



DISRUPTING  
WITH  
INNOVATION  
AND  
TRANSPARENCY

# ANNUAL REPORT 2016

iFAST

iFAST CORPORATION LTD.

To help investors around the world invest globally and profitably



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# “TO HELP INVESTORS AROUND THE WORLD INVEST GLOBALLY AND PROFITABLY

MISSION STATEMENT



iFAST Corporation Ltd. ("iFAST Corp" and together with its subsidiaries, the "Group") is an Internet-based investment products distribution platform, with assets under administration ("AUA") of approximately \$6.1 billion as at 31 December 2016.

Incorporated in the year 2000 in Singapore, iFAST Corp is also present in Hong Kong, Malaysia, China and India. The Group provides a comprehensive range of investment products and services to financial advisory ("FA") firms, financial institutions, banks, multinational companies, as well as retail and high net worth ("HNW") investors in Asia. The Group offers access to over 5,000 investment products including unit trusts ("funds"), bonds and Singapore Government Securities ("SGS"), stocks and exchange traded funds ("ETFs"), insurance products, and services including online robo-advisory portfolio management services, research and investment seminars, IT solutions, investment administration and transaction services.

iFAST Corp has two main business divisions, namely our Business-to-Consumer ("B2C") platform, Fundsupermart.com (which offers the new FSMOne multi-products platform in Singapore), which caters to investors who prefer to do their own investments online; and our Business-to-Business ("B2B") platforms, iFAST Central and iFAST Global Prestige, that cater to the requirements and business needs of FA firms, financial institutions and banks advising retail and HNW clients respectively. The B2B division also includes iFAST Pensions, which provides tax-effective employee benefit solutions to companies that want to administer pension schemes for their employees via an Internet platform.

## OUR VALUES



### INTEGRITY

We are committed to the highest standards of integrity when working with our customers, business partners, shareholders and employees.



### INNOVATION

We believe only with innovation and improvement can we continue to add value to our stakeholders.



### TRANSPARENCY

We believe in empowering our investor community with the tools to make informed investment decisions.

## FAIR DEALING

We are committed to sustainable business practices that are supported by a range of initiatives. Fair dealing is about conducting our business in a transparent and ethical way that enhances value for all of our stakeholders and delivers fair dealing outcomes to our customers. Fair dealing is central to us, our senior management and our board of directors. We are committed to aligning the direction of iFAST Corp with fair dealing outcomes to all stakeholders. We recognise that this is a journey and best practice is continuously evolving.





## SINGAPORE

### iFAST FINANCIAL PTE. LTD.

- Wholly-owned subsidiary of iFAST Corp
- Operates the B2C (FSM) and B2B platforms
- Central Provident Fund Investment Scheme (CPFIS)-registered Investment Administrator

#### Licences held:

- Capital Markets Services Licence [MAS]
- Financial Advisers Licence [MAS]
- CDP Depository Agent [CDP]



## HONG KONG

### iFAST FINANCIAL (HK) LIMITED

- Wholly-owned subsidiary of iFAST Corp
- Operates the B2C (FSM) and B2B platforms

#### Licences held:

- Type 1 (Dealing in Securities) [SFC]
- Type 4 (Advising on Securities) [SFC]
- Type 9 (Asset Management) [SFC]

### iFAST PLATFORM SERVICES (HK) LIMITED

- Operates the iGP platform which caters to the requirements and business needs of FA companies, financial institutions and banks, who service HNW clients

#### Licences held:

- Type 1
- Type 4

### iFAST SECURITIES (HK) LIMITED

- Formerly known as Winfield Securities Limited
- Principally engaged in securities trading and brokerage in Hong Kong

#### Licences held:

- Type 1
- SEHK Participant
- HKSCC Participant



## MALAYSIA

### iFAST MALAYSIA SDN BHD & iFAST CAPITAL SDN BHD

- iFAST Malaysia Sdn Bhd is the holding company for iFAST Capital Sdn Bhd
- Operates the B2C (FSM) and B2B platforms

#### Licences held:

- Capital Market Services Licence [SC]
- FIMM-Registered IUTA

### iFAST SERVICE CENTRE SDN BHD

- Wholly-owned regional service centre
- Provides call services, IT applications development, operations and settlements support to the Group



## CHINA – SHENZHEN CHINA – SHANGHAI iFAST FINANCIAL LIMITED

- Formerly known as iFAST Platform Services (Shenzhen) Qianhai Limited
- Funds distribution business
- Provider of platform services to companies including FA companies, e-commerce platforms, Independent Funds Distributors and Brokerage Firms in China
- Provides advisory services, as well as IT and system solutions

### Licence held:

- Funds Distributor Qualification [CSRC]



## INDIA PECUNIAM PTE LTD (ASSOCIATE COMPANY)

- iFAST Corp holds an effective 16.3% stake in iFAST Financial India Pvt Ltd through Pecuniam Pte Ltd

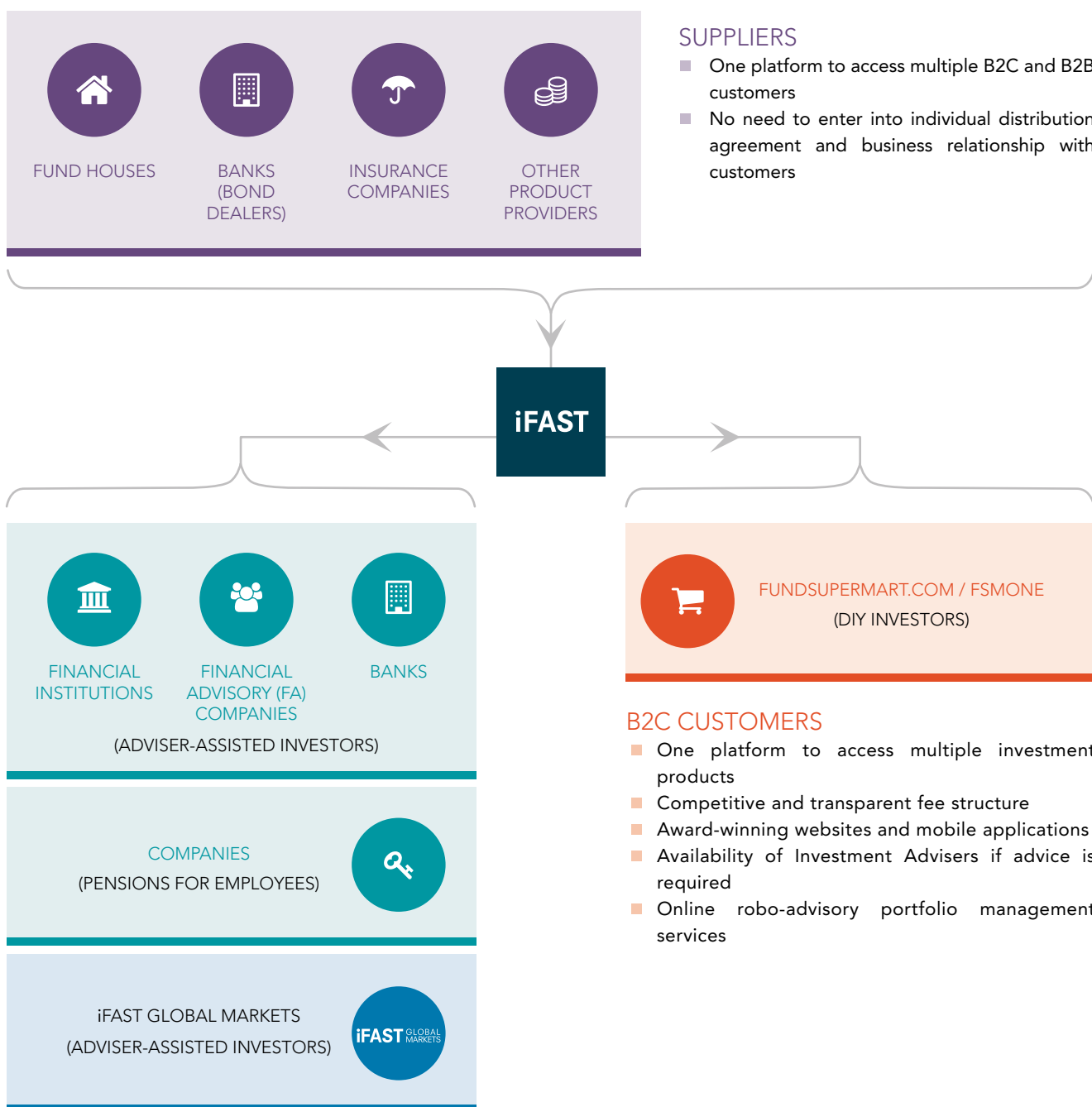
## iFAST FINANCIAL INDIA PVT LTD

### Licences held:

- Registered Investment Adviser with the Securities and Exchange Board of India
- Registered with:
  - Association of Mutual Funds in India (AMFI)
  - Bombay Stock Exchange (BSE)
  - Central Depository Services (India) Ltd

MAS – Monetary Authority of Singapore  
 CDP – The Central Depository (Pte) Limited of Hong Kong  
 SFC – Securities and Futures Commission  
 SEHK – The Stock Exchange of Hong Kong Limited  
 HKSCC – Hong Kong Securities Clearing Company Limited  
 SC – Securities Commission Malaysia  
 FIMM – The Federation of Investment Managers Malaysia  
 IUTA – Institutional UTS Adviser  
 CSRC – China Securities Regulatory Commission

## OUR VALUE PROPOSITIONS



### B2B FINANCIAL ADVISERS

- One platform to access multiple investment products
- Adoption of recurring revenue business model based on AUA
- Adoption of a wrap account which seamlessly combines multiple investment product categories into one account
- Platform performs efficient collection of fees
- IT solutions and backroom functions managed by platform
- Competitive fee-sharing structure
- Research into investment products





- Provides a suite of services to B2B companies that include a wide range of investment products, IT solutions, collection of fees and other operational support, and the adoption of a wrap account.



- An extension of the services provided by iFAST Central, by catering to the specific requirements of B2B wealth advisers who are servicing HNW investors.



- Provides tax-effective employee benefit solutions to companies that want to administer pension schemes for their employees via an Internet platform.



- Provides a seamless multi-products transactional platform to DIY investors
- Encompasses a wide range of investment products including funds, bonds, stocks, ETFs, insurance products, robo-advisory portfolios, and supported with user-friendly website and mobile application, comprehensive research advice, and solid customer services support.



- Regional bond information portal providing comprehensive bond information such as bond prices and yields-to-maturity, as well as research for investors and wealth advisers.



- In-house wealth advisers (as at 31 December 2016, the iGM is available in the China operation)

2015

- Launch of BondsUPERmart to provide investors with comprehensive bond information.
- iFAST Singapore began the distribution of bonds and ETFs in May 2015.
- iFAST HK received approval to carry on Type 9 Regulated Activities (Asset Management), after which FSM (HK) launched the online Discretionary Portfolio Management Service (DPMS).
- iFAST China received Funds Distributor Qualification.
- iFAST Corp received "Best Investor Relations – Merit Award" at the Singapore Corporate Awards 2015 under the First-Year Listed Companies category, as well as the "Most Transparent Company Award 2015, New Issues Category" at the SIAS Investors' Choice Awards 2015, a testament to the company's focus on transparency.



ETF

DPMS



AIY

2014

- iFAST Corp (Stock Code: AIY) was officially listed on the SGX-ST Mainboard on 11 December 2014.



2013

- FSM (HK) received the "Best-in-Class" award in the "Online Usability – Independent" category at the Benchmark Wealth Management Awards 2013. At the same awards, iFAST HK was named "Outstanding Achiever" in the "Investment Platform – Independent" category.



2012

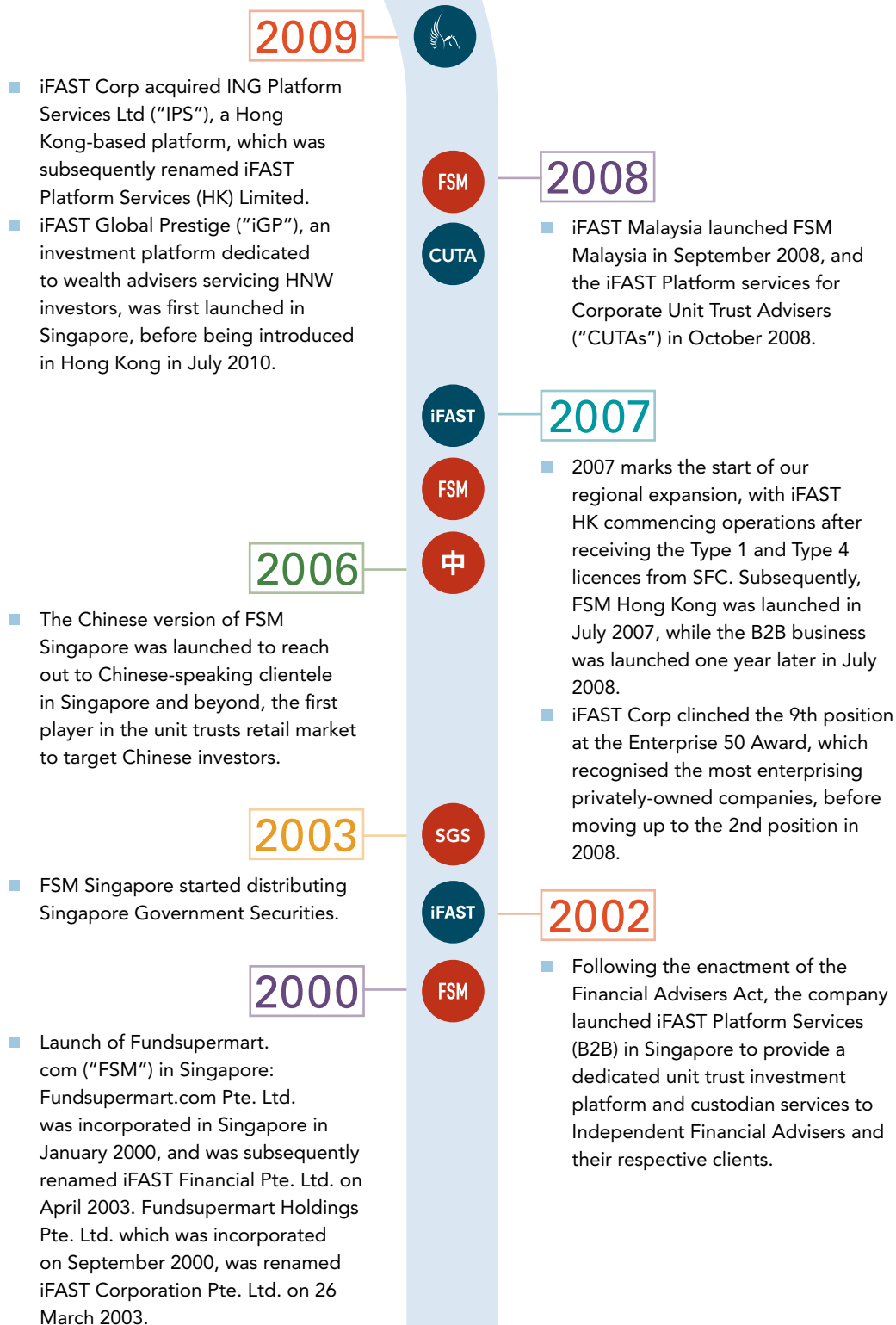
- FSM (Singapore) launched its WISE ("Where Income & Savings are Enhanced") programme, offering over 50 bond funds at 0% sales charge, helping investors to start earning yield on their full investment amount from the first day of transaction. Subsequently, the sales charge for all bond funds was lowered to 0% in 2014. Similarly, FSM (HK) launched its "Bond Funds at 0%" initiative where all bond funds are sold at a sales charge of 0% in 2012, while FSM (Malaysia) followed suit in September 2013.



2011

- Launch of "FSM Mobile", FundsUPERmart.com's first mobile application for the iPhone in Singapore, before being rolled out in Hong Kong and Malaysia. The Android version of FSM Mobile was launched in all three markets in May 2012.
- iFAST HK received the "Best-in-Class" award in the "Platform Provider of the Year – Professional" category and FSM (HK) received the "Best-in-Class" award in the "Best in Online Usability" at the Benchmark Wealth Management Awards 2011.

# MILESTONES & AWARDS (2000-2015)



Dear Shareholders,

## A PERIOD OF TRANSITION FOR THE WEALTH MANAGEMENT INDUSTRY

We believe that the wealth management industry in Singapore and in most of the markets that the Group is present in will be going through very substantial changes in the next three to five years. A combination of the disruptive power of the Fintech players and the changing regulations that require financial intermediaries to be more client-centric will drive major changes.

The disruptive power of the Internet and the Fintech industry goes far beyond technologies and tools that makes transactions easy and seamless. It is equally about the empowerment of the consumers. Traditionally, the wealth management industry has been driven more by business practices that take care of the interests of the financial intermediaries and product manufacturers rather than the interest of the clients. That means financial intermediaries tend to prefer to sell high margin bundled or complicated products rather than lower margin, simple financial products. There are tremendous rooms for financial intermediaries to end up giving commission-conflicted financial advice.

However, the Internet has the increasing ability to empower the consumers to make far more informed and educated decisions when it comes to investments and financial planning. As with most industries whereby the Internet has made a big impact, we believe that the future of the wealth management industry will belong to financial intermediaries who not only have the technologies to handle the increasing demands of the clients, but also the DNA and business practices that seek to sincerely and honestly provide true financial education to the consumers.

We believe that investment platforms that can effectively “help investors around the world invest globally and profitably” are those that properly empower the investors and advisers with a good range of simple investment products (unit trusts, ETFs, bonds and stocks).

## 2016 – PROGRESS AND SETBACKS

2016 was a year whereby the company has made substantial progress in putting in place most of the capabilities and strategies required to position ourselves for the changes that we envision for the wealth management industry.

Unfortunately, from the perspectives of the financials, 2016 had been a tough year for the Group. Sales and revenue declined year-on-year, even as we focused on increasing our expenditure to prepare our business for the next wave of growth. Market conditions in the first half of 2016 were especially tough, but our results improved in the second half as equity markets, especially in Asia, rallied. This had a positive impact on our AUA, which hit a record high of \$6.1 billion as at 31 December 2016.

In the last couple of years, we have been communicating to investors about our goal to improve the range and depth of the products and services we offer to our clients. The good news is that we are well on track in achieving this for

our clients. The improved range of products and services puts us in a much stronger position to reach out to new client segments, be it in the retail or high net worth space.

We have also been very clear that a seamless client experience is necessary with the expansion of products and services. As a fintech company, we continue to put in resources to develop IT solutions that can give our clients a seamless experience when they navigate through the various products and services.

Expenditure has therefore been increasing but we see this as necessary to put our business on a much stronger footing to face the future challenges ahead. Capital expenditure went up to \$6.61 million in 2016 as our fintech solutions were rolled out, with the most obvious development – the rollout of FSMOne – taking place in our Singapore B2C operation.

With FSMOne, the investor community can now transact in funds, bonds, stocks, ETFs and FSM MAPS, our robo-advisory portfolios, in one account. This is how we see the investor community transacting in future – seamlessly, securely and quickly between different types of asset classes to take advantage of different market opportunities and achieve their financial goals. All these new services are supported with our traditional focus on giving good research ideas, financial education tips, top-notch client services and a pleasant user experience.


We are excited about how our plans are coming together because these will give us the impetus to offer wealth management solutions that are seamless and transparent for the investor and adviser communities. Our focus on providing the best services is also extended to our B2B advisers who continue to give us feedback on how they can improve their fintech solutions in a rapidly-evolving and competitive financial landscape.

We believe the regulatory environment will continue to favour innovation and transparency in the financial sector. Innovation and transparency are themes we embrace and we strongly believe the environment is ripe in giving our B2B partners a hand in building the ‘Future Adviser’ – someone who builds longer-term recurring revenue based on AUA that is wrapped around multiple products, with transparent fees on all products, including insurance products (which continue to be sold with an opaque fee structure by many bankers and agents, to the detriment of clients).

2016 also saw us launching our China business. The China market is a competitive market, with large established players in the B2C fund distribution space. We have communicated to investors that our strategies involve both the B2B platform services as well as to build our own team of wealth advisers, as part of a ‘platform-cum-IFA incubator’ strategy. We continue to work on signing up B2B financial institutions and Internet companies to use our platform and IT solutions, areas we have experience in providing in our other markets. Our onshore strategy in China is therefore in place to make business easier for these B2B players.

The other aspect of the China strategy is the offshore business. This is one area where we have a competitive





LIM CHUNG CHUN | CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

advantage compared to other distributors, because of our licensed operations in markets such as Singapore and Hong Kong. We have seen increasing demand from advisory companies in China which want easy access to the products we distribute in Singapore in more recent times; we see this trend continuing and we are well-placed to offer a convenient plug-in service to these companies to grow and diversify their clients' portfolios into more global products and services.

As a fintech company headquartered in Singapore, with growing operations in Malaysia, Hong Kong and China, we are aware that volatile market conditions would have a negative impact on our business. Even as we do so, we continue to have a very focused approach on what we need to do to put our business on a stronger footing to prepare us for longer-term success. Our mission statement about helping investors invest

globally and profitably guides us in how we do business for our clients. Our focus on fintech innovation as well as transparency in fees and information for the investor community are also guiding principles in how we should carry out our business.

We are aware that our approach may sometimes cause disruption in the financial sectors that are often dominated by traditional business approaches and mores on how investors should be treated – if it means these disruptive changes we are introducing are pro-client, we will continue to remain steadfast in achieving this outcome in the markets we operate in. When changes are pro-client, we are confident we will succeed in the longer term despite shorter-term challenges.

**Lim Chung Chun**  
Chairman and CEO



# INNOVATION - THE JOURNEY FROM TECH BOOM TO FINTECH

Incorporated during the heydays of the Technology Boom in the early 2000s, iFAST Corp has come a long way since breaking into the online funds distribution scene as a “Financial Technology” player, more than a decade before the term “Fintech” was coined. Fintech has since become an industry buzzword to represent the innovative developments taking place in the finance sector.

## FSM & iFAST – THE PRECURSOR OF FINTECH

In 2000, when unit trust purchases were mainly limited to big players such as banks and insurance companies, and mostly via offline channels, the founders of iFAST Corp saw a chance to bring the unit trust transactional process online to leverage on the up-and-coming Internet trends.

In the early days, FSM stood out by emphasising various beliefs that we hold till this very day. Pricing transparency, independent research, technological innovation, robust IT systems, as well as a user-friendly interface, have laid a strong foundation for subsequent developments and progress.

Our various platforms have been designed to make it easier for DIY investors as well as financial advisers and their respective clients to have smooth access to their fund investments online. For instance, DIY investors are able to put in their buy and sell transactions online, or even switch between funds in just a few clicks, instead of having to go through the entire redemption and purchase process. Similarly, our B2B FAs are able to manage all his/her clients’ accounts via the platform where transactions can be executed and approved, saving the hassle of having to meet up in person to get things done. This is especially crucial if time-sensitive changes are to be made to the clients’ portfolios.

Other than the convenience of transacting online, various investment tools have also been devised to present investors with the crucial information that they need to make informed

decisions. For instance, charting tools allow graphical performance representations of investment products, while tracking tools enhanced the convenience of price and performance monitoring.

Alongside our endeavours to develop the business, various initiatives were also taken to ensure that the technologies adopted within the company remain current and well-equipped for future growth, improve ease of navigation, as well as enhance the user experience and interface for both our B2C and B2B clients. These initiatives have allowed us to remain competitive in a fast-changing industry.

## FSMONE – THE EMBODIMENT OF OUR FINTECH PROGRESS

For well over a decade, iFAST Corp was predominantly a unit trust investment platform, though in recent years, the Group has been focusing on broadening the range and depth of investment products and asset classes such as bonds, ETFs, stocks, robo-advisory portfolios and insurance.

With the expansion of asset classes also came the challenge to further streamline the entire platform and the user experience.

The tagline “Many Ways to Invest, One Place To Do It” encapsulates the essence of the new FSMOne platform that was launched in December 2016. Essentially, FSMOne is an enhanced Fundsupermart.com platform that is designed specifically to enable seamless transactions across different



products. In addition, true to our beliefs in providing retail DIY investors with the tools they need to make informed decisions, popular investment tools such as our Funds/Bonds Selector and Chart Centre have also been replicated for the newly-boarded product classes, including new functions such as Stock Screener and Stock Calculator, as well as comparison tools for insurance plans, and portfolio simulators.

## ON-THE-DESKTOP AND ON-THE-GO!

In an era where mobile devices have evolved into a quintessential tool in our daily lives, we are well-positioned to provide the extra convenience to our customers with our dedicated mobile applications for iPad, iPhone and Android-based devices, allowing investors to access their accounts on-the-go. We first launched our FSM Mobile Application for iPhones in 2011, followed by our B2B applications. Our mobile technology was recognised when we clinched the Silver award at the Mob-Ex Awards 2014 with the "FSM Mobile" Consumer App in the "Most Informative Use of Mobile" category.

In recent times, our IT teams have worked to enhance the FSM Mobile, including implementing a brand new interface to integrate and feature new products that we have brought on-board. With the launch of the FSMOne mobile app, Singapore investors are now able to access information and tools on funds, ETFs and stocks right at their fingertips. Investors can now conveniently trade in bonds, ETFs and stocks on the FSM Mobile applications.

## EMPOWERING FINANCIAL INSTITUTIONS & OTHERS WITH OUR PROPRIETARY TECHNOLOGY

Other than devising our own IT solutions for the Group and subsidiaries, we are at the forefront of empowering companies to establish their presence online.

Equipped with the technical know-hows as well as the expertise and experience to run an investment products platform, our China B2C strategy has seen us working with various online media websites and financial services

companies to assist them in building their own B2C capabilities. Other than allowing their clients to have ready transactional access to investment products, we also assist Chinese players who want to build up their access to offshore products. We believe the demand for offshore investment products, be it via our Singapore or Hong Kong business, will increase as wealth advisers look to globally diversify their clients' portfolios.

Besides providing innovative Fintech capabilities to Chinese financial institutions and Internet companies, our Group has also been assisting financial institutions in our operations such as Singapore and Hong Kong to create Fintech capabilities to bring their services and business online to meet the needs of a broader clientele.

## iFAST IT PARTNERSHIP (ITP) – OUR IN-HOUSE TECHNOLOGICAL PILLAR

Innovation has always been a core focus for us as technology changes all the time. To remain relevant, we have built our IT capabilities in-house. To ensure we can provide our IT developers with the incentive to continue innovating and taking up exciting projects, we have introduced a new "iFAST IT Partnership" (ITP) structure starting from 2015. The ITP structure is a unique structure for our IT teams, somewhat similar in spirit to the partnership structure traditionally found in some audit and law firms, but with some customisations and enhancements to suit our objectives.

The objective of the ITP is to provide an environment that gives greater freedom and independence to our IT partnerships to drive projects, very much akin to running their own business, while being given the incentives, support and environment to innovate. With greater incentives, we hope that our IT partnerships can drive our growth to newer and greater heights, all for the benefit of our clients and our employees.

# DISRUPTING WITH TRANSPARENCY

Innovation often brings about disruption to traditional businesses. At iFAST Corp, we have always used one weapon to bring about disruption for the benefit of the investor community: Transparency.

## TRANSPARENT IN INFORMATION & PRICING SINCE 2000

Transparency in information empowers the investor community, and we believe only when the structure of investment products is made transparent, and only when transparency in the fees and commissions that investors have to pay to their bankers and agents is clear, can confidence in the wealth management industry develop. This has been the company's guiding principle since the early days of our business.

When we launched FSM in Singapore in the year 2000, easily accessible research into funds was a rare commodity. As a new entrant in the market, we turned things around with our value proposition: we were clear from day one that we must provide a new alternative to investors, one that focuses on the availability of extensive research for all investors. We were unknown in the marketplace when we rolled out FSM, but that we provided research, and a competitive and transparent pricing structure to boot, were seen by the investor community as a refreshing change and led to a powerful 'word-of-mouth' effect among investors.

Online forums were abuzz with our research analyses on markets, practical tips on how to create a portfolio, and interviews with fund managers and other investment professionals. We also emphasised innovative IT tools on our website that can make investing simpler; for instance, our Chart Centre and Funds Selector simplified the search and comparison of funds and market indices.

## TRANSPARENCY IN BONDS EMPOWERS INVESTORS TO EASILY TRANSACT AND DIVERSIFY

Bonds, though a major and rather straightforward asset class, is typically not well-represented in investors' portfolios



as compared to equities, the other main asset class. One reason is that historically, it has been difficult for investors to source for information on bonds in Singapore. The lack of accessibility to such critical information often meant investors are unable to get hold of necessary information to make informed decisions.

However, FSM disrupted the scene with the introduction of BondsUPERMART, a regional bond information portal, back in 2015. We launched the portal in the spirit of making bond information transparent and accessible for the investor community at large, as previously bonds and bond information were almost exclusively offered to institutional and high net worth investors, leaving the public in general with limited access and information on bonds.

With BondsUPERMART, and subsequently FSMOne, other than accessing the various types of bonds available on the platform, all investors are able to view online key data and information, such as pricing and yield details (such as yield-to-maturity, spreads, and ask/bid prices), duration, credit rating and key features of the different types of bonds on board the platform.

Apart from transparent price information, extensive research articles and tools are also available for investors



accessing the website, further assisting investors to discover investment opportunities, while at the same time having full knowledge of the transactional fees and charges.

Building on that, Bond Express was launched in 2016 in both Hong Kong and Singapore, enabling immediate price discovery and transaction for a select list of wholesale and retail bonds. Furthermore, accredited investors in Singapore are also able to start investing with a much smaller investment amount as low as \$5,000, instead of the typical minimum investment amount of \$250,000 for wholesale bonds. Easier access to more bonds allows investors to diversify their portfolio.

## LEADING THE WAY WITH TRANSPARENCY FOR INSURANCE PRODUCTS

Transparency can be quite a rare occurrence in the insurance industry, which has historically been plagued by an opaque commission structure that typically works at the expense of customers.

With the launch of Insurance@FSM in 2015, we have provided a transparent commission rebate structure to all our investors who wish to purchase insurance products online. Currently, investors can enjoy a commission rebate of 30%-40% when they purchase insurance products on the FSMOne platform. Other than Singapore, insurance products are also offered on FSM Malaysia, where investors will be able to receive 30% in commission rebates on insurance products.

