualised rate of 3.1%. This is higher than the projected growth in the overall economy, which is expected to be 2.5% annualised over the same period.[5] The expected growth is attributable to the high levels of household debt in Australia (resulting from high house prices), and the steady expected unemployment rate of 5.6% for the period to 2020.[6] Australian household debt equalled 193.7% of annualised household disposable income in the June 2017 quarter, an all-time high for Australia[7]. The impact of the economic downturn is felt most in boom states, such as Western Australia and Queensland.

[1] 2016 Annual Report on the Consumer Price Index, Census and Statistics Department, HKSAR Government
[2] An Overview of the Household Debt Situation in Hong Kong December 2015 http://www.hkeconomy.gov.hk/en/pdf/household_debt.pdf
[3] HKSAR Government Half Yearly Economic Report 2017
[4] Official Receiver's Office, HKSAR Government
[5] IBISWorld Industry Report N7293a Debt Collection in Australia December 2016
[6] https://tradingeconomics.com/australia/unemployment-rate/forecast
[7] http://www.rba.gov.au/statistics/tables/

8. VALUATION APPROACH

Definition of Value

8.1 RG 111 states that a transaction is fair if the value of the consideration is greater than the value of the securities being acquired. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Valuation Approach Adopted

8.2 There are a number of methodologies which can be used to value a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market approach method (Comparable market transactions)

8.3 A summary of each of these methodologies is outlined in Appendix B.

Value of an APAC Share prior to the Proposed Transaction (control basis)

8.4 In assessing the value of a APAC share prior to the Proposed Transaction we have utilised the net assets on a going concern basis as our primary approach. We note that the net assets valuation is inclusive of a premium for control. We have considered all other valuation methodologies but, in our opinion, no other methodology is appropriate. We set out our reasoning below:

- APAC's shares have been suspended from the ASX since 29 June 2016, as such there is no current observable market data for them.
- Given the non-trading nature of APAC, we do not consider the DCF or FME methodologies to be appropriate.

Value of an APAC share following the Proposed Transaction (minority basis)

8.5 In assessing the value of an APAC share following the Proposed Transaction we have selected capitalisation of FME as our primary methodology.

8.6 Our valuation methodology was selected on the following basis:

- CIH has a history of profitable earnings;
- There is an adequate number of publicly listed companies with operations sufficiently similar to CIH to provide meaningful analysis;
- In the absence of reliable cash flow forecasts, FME is a reasonable proxy for operating cash flows.

8.7 Our valuation of CIH has been performed on a minority basis.

8.8 We have considered all other methodologies and their applicability to the business of CIH as follows:

- The NAV methodology is not appropriate for a services business, such as CIH, as the value of the business is not derived from the value of its tangible assets. The net asset value of CIH was A$1.3m as at 30 June 2017 and A$1.7m as at 30 September 2017. This is significantly lower than the value of CIH assessed in section 10.
- We do not consider that the DCF basis of valuation is appropriate as the Directors and Management of CIH are not able to reliably and accurately forecast the future cash flows of the business.
- CIH is a private company and as such CIH's shares are not traded on a regulated and observable market, therefore the QMP valuation method is not considered to be appropriate.

9. VALUATION OF APAC PRIOR TO THE PROPOSED TRANSACTION

9.1 As stated at paragraph 8.4 we have assessed the value of a APAC share prior to the Proposed Transaction on a net assets on a going concern basis.

Net Asset Valuation of APAC on a Going Concern Basis

9.2 We have assessed the value of an APAC Share on a control basis to be between A$0.006 and A$0.013 per share based on the net assets on a going concern method, as summarised in the table below.

Consolidated Statement of Financial Position	Ref	30 June 2017 A$ Low	30 June 2017 A$ High
NET ASSETS/(LIABILITIES)	9.3	**(155,284)**	**(155,284)**
Less: increase in the net liabilities	9.4	(144,576)	(144,576)
Add: value of a listed shell	9.6	750,000	1,250,000
NET VALUE		**450,140**	**950,140**
Number of shares on issue at the date of this report (post consolidation)		72,000,000	72,000,000
Value per share A$		**0.006**	**0.013**

9.3 The net assets of APAC have been extracted from the audited financial statements of APAC at 30 June 2017.

9.4 We have reviewed the unaudited net asset position of APAC as at 30 September 2017 and note the following movements in the net asset position subsequent to 30 June 2017:

Name	A$
Audited net asset/(liability) position as at 30 June 2017	(155,284)
Unaudited net asset/(liability) position as at 30 September 2017	(299,860)
Increase in the net liability position subsequent to 30 June 2017	**(144,576)**

9.5 The increase in the net liability position subsequent to 30 June 2017 is due to the following transactions/events:

i. Decrease in the borrowings from Rung Capital from A$99,000 to nil due to the repayment of the loan in full by Magnus on behalf of APAC.

ii. Increase in the loan from Magnus by A$245,000 partly due to the repayment of the loan to Rung Capital noted above of A$99,000, and partly due to management fees and Directors' fees for the period being charged to the Magnus loan account.

9.6 In the "high" valuation we have added an estimated A$1,250,000 to the net assets calculation to include a value for APAC as a listed shell. This gives a net value per share of A$0.013. In the "low" valuation, we have assumed that the listed shell has a value of A$750,000, and as such the net value of APAC would be A$0.006.

Control Premium

9.7 Whilst CIH may not obtain 100% of APAC, RG 111 states that in a control transaction, the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 12.

9.8 The net asset value method implies a premium for control has already been factored into the value. Therefore, our calculation of the fair market value of a APAC share has been prepared on a control basis.

Valuation summary and conclusion

9.9 In our opinion, we consider the net assets on a going concern basis methodology provides the most reliable indicator of the Fair Value of a APAC Share.

9.10 Our assessed value of an ordinary APAC Share on a control basis prior to the Proposed Transaction (post consolidation), as calculated using the net assets on a going concern basis methodology noted above, is between A$0.006 and A$0.013.

10. VALUATION OF APAC FOLLOWING THE PROPOSED TRANSACTION

10.1 For our primary valuation of APAC following the Proposed Transaction, we have adopted the capitalisation of future maintainable earnings ("FME") methodology.

Capitalisation of future maintainable earnings (primary methodology)

10.2 We have assessed the value of APAC following the Proposed Transaction on a minority basis to be in the range of approximately A$0.010 to A$0.015 per share based on the capitalisation of FME methodology, as summarised in the table below.