Apart from transparency in terms of products and charges, our insurance platform also carried a suite of content articles to create awareness of the various aspects that customers should be mindful of when purchasing insurance products, as well as the important factors to consider when getting insurance products for oneself.

## SGTI – DEBUT WITHIN THE TOP 10%

In August 2016, iFAST Corp was ranked 48 out of 631 SGX-listed companies in the 2016 Singapore Governance and Transparency Index (SGTI), a benchmark index to assess the level of corporate governance among SGX-listed companies to evaluate their disclosure and governance practices. As only companies with a full-year's financial report are included in the index, this is iFAST Corp's first appearance in the index, and coming in within the top 10% among all listed companies is a testament of our focus in upholding transparency throughout the Group.

According to the Centre for Governance, Institutions & Organisations (CGIO) website, the Index aims to measure the timeliness, accessibility and transparency of a company's financial results announcements, and companies are scored in various aspects such as Board Responsibilities, Rights of Shareholders, Engagement of Stakeholders, Accountability & Audit, as well as Disclosure and Transparency. (Source: <https://bschool.nus.edu.sg/cgio/our-research/sgti>)

In 2015, iFAST Corp won the "Most Transparent Company Award 2015, New Issues Category" at the SIAS Investors' Choice Awards 2015.



## iFAST CORP

- Acquisition of a stake in the holding company of iFAST India platform business ("India Business") in Apr 2016
- Joint Venture with PC International (HK) Limited to incorporate PC iFAST Holding (SG) Pte. Ltd. in May 2016
- Completion of sale of a 5% stake in iFAST China Business in Jun 2016

Following the launch of new services in 2016, the Group expects the growth of AUA and revenue will benefit from the launch of stockbroking services starting 2017, in addition to the additional services such as robo-advisory portfolio services and bonds. The Group believes that it will benefit from the efforts put in the last two years in strengthening the platform's capabilities.

## SINGAPORE

- iFAST Singapore received approval for additional regulated activities of fund management to be included to its Capital Markets Services licence and to include listed stocks in its conduct of dealing in securities and providing of custodial services for securities, in Nov 2016
- Launch of FSMOne in Dec 2016 which includes the following products and services: Stocks & ETFs, MAPS (My Assisted Portfolio Solution), all funds at 0%, Bond Express, and insurance products

With most of the products in place, as well as the improvement in services including FSMOne, the Singapore Business will be looking to further grow its business in the B2C and B2B market segments in 2017. Our focus is on being able to provide an integrated wealth management platform that covers major investment products to our clients.

## HONG KONG

- Completion of acquisition of a securities firm in Jan 2016
- Stockbroking business launched for B2B clients in 3Q2016
- Acquisition of Canadian Financial Consultants Limited, an insurance brokerage firm in Hong Kong in Nov 2016 (completed in Jan 2017)

The Group is looking to launch FSMOne for its HK B2C customers in 2017, enhancing the range of products and services investors can transact into with ease. Our B2B partners will also be able to better grow their long-term recurring net revenue from increased AUA in the additional investment products and services.

## MALAYSIA

- Insurance for B2C customers in Jul 2016

Similar to the Group's Singapore and Hong Kong operations, the Malaysia operation is working towards enhancing its range of investment products and services. The Malaysia Business will be looking to launch the distribution of bonds and discretionary portfolio management services in 2017.

## CHINA

- Official opening of the Shanghai office in Aug 2016
- In-house team of wealth advisers under the "platform-cum-IFA incubator" strategy
- Partner with potential financial institutions and local Chinese entities with established online client base (e.g. online media companies)

Besides a focus on growing the onshore funds business, the Group is also looking to enhance its offshore business offerings to investors from China, especially via the Group's Hong Kong and Singapore markets. The Group believes this strategy will be more scalable in helping to promote the growth of the wealth advisory industry in China.



## FROM DPMS TO FSM MAPS – ROBO-ADVISORY PORTFOLIO MANAGEMENT SERVICES

In 2015, FSM Hong Kong took a head start within the Group to launch Portfolios@FSM, our very own online Discretionary Portfolio Management Service (DPMS) for Hong Kong investors. In 2016, the new FSM MAPS (My Assisted Portfolio Solution) service was launched together with our new FSMOne platform in December, allowing investors to purchase directly into five different portfolios (ranging from Conservative to Aggressive). Investors of varying risk appetites and investment objectives can choose the portfolio that corresponds to their risk appetite. The initial sales charge on the five FSM MAPS robo-advisory portfolios is 0%, with a management fee of 0.35% to 0.50% p.a.

The introduction of FSM MAPS fills up an important gap in the market. Some investors find the investment world increasingly complex and are gripped by uncertainty on what to buy, when to sell, and how to rebalance their portfolio especially in times of market volatility. Our version of the robo-advisory portfolios is meant to automatically provide ready-made investment solutions to investors who want to invest without the stress.

## STOCKS ON BOARD!

Following the completion of the acquisition of Winfield Securities in January 2016, which was subsequently renamed to iFAST Securities (HK) Ltd, we launched our stockbroking business in Hong Kong for the B2B platform in 3Q2016.

Subsequently, with the rollout of FSMOne, Singapore investors are also able to invest in stocks and ETFs listed on the Hong Kong Exchange ("HKEX"), at low commission rates of 0.12% for stocks and 0.08% for ETFs. The minimum charges are also competitive at HK\$50 for HKEX stocks/ETFs.

As we rolled out this new service, we have stated that the Group's approach to the stockbroking business will be different from most other Asian stockbrokers, as our focus is on being able to provide an integrated wealth management platform, while our long-term focus will be on enhancing our overall platform's AUA, rather than trying to maximise the commission income from short-term trading.

# iFAST IN NUMBERS

230,000<sup>+</sup>



B2B adviser-assisted and B2C customer accounts

5,000<sup>+</sup>



Investment products, including:



3,900+ funds



280+ ETFs



820+ bonds



HKEX-listed stocks

6,000<sup>+</sup>



Wealth advisers on our B2B platform

240<sup>+</sup>



FA firms, financial institutions, and banks  
on our B2B platform

190<sup>+</sup>



Distribution agreements with global fund houses



Share price

**\$0.845**

(as at 31 Dec 2016)

**\$1.350**

52-Weeks High

52-Weeks Low

**\$0.790**

Market Cap

**\$221.58** million

(as at 31 Dec 2016)

Dividend yield<sup>(1)&(2)</sup>

**2.90%**

Capital gain<sup>(3)</sup>

**-37.41%**

Total return

**-34.51%**

DIVIDEND  
INFORMATION



Dividend / share (cents)<sup>(2)</sup>

**2.79**

Dividend payout (%)<sup>(2)&(4)</sup>

**80.8%**

<sup>(1)</sup> Dividend yield is calculated using full year dividend of 2.79 cents divided by weighted average share price during the year of \$0.961

<sup>(2)</sup> Including the proposed final dividend for FY2016 of 0.75 cents per share which is subject to approval at the upcoming AGM

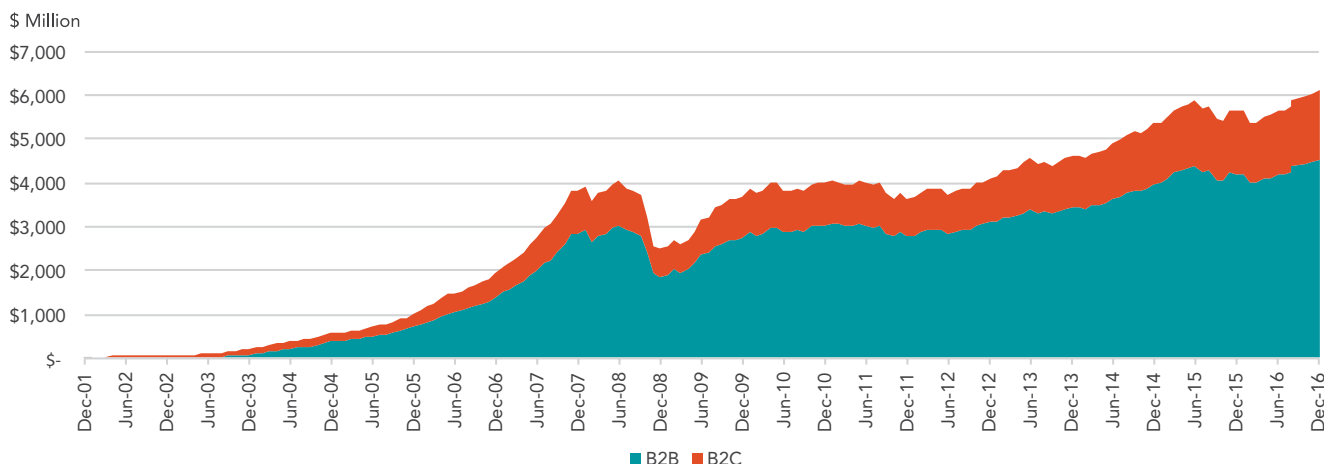
<sup>(3)</sup> Capital gain is calculated using the 31 December 2016 closing price of \$0.845 and the 31 December 2015 closing price of \$1.350

<sup>(4)</sup> Dividend payout is calculated based on the Group's net profit (excluding China operation, and exceptional items) in FY2016

## ASSETS UNDER ADMINISTRATION ("AUA")

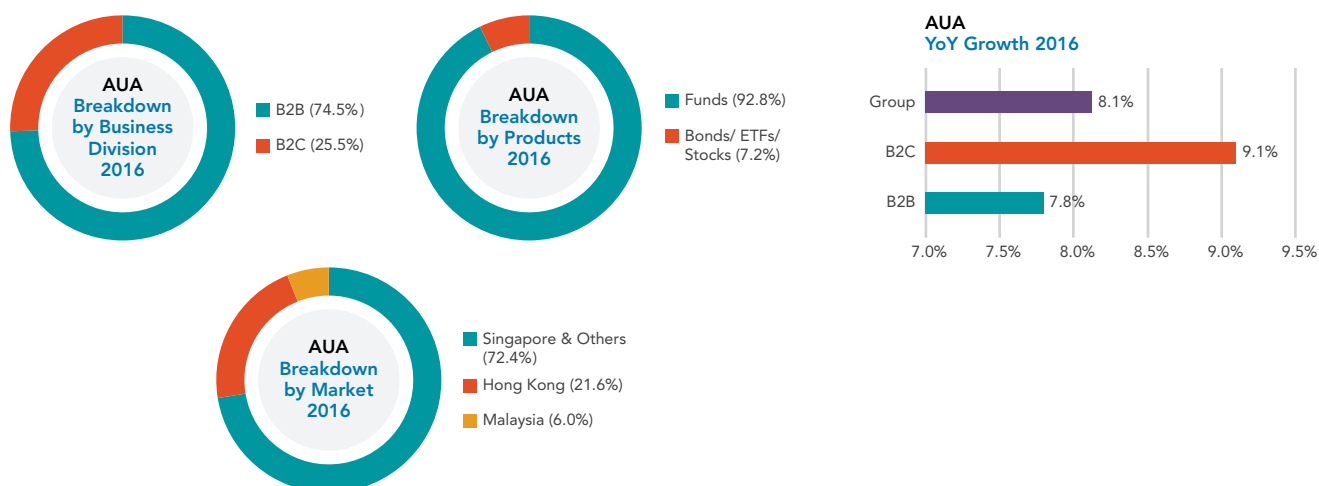
AUA represents the total net value of investment products held under the custody of iFAST Corp. As recurring revenue constitutes the bulk of the Company's overall revenue and is correlated to the AUA, the measure is a significant indicator of the Group's results.

As at 31 December 2016, AUA increased 8.1% YoY to hit a record high of \$6.1 billion<sup>(1)</sup>.



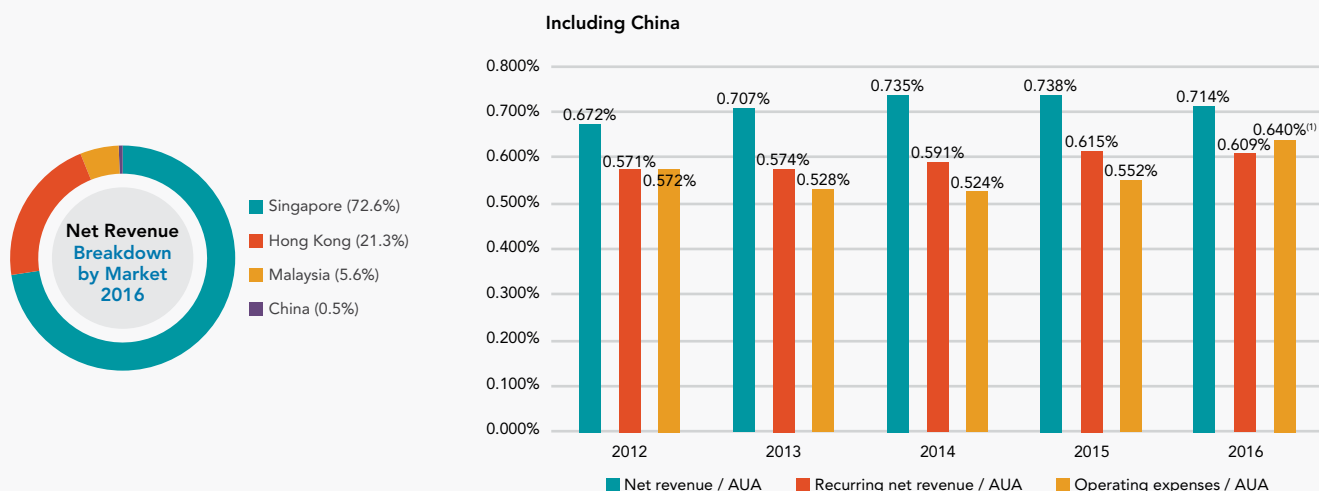
Note:

<sup>(1)</sup> The Group's AUA as at 31 December 2016 includes its effective 16.3% share of the India Business.



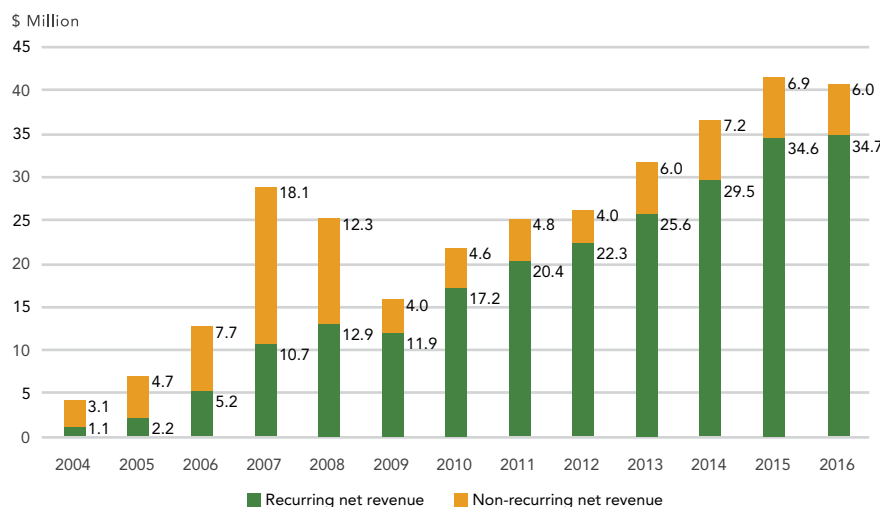
## NET REVENUE, RECURRING NET REVENUE AND OPERATING EXPENSES AS A RATIO OF AVERAGE AUA

In view of the guidance we have provided on our China operation (that the China business would be expected to have a negative impact on the Group's overall operating profit on a consolidated basis in 2016 and 2017), and that our Dividend Guidance for

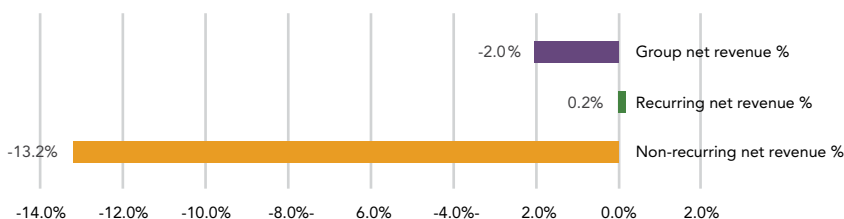


## RECURRING VS NON-RECURRING NET REVENUE

Our net revenue can be broken down into two components, namely the recurring and non-recurring portions. As 83.0% of the overall net revenue comes from the recurring revenue portion (in the 2012-2016 period), it shows that recurring revenue has been the driver of net revenue. Recurring net revenue comes from trailer fee from suppliers, platform fees from B2C and B2B customers, and wrap fees from B2B customers.



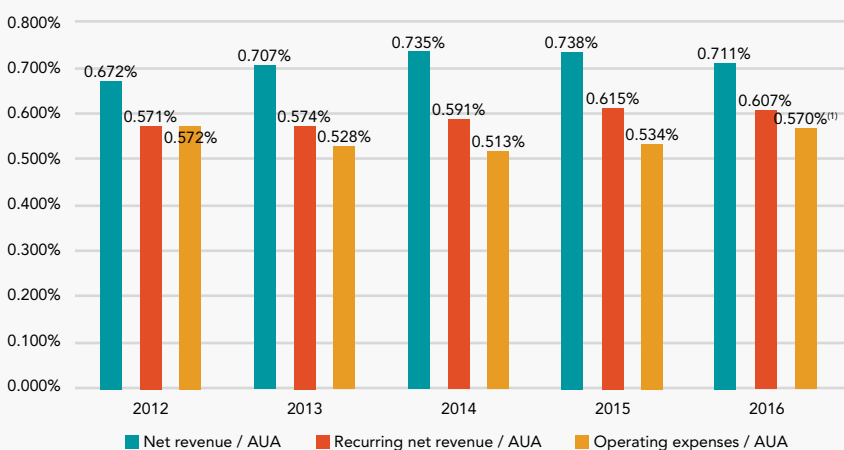
Recurring and Non-recurring Net Revenue  
YoY Growth



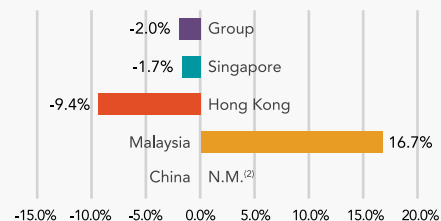
FY2016 and FY2017 is based on 60% or more of the Group's net profit (excluding China operation, and exceptional items), we have been presenting our presentation results based on the results of our Group based on excluding and including China operation.

By adopting such a structure in the presentation, investors are able to better assess the performance of the Group in our core operations in Singapore, Hong Kong and Malaysia, with and without the impact from our newer China operation.

Excluding China



Net Revenue  
YoY Growth by Market



Notes:

<sup>(1)</sup> Excluding impairment loss of \$0.68 million on investment in financial assets recognised in 4Q2016.

<sup>(2)</sup> Not Meaningful

# FINANCIAL HIGHLIGHTS & FINANCIAL REVIEW

## FINANCIAL SUMMARY

Financial year ended 31 December	2016 <sup>(5)</sup>	2015	2014 <sup>(1)</sup>	2013 <sup>(2)</sup>	2012
<b>FINANCIAL PERFORMANCE INCLUDING CHINA OPERATION (\$'000)</b>					
Net revenue	40,692	41,534	36,687	31,586	26,291
Profit before tax	6,778	12,751	10,868	8,197	3,941
Profit for the year from continuing operations	6,017	12,100	10,475	7,624	3,256
Profit attributable to owners of the Company from continuing operations	6,131	12,100	10,513	7,856	3,741
<b>BREAKDOWN OF NET REVENUE (\$'000)</b>					
Recurring net revenue	34,714	34,647	29,483	25,623	22,339
Non-recurring net revenue	5,978	6,887	7,204	5,963	3,952
Net revenue	40,692	41,534	36,687	31,586	26,291
<b>PER SHARE INFORMATION (CENTS)</b>					
Earnings per share	2.34	4.65	5.06	3.89	1.86
Dividend per share <sup>(3)</sup>	2.79	2.79	5.38	1.98 <sup>(4)</sup>	0.54
<b>KEY RATIOS</b>					
Profit before tax margin based on net revenue	16.7%	30.7%	29.6%	25.9%	15.0%
Return on equity <sup>(6)</sup>	8.0%	16.4%	38.7%	31.4%	17.0%
<b>FINANCIAL PERFORMANCE EXCLUDING CHINA OPERATION (\$'000)</b>					
Net revenue	40,457	41,534	36,687	31,586	26,291
Profit before tax	10,506	13,731	11,389	8,197	3,941
Profit for the year from continuing operations	9,745	13,080	10,996	7,624	3,256
Profit attributable to owners of the Company from continuing operations	9,745	13,080	11,034	7,856	3,741
<b>BREAKDOWN OF NET REVENUE (\$'000)</b>					
Recurring net revenue	34,538	34,647	29,483	25,623	22,339
Non-recurring net revenue	5,919	6,887	7,204	5,963	3,952
Net revenue	40,457	41,534	36,687	31,586	26,291
<b>PER SHARE INFORMATION (CENTS)</b>					
Earnings per share	3.72	5.03	5.31	3.89	1.86
Dividend per share <sup>(3)</sup>	2.79	2.79	5.38	1.98 <sup>(4)</sup>	0.54
<b>KEY RATIOS</b>					
Profit before tax margin based on net revenue	26.0%	33.1%	31.1%	25.9%	15.0%
Return on equity <sup>(6)</sup>	12.7%	17.7%	40.6%	31.4%	17.0%



Financial year ended 31 December	2016 <sup>(5)</sup>	2015	2014 <sup>(1)</sup>	2013 <sup>(2)</sup>	2012
<b>BALANCE SHEET (\$'000)</b>					
Non-current assets	14,704	8,477	4,068	4,355	5,361
Net current assets	64,392	68,321	63,162	20,699	20,946
Non-current liabilities	(500)	(239)	(325)	(430)	(52)
<b>Net assets</b>	<b>78,596</b>	<b>76,559</b>	<b>66,905</b>	<b>24,624</b>	<b>26,255</b>
Share capital and reserves	78,446	76,559	66,905	23,966	23,412
Non-controlling interests	150	-	-	658	2,843
<b>Total equity</b>	<b>78,596</b>	<b>76,559</b>	<b>66,905</b>	<b>24,624</b>	<b>26,255</b>
<b>CASH FLOW (\$'000)</b>					
Net cash from operating activities	5,630	14,178	10,178	7,126	2,333
Capital expenditure	6,615	5,454	2,339	1,554	214

Notes:

<sup>(1)</sup> Excluding IPO expenses of \$1.95 million in December 2014.

<sup>(2)</sup> Excluding one-off gain of \$0.62 million on distribution to owners of the Company in October 2013.

<sup>(3)</sup> Including interim dividends paid and proposed final dividend for the respective financial year.

<sup>(4)</sup> Excluding dividend by way of distribution in specie in October 2013.

<sup>(5)</sup> Excluding a one-off impairment loss of \$0.68 million on investment in financial assets recognised in 2016.

<sup>(6)</sup> Return on equity is calculated based on the average of the month-end shareholders' equity for the respective financial year.

## FINANCIAL REVIEW

Financial Highlights (Including China Operation)	FY2016 <sup>(1)</sup> \$'000	FY2015 \$'000	Change %
Net revenue	40,692	41,534	(2.0)
Operating expenses	36,476	31,083	17.4
Profit before tax	6,778	12,751	(46.8)
Profit for the year	6,017	12,100	(50.3)
Profit attributable to owners of the Company	6,131	12,100	(49.3)
Earnings per share	2.34	4.65	(49.7)
Dividend per share	2.79	2.79	-
Financial Highlights (Excluding China Operation)	FY2016 <sup>(1)</sup> \$'000	FY2015 \$'000	Change %
Net revenue	40,457	41,534	(2.6)
Operating expenses	32,444	30,056	7.9
Profit before tax	10,506	13,731	(23.5)
Profit for the year	9,745	13,080	(25.5)
Profit attributable to owners of the Company	9,745	13,080	(25.5)
Earnings per share	3.72	5.03	(26.0)
Dividend per share	2.79	2.79	-

Note:

<sup>(1)</sup> Excluding a one-off impairment loss of \$0.68 million on investment in financial assets recognised in FY2016.

## OPERATING PERFORMANCE

The year of 2016 was a challenging year for the Group. The net revenue of the Group (excluding China operation) was down 2.6% from \$41.53 million in FY2015 to \$40.46 million in FY2016, negatively affected by very tough market conditions in the first half of 2016.

Excluding China operation and an impairment loss of \$0.68 million on investment in financial assets recognised in FY2016, the operating expenses increased 7.9% from \$30.06 million in FY2015 to \$32.44 million in FY2016, in line with the Group's increased efforts in enhancing its platform capabilities and broadening the range of products and services being provided to customers in the year.

A combination of lower revenue and increased expenses led to a 25.5% decline in the net profit of the Group, excluding China operation and the impairment loss, from \$13.08 million in FY2015 to \$9.75 million in FY2016. The start-up losses from China operation further reduced the overall profitability of the Group (including China operation) to \$6.13 million in FY2016.

On the back of a dip in Assets Under Administration ("AUA") during the first half of FY2016, the average AUA of the Group grew only 1.2% Year-on-Year ("YoY") to \$5.70 billion in FY2016. However, benefiting from both improved market sentiment in the second half of 2016 and the Group's ongoing efforts to broaden the range and depth of its investment products and services, the Group's AUA increased to a record of \$6.10 billion as at 31 December 2016, a YoY growth of 8.1% and a 10-year CAGR of 11.4%. Singapore remains the Group's largest market by AUA, at 71.1%, followed by Hong Kong at 21.6% and Malaysia at 6.0%. China operation is still in the early stages of building iFAST brand and business in this new market.

## NET REVENUE

Net revenue represents revenue earned by the Group after commission and fee paid or payable to third party financial advisers. The Group's net revenue of \$40.69 million in FY2016 was 2.0% lower than FY2015.

The following table shows the breakdown of the Group's net revenue, by recurring and non-recurring basis.

	FY2016 \$'000	FY2015 \$'000	Change %
Recurring net revenue	34,714	34,647	0.2
Non-recurring net revenue	5,978	6,887	(13.2)
Net revenue	40,692	41,534	(2.0)

Recurring net revenue is calculated based on a percentage of average AUA of Investment Products distributed on the Group's platforms, which comprises trailer fees, platform fees and wrap fees. The increase in recurring net revenue was due mainly to an increase in average AUA for both Business-to-Business business division and Business-to-Customer business division, arising from the inflow of investments from customers. The average AUA of the Group had a value of approximately \$5.70 billion in FY2016 (FY2015: \$5.63 billion) at a YoY growth of 1.2%.

Non-recurring revenue mainly comprises commission income derived from investment subscription via front-end load commissions or processing fees; service fees arising from the provision of currency conversion administration services to customers and the provision of administration services to financial advisory firms; and advertising fee earned from advertisements placed by third parties on iFAST websites and mobile applications. The decrease in non-recurring net revenue was due mainly to a decrease in commission income as a result of decreased investment subscription from customers, due to weak investment appetite of customers especially in the first half of 2016.

The following table shows the breakdown of the Group's net revenue by geographical segments.

	FY2016 \$'000	FY2015 \$'000	Change %
Singapore	29,539	30,045	(1.7)
Hong Kong	8,658	9,552	(9.4)
Malaysia	2,260	1,937	16.7
	40,457	41,534	(2.6)
China	235	-	NM
Total net revenue	40,692	41,534	(2.0)

NM denotes Not Meaningful.

Breaking down by geographical segment, Singapore operation with a stable growth continues to be the major contributor of the Group's net revenue. The slight decrease in net revenue in Singapore operation was due mainly to a decrease in non-recurring net revenue resulting from the volatile market sentiment in FY2016, which was partially offset by an increase in recurring net revenue contributed by an increase of 0.3% YoY in the average AUA of Singapore operation in the year. In December 2016, Singapore operation launched a new FSMOne platform allowing investors in Singapore to invest in multiple products, including stocks, ETFs, bonds, MAPS (My Assisted Portfolio Solution) and insurance products, via one account.

In Malaysia, despite the volatile market sentiment in FY2016, the average AUA of Malaysia operation grew 35.4% YoY in FY2016. The significant growth of business and AUA contributed to the significant increase in net revenue in Malaysia operation. Malaysia operation also started to distribute insurance products on its B2C platform in the third quarter of FY2016.

In Hong Kong, the net revenue decreased 9.4% YoY in FY2016. The decline was due mainly to the adverse impacts of the sharp sell-down in equity markets in China/ Hong Kong at the beginning of 2016 and the suspension of Capital Investment Entrant Scheme ("CIES") in 2015. However, contributed by Hong Kong operation's continuing efforts to broaden the range and depth of its investment products and services (including discretionary portfolio management services), the AUA of Hong Kong operation grew 1.7% YoY as at 31 December 2016.

China operation has launched its platform business in the first half of 2016. Benefiting from transactions received from China-based investors for their investments in onshore Chinese market as well as offshore Chinese markets, China operation has contributed net revenue of \$0.24 million in FY2016.

## OPERATING EXPENSES

The following table includes the breakdown of the Group's operating expenses by its existing markets and new China market.

	FY2016 \$'000	FY2015 \$'000	Change %
Operating expenses (excluding China operation)	32,444	30,056	7.9
Operating expenses in China operation	4,032	1,027	292.6
Operating expenses	36,476	31,083	17.4
Impairment loss on investment in financial assets	684	-	NM
Total operating expenses	37,160	31,083	19.6

*NM denotes Not Meaningful.*

The Group's total operating expenses increased 17.4% from \$31.08 million in FY2015 to \$36.48 million in FY2016, excluding an impairment loss on investment in available-for-sale financial assets amounting to \$0.68 million recognised in Singapore operation in FY2016 due mainly to a mark-to-market loss following a decline in market value of certain equity and fixed income funds acquired in 2015.

Excluding China operation and the impairment loss, the Group's operating expenses increased 7.9% from \$30.06 million in FY15 to \$32.44 million in FY16. The operating expenses of China operation increased 292.6% from \$1.03 million in FY2015 to \$4.03 million in FY2016.

The increase was due mainly to increases in depreciation of plant and equipment and amortisation of intangible assets as a result of additions of plant and equipment and intangible assets (including internally-developed IT software assets) in FY2016 to support our business expansion in the markets that the Group operates in and continuously strengthen the capabilities of financial technologies ("Fintech") on our platforms; increases in staff costs as a result of the annual salary increment adjusted from January 2016, the increased number of staff (especially in China operation) in 2016 and the increased costs of equity-settled share-based payment transactions in relation to additional batches of performance shares granted to the Group's employees in FY2016; increases in IT maintenance and services as well as advertising and promotion costs in line with the Group's business expansion in the year; and also official opening of the new Shanghai office in China in the third quarter of 2016.

Overall, increases in operating expenses were in line with our efforts in enhancing our platform capabilities including launches of new products and services in our existing markets as well as building our business in our new market, China in the year.

## NET PROFIT FOR THE YEAR

The following table shows the breakdown of the Group's profit after tax after non-controlling interests by geographical segments.

	FY2016 \$'000	FY2015 \$'000	Change %
Singapore <sup>(1)</sup>	9,052	11,209	(19.2)
Hong Kong	531	1,652	(67.9)
Malaysia	320	243	31.7
Others <sup>(2)</sup>	(158)	(24)	558.3
Net profit (excluding China operation) <sup>(1)</sup>	9,745	13,080	(25.5)
China	(3,614)	(980)	268.8
Net profit (including China operation) <sup>(1)</sup>	6,131	12,100	(49.3)

Notes:

<sup>(1)</sup> Excluding a one-off impairment loss of \$0.68 million on investment in financial assets recognised in Singapore operation in FY2016.

<sup>(2)</sup> Representing share of results of associates.

Overall, excluding the impairment loss of \$0.68 million in FY2016, the net profit of the Group (including China operation) decreased 49.3% from \$12.10 million in FY2015 to \$6.13 million in FY2016, and the net profit of the Group (excluding China operation) decreased 25.5% from \$13.08 million in FY2015 to \$9.75 million in FY2016.

In Singapore, while the net revenue decreased 1.7% YoY in FY2016, the net profit decreased 19.2% YoY from \$11.21 million in FY2015 to \$9.05 million in 2016. A drop in Singapore profitability resulted from the combined impacts of decreases in net revenue due to the volatile global financial markets sentiment especially in the first half of 2016 and increases in operating expenses due to increased efforts in enhancing the platform's Fintech capabilities and improving the range of investment products and services (including the launch of the new FSMOne platform) being provided to customers in the year.

The profit generated from Hong Kong operation decreased 67.9% YoY from \$1.65 million in FY2015 to \$0.53 million in FY2016. The significant decline in Hong Kong profitability mainly resulted from the adverse impact of the sharp sell-down in equity markets in China/ Hong Kong at the beginning of 2016. However, contributed by Hong Kong operation's ongoing efforts to broaden the range and depth of its investment products and services, its revenue grew 1.5% Quarter-to-Quarter in the fourth quarter of FY2016. Following the soft launch of the stockbroking platform in Hong Kong in the second quarter of FY2016, the AUA of the Hong Kong stock business (including ETF) has grown to approximately 3.4% of the entire AUA on our Hong Kong platforms at 31 December 2016.

Benefiting from a significant increase in customer base in Malaysia operation, the AUA of Malaysia operation grew 29.2% YoY to Malaysian Ringgit 1.14 billion (equivalent to \$366.96 million) at 31 December 2016. The significant growth of business and AUA of Malaysia operation resulted in 31.7% increase in net profit in FY2016.

China operation is still in the early stages of building iFAST brand and business in this new market. The loss from China operation increased 268.8% YoY to \$3.61 million in FY2016. As at 31 December 2016, China operation has signed up more than 45 fund houses with over 1,800 funds on its platform.

## FINANCIAL POSITION

The shareholders' equity of the Group increased to \$78.45 million as at 31 December 2016 from \$76.56 million as at 31 December 2015. This was due mainly to issuance of ordinary shares resulting from exercise of share options, contribution of net profit generated in FY2016 and a gain of \$2.15 million recognised directly in equity as a result of the Group's sale of 5% stake in its China business for US\$1.75 million (approximately \$2.41 million) on 29 June 2016, partially offset by payments of dividends and purchase of treasury shares in the year.

The Group's cash position (including cash at bank and in hand, money market fund and investments in financial assets categorised under other investments) decreased to \$54.59 million as at 31 December 2016 from \$61.48 million as at 31 December 2015.

Current assets decreased to \$80.42 million as at 31 December 2016 from \$82.80 million as at 31 December 2015 due mainly to a decrease in the Group's cash position, which was partially offset by increases in trade and other receivables, in the year.

Non-current assets increased to \$14.70 million as at 31 December 2016 from \$8.48 million as at 31 December 2015 due mainly to additions of intangible assets (including internally-developed IT software assets) in the year, acquisition of 21.47% stake in the ultimate holding company of iFAST India at \$1.27 million in the second quarter of FY2016 and acquisitions of additional stakes in associates at \$0.34 million in the third quarter of FY2016.

Total liabilities increased to \$16.53 million as at 31 December 2016 from \$14.72 million as at 31 December 2015. This was due mainly to increases in trade and other payables in the year.

## CASH FLOWS

A summary of the Group's cash flows are set out as below.

	<b>FY2016</b>	<b>FY2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Net cash from operating activities	5,630	14,178
Net cash used in investing activities	(6,831)	(16,088)
Net cash used in financing activities	(5,830)	(3,881)
Net decrease in cash and cash equivalents	(7,031)	(5,791)
Effect of exchange rate fluctuations on cash held	(25)	(77)
Cash and cash equivalents at beginning of year	29,520	35,388
Cash and cash equivalents at end of year	<b>22,464</b>	<b>29,520</b>

Net cash from operating activities decreased from \$14.18 million in FY2015 to \$5.63 million in FY2016, due mainly to lower operating profit generated and changes in working capital resulting from increases in receivables in the year.

Net cash used in investing activities was \$6.83 million in FY2016 compared to \$16.09 million in FY2015, due mainly to lower purchase of investment in financial assets in the year.

Net cash used in financing activities was \$5.83 million in FY2016 compared to \$3.88 million in FY2015, due mainly to purchase of treasury shares in FY2016. In 2016, dividends paid to owners of the Company was \$7.31 million and purchase of treasury shares was \$2.53 million, partially offset by the proceeds of \$1.60 million from exercise of share options and the proceeds of US\$1.75 million (equivalent \$2.41 million) from the Group's sale of 5% stake in its China business were received in June 2016. In 2015, dividends paid to owners of the Company was \$7.09 million, partially offset by the net proceeds of \$2.97 million from issuance of over-allotment shares received in January 2015 in connection with the IPO in December 2014.



## BOARD OF DIRECTORS



### LIM CHUNG CHUN

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Date of First Appointment to the Board:  
11 September 2000

Committee(s) served on:

- Member of Board Risk Committee ("BRC")
- Member of Nominating Committee ("NC")



### YAO CHIH MATTHIAS

LEAD INDEPENDENT DIRECTOR

Date of First Appointment to the Board:  
1 January 2014

Committee(s) served on:

- Chairman of BRC and Remuneration Committee ("RC")
- Member of Audit Committee ("AC")



### LING PENG MENG

INDEPENDENT DIRECTOR

Date of First Appointment to the Board:  
10 March 2006

Last Reappointed to the Board:  
8 April 2016

Committee(s) served on:

- Member of BRC and RC<sup>(1)</sup>



### KOK CHEE WAI

INDEPENDENT DIRECTOR

Date of First Appointment to the Board:  
1 January 2014

Committee(s) served on:

- Chairman of NC<sup>(2)</sup>
- Member of AC and RC

Mr Lim is the Chairman and CEO of our Group, and is also our co-founder. As Chairman and CEO of our Group, he is responsible for setting the strategic direction of our Group together with the Board and oversees the entire overall management of our Group. From 1991 to 1998, Mr Lim was an investment analyst with two securities companies in Singapore and eventually rose to become the Head of Research at ING Barings Securities Pte. Ltd. He co-founded Fundsupermart.com Pte. Ltd. in 2000. Mr Lim graduated with a Bachelor of Engineering (Electrical) from the National University of Singapore in 1991, and obtained a Diploma in Investment from the Institute of Banking and Finance in 1993.

Mr Yao was previously the Minister of State at the Ministry of Defence, Minister of State at the Prime Minister's Office and Senior Minister of State at the Prime Minister's Office. From 2004 to 2011, he was the Mayor of South East District, Deputy Speaker of Parliament from 2006 to 2011, and Member of Parliament for the MacPherson Single Member Constituency from 1991 to 2011. Mr Yao was appointed as a member of the HDB Board in October 2009. He is the Chairman of EM Services Pte. Ltd., a subsidiary of HDB. Mr Yao is also Managing Director of Agmonton Pte. Ltd. He was awarded the Overseas Merit Scholarship in 1975 and holds a Bachelor of Commerce (Honours) from the University of Birmingham, UK in 1978.

Mr Ling is a Managing Director and Head of Fixed Income, Greater China at DBS Bank. He started his career as an officer with DBS Bank before moving to Schroder International Merchant Bankers Limited and Credit Agricole Indosuez Merchant Bank Ltd between 1993 and 1999. Mr Ling was a Managing Director and held various offices including Head of Capital Markets (South East Asia) and Head of Capital Markets (Greater China & Japan) in Standard Chartered Bank between 1999 and 2012. He holds a Bachelor of Accountancy (Second Class Honours, Upper Division) from National University of Singapore.

Note:

<sup>(1)</sup> Mr Ling relinquished his appointment as the Chairman of the NC, and he was appointed as a member of the BRC with effect from 1 January 2016

Mr Kok has been a Partner in Allen & Gledhill LLP since 1998 and presently co-heads its Banking Practice. He has broad experience in domestic and international financings, which includes acting for lenders and major corporates on domestic and cross-border syndicated loans, structured and acquisition financing and debt restructuring. Mr Kok graduated from the National University of Singapore with an LLB (Hons) degree in 1991. He was admitted to the Singapore Bar in 1992, when he joined Allen & Gledhill LLP.

Note:

<sup>(2)</sup> Mr Kok was appointed as Chairman of the NC and ceased to be a member of the BRC with effect from 1 January 2016

## BOARD OF DIRECTORS



### NG LOH KEN PETER

INDEPENDENT DIRECTOR

Date of First Appointment to the Board:  
1 January 2014

Last Reappointed to the Board:  
8 April 2016

Committee(s) served on:

- Chairman of AC
- Member of BRC and NC



### LIM WEE KIAN

NON-EXECUTIVE DIRECTOR

Date of First Appointment to the Board:  
28 April 2004

Last Reappointed to the Board:  
10 April 2015

Committee(s) served on:

- N.A.



### LOW HUAN PING

NON-EXECUTIVE DIRECTOR

Date of First Appointment to the Board:  
30 June 2005

Last Reappointed to the Board:  
10 April 2015

Committee(s) served on:

- Member of BRC



### KELVIN YIP HOK YIN

EXECUTIVE DIRECTOR

Date of First Appointment to the Board:  
1 January 2016

Last Reappointed to the Board:  
8 April 2016

Committee(s) served on:

- N.A.

Mr Ng has been Managing Director of Peterson Asset Management Pte Ltd since 2000 and is also a director of Procurri Corporation Limited, a company listed on the SGX, since June 2016. He was also previously a director of OWW Investments III Ltd., a position he resigned from in February 2017. Mr Ng served as General Manager of Investments in Hong Leong Assurance Bhd, and was based in Malaysia for three years. For nine years to 1996, he served as Head of Treasury, Investment and Corporate divisions at various stages of his career with Great Eastern Life Assurance Co Ltd. Prior to that, Mr Ng was Senior Manager of an international public accounting firm and had worked for several years in their Australian and Singapore offices. From 2009 to 2010, he also served as a member on the ACRA Investment Committee. Mr Ng graduated from the National University of Singapore with a Bachelor of Accountancy degree (with Honours) in 1977. He is also a Chartered Financial Analyst charterholder. Mr Ng completed the Advanced Management Program at Harvard Business School in 1993.

Mr Lim is a Managing Director in the Foreign Exchange desk, Treasury and Markets at DBS Bank and has been with the bank since August 2004. Prior to joining DBS Bank, he was with various investment banks and was a member of the teams engaged in the trading of foreign exchange and interest rate products. Mr Lim graduated with a Bachelor of Business from Nanyang Technological University in 1992.

Mr Low is the Executive Vice-President, Technology (IT & Production) of SPH. He is also a director of M1 Limited, MediaCorp Press Ltd. and Shareinvestor.com Holdings Ltd. Mr Low started his career at the Ministry of Defence, where he subsequently headed various IT departments. He holds a Bachelor of Arts (Honours) and Master of Arts from Cambridge University, where he read Engineering and a Master of Science from the University of Singapore. Mr Low graduated from Harvard Business School's Advanced Management Program.

Mr Yip is the COO of iFAST HK, a position he has held since April 2014. From April 2009 to March 2014, he was the General Manager of Platform Services HK. Prior to joining our Group, Mr Yip was an environmental engineer in a major construction group from 2001 to 2003. From 1999 to 2001, he conducted environmental audits in factories across Asia in a global apparel group. Mr Yip graduated with a Bachelor of Applied Science in Bio-Resource Engineering from the University of British Columbia, Canada in 1999. He also holds a Master of Science in Mechanical Engineering from the Hong Kong Polytechnic University in 2004 and a Master of Business Administration degree from the Chinese University of Hong Kong in 2006.

## SENIOR MANAGEMENT



**WONG SOON SHYAN**

GROUP CHIEF OPERATING OFFICER ("COO")



**LEUNG FUNG YAT DAVID**

GROUP CHIEF FINANCIAL OFFICER ("CFO")



**LIM WEE KIONG**

MANAGING DIRECTOR, iFAST SINGAPORE



**DENNIS TAN YIK KUAN**

MANAGING DIRECTOR, iFAST MALAYSIA



**DENNIS GOH BING YUAN**

DIRECTOR, IT APPLICATIONS



Mr Wong is responsible for the day-to-day management of our Group as the Group COO. He is also our Chief Risk Officer ("CRO"). Prior to joining our Group, Mr Wong was with a well-known fund management company as a manager responsible for the marketing, product development, sales administration and sales in respect of funds from 1994 to 2000. From 1989 to 1991, he worked briefly as an external auditor before joining a foreign bank as a credit analyst, and from 1992 to 1994, he worked as an accountant. Mr Wong graduated with a Bachelor of Accountancy from the National University of Singapore in 1989. He is also a Chartered Financial Analyst.

Mr Leung joined our Group in August 2006 and is responsible for our Group's financial and accounting matters. He has more than 20 years of experience in auditing, accounting, taxation and financial management. Prior to joining our Group, Mr Leung worked as an auditor in the Hong Kong and Singapore offices of an international accounting firm from 1991 to 1998 and was promoted to assistant manager in 1996. From 1999 to 2006, he held various financial and accounting positions in companies in different industries including companies in the business of machinery and equipment manufacturing, the provision of e-commerce services, investment holdings, electronics and semiconductors, retail and the manufacture and trading of health food products. Mr Leung graduated with a Bachelor of Arts in Accountancy with Honours from the Hong Kong Polytechnic University in 1991 and obtained a Master of Business Administration, Imperial College London, United Kingdom.

Mr Lim is the Managing Director of our B2B Business in Singapore. After joining our Group in April 2001, he took on the role of General Manager in 2006 and was responsible for the overall management of our B2B Business. Mr Lim was promoted to Managing Director, Platform Services Singapore, and was appointed as a Director of iFAST Financial Pte Ltd, in 2016. Prior to joining our Group, he worked as a credit and marketing officer in a local bank and a product and marketing executive at a company dealing in automation products. From 1995 to 1997, Mr Lim worked as an insurance agent with two life insurance companies. He graduated with a Bachelor of Business (Banking and Finance) from Monash University, Australia in 2000. Mr Lim also obtained a Diploma in Investment from the Institute of Banking and Finance in 1998 and a Diploma in Computer Studies from Ngee Ann Polytechnic in 1995.

With over 10 years of experience in the funds industry, Mr Tan oversees both the B2B and B2C divisions of our business in Malaysia. He is also the legal representative of iFAST Financial Limited (China). Mr Tan joined our Group in 2002 as an IT Manager and was involved in the development of end-user portfolio and investment software tools and applications for B2B Customers. In 2004, he took on the position of Business Development Manager responsible for the growth of the software division business. In 2006, Mr Tan was promoted to Managing Director of iFAST Service Centre Sdn Bhd and in 2008, he took on the role of Managing Director of iFAST Malaysia. Prior to joining our Group, he was a software engineer with a software house. Mr Tan is a Computer Science graduate from University Putra Malaysia and is a Certified Financial Planner (CFP). He was appointed as one of two Vice-Presidents of Financial Planning Association of Malaysia (FPAM) for the period of 2013-2015.

Mr Goh joined the Group in 2004 and was involved in the development of various IT systems and applications for our Singapore operation. Subsequently, he led the setup and launch of various systems and platforms for our Group in Singapore, Hong Kong, Malaysia and India. In 2013, Mr Goh was promoted to Director, IT Applications. He is also a Non-executive Board Director of Pecuniam Pte Ltd and its subsidiaries, which include the iFAST India platform business since 2010. He also served as Non-Executive Director on the board of iFAST Capital Sdn Bhd from 2012 to 2014. Mr Goh graduated from Middlesex University, London with an Honours Degree in Information Technology with Business Information Systems in 2004 and a Masters' in Business Administration from The University of Manchester in 2016.

## iFAST CORP HAS TAKEN AN ACTIVE STANCE IN SUPPORTING THE COMMUNITY, AND TWO BROAD THEMES HAVE EMERGED AS WE ENGAGE THE COMMUNITY OVER THE YEARS, NAMELY “PROMOTING FINANCIAL LITERACY” AND “CHARITY THROUGH SPORTS”.



### PROMOTING FINANCIAL LITERACY DEDICATED RESEARCH AND CONTENT

iFAST Corp has since the early days of our business put an emphasis on the promotion of investment education and financial knowledge across the markets we operate in.

As mentioned in our previous sections, and with our mission statement “To help investors around the world invest globally and profitably” in mind, we believe in empowering investors with financial knowledge and information transparency, and to provide them with sufficient tools to make informed decisions. For this reason, we have adopted various initiatives to promote financial literacy among our customers, our employees and the broader investor community.

We aim to empower investors by giving them the information and tools to make better wealth management decisions. Our traditional focus on giving regular research and content into the various investment products, portfolio construction, market outlook, and webcast interviews with fund managers on the platform, gives investors freely available independent research.

With the new FSMOne portal, our focus on providing openly available content and research remains an integral part in our efforts to reach out to our customers as well as the general public. We have continued to emphasise transparent information on pricing. For instance, our bond offerings come with information on pricing and research articles; our recent Bond Express initiative on the FSMOne portal allows accredited investors to transact in a range of wholesale bonds from \$5,000 upwards (instead of \$250,000), which facilitates greater access and diversification for bond investors. Over the past two years, our team of bond research analysts has regularly provided updates on the global fixed income market, as well as articles that help both novice and savvy investors to better understand this product category, which were mostly distributed to institutional investors in the past. The media have also been approaching our bond research analysts for views, as dedicated research on bonds is relatively inaccessible in most Asian markets.

Furthermore, we have also taken the initiative in trying to level the playing field between institutional investors and individual investors. In 2016, with greater volatility in the local fixed income market, our fixed income team has gone one step further to assist the noteholders of defaulted bonds and distressed issuers. We understand that individual investors

may feel overwhelmed and have difficulties following up with the latest developments. We have facilitated the building of a community of affected bondholders who may have purchased their bonds at banks. Our objectives are to help them safeguard their economic interests, and to lend a more prominent voice for their creditor rights, and for better representation in the event that any actions are required.

## SEMINARS AND WORKSHOPS

Identical to the previous years, a number of events were held throughout the year to reach out to both our customers and the public.

Our flagship event “What and Where to Invest” (“WAWTI”) is usually held at the start of the year to provide investors with the outlook of various global asset classes (equity, fixed income and others) from our research analysts, and to hear from the industry experts from the fund houses. During such events, investors can also interact with the investment professionals and get the answers to their investment queries. In 2016, over 2,000 investors attended our WAWTI events in Singapore, Hong Kong, and Kuala Lumpur and Penang in Malaysia.

In Singapore, our FSM team organised our largest ever event, the “FSM Expo 2016”, in June 2016 at Suntec Convention Center. The whole-day investment event brought together investment experts speaking on diverse topics, and attracted over 1,500 investors looking to take away key investment insights and tips. A total of 18 seminars and workshops were held during the day, while eight fund house partners also joined us for this event. The “Expo” format gave participants and the investor community the flexibility to choose the topics they are interested in, while allowing them to make full use of the opportunities in between the different sessions to mingle with the speakers and investment professionals present at their booths.

In addition, throughout the year, our different business divisions across the Group work together with our fund house partners to hold regular events to present the latest market analyses and investment insights to our B2B wealth advisers and investors. In 2016, a total of more than 50 such smaller-scale events were held across the B2B and B2C divisions, covering a wide range of topics including the outlook and opportunities for the various markets.

Similarly, with the launch of new product categories, we have also emphasised the educational aspect, by holding workshops for our B2B wealth advisers and investors on new products and services. This includes talks on bonds and ETF products in Singapore, insurance workshops in Malaysia, and online discretionary portfolio management services (“DPMS”) workshops in Hong Kong. We have also tapped on the Internet live-streaming technology to reach out to more investors, and we have held close to 20 webinars throughout the year, providing updates on the fixed income markets, as well as to present on the performance of our DPMS portfolios to our Hong Kong investors.



Other than research-themed events, we held regular workshops for investors to introduce our platform services, so that they are able to make full use of the features and tools on our website and mobile application, to better do their research and carry out their investments. For instance, with the launch of FSMOne in Singapore, we had a workshop to introduce the latest features, and to guide our investors through the brand new interface and products on board.

## COLLABORATIONS WITH INDUSTRY PARTNERS

Apart from in-house events and workshops, we have also joined forces with our industry partners to promote financial literacy.

In Singapore, as mentioned earlier, the big-scale event “FSM Expo 2016” was co-organised with ShareInvestor, a financial Internet media and technology company, and a subsidiary of SPH, which has since 2007 organised their flagship event “Invest Fair” aimed at enhancing the level of financial literacy in Singapore. FSM Singapore has also participated in “Invest Fair 2015”.

We have also co-organised with SGX a seminar targeted at retail customers, “What Every Investor Should Know Before Investing in Retail Bonds”, to promote greater awareness of retail bonds in Singapore.

In Malaysia, following our FSM team’s collaboration with Financial Planning Association





of Malaysia ("FPAM") to organise a workshop titled "Financial Empowerment – Time to Take Charge, Ladies!" in November 2015, we had two more similar workshops in 2016 in partnership with our fund house and B2B partners, including "How Women Can Be Successful In Managing Their Finances", where we invited experienced female professionals to talk about finance management, while getting to understand more about unit trust investments.

### PROMOTING FINANCIAL EDUCATION AMONG OUR EMPLOYEES

Similarly, equipped with our in-house expertise, we hope to provide our employees with the necessary knowledge and skills to conduct their own financial planning and investments. Introduced in 2014, the "iFAST Academy" saw our research analysts and other employees come together to share financial and investment tips with other staff.

In 2016, we had in-house speakers from our fixed income research, insurance and investment advisory teams, who chaired discussion topics varying from formulating insurance strategies, investment basics for bonds, as well as understanding how to become a better investor.

Other than that, we also have in place an "Employee Investment Scheme" to help employees who wish to invest regularly. The scheme works in a simple manner, subject to certain terms: for every dollar amount the employee invests into a fund, the company adds a certain percentage as a booster, all in the spirit of helping our employees make the first step, or to help more seasoned staff in achieving their financial goals a little more easily.

## CHARITY THROUGH SPORTS

### iWALK – OXFAM BRISBANE

iFAST Corp has adopted a unique approach when it comes to supporting charitable causes, and our participation in Oxfam events over the years demonstrates our vision of combining our efforts to promote charitable causes with active sports participation.

iFAST Corp started iWALK (iFAST Wealth Advisers Lead Kindness Initiative), an industry initiative seeking to gather wealth advisers, fund house partners and industry friends from the region to participate in a distance race event and raise funds for charity. We hope that we can lead the industry to do our part to "live kindness" and make a difference to the underprivileged.

In 2016, iFAST brought our largest ever contingent consisting of 76 walkers, including our employees, 40 wealth advisers and two directors from our Board of Directors to participate in the Oxfam 100km/60km trailwalker race in Brisbane (Australia), with the objective of raising funds to combat poverty in various parts of the world. Previously, the company had sent one team to Hong Kong Oxfam 2011, four teams to Hong Kong Oxfam 2012 and six teams to Sydney Oxfam 2013. This is the first time that wealth advisers from the financial advisory (FA) firms and financial institutions using iFAST Corp's B2B platform participated in Oxfam.

Oxfam Trailwalker is a charity event that aims to raise funds to alleviate poverty and injustice, and it is held across different countries each year. The trek is certainly no walk in the park, and requires good mental and physical preparation; the distance of 60km has to be completed within 24 hours, while the distance of 100km is to be completed within 48 hours.

The contingent was led by iFAST Corp's CEO and Chairman, Mr Lim Chung Chun, who believes taking part in sports encapsulates the value of dedication and perseverance for a certain cause, and that determination and hard work will help one achieve a target that may seem to be unattainable initially. 11 teams consisting of 44 walkers took on 100km, while 8 teams with 32 walkers participated in the 60km trek. Before the actual walk in

Brisbane, the iWALK team of walkers had a few months to diligently prepare themselves for the day of reckoning.

Out of the 76 walkers, 68 completed their walk, while the other eight walkers had to retire due to injuries. The average completion time for the 100km distance was 30 hours, with the fastest iWALK team coming from Hong Kong. The “iWALK: Hong Kong Hikers” team consisted of four wealth advisers from Convoy Financial Services Limited, who achieved an amazing feat of completing 100km in just 16 hours 59 minutes. They finished as the 9th team across all categories in Brisbane, and as the first team among Financial Services teams. The average completion time for the iWALK teams in the 60km segment was 19 hours, with the fastest team, “iWALK: iFAST SG Team” (consisting of iFAST Corp’s Group COO, and two iFAST Corp Directors) finishing in 16 hours 50 minutes.

With overwhelming support from fellow colleagues, friends and families of all participating iWALKers, iFAST Corp eventually raised the highest amount of donations, and received the Oxfam Trailwalker Brisbane Corporate Fundraising Award. According to Oxfam Trailwalker, the amount of donations raised is sufficient to build three small community dams in Mozambique, providing access to water, especially during the dry season.

#### Fun Facts:

- Out of the 19 teams, 8 are from Singapore, 5 from Hong Kong, 5 from Malaysia and 1 from India.
- About 27% of the iWALKers are women.
- The oldest participant is about 61 years old, while the youngest is 23.

## STUDENTS CARE SERVICE CHALLENGE FOR CHILDREN 2016 CHARITY RACE

On 5 March 2016, the Students Care Service Challenge for Children 2016 (“SCS C4C 2016”) charity race was successfully held at the Marina Bay Promenade against the backdrop of numerous picturesque iLight installations.

We were honoured to have our fund house partners as well as financial advisers join us in raising funds for students supported by Students Care Service, the beneficiary organisation of the event, which aims to raise funds to support the care and development of about 6,500 students SCS reaches out to annually.

Other than a group of enthusiastic staff who volunteered their time to help out before and during the event (including coming up with financial-related games and mentoring student leaders manning the game checkpoints), we also have quite a number of supportive staff and families who formed teams to join us in the fun and meaningful event, including our CEO and Directors.

Though not entirely a sporting activity, the event saw teams run or brisk walk around Marina Bay where they were given several tasks to complete. Teams also attempted games at various stations, which were non-strenuous physical challenges that highlight difficulties faced by SCS students,

such as dyslexia, and were manned by student leaders, giving them the opportunity to build up confidence when interacting with adults, and learn to carry themselves in a positive manner.

## OTHER CHARITY INITIATIVES FSM SINGAPORE – REWARD POINTS DONATION SCHEME

Under the FSM Rewards Programme, Singapore FSM customers can choose to utilise their reward points for a good cause. Other than converting their reward points into cash donations to our selected charity partner, Community Chest, a local charity organisation that raises funds for more than 80 charities in Singapore, we have also added Students Care Service as one of our beneficiaries in 2016.

## CARING FOR THE ENVIRONMENT

iFAST Corp is aware of the importance of environmental protection and has a number of measures in place to operate our business activities in an environment-friendly manner. As an online platform, we have been encouraging a shift towards minimising paper usage for customer transactions. Our customers are also given the choice to select the mode of receiving their monthly account statements. Other than the traditional method of receiving physical statements sent via snail mail, we have alerts to prompt our customers to “go green” and opt for electronic statements (encrypted for security reasons) sent via email instead, which helps to reduce the consumption of paper products. Alternatively, they can also simply log-in to their personal account to view archived statements over a 12-month period.

As a fintech company, we have also thought of how we can innovate while making it easier for investors to transact. Our investors can now experience a smooth online experience when opening an FSMOne account; all documents, including identity card and supporting documents, can be submitted online, making the online account experience a seamless and paperless one. In the process, we all play a part in saving on the printing and mailing of physical documents.

## CARING FOR STAFF EQUAL EMPLOYMENT OPPORTUNITY

We are committed to a policy of equal opportunity for all potential and current employees. We hire, promote, develop and compensate employees based on meritocracy and without regard to age, gender, disability, marital status, race or colour, national origin, religion, sexual orientation or any other legally protected class or status.

## INTERNAL COMMUNICATION

We conduct regular updates to share the Group’s latest news and developments for our employees. These updates are communicated in newsletters and corporate presentations for our employees.



# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board” or the “Directors”) and management (the “Management”) of iFAST Corporation Ltd. (the “Company”, and together with its subsidiaries, the “Group”), recognise the importance of good corporate governance and the offering of high standards of accountability to protect and enhance the interests of shareholders. The Board is committed to the highest standards of corporate governance adopted by the Group.