Assessed value of APAC following the Proposed Transaction on a control basis

	Ref	Low A$	High A$
Assessed EBITDA	10.7	1,500,000	1,500,000
Assessed EBITDA multiple	10.13	5.0	7.5
Enterprise value on a control basis		**7,500,000**	**11,250,000**
Add surplus asset	10.29	-	-
Plus net cash/(debt)	10.30	3,038,703	3,038,703
Equity Value on a control basis		**10,538,703**	**14,288,703**
Less minority discount	10.27	23%	17%
Equity value on a minority basis		**8,114,801**	**11,859,624**
Number of shares on issue following the Proposed Transaction assuming the minimum capital raising (post consolidation)		817,152,243	817,152,243
Value per APAC share following the Proposed Transaction (post consolidation) on a minority basis		**A$0.010**	**A$0.015**

Source: Moore Stephens analysis

10.3 The capitalisation of earnings methodology estimates the value of the equity of a company by capitalising the future maintainable earnings of the underlying business at an appropriate multiple, which reflects the underlying risk profile and growth prospects of the business applying a premium for control where necessary, adding the value of any surplus or non-operating assets (or deducting any excess or non-operating liabilities) and deducting net debt (or adding net cash). Accordingly, valuing APAC following the Proposed Transaction using the capitalisation of maintainable earnings methodology requires the determination of the following variables:

- future maintainable earnings;
- an appropriate capitalisation multiple;
- an appropriate premium for control;
- the current level of net debt or net cash; and
- the value of surplus assets or liabilities.

10.4 Our considerations with regard to each of these factors is presented below:

Future maintainable earnings

10.5 Our calculation of future maintainable earnings is based on CIH's future maintainable earnings before interest, tax, depreciation and amortisation (EBITDA), as if the Restructuring occurred on 1 April 2014. We have used future maintainable EBITDA as it allows CIH's earnings, and therefore appropriate capitalisation rates, to be compared to other companies as:

- the EBITDA calculation is unaffected by capital structure (level of gearing);
- the EBITDA calculation is not impacted by tax structure or different income tax rates; and
- EBITDA is a fair representation of the actual cash that flows through the company.

10.6 In assessing future maintainable earnings, we have had regard to the following financial results:

- Audited financial information for CIH for the years ended 31 March 2015, 2016 and 2017, and the three months ended 30 June 2017;
- Audited consolidated financial information for Hong Kong Debt Management Limited ("HKDM") for the years ended 31 March 2015, 2016 and 2017, and the three months ended 30 June 2017;
- Unaudited year to date management accounts to 30 September 2017 for CIH (representing the six months then ended);
- Unaudited year to date management accounts to 30 September 2017 for HKDM (representing the six months then ended); and
- The unaudited earnings forecast for HKDM for the year ended 31 March 2018.

10.7 The table below shows a summary of the adjusted financial information of CIH for the years ended 31 March 2015, 2016 and 2017, and the six months ended 30 September 2017, as if the Restructuring took place on 1 April 2014.

	Ref	Six months ended 30 Sept 2017 A$	Year ended 31 March 2017 A$	Year ended 31 March 2016 A$	Year ended 31 March 2015 A$
Adjusted EBITDA[1,2]	10.11	838,698[3]	1,310,189	1,509,124	1,049,059
FME (say)			A$1,500,000		

Source: Moore Stephens analysis

[1] Adjusted as per paragraph 10.11

[2] Translated using the exchange rates applied in 6.11

[3] Annualised = A$1,677,396

10.8 The adjusted financial information of CIH for the year ended 31 March 2017 (assuming that the Restructuring occurred on 1 April 2014) shows that CIH generated an adjusted EBITDA of A$1.3m. The forecast financial information for the year ended 31 March 2018, indicates that CIH is expected to grow EBITDA. The unaudited management accounts for the six months ended 30 September 2017 indicate that CIH has earned an adjusted EBITDA of A$839k for the period then ended. If these results continue for the following 12 months, CIH would be on track to earn an adjusted EBITDA of A$1.68m for the year ended 31 March 2018. These results go some way to supporting the growth forecasts for CIH going forward.

10.9 A$1.5m is therefore considered to be the most reliable estimate of FME.

10.10 We note that these figures have been provided on an aggregate basis and do not include any synergistic benefits that arise from the Proposed Transaction.

Future maintainable earnings (continued)

10.11 We have made the following normalisation adjustments to EBITDA:

	Six months ended 30 Sept 2017 A$	Year ended 31 March 2017 A$	Year ended 31 March 2016 A$	Year ended 31 March 2015 A$
EBITDA	**1,161,348**	**1,998,359**	**4,694,304**	**1,774,359**
Add back one off, non-recurring transactions incurred including gain on disposal of interest in subsidiary, referral fees and legal fees associated with the corporate structure and business model of CIH	-	17,130	(2,459,880)	-
Less annual listing costs estimated to be A$100,000 per annum	(50,000)	(100,000)	(100,000)	(100,000)
Less expected annual salary post completion of the Proposed Transaction for Directors as follows:				
- Jimmie Wong (note that Jimmie Wong has historically been remunerated through dividends)	(100,000)	(200,000)	(200,000)	(200,000)
- King Wong (being the difference between King Wong's current salary and his expected salary)	(35,000)	(130,000)	(150,000)	(150,000)
- Mel Ashton	(35,000)	(70,000)	(70,000)	(70,000)
- Krista Bates	(20,000)	(40,000)	(40,000)	(40,000)
- Vincent Lai	(20,000)	(40,000)	(40,000)	(40,000)
Less estimated annual expense for performance based remuneration that is expected to be settled through the issue of share based payments in the form of performance shares. Share price sensitive performance shares have been valued using the binomial method[1] at between A$0.007 and A$0.008 per share.	(62,650)	(125,300)	(125,300)	(125,300)
Adjusted EBITDA	**838,698**	**1,310,189**	**1,509,124**	**1,049,059**

[1] In valuing the performance shares we have used the following significant assumptions:

Performance share terms	Value per performance share	Significant assumptions used in binomial valuation
Performance share convertible into a fully paid ordinary share if the share price reaches $0.03 on a 30 day VWAP within 3 years of the date of the company commencing trading on the ASX	$0.007	80% volatility, risk free rate 1.93%, nil dividend yield, employee exit rates of 25%
Performance share convertible into a fully paid ordinary share if the share price reaches $0.025 on a 30 day VWAP within 2 years of the date of the company commencing trading on the ASX	$0.008	80% volatility, risk free rate 1.93%, nil dividend yield, employee exit rate of 25%

10.12 On the basis of our review of the financial information above and from our discussions with management, we consider the future maintainable EBITDA of CIH post Restructuring to be in the region of A$1.5m.