The Corporate Governance Report describes the Group’s corporate governance practices with specific reference to the Code of Corporate Governance 2012 (the “Code”) for the financial year ended 31 December 2016.

## A. BOARD MATTERS

### PRINCIPLE 1: THE BOARD’S CONDUCT OF ITS AFFAIRS

The Board is collectively responsible for the long-term success of the Company. The Board works with the Management to achieve this objective and the Management remains accountable to the Board.

The roles and responsibilities of the Board are to:

- (i) Provide entrepreneurial leadership and be responsible to oversee the Group’s overall strategies are aligned with long-term objectives. Key decisions on financial and human resources will be taken by the Board;
- (ii) Review the Management’s performance to ensure effectiveness and efficiency in executing business strategies for the long-term success of the Company;
- (iii) Set the Company’s values and standards (including ethical standards) and be responsible for the Group’s overall policies;
- (iv) Establish a framework for evaluating the adequacy of internal controls and risk management, and be responsible for reporting financial performance and compliance;
- (v) Safeguard shareholders’ interests and the Company’s assets, identify key shareholder groups whose perceptions may affect the Company’s reputation;
- (vi) Assume responsibility for corporate governance practices; and
- (vii) Consider sustainability issues as part of its strategic formulation.

The Board has a set of internal guidelines setting forth matters that require its approval. A summary of the types of matters that require the Board’s approval are listed below:

- (i) The Group’s corporate strategic and business plans, annual budgets, key operational initiatives, major investments (mergers and acquisitions) and divestments, material transactions and funding decisions;
- (ii) The Group’s quarterly and annual results announcements for release to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and audited financial statements;
- (iii) Recommendations made by the Nominating Committee for appointments to the Board;
- (iv) Declaration of interim dividends and proposal of final dividends; and
- (v) The remuneration packages recommended by the Remuneration Committee for members of the Board and key executives.

The Board meets at least four times a year, with additional meetings convened as and when necessary. Meetings are scheduled in advance. Ad-hoc Board meetings are convened as and when they are deemed necessary in between the scheduled meetings. Where a physical Board meeting is not possible, Directors can join the meeting by way of telephone conference or other methods of simultaneous communication by telegraphic or electronic means, whereby all persons participating in the meeting are able to communicate as a group without requiring the Directors’ physical presence at the meeting. The Company’s Constitution allows for this.

The Board has established four Board Committees (the “Board Committees”) to effectively execute its responsibilities. The following Board Committees have clearly defined terms of reference and functional procedures, which are reviewed regularly:

- (i) Audit Committee (“AC”)
- (ii) Board Risk Committee (“BRC”)
- (iii) Nominating Committee (“NC”)
- (iv) Remuneration Committee (“RC”)

Newly-appointed Directors will be informed of their duties and obligations in a formal letter, and undergo an orientation programme prepared by the NC. The programme includes a briefing by Management on the Group's structure, businesses, operations, policies and governance practices. Mr Kelvin Yip Hok Yin, our existing Chief Operating Officer of iFAST Financial (HK) Limited ("iFAST HK"), was appointed to the Board on 1 January 2016. He attended training conducted by the Singapore Institute of Directors.

The Directors recognise the importance of receiving relevant trainings on a regular basis that can help them in the course of their work, particularly on relevant new regulations and laws. The Company has identified relevant staff to provide regulatory and market updates to the Board at every meeting. The Directors had taken their own initiatives and attended sessions organised by external organisations during the financial year 2016. The Company will be responsible for arranging and funding the training of Directors.

The Board has the opportunity to interact with Senior Management either at each Board meeting or during visits to the Group's overseas offices. During the year, the Board visited the Group's Shanghai office. The Board was briefed on the operations by the respective Head of Departments and the Managing Director of iFAST Financial Limited ("iFAST China").

The attendance of the Directors at meetings of the Board and Board Committees in 2016, as well as the frequency of such meetings, are appended below. The minutes of all Board and Board Committee meetings are circulated to members for their review and confirmation.

Name of Director	Board		AC		BRC		NC		RC	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lim Chung Chun	6	6	-	-	4	4	2	2	-	-
Yao Chih Matthias	6	6	5	5	4	4	-	-	2	2
Ling Peng Meng <sup>(1)</sup>	6	6	-	-	4	4	-	-	2	2
Kok Chee Wai <sup>(2)</sup>	6	6	5	5	-	-	2	2	2	2
Ng Loh Ken Peter	6	6	5	5	4	4	2	2	-	-
Lim Wee Kian	6	6	-	-	-	-	-	-	-	-
Low Huan Ping	6	5	-	-	4	4	-	-	-	-
Kelvin Yip Hok Yin <sup>(3)</sup>	6	6	-	-	-	-	-	-	-	-

Notes:

<sup>(1)</sup> Mr Ling Peng Meng was appointed as a member of the BRC and ceased to be Chairman of the NC on 1 January 2016.

<sup>(2)</sup> Mr Kok Chee Wai was appointed as Chairman of the NC and ceased to be a member of the BRC on 1 January 2016.

<sup>(3)</sup> Mr Kelvin Yip Hok Yin was appointed as a Director on 1 January 2016.

## PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board comprises two Executive Directors, four Independent Directors and two Non-Executive Non-Independent ("Non-Executive") Directors during year 2016.

The Company has a strong and independent element on the Board with four Independent Directors out of the total of eight Board members. No individual or small group of individuals dominate the Board's decision making.

The criteria for independence are determined based on the definition as provided in the Code. The Board considers an "independent" Director as one who has no relationship with the Group, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company and the Group.

# CORPORATE GOVERNANCE REPORT

The Board, with the assistance of NC, assesses the independence of each Director. The relevant factors considered by the NC are independence in character and judgement, as well as relationships or circumstances, which are likely to affect, or would appear to affect the Director's judgement.

Particular attention is given to review and assess the independence of any Director who has served on the Board beyond nine years from the date of appointment. Mr Ling Peng Meng has served on the Board as Independent Director for more than 10 years since his appointment on 10 March 2006. A review of the performance of the Director concerned, Mr Ling Peng Meng, was conducted. The Board concurred with the NC that the Director concerned had participated, deliberated and expressed his views independently at all times. His involvement in deliberations present objective and constructive viewpoints. The Board concurred with the NC that Mr Ling Peng Meng's experiences and insights into the Group and its markets, especially his expertise in the China bond market, had benefited the Board greatly. The independence in character and judgement of the Director concerned was not in any way affected or impaired by the length of service. The Board affirmed that Mr Ling Peng Meng should remain an Independent Director of the Company and will continue to discharge his duties objectively.

The NC reviews the size of the Board on an annual basis and considers the present Board size as appropriate for the current scope and nature of the Group's operations and the requirements of the business. The Board is of the view that there is an appropriate balance in the Board when it comes to the Board's decision-making process.

The Board is able to exercise independent judgement on corporate affairs and provide Management with a diverse and objective perspective on issues. Each Board member brings independent judgement, diversified skills, knowledge and experience when dealing with issues of strategy, performance and standards of conduct. They also provide core competencies of accounting, finance, legal, business and management experience, industry knowledge and strategic planning experience and customer-based experience or knowledge. This is beneficial to the Company and Management as decisions by the Board would be enriched by a broad range of views and perspectives and experience of the Directors. The Board is of the view that effective blend of skills, experiences and knowledge in areas identified by the Board should remain a priority. The Board continues to take positive steps towards broadening the diversity of the Board. The profile of each Board member is set out in the Board of Directors section in this Annual Report.

The Independent and Non-Executive Directors constructively challenge and help develop proposals on strategy. They also review and monitor the performance of the Management. The Independent and Non-Executive Directors meet without the presence of Management as and when required.

## PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual represents a considerable concentration of power.

Mr Lim Chung Chun is our Chairman and Chief Executive Officer ("CEO"). He is a co-founder of the Group, a Controlling Shareholder and the largest shareholder of the Company. The Board believes the role of Chairman and CEO need not be separated as there is a good balance of power and authority with all critical committees chaired by Independent Directors.

Mr Lim Chung Chun is responsible for setting the strategic direction of our Group and oversees the entire overall management of our Group. Our business and operations are presently under the management and close supervision of Mr Lim Chung Chun, who is assisted by a team of Senior Management. As Chairman of the Board, Mr Lim Chung Chun is responsible for the effective working of the Board, ensuring adequate time available for discussion and encourage constructive relations within the Board, and between the Board and Management. He ensures effective communication with shareholders and promotes high standards of corporate governance.

Mr Yao Chih Matthias is our Lead Independent Director, who is available to shareholders who have concerns and for which contact through the normal channels to the Chairman and CEO or the Chief Financial Officer ("CFO") are inappropriate or have failed to resolve any possible issues. The Lead Independent Director has chaired several Board Committee meetings with Independent Directors, which were not attended by the Chairman. Matters discussed at these Board Committee meetings will be submitted to the Chairman of the Board as feedback.

#### PRINCIPLE 4: BOARD MEMBERSHIP

The Nominating Committee ("NC") comprises the following three members, the majority of whom are Independent Non-Executive Directors, including the Chairman:

Mr Kok Chee Wai (Chairman)  
Mr Lim Chung Chun (Member)  
Mr Ng Loh Ken Peter (Member)

Mr Kok Chee Wai replaced Mr Ling Peng Meng as Chairman of the NC on 1 January 2016. The NC has adopted written terms of reference, defining its roles and authorities.

Mr Yao Chih Matthias, our Lead Independent Director, is not a member of the NC as he is already a member of the other three Board Committees, and is a Chairman of two of the Board Committees (BRC and RC). In the interest of ensuring that there is no over-concentration of responsibilities on any one of the Board members, the Board is of the opinion that for now, the Lead Independent Director does not have to be a member of the NC.

The NC is responsible for the following:

- (i) Identify candidates and review all nominations for the approval of the Board, relating to the appointment, reappointment or termination of Directors, the CEO, and the members of the various Board Committees;
- (ii) Make recommendations to the Board on the matters described in (i) above, how the Board's performance may be evaluated and propose objective performance criteria and the succession plan for the CEO;
- (iii) Review the succession plan for the CEO, the results of the Board's performance evaluation and the actions taken on issues and matters arising from the Board's performance evaluation; and
- (iv) Develop a process for evaluation of the performance of the Board, its committees and Directors.

The NC prepares orientation programmes for new Directors and recognises the importance of providing relevant trainings on a regular basis for existing Directors. These trainings can help them in the course of their work, particularly on relevant new regulations and laws. The NC has identified relevant staff to provide regulatory and market updates to the Board.

Where new appointments are required, the NC will consider recommendations for new Directors, review their qualifications and meet with such candidates, before a decision is made on a selection. The NC also considers the requirements of the Board and the need for progressive refreshing of the Board. In view of the foregoing, the Board is of the view that there is an adequate process for the appointment of new Director. The criteria for identifying candidates and reviewing nominations for appointments shall include the following:

- (i) The Board shall comprise at least half of Directors independent from Management and business relationships with the Company;
- (ii) At least half of the Board shall be Independent Directors when the Chairman and the CEO is the same person, otherwise at least one-third of Directors shall be Independent Directors; and
- (iii) At least a majority of Directors shall be independent from any shareholder who holds a 10% or more interest in the Company.

When assessing a candidate, the NC shall, in addition to the fit and proper criteria set out in the Code, consider the candidate's track record, age, experience, and capabilities.

# CORPORATE GOVERNANCE REPORT

The NC considered the need for progressive refreshing of the Board based on the requirements of the business. With this in mind, the Board had appointed Mr Kelvin Yip Hok Yin to the Board as part of the progressive refreshing of the Board.

During the year, the NC reviewed and determined that Mr Yao Chih Matthias, Mr Ling Peng Meng, Mr Kok Chee Wai and Mr Ng Loh Ken Peter are independent. The NC took into consideration the criterion of independence as set out in the Code and considered whether a Director had business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgments.

The Company's Constitution requires a newly appointed Director to hold office until the next Annual General Meeting ("AGM") and at least one-third of the Directors to retire by rotation at every AGM. A retiring Director is eligible for re-election at the AGM. Mr Lim Wee Kian, Mr Yao Chih Matthias and Mr Kok Chee Wai are due for retirement at the AGM, pursuant to the Company's Constitution. The NC, having assessed each of their performance and contribution to the Board and the Company, recommended their re-election as a Director of the Company at the AGM. The Board has concurred with the NC's recommendation. Please refer to the explanatory notes in the Notice of AGM for information on relationships in relation to the Directors submitted for re-appointment.

The Board is satisfied that the Directors have devoted sufficient time and attention to the affairs of the Company. Although the Directors have multiple board representations, and with two Directors holding directorship in another listed companies, the Board is of the view that they widen the experience of the Board and give it a broader perspective. Details of other principal commitments of the Directors are set out in the Board of Directors section in this Annual Report.

The Directors has concurred with the guideline of the NC of a maximum number of listed board representation which any Director may hold is five.

Key information for 2016 regarding the Directors of the Company is disclosed as follows:

Name of Director	Date of first appointment	Date of last re-appointment as a Director	Nature of Appointment	Membership of Board Committee	Directorship/chairmanship both present and those held over the preceding three years in other listed company
Lim Chung Chun	11 September 2000	-	Executive Chairman/ Chief Executive Officer	Member of BRC and NC	None
Yao Chih Matthias	1 January 2014	-	Lead Independent Director	Chairman of BRC and RC, Member of AC	None
Ling Peng Meng <sup>(1)</sup>	10 March 2006	8 April 2016	Independent Director	Member of RC and BRC	None
Kok Chee Wai <sup>(2)</sup>	1 January 2014	-	Independent Director	Chairman of NC, Member of AC and RC	None
Ng Loh Ken Peter	1 January 2014	8 April 2016	Independent Director	Chairman of AC, Member of BRC and NC	Procurri Corporation Limited
Lim Wee Kian	28 April 2004	10 April 2015	Non-Executive Director	None	None
Low Huan Ping	30 June 2005	10 April 2015	Non-Executive Director	Member of BRC	M1 Limited
Kelvin Yip Hok Yin	1 January 2016	8 April 2016	Executive Director	None	None

Notes:

<sup>(1)</sup> Mr Ling Peng Meng was appointed as a member of the BRC and ceased to be Chairman of the NC on 1 January 2016.

<sup>(2)</sup> Mr Kok Chee Wai was appointed as Chairman of the NC and ceased to be a member of the BRC on 1 January 2016.



## PRINCIPLE 5: BOARD PERFORMANCE

The Board has implemented a process for assessing the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director and the Chairman to the effectiveness of the Board.

The performance criteria, in a questionnaire with quantitative ratings in key areas and which seeks subjective comments, was developed by the NC and approved by the Board. The Directors assessed the Board as a whole and the contribution of their peers with the objective of continuous strengthening of good corporate governance. The Board Committees were assessed with regard to the discharge of responsibilities set out in the respective Terms of Reference. The assessment of the contribution of the Chairman covers his duties, leadership, communication skills, ethics/values, knowledge and interaction with the various stakeholders. The results are tabulated by the Company Secretary and presented at the NC meeting for review and discussions. The NC evaluated the comments and ratings based on the questionnaire completed by the Directors. The NC assessed the areas where the Board felt it functioned effectively, and areas where it was weak and required improvements. Feedback and comments received from Directors are reviewed by the NC, in consultation with the Chairman of the NC and Board. An action plan had been proposed to address these areas. The NC Chairman has reported the findings to the Board.

Based on the NC's review, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

## PRINCIPLE 6: ACCESS TO INFORMATION

Board reports are provided to the Directors prior to the Board meetings. This is issued in sufficient time prior to the meeting to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. Presentation decks for analysts and media reports, if any, on the Group are forwarded to the Directors on an ongoing basis.

A calendar of meetings is scheduled for the Board a year in advance. All Directors are provided with complete and adequate information prior to Board meetings and on an ongoing basis. The Board receives financial highlights of the Group's performance and business developments are presented on a quarterly basis at Board meetings. Budget and forecast compared with actual results were provided at the quarterly Board meetings. Update of financial highlights includes commentaries, analysis and variances. The Group's CEO and Senior Management are present at these presentations to address any queries which the Board may have.

All Directors have separate and independent access to the Group's Senior Management and the Company Secretary. The Company Secretary advises the Board on the Board procedures and highlights the rules and regulations which are applicable to the Company. The Company Secretary attends all Board and Board Committee meetings (except RC meetings). The appointment and removal of the Company Secretary are decisions taken by the Board on the whole. The Board has a procedure for Directors, either individually or as a Group, in the furtherance of their duties, to take independent professional advice, if necessary, and at the Company's expense.

# CORPORATE GOVERNANCE REPORT

## B. REMUNERATION MATTERS

### PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Remuneration Committee ("RC") is established for the purpose of ensuring that there is a formal and transparent process for developing a policy on executive remuneration.

The RC comprises the following Independent Directors:

Mr Yao Chih Matthias (Chairman)

Mr Ling Peng Meng (Member)

Mr Kok Chee Wai (Member)

All three RC members are Non-Executive and Independent Directors. The RC is assisted by the Human Resources team of members.

The RC has adopted written terms of reference. The RC is delegated by the Board with authority to approve the incentive scheme framework and remuneration of the Company's Directors and Senior Management, and obtain external professional advice to help fulfill its duties at the Company's expense.

The RC will meet at least twice a year and the duties of the RC are set out below:

- (i) Make recommendations to the Board on:
  - (a) Remuneration, including salaries, allowances, bonuses and incentives to be awarded against the achievement of prescribed goals and targets for the CEO and each Executive Director, if any, to ensure its alignment with shareholders' and stakeholders' interest and long-term value creation for the Company;
  - (b) Compensation arrangements for the loss of termination of office, or dismissal or removal of the CEO and each Executive Director;
  - (c) Framework and policies for determining Non-Executive Directors' remuneration; and
  - (d) Specific remuneration packages for each Director.
- (ii) When setting remuneration policy for the Directors, review and have regard to the remuneration trends across the Group, Company and industry.
- (iii) Review the ongoing appropriateness and relevance of the remuneration policy and seek to ensure that the remuneration policies are in line with the strategic objectives and corporate values of the Company, and do not give rise to conflicts between the objectives of the Company and the interests of individual Directors and Senior Management.
- (iv) Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- (v) Review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to senior executives and the performance targets to be used.
- (vi) Oversee any major changes in employee benefits structures throughout the Company or Group.
- (vii) Seek inputs from Board Risk Committee and ensure that remuneration practices do not create incentives for excessive or inappropriate risk-taking behaviour.

All members of RC abstained from deciding his own remuneration.

The RC has access to both internal and external advice on remuneration matters whenever there is a need to consult. No external remuneration consultants were appointed in financial year 2016.

## PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration is aligned with the long-term interest and risk policies of the Company, and is targeted at attracting, retaining and motivating (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, the Company avoids paying more than is necessary for this purpose.

### Remuneration of Non-Executive Directors and Independent Directors

The remuneration of Non-Executive Directors and Independent Directors is proportionate to their level of contribution, effort and time spent and their respective responsibilities. There is a framework for determining the fees paid to each Non-Executive Director and Independent Director. The fees paid to Non-Executive Directors and Independent Directors have been approved at the AGM held on 8 April 2016. The framework for determining the fees paid to each Non-Executive Director and Independent Director for the financial year ended 31 December 2016 is as follows:

	Member	Lead Independent Director
Board	\$32,000 per annum	\$37,000 per annum
	Member	Chairman
AC	\$12,000 per annum	\$18,000 per annum
BRC	\$10,000 per annum	\$14,000 per annum
NC	\$6,000 per annum	\$9,000 per annum
RC	\$6,000 per annum	\$9,000 per annum

The Independent Directors are also the Directors of a subsidiary. The fees paid to Independent Directors have been approved at the AGM of the subsidiary held on 7 April 2016. The framework for determining the fee paid to each Independent Director for the financial year ended 31 December 2016 is as follows:

	Member
Board	\$6,000 per annum

### Remuneration of Executive Directors and Key Management Personnel

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel is commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group.

The remuneration of the Chairman and CEO and key management personnel comprises of fixed component, variable component and other benefits.

The fixed component relates to basic salary, statutory contributions and fixed allowances. The variable component comprises of profit sharing bonus for the Chairman and CEO, based on the Group's performance, and variable bonus for key management personnel based on the Group's and individual's performance. There are appropriate and meaningful measures for the purpose of assessing the Chairman and CEO's and key management personnel's performance.

Other benefits are provided, which are consistent with market practice, and include medical benefits, travel allowances, car expenses and other flexible benefits. For staff who are located outside their home market, additional benefits such as cost of living allowances and home leave passages are provided.

# CORPORATE GOVERNANCE REPORT

The Company had entered into a service agreement with our Chairman and CEO, Mr Lim Chung Chun for an initial term of 40 months commencing from 1 September 2014 (the "Initial Term"), subject to earlier termination. The Service Agreement shall be renewed for a further period of three years unless either party notifies in writing at least three months prior to the last day of the Initial Term.

Having reviewed and considered the variable components of the Chairman and CEO, and key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentives from the Chairman and CEO, and key management personnel in exceptional cases of wrongdoings.

## **Long-term Incentive Plans**

Long-term incentive plans are intended to give the Company greater flexibility in tailoring reward and incentive packages for its Directors and employees ("Eligible Participants"), and aligning their interests with those of the Company's shareholders.

The long-term incentive plans approved by the shareholders of the Company and administered by the RC are the iFAST Corporation Performance Share Plan ("iFAST PSP") and iFAST Employee Share Option Schemes ("iFAST ESOS"). iFAST PSP and iFAST ESOS provide Eligible Participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

iFAST PSP allows the Company to target specific performance objectives and to provide an incentive for participants to achieve these targets. iFAST PSP provides the Company with a flexible approach to provide performance incentives to Eligible Participants and, consequently, to improve performance and achieve sustainable growth for the Company in a fast-changing business environment and to foster greater ownership culture amongst key management, senior executives and non-executive directors. iFAST PSP is designed to reward Eligible Participants with awards comprising fully paid shares. iFAST ESOS allows the Company to motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group while retaining key employees and directors whose contributions are essential to the long-term growth and profitability of the Company and attract potential employees with relevant skills to contribute to the Group and to create value for shareholders. iFAST ESOS is designed to provide Eligible Participants with an opportunity to participate in the equity of the Company through grant of options.

The reason for having iFAST PSP in addition to the iFAST ESOS is to give the Company greater flexibility in structuring the compensation packages of Eligible Participants and providing an additional tool to motivate and retain staff members through the offering of compensation packages that are market competitive. The Company has the option to reward Eligible Participants with shares, or the equivalent in cash or a combination of both.

Award of bonuses and long-term incentive plans are based on a formula which takes into account the Group's profit and growth, individual job level multiplier, individual performance multiplier and individual workload multiplier.

## PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The Company has provided clear disclosure of remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, to enable our investors to understand the link between remuneration paid to the Directors and key management personnel and their performance.

### Directors' Remuneration

The remuneration of the Directors for the financial year 2016 is set out below:

Name of Director	Fixed component \$	Variable component \$	Other benefits \$	Directors' fees paid by Company \$	Directors' fees paid by a subsidiary \$	Performance shares <sup>(2)</sup> \$	Total \$	Performance Share Plan (Number granted and accepted)
Lim Chung Chun	312,240	-	10,148	-	-	126,566	448,954	104,600
Yao Chih Matthias	-	-	-	72,000	6,000	21,538	99,538	17,800
Ling Peng Meng	-	-	-	48,000	6,000	14,399	68,399	11,900
Kok Chee Wai	-	-	-	59,000	6,000	17,666	82,666	14,600
Ng Loh Ken Peter	-	-	-	66,000	6,000	19,723	91,723	16,300
Lim Wee Kian	-	-	-	32,000	-	9,680	41,680	8,000
Low Huan Ping <sup>(1)</sup>	-	-	-	42,000	-	-	42,000	-
Kelvin Yip Hok Yin	177,188	-	3,411	-	-	74,205	254,804	58,200

Note:

<sup>(1)</sup> Mr Low Huan Ping's Directors' fee is paid to SPH AsiaOne Ltd.

<sup>(2)</sup> The value of performance shares granted is based on the market price on the grant date.

### Remuneration of Key Management Personnel

The remuneration of the Group's key management personnel (excluding Directors) for the financial year 2016, in bands of \$250,000, is set out below:

	Fixed component %	Variable component %	Performance shares and other benefits %	Total %	Performance Share Plan (Number granted and accepted)
<b>Between \$250,000 to \$499,999</b>					
Wong Soon Shyan	69.5	2.8	27.7	100.0	76,800
Leung Fung Yat David	70.6	2.7	26.7	100.0	59,100
Lim Wee Kiong	70.0	2.7	27.3	100.0	65,000
Goh Bing Yuan Dennis	71.9	9.9	18.2	100.0	31,200
<b>Below \$250,000</b>					
Dennis Tan Yik Kuan	78.5	0.0	21.5	100.0	19,400

The Company's key management personnel comprise of five Senior Management members who are responsible for planning, directing and controlling activities of the Company and its subsidiaries. In view of the competitive pressures in the talent market, the remuneration paid to the top five key management personnel is disclosed in bands of \$250,000. The total remuneration paid to the top five key management personnel (excluding Directors), for the financial year ended 31 December 2016 was \$1,513,481. For financial year 2016, there were no termination, retirement and post-employment benefits granted to the Directors and the key management personnel.



# CORPORATE GOVERNANCE REPORT

The remuneration of employees who are immediate family members of a Director or CEO and whose remuneration exceeds \$50,000 per year during the financial year 2016, is set out below:

Between \$300,000 to \$349,999	Current Position	Family relationship with Director or CEO
Lim Wee Kiong	Managing Director of Platform Services Singapore with effect from 17 February 2016 and a Director of iFAST Financial Pte Ltd, a subsidiary of the Company, effective from 22 March 2016	Brother of Mr Lim Wee Kian, a Director of the Company
Between \$150,000 to \$199,999	Current Position	Family relationship with Director or CEO
Tang Soo Kia, Cynthia	Assistant Director of IT Applications, iFAST Financial (Hong Kong) Ltd, a subsidiary of the Company	Spouse of Mr Kelvin Yip Hok Yin, a Director of the Company

Details of the iFAST PSP and iFAST ESOS can be found in the Directors' Statement of the Annual Report.

## C. ACCOUNTABILITY AND AUDIT

### PRINCIPLE 10: ACCOUNTABILITY

In discharging its duties to the shareholders, the Board seeks to provide shareholders with an analysis, explanation and assessment of the Group's performance, financial position and prospects when reporting quarterly and full year financial results. Press releases and presentation packs were released together with the financial results via SGXNET. The Company aims to present a balanced and clear assessment of the Company's performance when communicating and disseminating its financial results.

The Management currently provides the Board with appropriately detailed management reports of the Group's performance and position at every Board meeting and on a monthly basis. This enables the Board to make a balanced and informed assessment of the Company's performance and prospects.

The Board takes adequate steps to ensure compliance with legislative and regulatory requirements.

### PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board Risk Committee ("BRC") is established to assist the Board in discharging its responsibilities of maintaining an effective system of risk management and internal controls to safeguard shareholders' interest and the Company's assets.

The BRC comprises:

Mr Yao Chih Matthias (Chairman)  
 Mr Lim Chung Chun (Member)  
 Mr Ling Peng Meng (Member)  
 Mr Ng Loh Ken Peter (Member)  
 Mr Low Huan Ping (Member)

Mr Ling Peng Meng replaced Mr Kok Chee Wai as a member of the BRC on 1 January 2016.

The BRC, which has written terms of reference approved by the Board, meets at least twice per year or as and when circumstances or events merit it. The functions of the BRC are set out below:

- (i) Advise the Board on the Company's overall risk exposure and strategy;
- (ii) Oversee and advise the Board on the current risk exposures and future risk strategy of the Company;

- (iii) In relation to risk assessment:
  - (a) Keep under review the Company's overall risk assessment processes that communicate the Board's decision making;
  - (b) Review regularly and approve the parameters used in these measures and the methodology adopted; and
  - (c) Set a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- (iv) Review the Company's capability to identify and manage new risk types;
- (v) Before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions, focusing in particular on risk aspects and implications for the risk tolerance of the Company, and taking independent external advice where appropriate and available;
- (vi) Review reports on any material breaches of risk limits and the adequacy of proposed action;
- (vii) Review (jointly with the AC) the adequacy and effectiveness of the Company's internal controls and risk management systems and review and approve the statements to be included in the Annual Report concerning the adequacy and effectiveness of the Company's internal control and risk management systems;
- (viii) Provide advice to the RC on risk weightings to be applied to performance objectives incorporated in executive remuneration;
- (ix) Review (jointly with the AC) the Company's procedures for detecting fraud, including the whistle-blowing policy. The BRC shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action;
- (x) Monitor the independence of risk management functions throughout the Company;
- (xi) Review promptly all relevant risk reports on the Company; and
- (xii) Review and monitor the Management's responsiveness to the BRC's findings.

During the year, the BRC has reviewed risk assessments of new projects and internal controls addressing financial, operational, compliance and information technology. The BRC also discussed the key risks at each meeting.

The Company has set up a Management Risk Committee ("MRC") to facilitate the identification, assessment, mitigation and monitoring of risks relating to the Group's businesses. The MRC is chaired by Mr Wong Soon Shyan as the Chief Risk Officer ("CRO"). Mr Wong Soon Shyan is also the Group's Chief Operating Officer ("COO"). The MRC reports to the BRC.

For the financial year ended 31 December 2016, the Board has received the following written assurance from the CEO, CRO and Chief Financial Officer ("CFO") that:

- (i) Financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (ii) The Group's risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology risks.