Assessment of Capitalisation Multiple

10.13 Based on our analysis of comparable company multiples, we consider an appropriate controlling multiple for CIH to be in the range of 5.0 to 7.5 times. In assessing this range, we have considered inter-alia:

Financial information of CIH

	Ref	Multiple Range Low	High
EBITDA multiple for comparable listed companies	10.17	**7.0**	**8.0**
Less: business specific discount (30% - 40%)	10.21	(2.8)	(2.4)
CIH EBITDA multiple (on a minority basis)		**4.2**	**5.6**
Control premium (20% - 30%)	10.20	0.8	1.7
CIH EBITDA multiple (on a control basis)		**5.0**	**7.5**

Source: Moore Stephens analysis

10.14 In selecting an appropriate capitalisation multiple to value CIH post Restructuring we have considered the trading multiples of equities of listed companies based on the following criteria:

- Exposure to debt management and insolvency services; and
- Operations in Hong Kong or Australia.

10.15 We have also observed, where available, EBITDA multiples achieved through the sale of debt management businesses in Hong Kong and Australia.

Comparable trading company multiples

10.16 The table below sets out a summary of the historic and forecast EBITDA multiples of entities listed on the ASX whose operations and activities are comparable to those of CIH post Restructuring. A brief description of each of the comparable companies is set out at Appendix C.

Summary of comparable company trading multiples

Company Name	Ref	Ticker	Market Capitalisation (AUD)	Enterprise Value (AUD)	FY17 EBITDA (AUD)	FY18 EBITDA (AUD)	FY17 EBITDA Multiple (x)	FY18 EBITDA Multiple (x)
Countplus Limited		ASX: CUP	75.4	84.4	10.1	NA	8.3	NA
Shine Corporate Limited	i	ASX: SHJ	108.2	146.1	34.8	37.8	4.2	3.9
Pioneer Credit Limited	ii	ASX: PNC	167.7	244.9	18.8	29.2	13.0	8.4
Collection House Limited		ASX: CLH	180.9	255.8	36.8	38.5	7.0	6.6
FSA Group Limited	iii	ASX: FSA	186.4	182.9	24.0	26.3	7.6	7.0
Average			**143.7**	**182.8**	**24.9**	**33.0**	**8.0**	**6.5**
Median			**167.7**	**182.9**	**24.0**	**33.5**	**7.6**	**6.8**

Source: S&P Capital IQ, Moore Stephens analysis

i. Shine Corporate Limited provides legal services in Australia. It covers a wide range of practice areas. We note that the multiple for Shine Corporate Limited is lower than the other comparable companies. This may be attributable to the type, and variation of services offered by the Company.

ii. Pioneer Credit Limited acquires and services debt portfolios. We note that the multiple for Pioneer Credit Limited is higher than the other companies in the table above. The EBITDA of Pioneer Credit Limited includes the fair value movement on purchased debt portfolios, and the Company is therefore exposed to the risks and rewards of acquiring the debt portfolio. The high multiple may therefore be due to the Company's EBITDA being measured using a different basis to that of the other comparable companies in the table.

Comparable trading company multiples (continued)

iii. FSA Group Limited provides both debt management services and consumer lending services. The Company's EBITDA includes finance income and expenses associated with fair value movements in the measurement of financial assets. For the year ended 30 June 2017, 77% of total operating income was derived from their debt management services segment, which provides a range of services comparable to those provided by CIH. This segment also made up 63% of the FSA Group Limited's profit for the year ended 30 June 2017.

10.17 Based on the table above, and taking into consideration the difference in risk profile of Pioneer Credit Limited, we consider a trading multiple of between 7.0 and 8.0 times to be an appropriate reflection of a multiple attributable to a business similar to CIH.

Adjustments to the comparable company trading multiples

Control premium

10.18 We note that the share price of a listed company represents the market value of a non-controlling interest in that company and, as such, any earnings multiple derived from those share prices are consequently non-controlling multiples and they do not reflect a premium for control. In order to calculate the value of a controlling interest prior to adjusting for surplus assets/liabilities and net debt, we must apply a control premium to the enterprise value multiple.

10.19 We have reviewed the control premiums paid in recent years by companies listed on the ASX. There is significant variability in control premiums paid which are effected by such factors as:

- Nature and magnitude of non-operating assets;
- Quality of management;
- Nature and magnitude of business opportunities/assets not currently being exploited;
- Degree and confidence in future synergies;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities; and
- The stage in the economic cycle.

10.20 A review of control premiums paid by acquirers of companies listed on the ASX in recent years indicates a range of premiums between 20% and 30% is reasonable. We believe that this reflects an appropriate rate of control premia to be applied in our valuation of CIH post Restructuring.

Business specific risk

10.21 Business specific risk is a subjective adjustment made to comparable company trading multiples in order to allow for the differences between the comparable companies used to arrive at a comparable multiple and the specific multiple applied to the target business being valued. When assessing any business specific risk adjustment, we have considered the following:

- CIH's revenue is lower than all of the comparable companies;
- CIH's EBITDA is lower that all of the comparable companies;
- CIH is reliant on key referral relationships with banks and other creditors;
- The majority of the comparable companies offer a broader range of services than CIH, and therefore the risk of earnings shock could be lower.

10.22 Based on our analysis of business specific risk, we are of the opinion that the CIH business carries more risk than the comparable companies used in our analysis. We have arrived at this conclusion on the basis that, on balance, CIH is less diversified, operates on a much smaller scale, and is reliant on key referral relationships.

10.23 We consider that it is reasonable to apply a business specific risk discount of between 30% and 40% to the comparable company multiple.

Comparable transaction multiples

10.24 As a cross check to our calculation of the comparable trading multiples set out above, we have analysed recent comparable transactions. In selecting comparable transactions, we have reviewed transactions on the following basis:

- Transactions involving companies providing debt management services;
- Business activities in Hong Kong;
- Completed in the last two years; and
- Publicly available information where EBITDA multiples are greater than 0.

Comparable transaction multiples (continued)

10.25 The table below summarises the publicly available information obtained as a result of our comparable transaction analysis (details of the company below can be found in Appendix C):

Comparable Transactions

Company Name	Percentage Acquired (%)	Transaction Value (AUD)	Implied Net Profit Multiple (x)	Target Co Revenue (LTM) (AUD)	Target Co Net Profit (FY15) (AUD)
Chesterfields Financial Services Pty Ltd	52.2	1.2	9.8	1.35	0.23

Source: Capital IQ, Moore Stephens analysis

10.26 There are few recent comparable transactions with publicly available information. The table above indicates a net profit multiple of 9.8 was paid for a private Australian company in the financial planning sector. This transaction occurred in 2015 and reflected a control transaction. Note that EBITDA information was not available for the target and so we have only been able to review the Implied Net Profit Multiple above. If we compare this multiple with the net profit after tax multiples for the comparable companies included in paragraph 10.16 above, we consider that this implied multiple provides support for the higher end of our multiple range.

Equity Value

10.27 In calculating the equity value of CIH we make the following adjustments to the Enterprise Value:

Equity Value of CIH on a Minority Basis

	Ref	Low A$	High A$
Enterprise value	10.2	7,500,000	11,250,000
Add surplus assets/(liabilities)	10.29	-	-
Less net (debt)/cash	10.30	3,038,703	3,038,703
Equity Value on a control basis		**10,538,703**	**14,288,703**
Less minority discount[1]		23%	17%
Equity value on a minority basis		**8,114,801**	**11,859,624**
Number of shares on issue following the Proposed Transaction assuming the minimum capital raising (post consolidation)		817,152,243	817,152,243
Value per APAC share following the Proposed Transaction (post consolidation) on a minority basis		**A$0.010**	**A$0.015**

Source: Moore Stephens analysis

[1] Being the inverse of the premium for control

10.28 We make the following comments in relation to the adjustments to derive equity value:

Surplus assets/(liabilities)

10.29 Surplus assets and liabilities are those assets and liabilities not required to sustain the adopted level of earnings. We have reviewed the unaudited management accounts for CIH and HKDM as at 30 September 2017 and note that the only surplus asset in the balance sheets relate to a current account with the Director, Jimmie Wong. As at 30 September 2017, Jimmie Wong owed CIH HK$7,637,044 (A$1,246,747 translated at the exchange rate on 30 September 2017 of HK$1: A$0.16325). This loan is due to be cleared partly by a dividend of HK$5,500,000 as part of the completion of the Proposed Transaction, and partly by the payment of expenses associated with the Proposed Transaction on behalf of CIH. As such, we do not consider this loan to be a surplus asset to the business.

Net (Debt)/Cash

10.30 We have assessed the net (debt)/cash in CIH post Restructuring as follows from review of the 30 September 2017 unaudited management accounts of CIH and HKDM:

	Ref	As at 30 September 2017 A$*
Cash balance in CIH and HKDM as at 30 September 2017*		230,280
Cash balance in APAC as at 30 September 2017	10.31	8,423
Estimated cash from capital raising (net of costs of the transaction) assuming the minimum capital of A$3.5m is raised	10.32	2,800,000
Net cash	**10.27**	**3,038,703**

Source: Moore Stephens analysis

*Translated at exchange rate on 30 September 2017: HK$1 = A$0.16325

10.31 We have been informed that any debt owed to Magnus will be reassigned to APAC's subsidiary, PT Deefu Chemical Indonesia, and disposed to a third party as part of the Proposed Transaction.

10.32 For the purposes of this valuation we have assumed that the minimum capital will be raised on completion of the Proposed Transaction, being A$3.5m before costs. Should the maximum capital of A$5m be raised, this will increase the estimated cash from capital raising after costs with a corresponding increase in the number of shares on issue.

Valuation summary and conclusion

10.33 In our opinion, we consider the FME valuation methodology provides the most reliable indicator of the fair value of CIH (post Restructuring) and APAC following the Proposed Transaction.

10.34 Our assessed value of an APAC share (post consolidation) post the Proposed Transaction on a minority basis, as calculated using the FME valuation methodology noted above, is between A$0.010 and A$0.015.

11. IS THE PROPOSED TRANSACTION FAIR TO APAC SHAREHOLDERS?

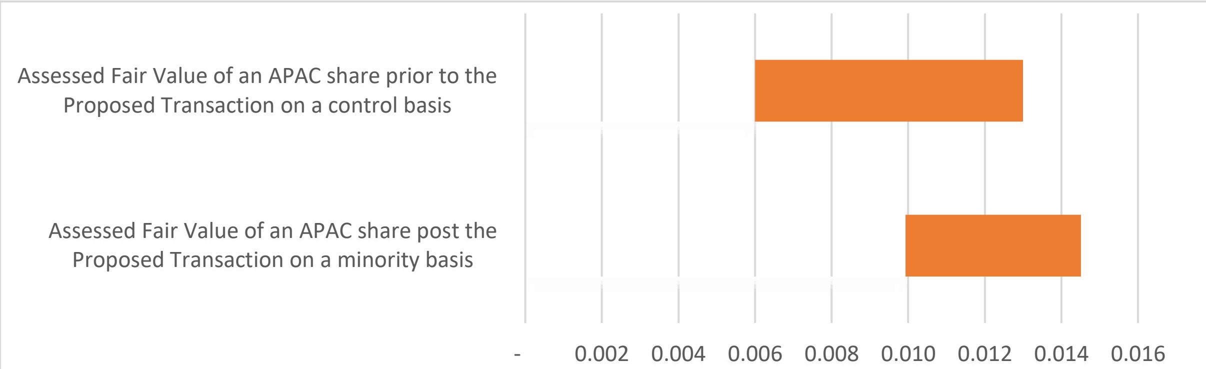
11.1 Our assessed values of APAC shares prior to the Proposed Transaction, and following the Proposed Transaction are summarised in the table and figure below.

Assessed values of a APAC share prior to, and following the Proposed Transaction

	Section	Low Value A$	High Value A$
Assessed Fair Value of an APAC share prior to the Proposed Transaction on a control basis (post consolidation)	9	0.006	0.013
Assessed Fair Value of an APAC share following the Proposed Transaction on a minority basis (post consolidation)	10	0.010	0.015

Source: Moore Stephens analysis

Valuation in graphical representation



Source: Moore Stephens analysis

11.2 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of complying with s611 of the Act, we consider the Proposed Transaction to be fair to the Non-Associated Shareholders of APAC.

12. IS THE PROPOSED TRANSACTION REASONABLE?

12.1 RG111 establishes that a Proposed Transaction is reasonable if it is fair. If a Proposed Transaction is not fair it may still be reasonable after considering the specific circumstances applicable to it. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of APAC if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Future prospects of APAC if the Proposed Transaction does not proceed

12.2 If the Proposed Transaction does not proceed then the Company will endeavour to seek new investment opportunities capable of bringing value to its shareholders. We note that currently APAC is not trading, is loss making, and is reliant on its parent company, Magnus Energy Group Limited, for financial support.

Stated Intentions of CIH Vendors in relation to the Proposed Transaction

12.3 Subject to the plans to expand their operations to Australia, CIH Vendors have stated that:

- They have no current intention to make any significant changes to the existing business of CIH following completion of the Proposed Transaction;
- They have no current intentions to vary the employment arrangements of the current employees of the Company;
- They have no current intentions for any property to be transferred between the Company and the CIH Vendors or any person associated with the CIH Vendors;
- They have no current intention to redeploy the fixed assets of the Company; and
- They have no current intention to significantly change the financial or dividend distribution policies of the entity.