The Board, with the concurrence of the BRC and AC, are of the opinion that our Group's internal controls addressing financial, operational, information technology and compliance risks and risk management systems, were adequate and effective. This opinion is based on the internal controls established and maintained by our Group, work performed by the internal and external auditors, reviews performed by the Management, various Board Committees and Board and assurances received from the Management, BRC and AC.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board and Management acknowledge that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 12: AUDIT COMMITTEE

Our Audit Committee ("AC") comprises the following members, all of whom are Independent Directors:

Mr Ng Loh Ken Peter (Chairman)

Mr Yao Chih Matthias (Member)

Mr Kok Chee Wai (Member)

The Board is of the view that the members of the AC have relevant accounting or related financial management expertise or experience to discharge their responsibilities.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

Our AC has written terms of reference and will meet at least four times a year (to coincide with key dates in the Company's financial reporting cycle). The functions of the AC are set out below:

- (i) Monitor the integrity of the financial information provided by the Company and any announcements relating to the Company's financial performance;
- (ii) Review all interim and annual financial statements before submission to the Board for approval, paying particular attention to:
  - (a) Critical accounting policies and practices, and any changes in them;
  - (b) Decisions requiring a significant element of judgement, the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
  - (c) Clarity of disclosures;
  - (d) Significant adjustments resulting from the audit;
  - (e) Going concern assumption;
  - (f) Compliance with stock exchange and other legal requirements;
  - (g) Significant financial reporting issues with both the Management and the external auditor; and
  - (h) Other topics at the request of the Board.
- (iii) Review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- (iv) Monitor and assess the role and effectiveness of the Company's internal audit function; ensure that the internal audit function is adequately resourced and skilled in line with the Company's nature, size, and complexity;
- (v) Review the internal audit program and receiving the internal audit reports, monitoring the responses to their findings to ensure that appropriate follow-up measures are taken;
- (vi) Review with the external auditors their audit plan, their evaluation of the system of internal accounting controls, their audit report, their Management letter and the Management's response;
- (vii) Review the independence and objectivity of the external auditors while keeping the nature and extent of non-audit services provided by the external auditors under review to ensure the external auditor's independence or objectivity is not impaired;
- (viii) Discuss with external auditors in respect of any issues regarding fraud and irregularities;
- (ix) Ensure that the external auditors have direct and unrestricted access to the Chairman of the AC and the Chairman of the Board; and
- (x) Review and recommend for the Board's approval, all Interested Person Transactions, as specified under Chapter 9 of the SGX-ST Listing Manual.

During the financial year, the AC has reviewed the scope and quality of the audits and the independence and objectivity of the external auditors as well as the cost effectiveness. The AC is satisfied that the external auditors, Messrs KPMG LLP is able to meet the audit requirements and statutory obligation of the Company. The AC reviewed all audit and non-audit fees provided by the external auditors, Messrs KPMG LLP during the year. The fees paid to the auditors in respect of audit and non-audit services for the financial year 2016 are stated in the notes to the financial statements. The AC is satisfied with the independence and objectivity of Messrs KPMG LLP as external auditors of the Company. The AC has recommended the re-appointment of Messrs KPMG LLP as external auditors of the Company at the forthcoming AGM.

The Board and AC are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company. The Company is in compliance with Rules 712, 715 and 716 of the Listing Rules of the SGX-ST.

The AC met with the internal and external auditors, without the presence of Management at least annually. During the year, the AC had discussions with the internal auditor and external auditor without the presence of Management.

In addition to the activities undertaken to fulfill its responsibility, the AC is kept abreast by the Management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

None of the members nor the Chairman of the AC are former partners or Directors of the firms acting as the Group's external auditors.

The AC agreed that the Key Audit matters ("KAm") highlighted by the external auditors were appropriate areas to focus on. The AC examined the findings on these and other areas together with the external auditors, internal auditors and Management. In each of the KAm, the AC reviewed and accepted the judgmental assumptions made, models used, and accounting treatments adopted by the Management. The AC concurred with the external auditors regarding the KAm.

#### **Whistle-blowing Policy**

The Company has established a whistle-blowing policy (the "Policy") as an avenue for employees and external parties to raise concerns about possible improprieties in matters of financial reporting or other matters and offer reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith. The Policy encourages employees to raise concerns, in confidence, about possible irregularities.

All complaints should be made to the Lead Independent Director, Chairman of AC or CEO directly, in which case the CEO will report the complaints received to the Lead Independent Director and Chairman of AC without delay. The Lead Independent Director, Chairman of AC or CEO will forward the complaints to the Company Secretary for record purposes.

The Group has a well-defined process which ensures independent investigation of such matters and the assurance that employees will be protected from reprisals, within the limits of the law.

The Policy applies to all employees of the Group and will be publicised to the employees annually and communicated to every new employee upon joining the Company.

#### **PRINCIPLE 13: INTERNAL AUDIT**

The Group's Internal Audit Department ("IAD") reports directly to the Chairman of the AC on audit matters, and to the CEO on administrative matters. The AC approves the hiring, removal, evaluation and compensation of the IAD. The AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function. The IAD has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The Group's IAD carries out its function in accordance to the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

During the year, the AC reviewed the scope and results of internal controls addressing operations, financial, compliance and information technology controls relating to the Group based on the approved Internal Audit Plan. The AC reviews the adequacy and effectiveness of the internal audit function on an on-going basis. The AC is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Company. The AC is also satisfied that the IAD is staffed by suitably qualified and experienced personnel.

# CORPORATE GOVERNANCE REPORT

## D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### PRINCIPLE 14: SHAREHOLDER RIGHTS

The Company continually reviews and updates its governance arrangements to recognise, protect and facilitate the exercise of shareholders' rights and to ensure all shareholders, investors and public are treated fairly and equitably. All material information affecting the Company is promptly and adequately disclosed via SGXNET. All shareholders are accorded their rights in accordance with the Companies Act and the Company's Constitution.

Shareholders of the Company have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders of the Company are informed of the rules, including voting procedures that govern general meetings of shareholders.

### PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

The Company believes that the shareholders have the right to be sufficiently informed of changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares.

The Company values transparency and timeliness in its communications with the investing community. In compliance with SGX-ST guidelines to ensure shareholders are kept informed of the Company's developments and updates, the Company discloses information via the SGXNET in a timely and transparent manner to ensure shareholders are kept informed of the Company's developments and updates.

The Company responds in a timely and transparent manner when it comes to enquiries from analysts, fund managers, media, shareholders of the Company and the public. Price-sensitive information is first publicly released via SGXNET before any disclosure to any group of investors or analysts. All analysts' briefing presentation decks and press releases are released to the public via SGXNET. The Company's Corporate Communications department is responsible for matters relating to investor relations such as presentation of the presentation decks and press releases.

The Company's website at [www.ifastcorp.com](http://www.ifastcorp.com) is also a key resource of information to shareholders. Amongst other things, it contains corporate announcements, media releases, financial results, presentations, annual reports and the Investor Relations Policy. The Company intends to hold regular analyst briefings and presentations within a financial year after the announcement of financial results. The presentations, if any, will be filmed and uploaded to the Investor Relations section on the Company's website, and made accessible to any interested investors.

Prospective investors are able to contact the Company via the Investor Relations email address listed in the Company's website, where the Corporate Communications team will be responsible to act upon their requests. The team also participates in investor conferences attended by both retail and institutional investors. The Board encourages the Management and the Corporate Communications team to provide the Board with updates pertaining to the common questions posed by investors.

As mentioned, the Directors had communicated its intention to recommend and distribute dividends of 60% or more of our net profit after tax (excluding our China operation and exceptional items) in 2016. The Directors had proposed a final dividend of 0.75 cents per ordinary share in 2016, subject to shareholders' approval at the AGM. If approved by shareholders at the AGM, the Group's dividend payout is 80.8% of the Group's net profit (excluding our China operation, and exceptional items) in 2016.



## PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

All shareholders of the Company will receive the Annual Report and notice of Annual General Meeting ("AGM"). A shareholder who is a relevant intermediary (as defined in the Companies Act, Chapter 50 of Singapore) can appoint more than two proxies to attend the AGM. The AGM provides a channel for shareholders to interact with the Company's Board of Directors and Senior Management. The Directors have attended the AGM held on 8 April 2016 to meet shareholders and answer any queries that the shareholders may have. External Auditors and Internal Auditors were also present. All resolutions tabled at the said AGM were put to vote by poll and the detailed results were released to the public via SGXNET after the meeting.

Shareholders have the opportunity to participate effectively in and vote at general meeting of shareholders. Minutes of general meetings include substantial comments or queries from shareholders and responses from the Board and Management relating to the agenda of the meeting. These minutes are made available to shareholders upon their request.

## ADDITIONAL INFORMATION

### Dealing in Securities

The Company has in place a policy to provide guidance regarding share dealings by the Company, its Directors and officers, including employees who have access to price-sensitive information. The Company, its Directors and officers, including employees who have access to price-sensitive information, are not to deal with the Company's securities on short-term considerations and during the two weeks before the announcement of the Group's financial statements for the first three quarters of its financial year and one month before the announcement of the Group's full year financial statements, and ending on the date of announcement of the relevant results. The Company, its Directors and officers, including employees who have access to price-sensitive information, are expected to observe insider trading laws at all times.

### Interested Party Transactions

[Listing Manual, Rule 907]

All interested person transactions ("IPT") will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company.

The Company does not have a general shareholders' mandate for recurrent IPT.

During the financial year ended 31 December 2016, the following interested person transactions were entered into by the Group:

Name of interested person and nature of transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000)
<u>Transactions for Purchase of Services</u> ShareInvestor Pte Ltd <sup>(1)</sup>	\$144,068

Note:

<sup>(1)</sup> ShareInvestor Pte Ltd is a wholly-owned subsidiary of Singapore Press Holdings Ltd ("SPH"), and SPH is our controlling shareholder.

# CORPORATE GOVERNANCE REPORT

## Material Contracts

Save for the Service Agreement between the Chairman/CEO and the Company, there were no material contracts entered into by the Company and its subsidiaries involving the interest of any Director or controlling shareholders, which are subsisting at the end of the financial year ended 31 December 2016.

## Use of IPO Proceeds

Pursuant to the IPO on 11 December 2014, the Company received net proceeds of \$48.0 million from the issuance of the new shares (including over-allotment shares), after deducting for share issuance expenses of \$2.4 million and IPO-related expenses of \$1.95 million. The following table sets out our use of the net IPO proceeds up to 31 December 2016.

Use of net proceeds	Allocation of IPO proceeds	IPO proceeds utilised as at 31 December 2016	Balance of IPO proceeds
	\$' million	\$' million	\$' million
Mergers and acquisitions strategy	27.2	4.5	22.7
Expansion of our business in the Chinese market	7.0	3.3	3.7
Enhancement of our product capabilities, IT and services	8.0	7.2	0.8
Working capital purposes	5.8	5.6 <sup>(2)</sup>	0.2
Net Proceeds	48.0 <sup>(1)</sup>	20.6	27.4

Note:

<sup>(1)</sup> Estimated net IPO proceeds disclosed in the Prospectus dated 4 December 2014 was \$44.6 million and the actual net IPO proceeds received by the Company was \$48.0 million.

<sup>(2)</sup> The amount of \$5.6 million deployed for working capital purposes has been utilised for funding for new investment products distribution business, such as bonds and stocks.

Pending the deployment of the remaining net proceeds as disclosed above, the balance of IPO proceeds of \$27.4 million has been used to invest in bonds, unit trusts and short term deposits as stated in the Prospectus.

The Company will continue to make periodic announcements on the use of the proceeds as and when the funds are materially disbursed.

iFAST CORPORATION LTD.  
AND ITS SUBSIDIARIES

Registration Number: 200007899C

iFAST

ANNUAL REPORT **CONTENTS**  
Year ended 31 December 2016

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# DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2016.

In our opinion:

- (a) the financial statements set out on pages 68 to 128 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## DIRECTORS

The Directors in office at the date of this statement are as follows:

Lim Chung Chun  
Yao Chih Matthias  
Ling Peng Meng  
Kok Chee Wai  
Ng Loh Ken Peter  
Lim Wee Kian  
Low Huan Ping  
Kelvin Yip Hok Yin

## DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of Directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company are as follows:

Name of Director and corporation in which interests are held	Holdings in the name of Director			Holdings in which Director is deemed to have an interest			Note
	At beginning of the year	At end of the year	At 21 January 2017	At beginning of the year	At end of the year	At 21 January 2017	
iFAST Corporation Ltd.							
Lim Chung Chun	47,057,964	45,216,164	45,216,164	11,184,380	13,299,380	13,299,380	(1)
Yao Chih Matthias	93,000	93,000	93,000	–	–	–	
Ling Peng Meng	10,513,580	–	–	–	10,753,580	10,753,580	(2)
Kok Chee Wai	1,288,428	1,288,428	1,288,428	–	–	–	
Ng Loh Ken Peter	129,000	129,000	129,000	–	–	–	

Name of Director and corporation in which interests are held	Holdings in the name of Director			Holdings in which Director is deemed to have an interest			Note
	At beginning of the year	At end of the year	At 21 January 2017	At beginning of the year	At end of the year	At 21 January 2017	
iFAST Corporation Ltd.							
Lim Wee Kian	16,317,120	16,845,420	16,845,420	3,031,800	3,031,800	3,031,800	(3)
Low Huan Ping	951,594	951,594	951,594	–	–	–	
Kelvin Yip Hok Yin	–	–	–	–	565,980	565,980	(4)

Notes

<sup>(1)</sup> Lim Chung Chun is deemed to have an interest in the Company's shares held by his spouse, Accretion Investments Pte. Ltd. and RHB Bank Nominees Pte. Ltd.

<sup>(2)</sup> Ling Peng Meng is deemed to have an interest in the Company's shares held by Citibank Nominees Singapore Pte. Ltd.

<sup>(3)</sup> Lim Wee Kian is deemed to have an interest in the Company's shares held by DBS Nominees Pte. Ltd.

<sup>(4)</sup> Kelvin Yip Hok Yin is deemed to have an interest in the Company's shares held by his spouse and CIMB Securities (Singapore) Pte. Ltd.

				Options to subscribe for ordinary shares held in the name of Directors			Options to subscribe for ordinary shares in which Director is deemed to have an interest			
Name of Director and corporation in which interests are held			Exercise price per share	At beginning of the year	At end of the year	At 21 January 2017	At beginning of the year	At end of the year	At 21 January 2017	Note
	Date of grant	Expiration date								
iFAST Corporation Ltd.										
Lim Chung Chun	21 August 2014	20 August 2024	\$0.63	300,000	300,000	300,000	–	–	–	
Yao Chih Matthias	1 April 2014	31 March 2024	\$0.60	120,000	120,000	120,000	–	–	–	
Ling Peng Meng	1 July 2013	30 June 2023	\$0.42	240,000	–	–	–	–	–	
	1 April 2014	31 March 2024	\$0.60	120,000	120,000	120,000	–	–	–	
Kok Chee Wai	1 April 2014	31 March 2024	\$0.60	120,000	120,000	120,000	–	–	–	
Ng Loh Ken Peter	1 April 2014	31 March 2024	\$0.60	120,000	120,000	120,000	–	–	–	
Lim Wee Kian	1 July 2013	30 June 2023	\$0.42	240,000	–	–	–	–	–	
	1 April 2014	31 March 2024	\$0.60	120,000	120,000	120,000	–	–	–	
Kelvin Yip Hok Yin	1 July 2013	30 June 2023	\$0.42	126,000	126,000	126,000	78,750	–	–	(1)
	1 April 2014	31 March 2024	\$0.60	60,000	60,000	60,000	48,000	48,000	48,000	(1)

Note

<sup>(1)</sup> Kelvin Yip Hok Yin is deemed to have an interest in the Company's options held by his spouse.

# DIRECTORS' STATEMENT

Name of Director and corporation in which interests are held	Date of grant	Price per share	Performance shares held in the name of Directors			Performance shares in which Director is deemed to have an interest			Note
			At beginning of the year	At end of the year	At 21 January 2017	At beginning of the year	At end of the year	At 21 January 2017	
iFAST Corporation Ltd.									
Lim Chung Chun	1 May 2016	\$1.210	–	104,600	104,600	–	–	–	
Yao Chih Matthias	1 May 2015	\$1.365	15,900	15,900	15,900	–	–	–	
	1 May 2016	\$1.210	–	17,800	17,800	–	–	–	
Ling Peng Meng	1 May 2015	\$1.365	10,400	10,400	10,400	–	–	–	
	1 May 2016	\$1.210	–	11,900	11,900	–	–	–	
Kok Chee Wai	1 May 2015	\$1.365	13,200	13,200	13,200	–	–	–	
	1 May 2016	\$1.210	–	14,600	14,600	–	–	–	
Ng Loh Ken Peter	1 May 2015	\$1.365	14,600	14,600	14,600	–	–	–	
	1 May 2016	\$1.210	–	16,300	16,300	–	–	–	
Lim Wee Kian	1 May 2015	\$1.365	7,100	7,100	7,100	–	–	–	
	1 May 2016	\$1.210	–	8,000	8,000	–	–	–	
Low Huan Ping	1 May 2015	\$1.365	9,300	9,300	9,300	–	–	–	
Kelvin Yip Hok Yin	1 March 2015	\$1.370	49,200	49,200	49,200	19,400	19,400	19,400	(1)
	1 March 2016	\$1.275	–	58,200	58,200	–	29,400	29,400	(1)

## Note

<sup>(1)</sup> Kelvin Yip Hok Yin is deemed to have an interest in the Company's performance shares held by his spouse.

By virtue of Section 7 of the Act, Lim Chung Chun is deemed to have interests in the subsidiaries and associates of iFAST Corporation Ltd., at the beginning and at the end of the financial year.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Except as disclosed under the "share-based incentive plans" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



## SHARE-BASED INCENTIVE PLANS

### PERFORMANCE SHARE PLAN

The iFAST Corporation Performance Share Plan (the "PSP") was approved by the shareholders on 21 October 2014 prior to the Company's listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 11 December 2014.

The PSP is administered by the Remuneration Committee (the "RC") comprising Yao Chih Matthias, Ling Peng Meng and Kok Chee Wai.

Other information regarding the PSP are set out below:

- those eligible to participate in the PSP comprise executive Directors and confirmed employees of the Company, its subsidiaries and its associated companies, who have attained the age of twenty-one years as of the award date, and who hold such rank as may be designated by our RC from time to time, and non-executive Directors (including the Independent Directors) of the Company and its subsidiaries.
- awards represent the right of a participant to receive fully paid shares free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period. A participant's award under the PSP will be determined at the discretion of the RC.
- the total number of shares which may be issued or transferred pursuant to awards granted under the PSP, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding shares held by the Company as treasury shares) from time to time.
- the total number of shares over which awards may be granted under the PSP to controlling shareholders and their associates shall not exceed 25% of the shares available under the PSP, and the number of shares over which an award may be granted under the PSP to each controlling shareholder or his associate shall not exceed 10% of the shares available under the PSP.
- the PSP shall continue in force at the discretion of the RC, subject to a maximum period of 10 years commencing on 21 October 2014, provided always that the PSP may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required.
- notwithstanding the expiry or termination of the PSP, any awards made to participants prior to such expiry or termination will continue to remain valid.

At the end of the financial year, details of the performance shares granted under the PSP on the unissued ordinary shares of the Company are as follows:

Date of grant of performance shares	Price per share	Performance shares outstanding at 1 January 2016	Performance shares granted	Performance shares vested	Performance shares forfeited	Performance shares outstanding at 31 December 2016	Number of performance share holders at 31 December 2016
1 March 2015	\$1.370	1,789,500	–	–	137,400	1,652,100	142
1 May 2015	\$1.365	70,500	–	–	–	70,500	6
1 March 2016	\$1.275	–	1,296,200	–	55,600	1,240,600	158
1 May 2016	\$1.210	–	173,200	–	–	173,200	6
		1,860,000	1,469,400	–	193,000	3,136,400	

# DIRECTORS' STATEMENT

Details of performance shares granted to Directors of the Company under the share-based incentive plans are as follows:

Name of Director	Total number of Shares comprised in Awards under the PSP issued during financial year ended 31 December 2016	Aggregate number of Shares comprised in Awards issued since commencement of the PSP to 31 December 2016	Aggregate number of Shares comprised in Awards vested since commencement of the PSP to 31 December 2016	Aggregate number of Shares comprised in Awards which have not been vested as at 31 December 2016	Note
Lim Chung Chun	104,600	104,600	–	104,600	
Yao Chih Matthias	17,800	33,700	–	33,700	
Ling Peng Meng	11,900	22,300	–	22,300	
Kok Chee Wai	14,600	27,800	–	27,800	
Ng Loh Ken Peter	16,300	30,900	–	30,900	
Lim Wee Kian	8,000	15,100	–	15,100	
Low Huan Ping	–	9,300	–	9,300	
Kelvin Yip Hok Yin	87,600	156,200	–	156,200	(1)

Note

(1) This includes 29,400 performance shares issued during financial year ended 31 December 2016 and aggregate 48,800 performance shares issued and unvested as at 31 December 2016 that Kelvin Yip Hok Yin is deemed to have an interest in by virtue of being held by his spouse.

## EMPLOYEE SHARE OPTION SCHEME

The iFAST Employee Share Option Scheme (the “ESOS”) was approved by the shareholders on 21 October 2014 prior to the Company’s listing on the SGX-ST on 11 December 2014.

The ESOS is administered by the RC comprising Yao Chih Matthias, Ling Peng Meng and Kok Chee Wai.

Other information regarding the ESOS are set out below:

- those eligible to participate in the ESOS comprise Executive Directors and confirmed employees of the Company, its subsidiaries and its associated companies, and Non-Executive Directors (including the Independent Directors).
- there are no fixed periods for the grant of options and the offers of the grant of options may be made at any time from time to time at the discretion of the RC.
- subject to the provisions of the ESOS, options granted under the ESOS will have a life span of 10 years for options granted to Group employees (other than Non-Executive Directors and/or employees of associated companies) and 5 years for options granted to Non-Executive Directors and/or employees of associated companies.
- the aggregate number of shares over which the RC may grant options on any date, when added to the number of shares issued and issuable or transferred and to be transferred in respect of all options granted under the ESOS and the number of shares issued and issuable or transferred and to be transferred in respect of all options or awards granted under any other share option schemes or share scheme of the Company, shall not exceed 15% of the total number of issued shares (excluding shares held by the Company as treasury shares) on the day immediately preceding the date on which an offer to grant an option is made. The exercise price of an option may, at the discretion of the RC, be set at a discount subject to the maximum discount of 20% of the average of the last dealt prices for a share for 5 consecutive market days immediately prior to the date of grant of the option.
- the total number of shares over which options may be granted under the ESOS to controlling shareholders and their associates shall not exceed 25% of the shares available under the ESOS, and the number of shares over which an option may be granted under the ESOS to each controlling shareholder or his associate shall not exceed 10% of the shares available under the ESOS.
- the ESOS shall continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- shares arising from the exercise of options are subject to the provisions of the Memorandum of Association and Articles of the Company. Shares allotted and issued, and existing shares procured by the Company for transfer, upon the exercise of an option shall rank *pari passu* in all respects with the then existing issued shares.

At the end of the financial year, no options have been granted under the ESOS.

## SHARE OPTION SCHEME 2013

The iFAST 2013 Share Option Scheme (the "2013 Scheme") of the Company was approved and adopted by the shareholders at an Annual General Meeting held on 23 May 2013. The amendments to the 2013 Scheme were passed by the shareholders at an Extraordinary General Meeting held on 20 August 2014.

Upon listing of the Company's shares on SGX-ST on 11 December 2014, the 2013 Scheme was terminated. This will not affect all options remaining unexercised.

The 2013 Scheme is administered by the RC comprising Yao Chih Matthias, Ling Peng Meng and Kok Chee Wai.

Other information regarding the 2013 Scheme are set out below:

- those eligible to participate in the 2013 Scheme comprise confirmed full-time executives, including Directors and a controlling shareholder and his associates, who have been employed by the Company, its subsidiaries and its associated companies in the absolute discretion of the RC.
- the 2013 Scheme will continue in operation at the discretion of the RC, subject to a maximum period of 10 years commencing on 23 May 2013, provided that the 2013 Scheme may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolutions in general meeting.

At the end of the financial year, details of the options granted under the 2013 Scheme on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2016	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2016	Number of option holders at 31 December 2016	Date of expiration
1 July 2013	\$0.42	6,384,612	–	3,548,314	108,750	2,727,548	51	30/6/2023
1 April 2014	\$0.60	4,202,784	–	–	242,478	3,960,306	116	31/3/2024
21 August 2014	\$0.63	420,000	–	–	–	420,000	2	20/8/2024
		11,007,396	–	3,548,314	351,228	7,107,854		

## SHARE OPTION SCHEME 2003

The iFAST Share Option Scheme (the "2003 Scheme") of the Company was approved and adopted by the shareholders at an Extraordinary General Meeting held on 28 March 2003.

The 2003 Scheme was terminated on 23 May 2013 by a resolution passed by the shareholders at an Annual General Meeting. This will not affect all options remaining unexercised.

The 2003 Scheme is administered by the RC comprising Yao Chih Matthias, Ling Peng Meng and Kok Chee Wai.

Other information regarding the 2003 Scheme are set out below:

- those eligible to participate in the 2003 Scheme comprise confirmed full-time executives, including Directors, who have been employed by the Company and/or its subsidiaries for a continuous period of at least six months and any Non-executive Directors and consultants of the Company and/or its subsidiaries who, in the absolute discretion of the RC, are selected to participate in the 2003 Scheme.

# DIRECTORS' STATEMENT

- subject to the provisions in the rules of the 2003 Scheme, the option granted expires on (i) (in the case of executives) the day preceding the tenth anniversary of the date of the grant of the option or (ii) (in the case of Non-Executive Directors and consultants) the day preceding the fifth anniversary of the date of the grant of the option.
- the options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

At the end of the financial year, details of the options granted under the 2003 Scheme on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2016	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2016	Number of option holders at 31 December 2016	Date of expiration
1 January 2007	\$0.20	144,000	–	144,000	–	–	–	31/12/2016
1 July 2009	\$0.27	93,000	–	8,000	–	85,000	3	30/6/2019
1 July 2010	\$0.40	382,700	–	229,100	–	153,600	5	30/6/2020
		619,700	–	381,100	–	238,600		

Details of options granted to Directors of the Company under the 2013 Scheme are as follows:

Name of Director	Options granted for financial year ended 31 December 2016	Aggregate options granted since commencement of 2013 Scheme to 31 December 2016	Aggregate options exercised since commencement of 2013 Scheme to 31 December 2016	Aggregate options outstanding as at 31 December 2016	Note
Lim Chung Chun	–	900,000	600,000	300,000	
Yao Chih Matthias	–	120,000	–	120,000	
Ling Peng Meng	–	360,000	240,000	120,000	
Kok Chee Wai	–	120,000	–	120,000	
Ng Loh Ken Peter	–	120,000	–	120,000	
Lim Wee Kian	–	360,000	240,000	120,000	
Low Huan Ping	–	–	–	–	
Kelvin Yip Hok Yin	–	312,750	78,750	234,000	(1)

Note

(1) This includes aggregate 78,750 options exercised and aggregate 48,000 options outstanding as at 31 December 2016 that Kelvin Yip Hok Yin is deemed to have an interest in by virtue of being held by his spouse.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Except as disclosed above, there were no participants who receive 5% or more of the total number of performance shares or options available under the respective share-based incentive plans.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

## AUDIT COMMITTEE

The members of the Audit Committee (the “AC”) during the year and at the date of this statement are:

- Ng Loh Ken Peter (Chairman), Independent Director
- Yao Chih Matthias, Independent Director
- Kok Chee Wai, Independent Director

The AC performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The AC has held 5 meetings since the last Directors’ statement. In performing its functions, the AC met with the Company’s external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company’s internal accounting control system.

The AC also reviewed the following:

- assistance provided by the Company’s officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The AC has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any Director or Executive Director to attend its meetings. The AC also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The AC is satisfied with the independence and the objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712, 715 and 716 of the SGX Listing Manual.

## AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

**Lim Chung Chun**

Director

**Lim Wee Kian**

Director

15 March 2017

# INDEPENDENT AUDITORS' REPORT

Members of the Company  
iFAST Corporation Ltd.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the financial statements of iFAST Corporation Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2016, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements including a summary of significant accounting policies as set out on pages 68 to 128.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REVENUE RECOGNITION (Refer to Note 18 to the financial statements)	
The Key Audit matter	How the matter was addressed in our audit
<p>The Group is in the business of investment products distribution and administration platform provider, where Assets under Administration ("AUA") is a key indicator used to measure performance. AUA refers to the value of investments administered by the Group, and a significant portion of the Group's revenues comprises fees calculated based on a percentage of AUA.</p> <p>The accuracy of the Group's revenues are dependent on the completeness and accuracy of the AUA report which is generated from its proprietary IT system.</p> <p>In addition, the revenue for the year is inclusive of accrued revenue where services have been rendered but not billed. The AUA report is also used to compute the accrued revenue. The accrued revenue involves judgement and is an area of presumed fraud risk.</p>	<p>We obtained understanding of the revenue cycle, including the process of recording the AUA.</p> <p>We involved our technology specialists to evaluate the general IT environment and the relevant IT system application controls. We tested the operating effectiveness of the internal controls over the recording of AUA in the IT system. Specifically, we have tested the access controls over amendments to the AUA recording and reporting parameters. We have also traced, on a sample basis, the AUA values from the IT system to the AUA report, to determine the completeness and accuracy of the AUA report.</p> <p>We evaluated the basis of management's methodology and assumptions in determining the accrued revenue through a retrospective review by comparing accruals made at previous year end against actual transactions. We found the accrual process and assumptions for 2016 to be consistent with prior periods. For the accruals as at 31 December 2016, we compared the actual invoices issued subsequent to the current financial year end to the accrued amounts, where these were available.</p> <p>We noted that the controls are in place for the recording and reporting of the AUA. We found the management's assumptions on accrued revenue to be balanced and no significant variances were noted between the actual invoice amounts, where available, and the accrued revenue.</p>



## CAPITALISATION AND VALUATION OF IT DEVELOPMENT COSTS AS INTANGIBLE ASSETS

(Refer to Note 5 to the financial statements)

<i>The Key Audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group develops its in-house IT systems for the trading platform for customers' access to its services and capitalises the related development costs accordingly. The determination of the costs to be capitalised, in accordance with the relevant accounting standards, can be complicated and prone to error.</p> <p>These development costs are capitalised as intangible assets and are subjected to impairment assessment, which involve significant judgement.</p>	<p>We assessed the Group's policy on capitalisation of development costs to be appropriate and in compliance with FRSs.</p> <p>We evaluated the basis and process adopted by the Group to determine the development costs to be capitalised. We checked and made enquiries on the validity for inclusion of certain costs to the capitalised costs schedule and performed reasonableness test on the relevant costs. In addition, we agreed selected samples of invoices to the capitalised costs schedule and assessed that the nature of these costs are directly attributable to the development of the IT systems for capitalisation in accordance with the relevant accounting standards.</p> <p>Our testing did not result in the identification of significant costs that do not meet the capitalisation criteria under the relevant FRSs. We also reviewed the impairment assessment on the intangible assets and did not note any indicator of impairment.</p>

## VALUATION OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

(Refer to Note 6 to the financial statements)

<i>The Key Audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Certain subsidiaries and associates are in their initial growth phase and cash flow projections with a set of assumptions that require significant judgements are prepared by the management to determine if there is any impairment of the Company's investments in subsidiaries and associates.</p>	<p>We evaluated management's future cash flow forecasts, including testing the underlying calculations and compared them to the budgets approved by the Board. We challenged the appropriateness of the key assumptions in the impairment test (including the cash flow forecasts, long term growth rates and discount rate). We also identified and analysed changes in assumptions from prior periods and compared the assumptions with publicly available data, where these are available. We performed sensitivity analysis on the key assumptions in deriving the value-in-use of the investments in subsidiaries and associates, and considered the appropriateness of the related disclosures in the financial statements.</p> <p>We found the assumptions and resulting estimates to be balanced.</p>

## OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

## AUDITORS' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism 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 controls.
- Obtain an understanding of internal controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 auditors' 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 controls that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the Key Audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Goh Kim Chuah.