Advantages and disadvantages

12.4 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transaction

Advantage 1 – The Proposed Transaction is fair

RG111 states that a transaction is reasonable if it is deemed fair.

Advantage 2 – Profitability of CIH

The CIH business will bring profits to the combined group. See paragraph 6.11 for details of CIH's historic profits.

Advantage 3 – Dividend potential

CIH's subsidiaries have a history of paying dividends. This may increase the likelihood of APAC shareholders receiving dividends in the future. CIH however does intend to pursue the expansion of the business into Australia and may choose to retain cash and retained earnings in the business in order to aid this expansion.

Advantage 4 – EPS accretive

The transaction would be Earning per Share ("EPS") accretive to APAC shareholders.

Advantages and disadvantages (continued)

Advantages of approving the Proposed Transaction (continued)

Advantage 5 –Liquidity

The Proposed Transaction is expected to lead to the relisting of the Company on the ASX which would increase the liquidity of APAC shares.

Advantage 6 – Cash flow

The Capital Raising as part of the Proposed Transaction will provide the combined group with access to cash for working capital to facilitate the growth and development of the CIH business.

Advantage 7 – Diversification

The Proposed Transaction provides an opportunity for APAC to diversify its business interests, and continue as a going concern. Currently APAC is not trading, and its ability to continue as a going concern relies on the continuing financial support of its parent company, Magnus Energy Group Limited.

Disadvantages of approving the Proposed Transaction

Disadvantage 1 – Change in nature and scale of activities

The Proposed Transaction will change the nature and scale of the Company's activities which may not be in line with the risk profile and investment objectives of all Shareholders.

Disadvantage 2 – Dilution of Shareholdings of Non-Associated Shareholders

In the event that the offer is successful, the issue of Consideration Shares to CIH vendors will have a dilutive effect on the voting interest of Non-Associated Shareholders of APAC.

Disadvantage 3 – Key Business Relationships

The CIH business is significantly dependent on key business relationships with banks, key management and referrers.

Disadvantage 4 – Hong Kong business model may not transfer to Australia

The CIH business currently operates solely in Hong Kong. These operations may not easily be transferable to Australia, and are subject to Australian laws and regulations, as well as local competition and cultural differences. The CIH business does not have any experience operating in Australia, which may limit the opportunity for growth.

Disadvantage 5 – Loss of control

The Proposed Transaction would result in the Vendors of CIH owning a minimum of 59.73% (assuming the maximum Capital Raising is achieved) of APAC. Effectively the Vendors will have control over APAC. Acting alone, the Vendors would be able to pass general resolutions, block general and special resolutions and, assuming not all shareholders vote at meetings, have significant influence over passing special resolutions. Should the minimum Capital Raising be achieved, the Vendors of CIH would have a relevant interest in APAC of 65.21% and would have greater influence over shareholder voting.

Disadvantage 6 – Expansion Uncertainty

On completion of the Proposed Transaction, CIH intends to expand its business into Australia. This expansion will involve the establishment of operations in Melbourne and Sydney. Once established, CIH may consider the partnership with, or acquisition of one or more Australian businesses. The success of CIH in Australia will be dependent on the successful expansion of the business.

Alternative Proposal

12.5 We are not aware of any alternative proposal at the current time which might Proposed Transaction the Non-Associated Shareholders of APAC a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

12.6 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior Proposed Transaction, we consider that the Proposed Transaction is reasonable for the Non- Associated Shareholders of APAC.

12.7 An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

13. INDEPENDENCE

Moore Stephens Perth Corporate Services Pty Ltd is entitled to receive a fee of approximately $25,000, excluding GST and reimbursement of out of pocket expenses. Except for this fee Moore Stephens Perth Corporate Services Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

Moore Stephens Perth Corporate Services Pty Ltd is also responsible for the preparation of an Investigating Accountants Report for inclusion in a Prospectus currently being prepared relating to the Proposed Transaction.

Moore Stephens Perth, a related entity of Moore Stephens Perth Corporate Services Pty Ltd, currently provides audit and taxation compliance services to APAC, and has provided these services for at least the last three years. The expert responsible for the preparation of this report, Mr Peter Gray, is independent of the audit of both APAC and CIH.

Prior to accepting this engagement Moore Stephens Perth Corporate Services Pty Ltd has considered its independence with respect to APAC and CIH, and any of their respective associates with reference to RG 112, Independence of Expert's Reports. It is the opinion of Moore Stephens Perth Corporate Services Pty Ltd that it is independent of APAC and CIH and their respective associates.

Moore Stephens Perth Corporate Services Pty Ltd and Moore Stephens Perth have not had at the date of this report any relationship which may impair their independence.

We have held discussions with management of APAC regarding the information contained in this report. We did not change the methodology used in our assessment as a result of discussions and our independence has not been impaired in any way.

14. QUALIFICATIONS

Moore Stephens Perth Corporate Services Pty Ltd is a professional practice company, wholly owned by the Perth practice of Moore Stephens, Chartered Accountants. The firm is part of the National and International network of Moore Stephens independent firms, and provides a wide range of professional accounting and business advisory services.

Moore Stephens Perth Corporate Services Pty Ltd holds an Australian Financial Services License to provide financial product advice on securities to retail clients (by way of experts reports pursuant to the listing rules of the ASX and the Corporations Act) and its principals and owners are suitably professionally qualified, with substantial experience in professional practice.

The director responsible for the preparation and signing of this report is Mr Peter Gray who is a director of Moore Stephens Perth Corporate Services Pty Ltd. Mr Gray is a Chartered Accountant and is RG146 compliant. Mr Gray has approximately 15 years' experience in capital markets and corporate finance, and has significant experience in the preparation of independent expert's reports, valuations, valuation methodology and related advice.

At the date of this report neither Mr Gray, nor any member or Director of Moore Stephens Perth Corporate Services Pty Ltd, has any interest in the outcome of the Proposed Transaction.

15. DISCLAIMERS AND CONSENTS

Moore Stephens Perth Corporate Services Pty Ltd has been requested to prepare this report, to be included in the Notice of General Meeting which will be sent to APAC's shareholders.

Moore Stephens Perth Corporate Services Pty Ltd consents to this report being included in the Notice of General Meeting to be sent to shareholders of APAC. This report or any reference thereto is not to be included in, or attached to any other document, statement or letter without prior consent from Moore Stephens Perth Corporate Services Pty Ltd.

Moore Stephens Perth Corporate Services Pty Ltd has not conducted any form of audit, or any verification of information provided to us, and which we have relied upon in regard to APAC or CIH, however we have no reason to believe that any of the information provided, is false or materially incorrect.

The statements and opinions provided in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

Neither Moore Stephens Perth Corporate Services Pty Ltd nor Mr Gray take any responsibility for, nor have they authorised or caused the issue of, any part of this report for any third-party other than the shareholders of APAC in the context of the scope and purpose defined in section 4 of this report.

With respect to taxation implications it is recommended that individual shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own specific circumstances. The advice provided in this report does not constitute legal or taxation advice to shareholders of APAC or any other party.

The statements and opinions expressed in this report are given in good faith and with reliance upon information generated both independently and internally and with regard to all of the circumstances pertaining to the Proposed Transaction.

In regard to any projected financial information noted in this report, no member or director of Moore Stephens Perth Corporate Services Pty Ltd has had any involvement in the preparation of the projected financial information.

Furthermore, we do not provide any opinion whatsoever as to any projected financial or other results prepared for APAC or CIH, and in particular do not provide any opinion as to whether or not any projected financial results referred to in the report will or will not be achieved.

Yours faithfully

Peter Gray
Director
Moore Stephens Perth Corporate Services Pty Ltd

APPENDIX A – SOURCES OF INFORMATION

In preparing this report we have had access to the following principal sources of information:

- Share Purchase Agreement;
- Draft Notice of Meeting;
- Audited financial Statements of APAC for the years ended 30 June 2016 and 2017;
- Unaudited financial information of APAC for the 3 months ended 30 September 2017;
- Audited financial statements of CIH for the years ended 31 March 2015, 2016 and 2017, and the 3 months ended 30 June 2017;
- Audited financial statements of HKDM for the years ended 31 March 2015, 2016 and 2017, and the 3 months ended 30 June 2017;
- Unaudited management accounts of CIH for the 3 months ended 30 September 2017;
- Unaudited management accounts of HKDM for the 3 months ended 30 September 2017;
- Unaudited forecast financial information for HKDM for the year ended 31 March 2018;
- Publicly available information in relation to APAC, including ASX announcements;
- Information in the public domain;
- Share registry information for APAC;
- Oanda.com;
- S&P Capital IQ database; and
- Discussions with directors and management of both APAC and CIH

APPENDIX B – VALUATION METHODOLOGIES

We have considered which valuation methodology is the most appropriate in light of all the circumstances and information available. We have considered the following valuation methodologies and approaches:

- Discounted cash flow methodology ('DCF');
- Capitalisation of future maintainable earnings methodology ('FME');
- Net assets value method ('NAV');
- Quoted market price methodology ('QMP'); and
- Market approach method (Comparable market transactions)

Valuation Methodologies and Approaches
Discounted Cash Flow Method Discounted cash flow methods estimate fair market value by discounting a company's future cash flows to their net present value. These methods are appropriate where a forecast of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life. **Capitalisation of Maintainable Earnings Method** The capitalisation of maintainable earnings method estimates "fair market value" or "enterprise value", by estimating a company's future maintainable earnings and dividing this by a market capitalisation rate. The capitalisation rate represents the return an investor would expect to earn from investing in the company which is commensurate with the individual risks associated with the business. It is appropriate to apply the capitalisation of maintainable earnings method where there is an established and relatively stable level of earnings which is likely to be sustained into the foreseeable future. The measure of earnings will need to be assessed and can include, net profit after taxes (NPAT), earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortisation (EBITDA). The capitalisation of maintainable earnings method can also be considered a market based methodology as the appropriate capitalisation rate or 'earnings multiple' is based on evidence of market transactions involving comparable companies. An extension of the capitalisation of maintainable earnings method involves the calculation of share value of an entity. This process involves the calculation of the enterprise value, which is then adjusted for the net tangible assets of the entity. **Net Assets Value Method (Orderly Realisation of Assets)** The net assets value method (assuming an orderly realisation of assets) estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. **Liquidation of assets** - The Liquidation method is similar to the orderly realisation of asset method except the liquidation method assumes the assets are sold in a shorter time frame. **Net assets** – The net assets method is based on the value of the assets of a business less certain liabilities at book values, adjusted to a market value. The asset based approach, as a general rule, ignores the possibility that a company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements, and goodwill. The asset based approach is most appropriate when companies are not profitable, a significant proportion of assets are liquid, or for asset holding companies. **Cost Based Approach** - The cost based approach involves determining the fair market value of an asset by deducting the accumulated depreciation from the asset's replacement cost at current prices. Like the asset based approach, the cost based approach has a number of disadvantages, primarily that the cost of an asset does not necessarily reflect the assets ability to generate income. Accordingly, this approach is only useful in limited circumstances, usually associated with intangible asset valuation. **Quoted Market Price Methodology** The method relies on the pricing benchmarks set by sale and purchase transactions in a fully informed market the ASX which is subject to continuous disclosure rules aimed at providing that market with the necessary information to make informed decisions to buy or to sell. Consequently, this approach provides a "fair price", independently determined by a real market. However, the question of a fair price for a particular transaction requires an assessment in the context of that transaction taken as a whole. In taking a quoted market price based assessment of the consideration to both parties to the proposed transaction, the overall reasonableness and benefits to the non-participating shareholders must be carefully evaluated. **Market Approach Method** The market based approach estimates a company's fair market value by considering the market prices of transactions in its shares or the market value of comparable assets. This includes, consideration of any recent genuine offers received by the target for an entire entity's business, or any business units or asset as a basis for the valuation of those business units or assets, or prices for recent sales of similar assets

APPENDIX C – COMPARABLE COMPANIES

Comparable company trading multiple analysis

		Market Cap	Enterprise Value	Debt	Cash	Revenue (AUD)			EBITDA (AUD)			NPAT (AUD)		
Ticker	Company Name	(AUD)	(AUD)	(AUD)	(AUD)	LTM	FY 2017	FY 2018	LTM	FY 2017	FY 2018	LTM	FY 2017	FY 2018
ASX: CUP	Countplus Limited	75.4	84.4	13.6	8.3	120.4	120.4	-	10.1	10.1	-	(0.1)	-	-
ASX: SHJ	Shine Corporate Limited	107.4	145.2	52.0	14.2	165.0	165.0	174.4	34.8	34.8	37.8	20.2	20.2	21.3
ASX: PNC	Pioneer Credit Limited	168.3	244.9	80.4	3.1	54.1	54.1	90.2	18.8	18.8	29.2	10.8	10.8	16.2
ASX: CLH	Collection House Limited	182.2	257.1	123.4	1.2	133.4	133.4	139.7	36.8	36.8	38.5	17.4	17.4	19.4
ASX: FSA	FSA Group Limited	187.0	182.9	325.6	9.1	72.0	72.0	79.5	24.0	24.0	26.3	15.1	15.1	17.1
Average		**144.1**	**182.9**	**119.0**	**7.2**	**109.0**	**109.0**	**96.8**	**24.9**	**24.9**	**26.4**	**12.7**	**12.7**	**14.8**
Median		**168.3**	**182.9**	**80.4**	**8.3**	**120.4**	**120.4**	**90.2**	**24.0**	**24.0**	**29.2**	**15.1**	**15.1**	**17.1**
Minimum		**75.4**	**84.4**	**13.6**	**1.2**	**54.1**	**54.1**	**-**	**10.1**	**10.1**	**-**	**(0.1)**	**-**	**-**
Maximum		**187.0**	**257.1**	**325.6**	**14.2**	**165.0**	**165.0**	**174.4**	**36.8**	**36.8**	**38.5**	**20.2**	**20.2**	**21.3**