### **KPMG LLP**

*Public Accountants and  
Chartered Accountants*

### **Singapore**

15 March 2017

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

		Group		Company	
	Note	2016 \$	2015 \$	2016 \$	2015 \$
Assets					
Plant and equipment	4	2,187,236	2,438,091	51,672	77,988
Intangible assets	5	10,374,511	5,163,391	7,366,636	3,881,797
Subsidiaries	6	–	–	48,312,515	44,292,591
Associates	7	1,829,085	362,158	2,017,185	400,157
Prepayments	11	302,218	498,665	–	–
Deferred tax assets	15	–	3,666	–	–
Club membership	8	11,429	11,429	11,429	11,429
Total non-current assets		14,704,479	8,477,400	57,759,437	48,663,962
Current tax receivable		79,650	58,101	–	–
Other investments	10	32,127,452	31,964,291	32,127,452	31,964,291
Trade and other receivables	9	24,090,955	19,876,459	2,135,174	1,684,240
Prepayments	11	1,661,804	1,384,029	93,535	159,773
Money market funds	12	1,489,846	1,445,290	–	–
Cash at bank and in hand	12	20,973,829	28,074,576	3,594,802	6,973,573
Total current assets		80,423,536	82,802,746	37,950,963	40,781,877
Held under trust					
Client bank accounts	13	156,077,834	114,730,933	–	–
Client ledger balances	13	(156,077,834)	(114,730,933)	–	–
		–	–	–	–
Total assets		95,128,015	91,280,146	95,710,400	89,445,839
Equity					
Share capital	14	64,147,569	62,546,416	64,147,569	62,546,416
Reserves	14	14,298,131	14,012,786	16,040,297	17,022,049
Equity attributable to owners of the Company		78,445,700	76,559,202	80,187,866	79,568,465
Non-controlling interests		150,052	–	–	–
Total equity		78,595,752	76,559,202	80,187,866	79,568,465
Liabilities					
Deferred tax liabilities	15	481,809	238,510	196,402	–
Finance lease liabilities	17	18,789	–	–	–
Total non-current liabilities		500,598	238,510	196,402	–
Trade and other payables	16	15,523,417	13,836,641	15,326,132	9,877,374
Finance lease liabilities	17	4,668	–	–	–
Current tax payable		503,580	645,793	–	–
Total current liabilities		16,031,665	14,482,434	15,326,132	9,877,374
Total liabilities		16,532,263	14,720,944	15,522,534	9,877,374
Total equity and liabilities		95,128,015	91,280,146	95,710,400	89,445,839

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016

	Note	2016 \$	2015 \$
Revenue	18	80,596,374	85,339,217
Commission and fee paid or payable to third party financial advisers		(39,903,961)	(43,804,658)
		40,692,413	41,534,559
Other income	19	1,883,672	1,525,637
Depreciation of plant and equipment	4	(1,577,751)	(997,111)
Amortisation of intangible assets	5	(1,492,137)	(486,614)
Impairment loss on available-for-sale financial assets		(684,652)	–
Staff costs		(19,275,067)	(17,213,002)
Other operating expenses		(14,130,412)	(12,386,380)
<b>Results from operating activities</b>		<b>5,416,066</b>	<b>11,977,089</b>
Finance income		837,836	798,988
Finance cost		(1,887)	–
<b>Net finance income</b>		<b>835,949</b>	<b>798,988</b>
<b>Share of results of associates, net of tax</b>	7	<b>(158,062)</b>	<b>(24,209)</b>
<b>Profit before tax</b>		<b>6,093,953</b>	<b>12,751,868</b>
Tax expense	21	(761,097)	(651,391)
<b>Profit for the year</b>	20	<b>5,332,856</b>	<b>12,100,477</b>
<b>Profit attributable to:</b>			
Owners of the Company		5,446,573	12,100,477
Non-controlling interests		(113,717)	–
<b>Profit for the year</b>		<b>5,332,856</b>	<b>12,100,477</b>
<b>Earnings per share</b>			
Basic earnings per share (cents)	23	2.08	4.65
Diluted earnings per share (cents)	23	2.04	4.51

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	Note	2016 \$	2015 \$
<b>Profit for the year</b>		5,332,856	12,100,477
<b>Other comprehensive income</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Net change in fair value of available-for-sale financial assets		532,625	(435,209)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	20	311,950	(421,929)
Foreign currency translation differences for foreign operations		63,619	75,138
Share of other comprehensive income of associates		7,961	–
<b>Other comprehensive income for the year, net of tax</b>		916,155	(782,000)
<b>Total comprehensive income for the year</b>		6,249,011	11,318,477
<b>Attributable to:</b>			
Owners of the Company		6,362,012	11,318,477
Non-controlling interests		(113,001)	–
<b>Total comprehensive income for the year</b>		6,249,011	11,318,477

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

Attributable to owners of the Company

Group	Share capital \$	Fair value reserve \$	Foreign currency translation reserve \$	Share option reserve \$	Performance share reserve \$	Equity reserve \$	Reserve for own shares \$	Accumulated profits \$	Total \$	Non- controlling interests \$	Total equity \$
At 1 January 2016	62,546,416	(833,599)	(605,966)	1,305,823	826,776	(4,160,640)	–	17,480,392	76,559,202	–	76,559,202
<b>Total comprehensive income for the year</b>											
Profit or loss for the year	–	–	–	–	–	–	–	5,446,573	5,446,573	(113,717)	5,332,856
<b>Other comprehensive income</b>											
Net change in fair value of available-for-sale financial assets	–	532,625	–	–	–	–	–	–	532,625	–	532,625
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	–	311,950	–	–	–	–	–	–	311,950	–	311,950
Foreign currency translation differences for foreign operations	–	–	62,903	–	–	–	–	–	62,903	716	63,619
Share of other comprehensive income of associates	–	(52)	8,013	–	–	–	–	–	7,961	–	7,961
<b>Total other comprehensive income</b>	–	844,523	70,916	–	–	–	–	–	915,439	716	916,155
<b>Total comprehensive income for the year</b>	–	844,523	70,916	–	–	–	–	5,446,573	6,362,012	(113,001)	6,249,011
Balance carried forward	62,546,416	10,924	(535,050)	1,305,823	826,776	(4,160,640)	–	22,926,965	82,921,214	(113,001)	82,808,213

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2016

Attributable to owners of the Company												
Group	Note	Share capital \$	Fair value reserve \$	Foreign currency translation reserve \$	Share option reserve \$	Performance share reserve \$	Equity reserve \$	Reserve for own shares \$	Accumulated profits \$	Total \$	Non- controlling interests \$	Total equity \$
Balance brought forward		62,546,416	10,924	(535,050)	1,305,823	826,776	(4,160,640)	–	22,926,965	82,921,214	(113,001)	82,808,213
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Share options exercised	14	1,601,153	–	–	–	–	–	–	–	1,601,153	–	1,601,153
Purchase of treasury shares	14	–	–	–	–	–	–	(2,531,323)	–	(2,531,323)	–	(2,531,323)
One-tier tax-exempt 2015 final dividend paid of 0.75 cents per share		–	–	–	–	–	–	–	(1,958,834)	(1,958,834)	–	(1,958,834)
One-tier tax-exempt interim dividend paid of 0.68 cents per share		–	–	–	–	–	–	–	(1,775,887)	(1,775,887)	–	(1,775,887)
One-tier tax-exempt interim dividend paid of 0.68 cents per share		–	–	–	–	–	–	–	(1,789,065)	(1,789,065)	–	(1,789,065)
One-tier tax-exempt interim dividend paid of 0.68 cents per share		–	–	–	–	–	–	–	(1,787,071)	(1,787,071)	–	(1,787,071)
Equity-settled share-based payment transactions		–	–	–	190,421	1,423,843	–	–	–	1,614,264	–	1,614,264
Total contributions by and distributions to owners		1,601,153	–	–	190,421	1,423,843	–	(2,531,323)	(7,310,857)	(6,626,763)	–	(6,626,763)

The accompanying notes form an integral part of these financial statements.

		Attributable to owners of the Company										
Group	Note	Share capital \$	Fair value reserve \$	Foreign currency translation reserve \$	Share option reserve \$	Performance share reserve \$	Equity reserve \$	Reserve for own shares \$	Accumulated profits \$	Total \$	Non- controlling interests \$	Total equity \$
Changes in ownership interests in subsidiaries												
Disposal of subsidiary to non-controlling interests without a change in control	6	-	-	-	-	-	2,151,249	-	-	2,151,249	263,053	2,414,302
Total changes in ownership interests in subsidiaries												
Total transactions with owners		1,601,153	-	-	190,421	1,423,843	2,151,249	(2,531,323)	(7,310,857)	(4,475,514)	263,053	(4,212,461)
At 31 December 2016		64,147,569	10,924	(535,050)	1,496,244	2,250,619	(2,009,391)	(2,531,323)	15,616,108	78,445,700	150,052	78,595,752

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2016

Group	Attributable to owners of the Company							
	Share capital \$	Fair value reserve \$	Foreign currency translation reserve \$	Share option reserve \$	Performance share reserve \$	Equity reserve \$	Accumulated profits \$	Total equity \$
At 1 January 2015	58,341,850	23,539	(681,104)	916,357	–	(4,160,640)	12,465,050	66,905,052
<b>Total comprehensive income for the year</b>								
Profit for the year	–	–	–	–	–	–	12,100,477	12,100,477
<b>Other comprehensive income</b>								
Net change in fair value of available-for-sale financial assets	–	(435,209)	–	–	–	–	–	(435,209)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	–	(421,929)	–	–	–	–	–	(421,929)
Foreign currency translation differences for foreign operations	–	–	75,138	–	–	–	–	75,138
<b>Total other comprehensive income</b>	–	(857,138)	75,138	–	–	–	–	(782,000)
<b>Total comprehensive income for the year</b>	–	(857,138)	75,138	–	–	–	12,100,477	11,318,477
Balance carried forward	58,341,850	(833,599)	(605,966)	916,357	–	(4,160,640)	24,565,527	78,223,529

The accompanying notes form an integral part of these financial statements.

Group	Note	Attributable to owners of the Company							
		Share capital \$	Fair value reserve \$	Foreign currency translation reserve \$	Share option reserve \$	Performance share reserve \$	Equity reserve \$	Accumulated profits \$	Total equity \$
Balance brought forward		58,341,850	(833,599)	(605,966)	916,357	–	(4,160,640)	24,565,527	78,223,529
<b>Transactions with owners, recorded directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Share options exercised	14	235,182	–	–	–	–	–	–	235,182
Issue of ordinary shares	14	4,115,936	–	–	–	–	–	–	4,115,936
Share issuance expenses		(146,552)	–	–	–	–	–	–	(146,552)
One-tier tax-exempt 2014 final dividend paid of 0.68 cents per share		–	–	–	–	–	–	(1,768,209)	(1,768,209)
One-tier tax-exempt interim dividend paid of 0.68 cents per share		–	–	–	–	–	–	(1,768,957)	(1,768,957)
One-tier tax-exempt interim dividend paid of 0.68 cents per share		–	–	–	–	–	–	(1,773,861)	(1,773,861)
One-tier tax-exempt interim dividend paid of 0.68 cents per share		–	–	–	–	–	–	(1,774,108)	(1,774,108)
Equity-settled share-based payment transactions		–	–	–	389,466	826,776	–	–	1,216,242
<b>Total transactions with owners</b>		<b>4,204,566</b>	<b>–</b>	<b>–</b>	<b>389,466</b>	<b>826,776</b>	<b>–</b>	<b>(7,085,135)</b>	<b>(1,664,327)</b>
<b>At 31 December 2015</b>		<b>62,546,416</b>	<b>(833,599)</b>	<b>(605,966)</b>	<b>1,305,823</b>	<b>826,776</b>	<b>(4,160,640)</b>	<b>17,480,392</b>	<b>76,559,202</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Profit for the year		5,332,856	12,100,477
Adjustments for:			
Depreciation of plant and equipment	4	1,577,751	997,111
Gain on disposal of plant and equipment		–	(1,107)
Plant and equipment written off		333	108
Amortisation of intangible assets	5	1,492,137	486,614
Bad debt written off		5,326	4,198
Equity-settled share-based payment transactions		1,946,879	1,382,610
Dividend income from investment in financial assets		(691,066)	(800,793)
Gain on redemption of investment in financial assets		(437,897)	(421,929)
Changes in fair value of investment in financial assets		(63,890)	–
Impairment loss on available-for-sale financial assets		684,652	–
Share of results of associates	7	158,062	24,209
Dividend income from associate		(27,117)	(20,008)
Gain on acquisition of a subsidiary		(262,145)	–
Unrealised exchange loss/(gain), net		192,993	(159,051)
Net finance income		(835,949)	(798,988)
Tax expense		761,097	651,391
		<u>9,834,022</u>	<u>13,444,842</u>
Change in trade and other receivables		(5,296,894)	(3,348)
Change in trade and other payables		834,063	320,666
<b>Cash generated from operations</b>		<u>5,371,191</u>	<u>13,762,160</u>
Taxes paid		(679,041)	(301,316)
Interest received		939,462	717,314
Interest paid		(1,582)	–
<b>Net cash from operating activities</b>		<u>5,630,030</u>	<u>14,178,158</u>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(1,334,304)	(1,653,729)
Purchase of intangible assets		(5,371,982)	(4,035,486)
Proceeds from disposal of plant and equipment		–	1,107
Acquisition of and additional investment in associates		(1,617,027)	–
Dividend from associate		20,035	18,692
Additional investment in financial assets		(32,471,199)	(43,128,135)
Proceeds from redemption of investment in financial assets		35,008,240	32,699,201
Dividends received from investment in financial assets		38,750	10,190
Acquisition of subsidiary, net of cash acquired		(1,104,046)	–
<b>Net cash used in investing activities</b>		<u>(6,831,533)</u>	<u>(16,088,160)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares, net		–	2,969,449
Proceeds from exercise of share options		1,601,153	235,181
Purchase of treasury shares		(2,531,323)	–
Proceeds from shares issued to non-controlling interests of subsidiary		2,414,302	–
Repayment of finance lease liabilities		(2,710)	–
Dividends paid to owners of the Company		(7,310,857)	(7,085,135)
<b>Net cash used in financing activities</b>		<u>(5,829,435)</u>	<u>(3,880,505)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(7,030,938)</u>	<u>(5,790,507)</u>
Cash and cash equivalents at 1 January		29,519,866	35,388,494
Effect of exchange rate fluctuations on cash held		(25,253)	(78,121)
<b>Cash and cash equivalents at 31 December</b>	12	<u>22,463,675</u>	<u>29,519,866</u>

The accompanying notes form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 March 2017.

## 1 Domicile and Activities

iFAST Corporation Ltd. (the "Company") is incorporated in the Republic of Singapore and has its registered office at 10 Collyer Quay, #26-01 Ocean Financial Centre, Singapore 049315.

The financial statements of the Group as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in equity-accounted investees.

The principal activities of the Group are those relating to investment holding, development of software, marketing of unit trusts, exchange-traded funds, listed stocks, debt securities and Singapore government securities through websites and acting as an investment advisor, dealer and custodian in respect to the above securities.

## 2 Basis of Preparation

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

### 2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars which is the Company's functional currency.

### 2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 6 – Subsidiaries; and
- Note 22 – Share-based Incentive Plans

### *Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 Basis of Preparation (continued)

### 2.4 Use of estimates and judgements (continued)

#### *Measurement of fair values (continued)*

The Group has an established control framework with respect to the measurement of fair values. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities
- *Level 2*: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 25 – Financial Risk Management.

### 2.5 Changes in accounting policies

A number of new standards, amendments to standards and interpretations are effective for annual period 1 January 2016, and have been applied in preparing these financial statements. None of these have a significant effect on the financial statements.

## 3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in Note 2.5, which addresses changes in accounting policies.

### 3.1 Basis of consolidation

#### (i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
  - the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
  - if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,
- over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

### 3 Significant Accounting Policies (continued)

#### 3.1 Basis of consolidation (continued)

##### (i) Business combinations (continued)

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

##### (ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

##### (iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

##### (iv) Investment in associates (equity-accounted investees)

Associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies of this entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Significant Accounting Policies (continued)

### 3.1 Basis of consolidation (continued)

#### (iv) Investment in associates (equity-accounted investees) (continued)

Investment in associates is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

#### (v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with an equity-accounted investee are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (vi) Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

### 3.2 Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for the differences arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss), which are recognised in other comprehensive income.

#### (ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the reporting rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

### 3 Significant Accounting Policies (continued)

#### 3.2 Foreign currency (continued)

##### (ii) Foreign operations (continued)

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

#### 3.3 Plant and equipment

##### (i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Cost may also include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised net within other income/other expense in profit or loss.

##### (ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

##### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Significant Accounting Policies (continued)

### 3.3 Plant and equipment (continued)

#### (iii) Depreciation (continued)

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation is recognised from the date that the plant and equipment are installed and are available for use, or in respect of internally constructed assets, from the date that the asset is completed and available for use.

The estimated useful lives for the current and comparative periods are as follows:

Computer equipment	3 years
Office equipment	5 years or based on lease term
Furniture and fittings	5 years
Office renovation	5 years or based on lease term

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

### 3.4 Intangible assets

#### *Development costs and development costs in progress*

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and costs that are directly attributable to creating, producing and preparing the assets for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 3 to 5 years. Development costs are amortised from the date the development has been completed and the asset is available for use.

#### *Computer software*

Computer software that are acquired by the Group and not integral to the functionality of the equipment, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses. Computer software are amortised in profit or loss on a straight-line basis over their estimated useful lives of 3 years, from the date on which they are available for use.

#### *Intellectual properties*

Intellectual properties that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses. Intellectual properties are amortised in profit or loss on a straight-line basis over their estimated useful lives of 5 years, from the date on which they are available for use.

#### *Customer lists*

Customer lists that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Customer lists are amortised in profit or loss on a straight-line basis over their estimated useful lives of 5 years, from the date the acquisition has been completed.



### 3 Significant Accounting Policies (continued)

#### 3.4 Intangible assets (continued)

##### *Licence*

Licence that is acquired by the Group comprises a licence to carry certain regulated activity and business. The licence has an indefinite useful life as there are no limited terms of renewal and the Group has the abilities and plans in place to retain the licence indefinitely.

Licence with an indefinite life is not systematically amortised and is tested for impairment annually or whenever there is an indication that may be impaired. The licence is measured at cost less accumulated impairment losses.

The above amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

#### 3.5 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases are not recognised in the Group's statement of financial position.

#### 3.6 Club membership

Club membership is stated at cost less impairment losses.

#### 3.7 Financial instruments

##### (i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and reversals of currency and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following category: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Significant Accounting Policies (continued)

### 3.7 Financial instruments (continued)

#### (i) Non-derivative financial assets (continued)

##### *Financial assets at fair value through profit or loss*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, are recognised in profit or loss. Equity securities that otherwise would have been classified as available for sale are classified at fair value through profit or loss.

Financial assets classified as held for trading comprise debt securities actively managed by the Group.

##### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

##### *Cash and cash equivalents*

Cash and cash equivalents of the Group comprise cash balances, bank deposits and money market funds.

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt financial instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise investments in equity securities and debt securities.

#### (ii) Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

### 3 Significant Accounting Policies (continued)

#### 3.7 Financial instruments (continued)

##### (iii) Share capital

###### *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

###### *Repurchase, disposal and reissue of share capital (treasury shares)*

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

###### *Distribution of non-cash assets to owners of the Company*

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

##### (iv) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

#### 3.8 Impairment

##### (i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Significant Accounting Policies (continued)

### 3.8 Impairment (continued)

#### (i) Non-derivative financial assets (continued)

##### *Loans and receivables*

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

##### *Available-for-sale financial assets*

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

##### *Associates*

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3.8(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

#### (ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

### 3 Significant Accounting Policies (continued)

#### 3.8 Impairment (continued)

##### (ii) Non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 3.9 Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of that specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Significant Accounting Policies (continued)

### 3.10 Employee benefits

#### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

#### *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. These include salaries, annual bonuses and paid annual leave.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of service rendered by employees up to the reporting date.

#### *Share-based incentive plans*

The share-based incentive plans allow Directors and executives to acquire shares of the Company. The fair value of options granted is recognised as an employee expense, with a corresponding increase in equity. The fair value is measured at grant date and spread over the vesting period during which the employees become unconditionally entitled to the options. At each reporting date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

Fully paid ordinary shares are awarded under the performance shares to Directors and executives, free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed vesting periods. The fair value of the performance shares granted is recognised as an employee expense, with a corresponding increase in equity over the vesting period.

### 3.11 Share-based payment transactions

For other equity-settled share-based payment transactions not mentioned in Note 3.10, the Group recognises the goods or services when they are received. The goods or services are measured with reference to the fair value of the equity instruments granted.

### 3.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### 3.13 Revenue recognition

Revenue represents advertising fees, commission and fee income, service fees, income from sale of magazines and software licences fees.

### 3 Significant Accounting Policies (continued)

#### 3.13 Revenue recognition (continued)

Advertising revenue, which is earned in the form of upfront and variable payments, is deferred and recognised over the period to which the contract relates.

Commission and fee income and service fees are recognised upon rendering of service.

Magazine sales and software licence revenue are recognised when the significant risks and rewards of ownership have been transferred to the buyer.

#### 3.14 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

Cash grants received from the government in relation to Productivity and Innovation Credit Bonus, Wage Credit Scheme and Special Employment Credit are recognised as income upon receipt.

#### 3.15 Finance income and finance cost

Finance income comprises interest income from money market funds, bank deposits and client bank accounts. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance cost comprises interest expense arising from financial lease and it is recognised in profit or loss using the effective interest rate method.

#### 3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and associate to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.



# NOTES TO THE FINANCIAL STATEMENTS

## 3 Significant Accounting Policies (continued)

### 3.16 Tax (continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

### 3.17 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effect of all dilutive potential ordinary shares, which comprise share options granted to employees.

### 3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure are total costs incurred during the period to acquire plant and equipment and intangible assets.

### 3.19 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

#### **Applicable to 2018 financial statements**

##### ***FRS 115 Revenue from Contracts with Customers***

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

### 3 Significant Accounting Policies (continued)

#### 3.19 New standards and interpretations not yet adopted (continued)

##### *FRS 115 Revenue from Contracts with Customers (continued)*

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

##### Potential impact on the financial statements

The Group does not expect the impact on the financial statements to be significant. Certain additional disclosures would be required by FRS 115.

##### Transition

The Group plans to adopt the standard when it becomes effective in 2018.

##### **FRS 109 Financial Instruments**

FRS 109 *Financial Instruments* replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

##### Potential impact on the financial statements

The Group's initial assessment of FRS 109 is as described below.

##### Classification and measurement

For financial assets currently held at fair value, the Group expects to continue measuring most of these assets at fair value under FRS 109. The expected classification and measurement for most of these assets held at fair value under FRS 109 are as follows:

- The available-for-sale ("AFS") debt instruments are expected to be classified as financial assets subsequently measured at fair value through other comprehensive income ("OCI") as they are held to maintain liquidity for the Group and may be sold from time to time should the need arise.
- For a significant portion of the AFS equity instruments, the Group expects to elect to present subsequent changes in fair value through OCI. Under FRS 109, only dividend income is recognised in profit or loss. Any subsequent fair value changes are recognised in OCI and will not be reclassified to profit or loss even upon divestment.
- The remaining portion of the AFS equity instruments may be sold from time to time for liquidity management. The Group expects to classify these as financial assets subsequently measured at fair value through profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Significant Accounting Policies (continued)

### 3.19 New standards and interpretations not yet adopted (continued)

#### Impairment

The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables. On adoption of FRS 109, the Group does not expect a significant increase in the impairment loss allowance having regard to the historical experience on collections.

The Group is currently refining its impairment loss estimation methodology to quantify the impact on its financial statements.

#### Hedge accounting

The Group does not have any hedging relationships.

#### Transition

The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information; and is gathering data to quantifying the potential impact arising from the adoption.

### **Convergence with International Financial Reporting Standards (IFRS)**

In addition, the Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 First-time adoption of International Financial Reporting Standards for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 Revenue from Contracts with Customers and SG-IFRS 9 Financial Instruments will be similar to adopting FRS 115 and FRS 109 as described in this Note.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

### **Applicable to 2019 financial statements**

#### **FRS 116 Leases**

FRS 116 *Leases* eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.

### 3 Significant Accounting Policies (continued)

#### 3.19 New standards and interpretations not yet adopted (continued)

Potential impact on the financial statements

The Group has performed a preliminary high-level assessment of the new standard on its existing assessment of the standard on its existing operating lease arrangements.

The Group expects the total assets and total liabilities to increase. The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transaction options and practical expedients in 2017.

The Group expects that the impact on adoption of IFRS16 Leases to be similar to adoption of SG-FRS116, after the transition to SG-IFRS in 2018 as described above.

### 4 Plant and Equipment

	Computer equipment \$	Office equipment \$	Furniture and fittings \$	Office renovation \$	Total \$
<b>Group</b>					
<b>Cost</b>					
At 1 January 2015	3,796,687	499,637	446,065	2,339,850	7,082,239
Additions	1,146,993	52,703	41,035	412,998	1,653,729
Disposals/written off	(175,293)	(15,030)	(1,300)	–	(191,623)
Translation differences on consolidation	(73,222)	(15,870)	(22,530)	(46,060)	(157,682)
At 31 December 2015	4,695,165	521,440	463,270	2,706,788	8,386,663
Additions	1,010,665	109,211	39,023	201,449	1,360,348
Disposals/written off	(253,480)	–	–	–	(253,480)
Translation differences on consolidation	(37,088)	(1,181)	(2,527)	5,937	(34,859)
At 31 December 2016	5,415,262	629,470	499,766	2,914,174	9,458,672
<b>Accumulated depreciation</b>					
At 1 January 2015	2,618,579	431,462	413,241	1,762,404	5,225,686
Depreciation for the year	663,547	21,983	17,873	293,708	997,111
Capitalised as development costs	62,602	–	–	–	62,602
Disposals/written off	(175,293)	(15,030)	(1,192)	–	(191,515)
Translation differences on consolidation	(67,403)	(14,608)	(21,789)	(41,512)	(145,312)
At 31 December 2015	3,102,032	423,807	408,133	2,014,600	5,948,572
Depreciation for the year	997,854	39,994	15,366	524,537	1,577,751
Disposals/written off	(253,147)	–	–	–	(253,147)
Translation differences on consolidation	(9,616)	(594)	(2,024)	10,494	(1,740)
At 31 December 2016	3,837,123	463,207	421,475	2,549,631	7,271,436
<b>Carrying amounts</b>					
At 1 January 2015	1,178,108	68,175	32,824	577,446	1,856,553
At 31 December 2015	1,593,133	97,633	55,137	692,188	2,438,091
At 31 December 2016	1,578,139	166,263	78,291	364,543	2,187,236

In 2016, the Group acquired office equipment amounting to \$26,044 (2015: \$Nil) under a finance lease for a period of five years.

# NOTES TO THE FINANCIAL STATEMENTS

## 4 Plant and Equipment (continued)

	Computer equipment \$	Office equipment \$	Total \$
<b>Company</b>			
<b>Cost</b>			
At 1 January 2015	117,386	6,104	123,490
Additions	62,193	–	62,193
Disposals/written off	(13,168)	–	(13,168)
At 31 December 2015	166,411	6,104	172,515
Additions	17,471	653	18,124
Disposals/written off	(3,030)	–	(3,030)
At 31 December 2016	180,852	6,757	187,609
<b>Accumulated depreciation</b>			
At 1 January 2015	66,825	4,413	71,238
Depreciation for the year	35,981	476	36,457
Disposals/written off	(13,168)	–	(13,168)
At 31 December 2015	89,638	4,889	94,527
Depreciation for the year	43,909	531	44,440
Disposals/written off	(3,030)	–	(3,030)
At 31 December 2016	130,517	5,420	135,937
<b>Carrying amounts</b>			
At 1 January 2015	50,561	1,691	52,252
At 31 December 2015	76,773	1,215	77,988
At 31 December 2016	50,335	1,337	51,672

## 5 Intangible Assets

	Development costs \$	Development costs in progress \$	Computer software \$	Intellectual properties \$	Licence \$	Customer lists \$	Total \$
<b>Group</b>							
<b>Cost</b>							
At 1 January 2015	19,175	646,757	2,280,379	356,128	–	706,800	4,009,239
Additions	–	2,791,077	1,104,882	–	–	–	3,895,959
Transfers	1,306,584	(1,306,584)	–	–	–	–	–
Disposals/written off	–	–	(1,700)	–	–	–	(1,700)
Translation differences on consolidation	–	–	(114,220)	(85,225)	–	–	(199,445)
At 31 December 2015	1,325,759	2,131,250	3,269,341	270,903	–	706,800	7,704,053
Acquisition through business combination (Note 6)	–	–	–	–	1,446,120	–	1,446,120
Additions	–	4,445,799	808,383	–	–	–	5,254,182
Transfers	5,316,250	(5,316,250)	–	–	–	–	–
Disposals/written off	–	–	(5,375)	–	–	–	(5,375)
Translation differences on consolidation	–	–	(22,585)	(12,250)	8,580	–	(26,255)
At 31 December 2016	6,642,009	1,260,799	4,049,764	258,653	1,454,700	706,800	14,372,725
<b>Accumulated amortisation</b>							
At 1 January 2015	19,175	–	1,594,981	356,128	–	247,380	2,217,664
Amortisation for the year	125,092	–	220,162	–	–	141,360	486,614
Capitalised as development costs	–	–	33,471	–	–	–	33,471
Disposals/written off	–	–	(1,700)	–	–	–	(1,700)
Translation differences on consolidation	–	–	(110,162)	(85,225)	–	–	(195,387)
At 31 December 2015	144,267	–	1,736,752	270,903	–	388,740	2,540,662
Amortisation for the year	745,530	–	605,247	–	–	141,360	1,492,137
Disposals/written off	–	–	(5,375)	–	–	–	(5,375)
Translation differences on consolidation	–	–	(16,960)	(12,250)	–	–	(29,210)
At 31 December 2016	889,797	–	2,319,664	258,653	–	530,100	3,998,214
<b>Carrying amounts</b>							
At 1 January 2015	–	646,757	685,398	–	–	459,420	1,791,575
At 31 December 2015	1,181,492	2,131,250	1,532,589	–	–	318,060	5,163,391
At 31 December 2016	5,752,212	1,260,799	1,730,100	–	1,454,700	176,700	10,374,511

In 2013, customer lists were acquired by the Group from a third party for cash consideration of \$706,800 payable in twelve quarterly instalments till 2016. \$706,800 (2015: \$589,000) have been fully paid to the third party as at 31 December 2016.