Source: S&P's Capital IQ and Moore Stephens analysis

Comparable company trading multiple analysis (continued)

Ticker	Company Name	Net Assets (AUD)	Premium/(Discount) to Net Assets (AUD)	ROE %	ROA %	Dividend Yield %
ASX:CUP	Countplus Limited	57.8	17.6	1.5%	3.7%	0.0%
ASX:SHJ	Shine Corporate Limited	204.5	(97.1)	10.2%	5.5%	4.2%
ASX:PNC	Pioneer Credit Limited	90.3	78.0	13.9%	7.0%	3.5%
ASX:CLH	Collection House Limited	188.6	(6.4)	9.4%	6.2%	5.8%
ASX:FSA	FSA Group Limited	83.3	103.7	20.6%	4.1%	4.7%
Average		**124.9**	**19.2**	**11%**	**5%**	**4%**
Median		**90.3**	**17.6**	**10%**	**5%**	**4%**
Minimum		**57.8**	**(97.1)**	**1%**	**4%**	**0%**
Maximum		**204.5**	**103.7**	**21%**	**7%**	**6%**

Source: S&P's Capital IQ and Moore Stephens analysis

Comparable company trading multiple analysis (continued)

		Revenue Multiple			EBITDA Multiple			EBIT Multiple			NPAT Multiple		
Ticker	Company Name	LTM	FY 2017	FY 2018	LTM	FY 2017	FY 2018	LTM	FY 2017	FY 2018	LTM	FY 2017	FY 2018
ASX: CUP	Countplus Limited	0.7x	0.7x	N/A	8.3x	8.3x	N/A	13.0x	13.0x	N/A	N/A	N/A	N/A
ASX: SHJ	Shine Corporate Limited	0.9x	0.9x	0.8x	4.2x	4.2x	3.8x	4.6x	4.6x	4.3x	5.3x	5.3x	5.0x
ASX: PNC	Pioneer Credit Limited	4.5x	4.5x	2.7x	13.0x	13.0x	8.4x	16.1x	16.1x	8.8x	15.6x	15.6x	10.4x
ASX: CLH	Collection House Limited	1.9x	1.9x	1.8x	7.0x	7.0x	6.7x	7.8x	7.8x	7.7x	10.5x	10.5x	9.4x
ASX: FSA	FSA Group Limited	2.5x	2.5x	2.3x	7.6x	7.6x	7.0x	7.8x	7.8x	7.1x	12.4x	12.4x	10.9x
Average		2.1x	2.1x	1.9x	8.0x	8.0x	6.5x	9.8x	9.8x	7.0x	11.0x	11.0x	8.9x
Median		1.9x	1.9x	2.1x	7.6x	7.6x	6.8x	7.8x	7.8x	7.4x	11.4x	11.4x	9.9x
Minimum		0.7x	0.7x	0.8x	4.2x	4.2x	3.8x	4.6x	4.6x	4.3x	5.3x	5.3x	5.0x
Maximum		4.5x	4.5x	2.7x	13.0x	13.0x	8.4x	16.1x	16.1x	8.8x	15.6x	15.6x	10.9x

Source: S&P's Capital IQ and Moore Stephens analysis

Comparable transaction business descriptions

Ticker	Company Name	Business Description
ASX: CUP	Countplus Limited	Countplus Limited, together with its subsidiaries, provides accounting and business advisory services in Australia. It offers accounting, tax, and audit services; financial advice related to personal insurance, investment, and superannuation; broking services for home and investment loans, business loans, and leasing/hire purchase; and property broking services for new residential property. The company also invests in technology based solutions; and provides corporate recovery and insolvency solutions, financial planning services, and human resource solutions. In addition, it assists clients in selecting various lending products, such as housing loans, commercial property loans, vehicle finance, plant and equipment loans, insurance premium funding, cash flow finance/debtor funding, and banking facility restructures. Countplus Limited was founded in 2006 and is headquartered in Sydney, Australia.
ASX: SHJ	Shine Corporate Limited	Shine Corporate Limited provides damages based plaintiff litigation legal services in Australia; and insurance recovery consulting services in New Zealand. It operates through two segments, Personal Injury and Emerging Practice Areas. The company offers legal services related to personal injuries practice area, including medical negligence, public liability, catastrophic injuries, workers' compensation, and motor vehicle accidents; and other practice areas, such as disability insurance and superannuation claims, professional negligence, social justice, class actions, first party insurance recovery claims, landowners' rights, aviation, product liability, family law, and asbestos compensation. Shine Corporate Limited was founded in 1976 and is based in Brisbane, Australia.
ASX: PNC	Pioneer Credit Limited	Pioneer Credit Limited provides financial services in Australia. The company acquires and services unsecured retail debt portfolios. It is also involved in introducing brokered personal credit and loan products. The company is headquartered in Perth, Australia.
ASX: CLH	Collection House Limited	Collection House Limited provides debt collection and receivables management services in Australia and New Zealand. The company operates through Collection Services and Purchased Debt Ledgers segments. It offers debt collections services to clients in the Australasian financial services, insurance, public utility, credit, and government enterprise markets; debt purchasing services for banking, finance, telecommunications, and energy sectors. The company also provides receivables management, repayment arrangement management, asset location recovery and sale, hardship, legal and insolvency, debt purchase, credit management training, finance brokerage, and business process outsourcing services. Collection House Limited was incorporated in 1992 and is headquartered in Newstead, Australia.
ASX: FSA	FSA Group Limited	FSA Group Limited, together with its subsidiaries, engages in the provision of debt solutions and direct lending services to individuals in Australia. The company's Services segment offers debt agreement, personal insolvency agreement, bankruptcy, and easy bill debt management services. Its Consumer Lending segment is involved in the home loan lending and broking, and personal loan lending activities. The company also provides accounting and taxation services. FSA Group Limited is based in Sydney, Australia.

Source: S&P's Capital IQ

APPENDIX D - GLOSSARY

In this report, unless the context requires otherwise:

Term	Meaning
A$	Australian Dollar
HK$	Hong Kong Dollar
CIH	Credit Intelligence Holding Limited
Act	Corporations Act 2001
ASIC	Australian Securities and Investments Commission
Associated Shareholders	Shareholders and directors of both APAC and CIH
ASX	Australian Securities Exchange or ASX Limited ACN 008 624 691
Board	The Board of Directors of APAC Coal Limited
Business Day	has the meaning given in the Listing Rules
Capital Raising	Capital raising of up to A$5m through the issue of up to 250,000,000 fully paid ordinary shares at A$0.02 per share to fund the costs of the relisting and the ongoing operations of the Company, with a minimum capital raising of A$3.5m
Company	APAC Coal Limited
Control basis	Assuming the shareholder/s have control of the entity in which equity is held
Advisor Shares	Shares to be issued as consideration for services in relation to the Proposed Transaction
APAC	APAC Coal Limited
Directors	The Directors of APAC Coal Limited
Explanatory Statement	The explanatory statement accompanying the Notice
FME	Future Maintainable Earnings
HKDM	Hong Kong Debt Management Limited
HKDMS	Hong Kong Debt Management Services Limited, a subsidiary of HKDM
HKIVA	Hong Kong IVA Consultants Limited, a subsidiary of HKDM
IER	This Independent Experts Report
Income Tax Assessment Act	the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997
Listing Rules	the official listing rules of ASX and includes the business rules of ASX
Magnus	Magnus Energy Group Limited (the current parent company of APAC Coal Limited)
Moore Stephens or MSPCS	Moore Stephens Perth Corporate Services Pty Ltd
Non-Associated Shareholders	Shareholders who are not a party to, or associated with a party to, the Proposed Transaction
Notice	The notice of meeting
Proposed Transaction	The acquisition of 100% of the share capital of CIH by APAC
Register	the register of members of APAC shareholders or option holders, as the case requires
Restructuring	CIH becoming the ultimate parent company of Hong Kong Debt Management Limited, Hong Kong IVA Consultants Limited and Hong Kong Debt Management Services Limited
RG111	ASIC Regulatory Guide 111 *Content of Experts Reports*
S&P Capital IQ	Third party provider of company and other financial information
Vendors	Shareholders of Credit Intelligence Holding Limited

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PROXY FORM

APAC Coal Limited
ACN 126 296 295

I/We ______________________________

of ______________________________

being a member of APAC Coal Limited ACN 126 296 295 entitled to attend and vote at the General Meeting, hereby

Appoint ______________________________

Name of Proxy

OR ☐ the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held at Moore Stephens, Level 15 Exchange Tower, 2 The Esplanade, Perth WA 6000 on 23 January 2018, commencing at 11:30am (WST), and at any adjournment thereof.

The Company will disregard any votes cast on Resolutions 3 and 9(a) – (b) by any person (including the Chair) who is an excluded person as proxy on your behalf unless you mark the appropriate box opposite Resolutions 3 and 9(a) – (b) in the panel below (directing the person to vote for, against or to abstain from voting).

The Chair intends to vote all available proxies in favour of all Resolutions. If you have appointed the Chair as your proxy (or the Chair becomes your proxy by default), and you wish to give the Chair specific voting directions on a Resolution, you should mark the appropriate box(es) opposite those Resolutions in the panel below (directing the Chair to vote for, against or to abstain from voting).

Important: Each Resolution is subject to, and conditional on, each of the other Resolutions being passed. Accordingly, the Resolutions should be considered collectively as well as individually.

OR

Voting on business of the General Meeting		**For**	**Against**	**Abstain**
Resolution 1	Consolidation of securities	☐	☐	☐
Resolution 2	Change of nature and scale of activities	☐	☐	☐
Resolution 3	Issue of Shares to Sellers	☐	☐	☐
Resolution 4(a)	Appointment of Proposed Director – Jimmie Wong	☐	☐	☐
Resolution 4(b)	Appointment of Proposed Director – Mel Ashton	☐	☐	☐
Resolution 4(c)	Appointment of Proposed Director – King Wong	☐	☐	☐
Resolution 4(d)	Appointment of Proposed Director – Krista Bates	☐	☐	☐
Resolution 4(e)	Appointment of Proposed Director – Vincent Lai	☐	☐	☐
Resolution 5	Issue of Shares under the Prospectus	☐	☐	☐
Resolution 6	Issue of Shares to Advisors	☐	☐	☐
Resolution 7	Change of name	☐	☐	☐
Resolution 8	Approval of Performance Shares	☐	☐	☐
Resolution 9(a)	Issue of Class A Performance Shares to Proposed Directors	☐	☐	☐
Resolution 9(b)	Issue of Class B Performance Shares to Proposed Directors	☐	☐	☐

Note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _________%

Signature of Member(s): **Date:** ______________________

Individual or Member 1	**Member 2**	**Member 3**
Sole Director/Company Secretary	**Director**	**Director/Company Secretary**

Contact Name: ______________________ **Contact Ph (daytime):** ______________________

Instructions for Proxy Form

1. Your name and address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note you cannot change ownership of your securities using this form.

2. Appointment of a proxy

You are entitled to appoint no more than two proxies to attend and vote on a poll on your behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of your voting rights. If you appoint two proxies and the appointment does not specify this proportion, each proxy may exercise half of your votes.

If you wish to appoint the Chair of the General Meeting as your proxy, please mark the box. If you leave this section blank or your named proxy does not attend the General Meeting, the Chair will be your proxy. A proxy need not be a Shareholder.

3. Voting on Resolutions

You may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item your vote will be invalid on that item.

4. Signing instructions

You must sign this form as follows in the spaces provided:

- (**Individual**) Where the holding is in one name, the holder must sign.
- (**Joint holding**) Where the holding is in more than one name, all of the shareholders should sign.
- (**Power of attorney**) If you have not already lodged the power of attorney with the Company's share registry, please attach a certified photocopy of the power of attorney to this form when you return it.
- (**Companies**) Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, as sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

5. Return of a Proxy Form

To vote by proxy, please complete and sign the enclosed Proxy Form (and any power of attorney and/or second Proxy Form) and return by:

- post to the Company at Level 33, 50 Bridge Street, Sydney NSW 2000; or
- facsimile to the Company on (02) 8078 6677,

so that it is received by no later than 48 hours prior to the General Meeting. Proxy Forms received later than this time will be invalid.

Proxy Forms received later than this time will be invalid.