# NOTES TO THE FINANCIAL STATEMENTS

## 5 Intangible Assets (continued)

	Development costs \$	Development costs in progress \$	Computer software \$	Intellectual properties \$	Total \$
<b>Company</b>					
<b>Cost</b>					
At 1 January 2015	–	646,757	603,253	35,900,000	37,150,010
Additions	–	2,791,077	95,750	–	2,886,827
Transfers	1,306,584	(1,306,584)	–	–	–
Disposals/written off	–	–	(1,700)	–	(1,700)
At 31 December 2015	1,306,584	2,131,250	697,303	35,900,000	40,035,137
Additions	–	4,445,799	5,926	–	4,451,725
Transfers	5,316,250	(5,316,250)	–	–	–
Disposals/written off	–	–	(5,375)	–	(5,375)
At 31 December 2016	6,622,834	1,260,799	697,854	35,900,000	44,481,487
<b>Accumulated amortisation</b>					
At 1 January 2015	–	–	35,709	35,900,000	35,935,709
Amortisation for the year	125,092	–	94,239	–	219,331
Disposals/written off	–	–	(1,700)	–	(1,700)
At 31 December 2015	125,092	–	128,248	35,900,000	36,153,340
Amortisation for the year	745,530	–	221,356	–	966,886
Disposals/written off	–	–	(5,375)	–	(5,375)
At 31 December 2016	870,622	–	344,229	35,900,000	37,114,851
<b>Carrying amounts</b>					
At 1 January 2015	–	646,757	567,544	–	1,214,301
At 31 December 2015	1,181,492	2,131,250	569,055	–	3,881,797
At 31 December 2016	5,752,212	1,260,799	353,625	–	7,366,636



## 6 Subsidiaries

	Company	
	2016 \$	2015 \$
Equity investments, at cost	48,312,515	44,292,591

Details of subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership interest	
		2016 %	2015 %
iFAST Financial Pte. Ltd. <sup>(1)</sup> and its subsidiary:	Singapore	100	100
iFAST Nominees Pte. Ltd. <sup>(1)</sup>	Singapore	100	100
iFAST Capital Ltd. <sup>(1)</sup>	Singapore	100	100
iFAST Financial (HK) Limited <sup>(2)</sup> and its subsidiaries:	Hong Kong	100	100
iFAST Nominees (HK) Limited <sup>(2)</sup>	Hong Kong	100	100
iFAST China Holdings Pte Ltd (formerly known as FA Corporate & Compliance Consultancy Pte. Ltd.) <sup>(1)</sup> and its subsidiary:	Singapore	95	100
iFAST Financial Limited <sup>(4)</sup>	China	95	100
iFAST Platform Services (HK) Limited <sup>(2)</sup>	Hong Kong	100	100
iFAST Securities (HK) Limited (formerly known as Winfield Securities Limited) <sup>(5)</sup>	Hong Kong	100	-
iFAST Service Centre Sdn Bhd <sup>(3)</sup>	Malaysia	100	100
iFAST Malaysia Sdn Bhd <sup>(3)</sup> and its subsidiaries:	Malaysia	100	100
FA Corporate and Compliance Consultancy Sdn Bhd <sup>(3)</sup>	Malaysia	100	100
iFAST Capital Sdn Bhd <sup>(3)</sup> and its subsidiary:	Malaysia	100	100
iFAST Nominees Sdn Bhd <sup>(3)</sup>	Malaysia	100	100
bondsupermart Ltd	British Virgin Islands	100	100

<sup>(1)</sup> KPMG LLP Singapore is the auditor

<sup>(2)</sup> KPMG LLP Hong Kong is the auditor

<sup>(3)</sup> BDO Limited Malaysia is the auditor

<sup>(4)</sup> KPMG Huazhen LLP, Shenzhen Branch is the auditor

<sup>(5)</sup> PKF Hong Kong is the auditor

On 19 March 2015, the Company incorporated a wholly-owned subsidiary, bondsupermart Ltd, in British Virgin Islands.

On 3 May 2016, iFAST China Holdings Pte Ltd (formerly known as FA Corporate & Compliance Consultancy Pte. Ltd.) ("FCN") completed a share swap arrangement with iFAST Financial (HK) Limited ("FHK") to issue 1,200,000 new ordinary shares in FCN to FHK in a swap for the entire ordinary shares in iFAST Financial Limited held by FHK. Subsequent to the share swap, iFAST Financial Limited is a wholly-owned subsidiary of FCN, and the Company had 20% interest in FCN directly and 80% interest in FCN indirectly through FHK.

On 29 June 2016, the Group's shareholding in FCN declined by 5% due to issuance of new shares by FCN to Caerulean Limited ("CL"), a company incorporated in British Virgin Islands for cash consideration of US\$1.75 million (equivalent to \$2,414,302). For the year ended 31 December 2016, the Group recognised a gain of \$2,151,249 in reserves on disposal of partial interests in a subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

## 6 Subsidiaries (continued)

### *Acquisition of subsidiary*

On 6 January 2016, the Company completed the acquisition of 100% shares in Winfield Securities Limited, renamed as iFAST Securities (HK) Limited ("IFS") on 7 March 2016, for cash consideration of HK\$15,755,931 (equivalent to \$2,914,053). IFS is principally engaged in securities trading and brokerage in Hong Kong. It is licensed to carry on Type 1 (Dealing in Securities) regulated activity under the Securities and Futures Ordinance and is a Stock Exchange of Hong Kong Limited Participant and Hong Kong Securities Clearing Company Limited Participant.

For the year ended 31 December 2016, IFS contributed revenue of \$74,787 and net loss of \$231,902 to the Group's consolidated results.

The acquisition had the following effects on the Group's assets and liabilities on acquisition date:

	Recognised value on acquisition \$
Trade and other receivables	307,146
Prepayments	5,050
Cash and cash equivalents	1,810,007
Trade and other payables	(392,125)
Licence to carry on Type 1 regulated activity and business as an Exchange and Clearing Participant	1,446,120
Total identifiable net assets	3,176,198
Gain on acquisition, included in other income (Note 19)	(262,145)
Consideration paid in cash	2,914,053
Cash and cash equivalents acquired	(1,810,007)
Net cash outflow	1,104,046

The value of the above assets and liabilities recognised on acquisition is based on the carrying amounts immediately before the acquisition except for the licence to carry on Type 1 regulated activity and business as an Exchange and Clearing Participant, where the carrying amounts are estimated to approximate their fair values on the date of acquisition. The value of the licence is recognised on acquisition, with reference to the most recent market transaction price for similar asset on acquisition date.

### **Impairment testing**

Some of the subsidiaries are in the initial growth phase and cash flow projections with a set of assumptions that require significant judgements are prepared to determine if there is any indication of impairment of the Company's investments in subsidiaries. In making these judgements, the Company evaluates, amongst other factors, the market and economic environments in which the subsidiaries operate, economic performances of the subsidiaries and the extent of which the carrying amounts of its investment in subsidiaries exceed their tangible net asset values.

Based on the Company's assessment, the recoverable amounts of its investments in subsidiaries are estimated to be higher than the carrying amounts of its investments in subsidiaries and no allowances for impairment losses are required.

## 7 Associates

Details of associates are as follows:

Name of associate	Country of incorporation	Ownership interest	
		31 December 2016 %	31 December 2015 %
Providend Holding Private Limited <sup>(1)</sup>	Singapore	30.0	19.9
Pecuniam Pte. Ltd. <sup>(2)</sup>	Singapore	21.76	–
PC iFAST Holding (SG) Pte. Ltd. <sup>(3)</sup>	Singapore	25.0	–

<sup>(1)</sup> At Adler is the auditor

<sup>(2)</sup> KPMG LLP Singapore is the auditor

<sup>(3)</sup> UHY Lee Seng Chan & Co is the auditor

On 20 June 2014, the Company entered into an agreement with Providend Holding Private Limited ("Providend") to acquire a 19.9% stake holding in Providend for cash consideration of \$400,157. The agreement also gave the Company a call option to purchase a further 10.1% stake holding in Providend for cash consideration of \$319,244 within two years from the completion of the acquisition. The acquisition was completed on 25 July 2014. On 22 July 2016, the Company exercised the call option to increase its stake holding in Providend to 30.0% for cash consideration of \$319,244.

On 20 April 2016, the Company acquired a 21.47% stake holding in Pecuniam Pte. Ltd. ("Pecuniam") for cash consideration of \$1,272,937. Pecuniam is an ultimate holding company of iFAST Financial India Pvt Ltd, an India-incorporated company engaged in the distribution of investment products, including mutual funds in India. Subsequently in July 2016, the Company increased its stake holding in Pecuniam to 21.76% for additional cash consideration of \$24,822.

On 5 May 2016, the Company together with PC International (HK) Limited ("PC International"), incorporated a private limited company in Singapore, PC iFAST Holding (SG) Pte. Ltd. ("PC iFAST"), with an initial issued and paid-up capital of \$100. The Company has 25.0% interest in PC iFAST.

The Group has three (2015: one) associates that are individually immaterial to the Group, which are all accounted for using the equity method.

Information about the Group's investment in associates are as follows:

	Group		Company	
	31 December 2016 \$	31 December 2015 \$	31 December 2016 \$	31 December 2015 \$
At cost	2,017,184	400,157	2,017,185	400,157
Group's interests in associates at beginning of the year	362,158	386,367	400,157	400,157
Acquisition of interests in associates	1,617,028	–	1,617,028	–
Group's share of loss after tax of associates	(158,062)	(24,209)	–	–
Group's share of other comprehensive income of associates	7,961	–	–	–
Carrying amount of Group's interests in associates at end of the year	1,829,085	362,158	2,017,185	400,157

# NOTES TO THE FINANCIAL STATEMENTS

## 8 Club Membership

	Group and Company	
	2016 \$	2015 \$
Club membership, at cost	11,429	11,429

## 9 Trade and Other Receivables

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
Trade receivables	11,331,834	7,748,974	24,325	875
Impairment losses	–	(2,818)	–	–
Net receivables	11,331,834	7,746,156	24,325	875
Accrued revenue	8,794,977	8,302,038	178,527	178,527
Deposits and other receivables	2,872,315	3,828,265	628,069	1,346,429
Trade amounts due from subsidiaries	–	–	703,510	158,409
Trade amounts due from related parties	30,007	–	30,007	–
Non-trade amounts due from related parties	1,061,822	–	570,736	–
Loans and receivables	24,090,955	19,876,459	2,135,174	1,684,240

Trade receivables and accrued revenue consist mainly of commission and fee income that shall only be due and payable to third party financial advisers upon the Group's receipt of the corresponding amounts from customers.

Outstanding balances with subsidiaries and related parties are unsecured, interest free and repayable on demand. There is no allowance for doubtful debts arising from these outstanding balances.

The Group's exposures to credit and impairment losses related to trade receivables are disclosed in Note 25.

## 10 Other Investments

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
<b>Available-for-sale financial assets</b>				
- Debt securities	21,458,064	26,707,212	21,458,064	26,707,212
- Equity securities	4,667,463	5,257,079	4,667,463	5,257,079
<b>Financial assets at fair value through profit or loss</b>				
- Debt securities	6,001,925	–	6,001,925	–
	32,127,452	31,964,291	32,127,452	31,964,291

Debt securities classified as available-for-sale investments of the Group and the Company comprise interest-bearing financial instruments amounting to \$3,585,651 (2015: \$7,706,939) which have fixed interest rates of 3.7% to 8.8% (2015: 3.6% to 12.0%) and mature between 1 and 6 years (2015: 1 and 5 years) and investment in fixed income funds amounting to \$17,872,413 (2015: \$19,000,273).

## 10 Other Investments (continued)

Financial assets at fair value through profit or loss comprise debt securities classified as held-for-trading investments of the Group and the Company. They are interest-bearing financial instruments and have fixed interest rates of 2.9% to 8.7% (2015: Nil) and mature between 1 to 6 years (2015: Nil).

The Group's exposure to credit and market risk and the fair value information related to other investments are disclosed in Note 25.

## 11 Prepayments

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
Prepaid trailer fees in the form of shares	498,321	831,109	–	–
Other prepayments	1,465,701	1,051,585	93,535	159,773
	<u>1,964,022</u>	<u>1,882,694</u>	<u>93,535</u>	<u>159,773</u>

The prepaid trailer fees in the form of shares relates to additional trailer fees paid by the Group to its business partners in the form of shares of the Company, withheld by a settlement agent for distribution at the end of vesting period of three years from 2015.

At the reporting date, \$1,661,804 (2015: \$1,384,029) and \$302,218 (2015: \$498,665) are classified as current and non-current portion respectively at the Group level and the amount of \$93,535 (2015: \$159,773) and \$Nil (2015: \$Nil) at the Company level.

## 12 Cash and Cash Equivalents

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
Cash at bank and in hand	20,973,829	28,074,576	3,594,802	6,973,573
Money market funds	1,489,846	1,445,290	–	–
Cash and cash equivalents in the statement of cash flows	<u>22,463,675</u>	<u>29,519,866</u>	<u>3,594,802</u>	<u>6,973,573</u>

The money market funds are included as cash and cash equivalents as they are considered fully liquid investments readily convertible into known amounts of cash and cash equivalents which are subject to an insignificant risk of changes in value.

The weighted average effective interest rate per annum relating to cash and cash equivalents and client bank accounts at the reporting date for the Group and the Company were 0.52% (2015: 0.47%) and 0.12% (2015: 0.53%) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## 13 Held Under Trust

Some of the subsidiaries in the Group receive and hold monies deposited by clients and other institutions in the course of the conduct of the regulated activities. These clients' monies are maintained in one or more trust bank accounts which are separately maintained from the bank accounts of the Group.

## 14 Share Capital and Reserves

### Share capital

		2016		2015	
	Note	Number of shares	\$	Number of shares	\$
Company					
Fully paid ordinary shares, with no par value:					
In issue at 1 January		260,977,301	62,546,416	256,225,334	58,341,850
Exercise of share options	22	3,929,414	1,601,153	777,567	235,182
		264,906,715	64,147,569	257,002,901	58,577,032
Issuance of new ordinary shares pursuant to listing on SGX-ST		–	–	3,280,000	3,116,000
Issuance of new ordinary shares pursuant to trailer fees settlement		–	–	694,400	999,936
Share issuance expense		–	–	–	(146,552)
In issue at 31 December		264,906,715	64,147,569	260,977,301	62,546,416

On 6 January 2015, the Company issued 3,280,000 new shares at the offering price of \$0.95 per share in relation to the 3,280,000 over-allotment of shares in connection with the IPO on 11 December 2014.

3,929,414 ordinary shares were issued in 2016 as a result of the exercise of vested options arising from the share option programmes granted to full-time executives (2015: 777,567 shares). Options were exercised at an average price of \$0.41 (2015: \$0.30) per option. All issued shares are fully paid.

On 16 July 2015, the Company issued 694,400 new shares, at the issue price of \$1.44 per share pursuant to the subscription agreement entered into between the Company and Crouzet Limited ("Crouzet") on 6 July 2015. Crouzet is a third party nominee company that is also a settlement agent in relation to additional trailer fees payable by the Group to its business partners in the form of shares of the Company, with a vesting period of 3 years.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets. However, all rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

As at the reporting date, there were 7,346,454 (2015: 11,627,096) shares reserved for issue under options and 3,136,400 (2015: 1,860,000) shares reserved for issue under the PSP.

## 14 Share Capital and Reserves (continued)

### Reserves

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
Fair value reserve	10,924	(833,599)	10,974	(833,599)
Foreign currency translation reserve	(535,050)	(605,966)	–	–
Share option reserve	1,496,244	1,305,823	1,496,244	1,305,823
Performance share reserve	2,250,619	826,776	2,250,619	826,776
Equity reserve	(2,009,391)	(4,160,640)	–	–
Reserve for own shares	(2,531,323)	–	(2,531,323)	–
Accumulated profits	15,616,108	17,480,392	14,813,783	15,723,049
	<u>14,298,131</u>	<u>14,012,786</u>	<u>16,040,297</u>	<u>17,022,049</u>

#### Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

#### Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

#### Share option reserve

The share option reserve comprises the cumulative value of services received for the issue of share options.

#### Performance share reserve

The performance shares reserve comprises cumulative value of services received for the issue of performance shares.

#### Equity reserve

The equity reserve represents:

- (i) effects of changes in ownership interests in subsidiaries when there are no changes in control; and
- (ii) premium received from NCI on issue of shares by subsidiaries without change in ownership interests.

#### Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2016, the Group held 2,683,300 (2015: Nil) of the Company's shares.

## 15 Deferred Tax

### Unrecognised deferred tax assets and liabilities

At 31 December 2016, deferred tax assets in respect of tax losses and deductible temporary differences amounting to \$46,134,475 (2015: \$43,619,142) were not recognised because it is uncertain whether future taxable profits will be available against which the Group can utilise the benefits.

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The deductible temporary differences do not expire under current tax legislation.



# NOTES TO THE FINANCIAL STATEMENTS

## 15 Deferred Tax (continued)

### Recognised deferred tax assets and liabilities

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The following amount, determined after appropriate offsetting is included in the statement of financial position as follows:

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
Deferred tax assets	–	3,666	–	–
Deferred tax liabilities	481,809	238,510	196,402	–

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2016 \$	2015 \$	2016 \$	2015 \$
<b>Group</b>				
Plant and equipment	(402,688)	(320,749)	908,348	591,360
Trade receivables	–	(480)	–	–
Trade and other payables	(23,851)	(35,287)	–	–
Employee benefits	–	–	–	–
Deferred tax (assets)/liabilities	(426,539)	(356,516)	908,348	591,360
Set off of tax	426,539	352,850	(426,539)	(352,850)
Net deferred tax liabilities/(assets)	–	(3,666)	481,809	238,510

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year were as follows:

	At 1 January 2015 \$	Recognised in profit or loss (Note 21) \$	At 31 December 2015 \$	Recognised in profit or loss (Note 21) \$	At 31 December 2016 \$
<b>Group</b>					
<b>Deferred tax assets</b>					
Plant and equipment	–	(320,749)	(320,749)	(81,939)	(402,688)
Employee benefits	(222,910)	222,910	–	–	–
Trade and other receivables	(480)	–	(480)	480	–
Trade and other payables	(20,977)	(14,310)	(35,287)	11,436	(23,851)
	(244,367)	(112,149)	(356,516)	(70,023)	(426,539)
<b>Deferred tax liabilities</b>					
Plant and equipment	428,911	162,449	591,360	316,988	908,348
	184,544	50,300	234,844	246,965	481,809

## 16 Trade and Other Payables

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
<b>Current</b>				
Trade payables	1,645,226	1,607,581	364,361	251,866
Accrued operating expenses	13,495,069	11,889,886	2,298,611	826,660
Trade amounts due to subsidiaries	–	–	12,663,160	8,798,848
Trade amounts due to related parties	35,836	–	–	–
Deposits received	347,286	339,174	–	–
	<u>15,523,417</u>	<u>13,836,641</u>	<u>15,326,132</u>	<u>9,877,374</u>

Trade payables and accrued operating expenses consist mainly of commission and fee income that shall only be due and payable to third party financial advisers upon the Group's receipt of the corresponding amounts from customers.

Included in the Group's accrued operating expenses as at 31 December 2015 is an amount payable to a third party as indicated in Note 5 amounting to \$117,800, which was fully repaid in 2016.

Outstanding balances with subsidiaries and related parties are unsecured, interest free and repayable on demand.

The Group's exposure to liquidity risk related to trade and other payables is disclosed in Note 25.

## 17 Finance Lease Liabilities

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
Current portion	4,668	–	–	–
Non-current portion	18,789	–	–	–
	<u>23,457</u>	<u>–</u>	<u>–</u>	<u>–</u>

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2016 \$	Interest 2016 \$	Present value of minimum lease payments 2016 \$	Future minimum lease payments 2015 \$	Interest 2015 \$	Present value of minimum lease payments 2015 \$
<b>Group</b>						
Within one year	6,823	2,155	4,668	–	–	–
Between one and five years	22,213	3,424	18,789	–	–	–
	<u>29,036</u>	<u>5,579</u>	<u>23,457</u>	<u>–</u>	<u>–</u>	<u>–</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 18 Revenue

	Group	
	2016 \$	2015 \$
Commission and fee income	77,978,274	82,266,959
Service fees	2,215,695	2,684,524
Advertising fees	106,283	115,680
Others	296,122	272,054
	<u>80,596,374</u>	<u>85,339,217</u>

## 19 Other Income

	Group	
	2016 \$	2015 \$
Investment income		
- gain on redemption of investment in financial assets, net	437,897	421,929
- dividend income from investment in financial assets, net	691,066	800,793
- changes in fair value of investment in financial assets classified as held for trading	63,890	–
- dividend income on investment in associate	27,117	20,008
- gain on acquisition of a subsidiary (Note 6)	262,145	–
Government grant	256,550	133,433
Others	145,007	149,474
	<u>1,883,672</u>	<u>1,525,637</u>

## 20 Profit for the Year

The following items have been included in arriving at profit for the year:

	Group	
	2016 \$	2015 \$
Interest income		
- from cash at bank	(157,499)	(150,171)
- from trust accounts	(151,953)	(164,459)
- from money market funds	(45,526)	(47,513)
- from investment in financial assets	(482,858)	(436,845)
Audit fees paid to:		
- auditors of the Company	208,145	163,090
- other auditors	122,924	137,361
Non-audit fees paid to:		
- auditors of the Company	32,450	29,840
- other auditors	182,410	18,913
Unrealised exchange loss/(gain), net	192,993	(159,051)
Equity-settled share-based payment transactions, included in staff costs	1,614,264	1,216,242
Equity-settled share-based payment transactions, included in commission and fee paid or payable to third party financial advisers	332,615	166,368
Contributions to defined contribution plans, included in staff costs	1,780,713	1,138,264
Operating lease expense	5,698,785	5,305,020
Net change in fair value of available-for-sale financial assets reclassified from equity	311,950	(421,929)

## 21 Tax Expense

	Group	
	2016 \$	2015 \$
<b>Current tax expense</b>		
Current year	527,195	580,836
Adjustment for prior years	(13,063)	20,255
	514,132	601,091
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	242,259	48,015
Adjustment for prior years	5,706	2,285
	246,965	50,300
<b>Total tax expense</b>	761,097	651,391

# NOTES TO THE FINANCIAL STATEMENTS

## 21 Tax Expense (continued)

### Reconciliation of effective tax rate

	Group	
	2016 \$	2015 \$
Profit for the year	5,332,856	12,100,477
Total tax expense	761,097	651,391
Profit before tax	6,093,953	12,751,868
Tax using Singapore tax rate at 17% (2015: 17%)	1,035,972	2,167,818
Effect of tax rates in foreign jurisdictions	(224,496)	(58,988)
Effect of results of equity-accounted investee presented net of tax	26,871	4,116
Income not subject to tax	(192,318)	(43,892)
Tax incentives	(825,410)	(847,692)
Non-deductible expenses	619,968	298,019
Current year tax losses and temporary differences for which no deferred tax asset was recognised	794,028	215,488
Recognition of tax effect of previously unrecognised tax losses and temporary differences	(466,690)	(1,104,647)
(Over)/Under provided in prior years	(7,357)	22,540
Others	529	(1,371)
	761,097	651,391

## 22 Share-based Incentive Plans

At 31 December 2016, the Group has the following share-based incentive plans.

### Performance Share Plan

- (i) The iFAST Corporation Performance Share Plan (the "PSP") was approved by the shareholders on 21 October 2014 prior to the Company's listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 11 December 2014.
- (ii) The PSP is administered by the Remuneration Committee (the "RC") comprising Yao Chih Matthias, Ling Peng Meng and Kok Chee Wai.
- (iii) Other information regarding the PSP are set out below:
  - those eligible to participate in the PSP comprise Executive Directors and confirmed employees of the Company, its subsidiaries and its associated companies, who have attained the age of twenty-one years as of the award date, and who hold such rank as may be designated by our RC from time to time, and Non-Executive Directors (including the Independent Directors) of the Company and its subsidiaries.
  - awards represent the right of a participant to receive fully paid shares free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period. A participant's award under the PSP will be determined at the discretion of the RC.
  - the total number of shares which may be issued or transferred pursuant to awards granted under the PSP, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding shares held by the Company as treasury shares) from time to time.
  - the total number of shares over which awards may be granted under the PSP to controlling shareholders and their associates shall not exceed 25% of the shares available under the PSP, and the number of shares over which an award may be granted under the PSP to each controlling shareholder or his associate shall not exceed 10% of the shares available under the PSP.

## 22 Share-based Incentive Plans (continued)

### Performance Share Plan (continued)

(iii) Other information regarding the PSP are set out below (continued):

- the PSP shall continue in force at the discretion of the RC, subject to a maximum period of 10 years commencing on 21 October 2014, provided always that the PSP may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required.
- notwithstanding the expiry or termination of the PSP, any awards made to participants prior to such expiry or termination will continue to remain valid.

At the end of the financial year, details of the performance shares granted under the PSP are as follows:

Date of grant of performance shares	Price per share	Performance shares outstanding at 1 January 2015	Performance shares granted	Performance shares vested	Performance shares forfeited	Performance shares outstanding at 31 December 2015	Number of performance share holders at 31 December 2015
1 March 2015	\$1.370	–	1,942,900	–	153,400	1,789,500	157
1 May 2015	\$1.365	–	70,500	–	–	70,500	6
		–	2,013,400	–	153,400	1,860,000	

Date of grant of performance shares	Price per share	Performance shares outstanding at 1 January 2016	Performance shares granted	Performance shares vested	Performance shares forfeited	Performance shares outstanding at 31 December 2016	Number of performance share holders at 31 December 2016
1 March 2015	\$1.370	1,789,500	–	–	137,400	1,652,100	142
1 May 2015	\$1.365	70,500	–	–	–	70,500	6
1 March 2016	\$1.275	–	1,296,200	–	55,600	1,240,600	158
1 May 2016	\$1.210	–	173,200	–	–	173,200	6
		1,860,000	1,469,400	–	193,000	3,136,400	

### Measurement of fair values

The fair value of services received in return for performance shares are measured by reference to the market price of the ordinary share on the grant date.

### Employee Share Option Scheme

- (i) The iFAST Employee Share Option Scheme (the “ESOS”) was approved by the shareholders on 21 October 2014 prior to the Company’s listing on the SGX-ST on 11 December 2014.
- (ii) The ESOS is administered by the RC comprising Yao Chih Matthias, Ling Peng Meng and Kok Chee Wai.
- (iii) Other information regarding the ESOS are set out below:
  - those eligible to participate in the ESOS comprise Executive Directors and confirmed employees of the Company, its subsidiaries and its associated companies, and Non-Executive Directors (including the Independent Directors).
  - there are no fixed periods for the grant of options and the offers of the grant of options may be made at any time from time to time at the discretion of the RC.

# NOTES TO THE FINANCIAL STATEMENTS

## 22 Share-based Incentive Plans (continued)

### *Employee Share Option Scheme (continued)*

(iii) Other information regarding the ESOS are set out below (continued):

- subject to the provisions of the ESOS, options granted under the ESOS will have a life span of 10 years for options granted to Group employees (other than Non-Executive Directors and/or employees of associated companies) and 5 years for options granted to Non-Executive Directors and/or employees of associated companies.
- the aggregate number of shares over which the RC may grant options on any date, when added to the number of shares issued and issuable or transferred and to be transferred in respect of all options granted under the ESOS and the number of shares issued and issuable or transferred and to be transferred in respect of all options or awards granted under any other share option schemes or share scheme of the Company, shall not exceed 15% of the total number of issued shares (excluding shares held by the Company as treasury shares) on the day immediately preceding the date on which an offer to grant an option is made. The exercise price of an option may, at the discretion of the RC, be set at a discount subject to the maximum discount of 20% of the average of the last dealt prices for a share for 5 consecutive market days immediately prior to the date of grant of the option.
- the total number of shares over which options may be granted under the ESOS to controlling shareholders and their associates shall not exceed 25% of the shares available under the ESOS, and the number of shares over which an option may be granted under the ESOS to each controlling shareholder or his associate shall not exceed 10% of the shares available under the ESOS.
- the ESOS shall continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- shares arising from the exercise of options are subject to the provisions of the Memorandum of Association and Articles of the Company. Shares allotted and issued, and existing shares procured by the Company for transfer, upon the exercise of an option shall rank *pari passu* in all respects with the then existing issued shares.

At the end of the financial year, no options have been granted under the ESOS.

### *Share Option Scheme 2013*

- (i) The iFAST 2013 Share Option Scheme (the "2013 Scheme") of the Company was approved and adopted by the shareholders at an Annual General Meeting held on 23 May 2013. The amendments to the 2013 Scheme were passed by the shareholders at an Extraordinary General Meeting held on 20 August 2014.
- (ii) Upon the listing of the Company's shares on SGX-ST on 11 December 2014, the 2013 Scheme was terminated. This will not affect all options remaining unexercised.
- (iii) The 2013 Scheme is administered by the RC comprising Yao Chih Matthias, Ling Peng Meng and Kok Chee Wai.
- (iv) Other information regarding the 2013 Scheme is set out below:
  - those eligible to participate in the 2013 Scheme comprise confirmed full-time executives, including Directors and a controlling shareholder and his associates, who have been employed by the Company, its subsidiaries and its associated companies in the absolute discretion of the RC.
  - the 2013 Scheme will continue in operation at the discretion of the RC, subject to a maximum period of 10 years commencing on 23 May 2013, provided that the 2013 Scheme may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting.

### *Share Option Scheme 2003*

- (i) The iFAST Share Option Scheme (the "2003 Scheme") of the Company was approved and adopted by the shareholders at an Extraordinary General Meeting held on 28 March 2003.
- (ii) The 2003 Scheme was terminated on 23 May 2013 by a resolution passed by the shareholders at an Annual General Meeting. This will not affect all options remaining unexercised.
- (iii) The 2003 Scheme is administered by the RC comprising Yao Chih Matthias, Ling Peng Meng and Kok Chee Wai.



## 22 Share-based Incentive Plans (continued)

### Share Option Scheme 2003 (continued)

(iv) Other information regarding the 2003 Scheme are set out below:

- those eligible to participate in the 2003 Scheme comprise confirmed full-time executives, including Directors, who have been employed by the Company and/or its subsidiaries for a continuous period of at least six months and any Non-Executive Directors and consultants of the Company and/or its subsidiaries who, in the absolute discretion of the RC, are selected to participate in the 2003 Scheme.
- subject to the provisions in the rules of the 2003 Scheme, the option granted expires on (i) (in the case of executives) the day preceding the tenth anniversary of the date of the grant of the option or (ii) (in the case of Non-Executive Directors and consultants) the day preceding the fifth anniversary of the date of the grant of the option.
- the options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

At the end of the financial year, details of the options granted, after the subdivision of every 1 share option into 6 share options in conjunction with subdivision of every 1 ordinary share into 6 ordinary shares on 20 November 2014, under the share-based incentive plans in respect of unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2015	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2015	Number of option holders at 31 December 2015	Date of expiration
1 July 2006	\$0.12	159,000	–	159,000	–	–	–	30 June 2016
1 January 2007	\$0.20	174,000	–	30,000	–	144,000	3	31 December 2016
1 April 2007	\$0.33	42,000	–	42,000	–	–	–	31 March 2017
1 July 2009	\$0.27	293,100	–	200,100	–	93,000	3	30 June 2019
1 July 2010	\$0.40	704,400	–	321,700	–	382,700	12	30 June 2020
1 July 2013	\$0.42	6,711,612	–	–	327,000	6,384,612	99	30 June 2023
1 April 2014	\$0.60	4,615,284	–	24,767	387,733	4,202,784	125	31 March 2024
21 August 2014	\$0.63	420,000	–	–	–	420,000	2	20 August 2024
		<u>13,119,396</u>	<u>–</u>	<u>777,567</u>	<u>714,733</u>	<u>11,627,096</u>		

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2016	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2016	Number of option holders at 31 December 2016	Date of expiration
1 January 2007	\$0.20	144,000	–	144,000	–	–	–	31 December 2016
1 July 2009	\$0.27	93,000	–	8,000	–	85,000	3	30 June 2019
1 July 2010	\$0.40	382,700	–	229,100	–	153,600	5	30 June 2020
1 July 2013	\$0.42	6,384,612	–	3,548,314	108,750	2,727,548	51	30 June 2023
1 April 2014	\$0.60	4,202,784	–	–	242,478	3,960,306	116	31 March 2024
21 August 2014	\$0.63	420,000	–	–	–	420,000	2	20 August 2024
		<u>11,627,096</u>	<u>–</u>	<u>3,929,414</u>	<u>351,228</u>	<u>7,346,454</u>		

# NOTES TO THE FINANCIAL STATEMENTS

## 22 Share-based Incentive Plans (continued)

	Share option scheme 2013		Share option scheme 2003	
	Weighted average exercise price 2015	No. of options 2015	Weighted average exercise price 2015	No. of options 2015
At 1 January 2015	0.50	11,746,896	0.31	1,372,500
Granted	–	–	–	–
Exercised	0.60	(24,767)	0.29	(752,800)
Forfeited/Expired	0.52	(714,733)	–	–
At 31 December 2015	0.49	<u>11,007,396</u>	0.33	<u>619,700</u>
Number of options exercisable at 31 December 2015	–	<u>–</u>	0.33	<u>619,700</u>

	Share option scheme 2013		Share option scheme 2003	
	Weighted average exercise price 2016	No. of options 2016	Weighted average exercise price 2016	No. of options 2016
At 1 January 2016	0.49	11,007,396	0.33	619,700
Granted	–	–	–	–
Exercised	0.42	(3,548,314)	0.32	(381,100)
Forfeited/Expired	0.54	(351,228)	–	–
At 31 December 2016	0.53	<u>7,107,854</u>	0.35	<u>238,600</u>
Number of options exercisable at 31 December 2016	0.42	<u>2,727,548</u>	0.35	<u>238,600</u>

The options outstanding at 31 December 2016 have an exercise price in the range of \$0.27 to \$0.63 (2015: \$0.20 to \$0.63) and a weighted-average contractual life of 6.9 years (2015: 7.6 years).

Options were exercised on a regular basis throughout the year. The weighted average share price during the year was \$0.96 (2015: \$1.38) per share.

### Measurement of fair values

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Binomial Model. The share prices applied to the model are based on last-transacted prices of the Company's ordinary shares. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

## 22 Share-based Incentive Plans (continued)

### Fair value of share options and assumptions

Date of grant of options	21 August 2014	1 April 2014	1 July 2013	1 July 2010	1 July 2009	1 April 2007	1 January 2007	1 July 2006
Fair value at measurement date <sup>^</sup>	0.85	0.80	0.49	0.21	0.48	0.56	0.32	0.24
Share price <sup>^</sup>	\$3.80	\$3.60	\$2.50	\$2.40	\$1.60	\$1.96	\$1.20	\$0.70
Exercise price <sup>^</sup>	\$3.80	\$3.60	\$2.50	\$2.40	\$1.60	\$1.96	\$1.20	\$0.70
Expected volatility	31.3%	25.8%	21.4%	7.4%	38.9%	22.0%	20.8%	13.2%
Expected option life (days)	1,095	1,460	1,460	1,460	1,460	2,190	2,190	3,650
Expected dividends	\$0.12	\$0.12	\$0.03	\$0.10	\$0.10	\$0.04	\$0.04	–
Risk-free interest rate	2.75%	2.75%	2.25%	2.50%	3.13%	3.75%	3.75%	3.50%

<sup>^</sup> Before subdivision of every 1 share option into 6 share options in conjunction with subdivision of every 1 ordinary share into 6 ordinary shares on 20 November 2014.

The expected volatility is based on the one year historic volatility of the Company's share price, adjusted for any expected changes to future volatility.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

## 23 Earnings Per Share

### Basic earnings per share

	Group	
	2016 \$	2015 \$
<b>Basic earnings per share is based on:</b>		
Net profit attributable to ordinary shareholders	5,446,573	12,100,477
	Group	
	Number of shares 2016	Number of shares 2015
Issued ordinary shares at 1 January	260,977,301	256,225,334
Effect of share options exercised	1,973,654	579,206
Effect of new shares issued	–	3,627,200
Effect of treasury shares purchased	(1,060,375)	–
Weighted average number of ordinary shares during the year	261,890,580	260,431,740
Basic earnings per share (cents)	2.08	4.65

# NOTES TO THE FINANCIAL STATEMENTS

## 23 Earnings Per Share (continued)

### *Diluted earnings per share*

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options under the Share Option Schemes and the dilutive share awards under the Performance Share Plan, with the potential ordinary shares weighted for the period outstanding.

	Group	
	2016 \$	2015 \$
<b>Diluted earnings per share is based on:</b>		
Net profit attributable to ordinary shareholders	5,446,573	12,100,477

The effect of the exercise of share options and the vesting of share awards on the weighted average number of ordinary shares in issue is as follows:

	Group	
	Number of shares 2016	Number of shares 2015
Weighted average number of:		
Ordinary shares used in the calculation of basic earnings per share	261,890,580	260,431,740
Potential ordinary shares issuable under:		
- Share Option Schemes and Performance Share Plan	5,457,193	8,009,811
Weighted average number of ordinary issued and potential shares issuable assuming full conversion during the year	267,347,773	268,441,551
Diluted earnings per share (cents)	2.04	4.51

At 31 December 2016, no shares (2015: Nil) were excluded from the diluted weighted-average number of ordinary shares calculation as their effect would have been anti-dilutive.

## 24 Operating Segments

The Group has four reportable segments, namely its operations in Singapore, Hong Kong, Malaysia and China, which are the Group's strategic business locations. The operation in China is still in the start-up phase.

The strategic business locations are managed separately. For each of the strategic business units, the Chairman and CEO reviews internal management reports on a monthly basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Chairman and CEO. Segment profit is used to measure performance as Management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

In presenting information on the basis of geographical segments, segment revenue is based on a geographical location of customers. Segment non-current assets are based on a geographical location of the assets.

## 24 Operating Segments (continued)

Geographical segments are analysed by four principal geographical areas as follows:

### Information about reportable segments

	Singapore \$	Hong Kong \$	Malaysia \$	China \$	Total \$
<b>2016</b>					
<b>Revenue and expenses</b>					
Revenue from external customers	58,719,251	16,425,591	4,748,294	703,238	80,596,374
Inter-segment revenue	797,983	203,107	1,888,800	51,945	2,941,835
Total revenue	59,517,234	16,628,698	6,637,094	755,183	83,538,209
Finance income	716,339	19,151	87,129	15,217	837,836
Depreciation of plant and equipment	(1,096,629)	(128,649)	(102,810)	(249,663)	(1,577,751)
Amortisation of intangible assets	(1,268,247)	(58,478)	(27,597)	(137,815)	(1,492,137)
Reportable segment profit/(loss) before tax	9,070,260	531,040	377,655	(3,726,940)	6,252,015
Share of results of associates	(158,062)	–	–	–	(158,062)
<b>Assets and liabilities</b>					
Reportable segment assets	73,011,336	13,672,716	3,391,975	3,222,903	93,298,930
Equity-accounted associate	1,829,085	–	–	–	1,829,085
Capital expenditure	5,549,903	428,857	244,337	391,434	6,614,531
Reportable segment liabilities	11,082,509	3,647,576	1,162,901	639,277	16,532,263
<b>2015</b>					
<b>Revenue and expenses</b>					
Revenue from external customers	61,168,699	19,615,987	4,554,531	–	85,339,217
Inter-segment revenue	–	230,063	1,854,766	–	2,084,829
Total revenue	61,168,699	19,846,050	6,409,297	–	87,424,046
Finance income	646,905	15,111	91,359	45,613	798,988
Depreciation of plant and equipment	(850,300)	(65,336)	(50,327)	(31,148)	(997,111)
Amortisation of intangible assets	(454,955)	(7,633)	(19,929)	(4,097)	(486,614)
Reportable segment profit/(loss) before tax	11,825,813	1,652,327	278,200	(980,263)	12,776,077
Share of result of associate	(24,209)	–	–	–	(24,209)
<b>Assets and liabilities</b>					
Reportable segment assets	74,786,830	9,895,859	2,977,722	3,257,577	90,917,988
Equity-accounted associate	362,158	–	–	–	362,158
Capital expenditure	4,038,015	326,762	149,735	939,103	5,453,615
Reportable segment liabilities	9,800,927	3,348,972	1,066,250	504,795	14,720,944

# NOTES TO THE FINANCIAL STATEMENTS

## 24 Operating Segments (continued)

Reconciliations of reportable segment revenues, profit and loss, assets and liabilities and other material items:

	2016 \$	2015 \$
<b>Revenue</b>		
Total revenue for reportable segments	83,538,209	87,424,046
Elimination of inter-segment revenue	(2,941,835)	(2,084,829)
Consolidated revenue	80,596,374	85,339,217
<b>Profit or loss</b>		
Total profit before tax for reportable segments	6,252,015	12,776,077
Share of results of associates	(158,062)	(24,209)
Consolidated profit before tax	6,093,953	12,751,868
<b>Assets</b>		
Total assets for reportable segments	93,298,930	90,917,988
Investment in associates	1,829,085	362,158
Consolidated total assets	95,128,015	91,280,146
<b>Liabilities</b>		
Total liabilities for reportable segments	16,532,263	14,720,944

	Reportable segment total \$	Adjustment \$	Consolidated total \$
<b>2016</b>			
<b>Other material items</b>			
Finance income	837,836	–	837,836
Capital expenditure	6,614,531	–	6,614,531
Depreciation and amortisation	(3,069,888)	–	(3,069,888)
<b>2015</b>			
<b>Other material items</b>			
Finance income	798,988	–	798,988
Capital expenditure	5,453,615	–	5,453,615
Depreciation and amortisation	(1,483,725)	–	(1,483,725)

## 25 Financial Risk Management

### Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

### Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors oversees how Management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. The credit quality of customers is assessed after taking into account its financial position and past experience with the customers.

At the reporting date, other than bank balances which are placed with regulated financial institutions and investments in debt securities which are managed by fund managers, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

	2016 \$	2015 \$
<b>Group</b>		
Distributors	1,831,422	1,202,621
Retail customers	9,500,412	6,543,535
Others (including amounts due from related parties)	3,964,144	3,828,265
	<u>15,295,978</u>	<u>11,574,421</u>
<b>Company</b>		
Retail customers	24,325	875
Others (including amounts due from subsidiaries and related parties)	1,932,322	1,504,838
	<u>1,956,647</u>	<u>1,505,713</u>



# NOTES TO THE FINANCIAL STATEMENTS

## 25 Financial Risk Management (continued)

### Credit risk (continued)

The Group's concentration of credit risk relating to trade and other receivables is limited due to the Group's many varied customers and the credit quality of its trade and other receivables is within acceptable risk. The Group's historical experience in the collection of trade and other receivables falls within the recorded allowances. Due to these factors, Management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade and other receivables.

### Impairment losses

The ageing of trade and other receivables (excluding accrued revenue) at the reporting date was:

	Gross 2016 \$	Impairment losses 2016 \$	Gross 2015 \$	Impairment losses 2015 \$
<b>Group</b>				
Not past due	15,053,440	–	11,361,164	–
Past due 0 – 30 days	84,163	–	36,900	–
Past due 31 – 120 days	53,051	–	69,468	–
Past due more than 120 days but less than 1 year	31,792	–	29,551	–
Past due more than 1 year	73,532	–	80,156	(2,818)
	<u>15,295,978</u>	<u>–</u>	<u>11,577,239</u>	<u>(2,818)</u>
<b>Company</b>				
Not past due	<u>1,956,647</u>	<u>–</u>	<u>1,505,713</u>	<u>–</u>

The movement in the allowance for impairment losses in respect of trade and other receivables during the year was as follows:

	2016 \$	2015 \$
At 1 January	2,818	2,818
Amounts written off	(2,818)	–
At 31 December	<u>–</u>	<u>2,818</u>

The trade and other receivables that are past due more than 1 year consist mainly of commission and fee income significantly payable to third party financial advisers. The Group's maximum exposure will be the outstanding balance after the payable amount to third party financial advisers.

The Group believes that, apart from the above, no additional impairment allowance is required in respect of the remaining trade and other receivables as these amounts mainly relate to customers with good credit and payment records with the Group.

The Group limits its exposure to credit risk on investments held by investing only in liquid marketable debt securities and dealing with counterparties with good credit rating. Management actively monitors credit ratings and given that the Group invests in securities with good credit rating, management does not expect any counterparty to fail to meet its obligations.

## 25 Financial Risk Management (continued)

### Impairment losses (continued)

The Group and the Company held cash and cash equivalents of \$22,463,675 and \$3,594,802 respectively at 31 December 2016 (2015: \$29,519,866 and \$6,973,573 respectively). These figures represent their maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties with good credit rating.

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by Management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Note	Carrying amounts \$	Contractual cash flows \$	Within 1 year \$	Within 1 to 5 years \$
<b>Group</b>					
<b>2016</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	16	15,523,417	(15,523,417)	(15,523,417)	–
Finance lease liabilities	17	23,457	(29,036)	(6,823)	(22,213)
		<u>15,546,874</u>	<u>(15,552,453)</u>	<u>(15,530,240)</u>	<u>(22,213)</u>
<b>2015</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	16	13,836,641	(13,836,641)	(13,836,641)	–
Finance lease liabilities	17	–	–	–	–
		<u>13,836,641</u>	<u>(13,836,641)</u>	<u>(13,836,641)</u>	<u>–</u>
<b>Company</b>					
<b>2016</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	16	15,326,132	(15,326,132)	(15,326,132)	–
Recognised financial liabilities		15,326,132	(15,326,132)	(15,326,132)	–
Intra-group financial guarantee		–	(9,954,758)	(9,954,758)	–
		<u>15,326,132</u>	<u>(25,280,890)</u>	<u>(25,280,890)</u>	<u>–</u>
<b>2015</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	16	9,877,374	(9,877,374)	(9,877,374)	–
Recognised financial liabilities		9,877,374	(9,877,374)	(9,877,374)	–
Intra-group financial guarantee		–	(8,812,800)	(8,812,800)	–
		<u>9,877,374</u>	<u>(18,690,174)</u>	<u>(18,690,174)</u>	<u>–</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 25 Financial Risk Management (continued)

### Liquidity risk (continued)

The maturity analyses show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity. Except for the cash flow arising from the intra-group financial guarantee, it is not expected that the cash flows included in the maturity analyses above could occur significantly earlier, or at significantly different amounts.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

### Foreign currency risk

The currency exposure arising from operating activities of the Group is naturally hedged as the Group's incomes and expenses, trade and other receivables and trade and other payables are substantially denominated in the respective functional currencies of the Group entities. The currency risk of the Group arises mainly from foreign currency investments in financial assets. In addition, the Group also has investments in foreign subsidiaries whose net assets are exposed to currency translation risk.

Taking into consideration the quantum and impact of our foreign currency exposure as well as the transaction costs of any hedging policy, and the prevailing economic and operating conditions, we do not hedge against currency risk. The exposure is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The Group's exposures to foreign currency risk were as follows based on nominal amounts:

	US dollar \$	Euro \$	Pound sterling \$	Australia dollar \$	Chinese yuan \$	Hong Kong dollar \$
<b>Group</b>						
<b>31 December 2016</b>						
Available-for-sale financial assets	5,212,908	–	–	–	550,281	327,445
Financial assets at fair value through profit or loss	3,137,682	–	–	–	–	–
Other receivables	40,153	–	–	–	3,901	–
Cash and cash equivalents	3,790,397	80,313	75,032	60,248	312,429	43,104
	<u>12,181,140</u>	<u>80,313</u>	<u>75,032</u>	<u>60,248</u>	<u>866,611</u>	<u>370,549</u>
<b>31 December 2015</b>						
Available-for-sale financial assets	9,669,032	–	–	–	1,421,972	226,570
Other receivables	72,937	–	–	–	22,034	–
Cash and cash equivalents	2,945,644	348,184	286,395	302,071	1,154,746	103,832
	<u>12,687,613</u>	<u>348,184</u>	<u>286,395</u>	<u>302,071</u>	<u>2,598,752</u>	<u>330,402</u>

## 25 Financial Risk Management (continued)

### Foreign currency risk (continued)

#### Sensitivity analysis

A 5% strengthening of Singapore dollar, as indicated below, against the following currencies at 31 December would decrease profit or loss and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

	Profit or loss	
	31 December 2016 \$	31 December 2015 \$
<b>Group</b>		
US dollar	348,412	150,929
Euro	4,016	17,409
Pound sterling	3,752	14,320
Australian dollar	3,012	15,104
Chinese yuan	15,816	58,839
Hong Kong dollar	2,155	5,191
	<u>377,163</u>	<u>261,792</u>
	Equity	
	31 December 2016 \$	31 December 2015 \$
<b>Group</b>		
US dollar	260,645	483,452
Chinese yuan	27,514	71,099
Hong Kong dollar	16,372	11,328
	<u>304,531</u>	<u>565,879</u>

A 5% weakening of Singapore dollar against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

#### Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-bearing financial assets and liabilities. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which interest income could be impacted from an adverse movement in interest rates.

# NOTES TO THE FINANCIAL STATEMENTS

## 25 Financial Risk Management (continued)

### Interest rate risk (continued)

#### Sensitivity analysis for fixed rate instruments

At the reporting date, the Group's and the Company's exposures to fixed rate financial assets were as follows based on nominal amounts:

	Equity	
	31 December 2016 \$	31 December 2015 \$
Available-for-sale financial assets	3,585,651	7,706,939
Financial assets at fair value through profit or loss	6,001,925	–
	<u>9,587,576</u>	<u>7,706,939</u>

A change of 15 basis points in interest rates at the reporting date would have increased or decreased equity and profit or loss by approximately \$12,000 (2015: \$32,000) and \$29,000 (2015: Nil) for the Group and the Company respectively. This analysis assumes that all other variables remain constant.

#### Sensitivity analysis for variable rate instruments

For interest-bearing financial instruments, a change of 15 basis points (bp) in interest rate at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	31 December 2016 Profit or loss		31 December 2015 Profit or loss	
	15 bp increase \$	15 bp decrease \$	15 bp increase \$	15 bp decrease \$
<b>Group</b>				
Cash and cash equivalents	267,812	(267,812)	216,376	(216,376)
<b>Company</b>				
Cash and cash equivalents	5,392	(4,314)	10,460	(10,460)

### Price risk

The Group's exposure to price risk relates to changes in the dealing price of unit trust, exchange-traded funds, debt securities and Singapore government securities for unexecuted orders placed. The Group has established procedures to detect such orders and to report such incidences to Management. The Management has also taken up a professional indemnity insurance and the amount insured is reviewed annually. The Group's exposure to price risk also includes the risk that changes in market prices will affect the Group's income or the value of its holdings in investments in equity and debt securities.

#### Sensitivity analysis – securities price risk

A 5% increase in the underlying security prices of the Group's and the Company's available-for-sale investment in equity and debt securities at the reporting date would increase equity by \$1,306,276 (2015: \$1,598,215) and \$1,306,276 (2015: \$1,598,215) respectively. A 5% increase in the underlying security prices of the Group's and the Company's held-for-trading investment in debt securities at the reporting date would increase profit or loss by \$300,096 (2015: Nil) respectively. This analysis assumes that all other variables remain constant.

## 25 Financial Risk Management (continued)

### Price risk (continued)

#### Sensitivity analysis – securities price risk (continued)

A 5% decrease in the underlying security prices would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

### Offsetting financial assets and financial liabilities

The Group enters into service agreements with third party financial advisers. In general, under such agreements the commission and fee shall only be due and payable to third party financial advisers upon the Group's receipt of the corresponding amounts from customers.

The following table sets out the carrying amounts of recognised financial instruments that are not offset.

	Note	Gross amounts of recognised financial instruments \$	Gross amounts of recognised financial instruments offset in the statement of financial position \$	Net amounts of financial instruments included in the statements of financial position \$	Related financial instruments that are not offset \$	Net amount \$
<b>Group</b>						
<b>2016</b>						
<b>Financial assets</b>						
Trade receivables and accrued revenue	9	20,126,811	–	20,126,811	(8,576,875)	11,549,936
<b>Financial liabilities</b>						
Trade payables and accrued operating expenses	16	15,140,295	–	15,140,295	(8,576,875)	6,563,420
<b>2015</b>						
<b>Financial assets</b>						
Trade receivables and accrued revenue	9	16,048,194	–	16,048,194	(8,035,468)	8,012,726
<b>Financial liabilities</b>						
Trade payables and accrued operating expenses	16	13,497,467	–	13,497,467	(8,035,468)	5,461,999
<b>Company</b>						
<b>2016</b>						
<b>Financial assets</b>						
Trade receivables and accrued revenue	9	202,852	–	202,852	–	202,852
<b>Financial liabilities</b>						
Trade payables and accrued operating expenses	16	2,662,972	–	2,662,972	–	2,662,972
<b>2015</b>						
<b>Financial assets</b>						
Trade receivables and accrued revenue	9	179,402	–	179,402	–	179,402
<b>Financial liabilities</b>						
Trade payables and accrued operating expenses	16	1,078,526	–	1,078,526	–	1,078,526

# NOTES TO THE FINANCIAL STATEMENTS

## 25 Financial Risk Management (continued)

### **Offsetting financial assets and financial liabilities (continued)**

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statements of financial position that are disclosed in the above tables are measured in the statements of financial position at amortised cost.

### **Capital management**

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders value. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group manages its capital structure and makes alignment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may align the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a net debt to equity ratio. For this purpose, net debt is defined as total liabilities less cash and cash equivalents and investment in financial assets. The Group records a net cash position of \$38,058,864 as at 31 December 2016 (2015: net cash position of \$46,763,213).

There were no changes in the Group's approach to capital management during the year.

Some of the subsidiaries are required to maintain sufficient financial resources by the local regulators in the respective jurisdictions in which they operate to ensure that the relevant regulatory limits are complied with.

### **Determination of fair values**

A number of the Group's accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### *Investment in equity securities and debt securities*

The fair value of investment in equity securities and debt securities is determined by reference to its bid price at the reporting date.

#### *Intra-group financial guarantees*

The value of financial guarantees provided by the Company to its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the bank with these guarantees made available, with the estimated rates that the banks would have charged had these guarantees not been available.

#### *Other financial assets and liabilities*

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

## 25 Financial Risk Management (continued)

### Determination of fair values (continued)

#### Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows.

		Total carrying amount					Fair value
	Note	Loans and receivables \$	Available- for-sale \$	Designated at fair value \$	Other financial liabilities \$	Total \$	Level 1 \$
Group							
31 December 2016							
Financial assets measured at fair value							
Available-for-sale financial assets	10	–	26,125,527	–	–	26,125,527	26,125,527
Financial assets at fair value through profit or loss	10	–	–	6,001,925	–	6,001,925	6,001,925
		–	26,125,527	6,001,925	–	32,127,452	32,127,452
Financial assets not measured at fair value							
Cash and cash equivalents	12	22,463,675	–	–	–	22,463,675	
Trade and other receivables	9	24,090,955	–	–	–	24,090,955	
		46,554,630	–	–	–	46,554,630	
Financial liabilities not measured at fair value							
Trade and other payables	16	–	–	–	(15,523,417)	(15,523,417)	
31 December 2015							
Financial assets measured at fair value							
Available-for-sale financial assets	10	–	31,964,291	–	–	31,964,291	31,964,291
Financial assets not measured at fair value							
Cash and cash equivalents	12	29,519,866	–	–	–	29,519,866	
Trade and other receivables	9	19,876,459	–	–	–	19,876,459	
		49,396,325	–	–	–	49,396,325	
Financial liabilities not measured at fair value							
Trade and other payables	16	–	–	–	(13,836,641)	(13,836,641)	



# NOTES TO THE FINANCIAL STATEMENTS

## 25 Financial Risk Management (continued)

### Determination of fair values (continued)

#### Accounting classifications and fair values (continued)

		Total carrying amount					Fair value
	Note	Loans and receivables \$	Available- for-sale \$	Designated at fair value \$	Other financial liabilities \$	Total \$	Level 1 \$
Company							
31 December 2016							
Financial assets measured at fair value							
Available-for-sale financial assets	10	–	26,125,527	–	–	26,125,527	26,125,527
Financial assets at fair value through profit or loss	10	–	–	6,001,925	–	6,001,925	6,001,925
		–	26,125,527	6,001,925	–	32,127,452	32,127,452
Financial assets not measured at fair value							
Cash and cash equivalents	12	3,594,802	–	–	–	3,594,802	
Trade and other receivables	9	2,135,174	–	–	–	2,135,174	
		5,729,976	–	–	–	5,729,976	
Financial liabilities not measured at fair value							
Trade and other payables	16	–	–	–	(15,326,132)	(15,326,132)	
31 December 2015							
Financial assets measured at fair value							
Available-for-sale financial assets	10	–	31,964,291	–	–	31,964,291	31,964,291
Financial assets not measured at fair value							
Cash and cash equivalents	12	6,973,573	–	–	–	6,973,573	
Trade and other receivables	9	1,684,240	–	–	–	1,684,240	
		8,657,813	–	–	–	8,657,813	
Financial liabilities not measured at fair value							
Trade and other payables	16	–	–	–	(9,877,374)	(9,877,374)	

During the financial year, there have been no transfers between Level 1, 2, and 3.

## 26 Commitments

As at 31 December 2016, the Group and the Company have the following commitments:

- (a) Future minimum lease payments in respect of non-cancellable operating leases are as follows:

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
Within 1 year	4,051,985	5,230,552	41,580	41,580
Over 1 but within 5 years	1,724,548	4,216,452	63,823	105,403
	<u>5,776,533</u>	<u>9,447,004</u>	<u>105,403</u>	<u>146,983</u>

The Group leases a number of office premises under operating leases. The leases typically run for initial period of three to six years, with an option to renew the lease after that date.

- (b) Capital expenditure in respect of plant and equipment and intangible assets are as follows:

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
Contracted but not provided for	<u>205,622</u>	<u>1,058,479</u>	<u>–</u>	<u>–</u>

- (c) Under regulatory requirements, some of the subsidiaries are required to maintain sufficient capital to ensure that the relevant regulatory limits as set out by the authorities are complied with. The Company has commitment to contribute additional capital as and when the subsidiaries' capital fall below the relevant regulatory limits.

## 27 Related Parties

### Key management personnel compensation

Compensation paid or payable to key management personnel comprise:

	Group	
	2016 \$	2015 \$
Fees to Non-Executive and Independent Directors	349,693	350,110
Remuneration paid or payable to key management personnel		
- short-term employment benefits	3,595,726	3,448,762
- employers' contribution to defined contribution plans	270,306	216,361
- share-based payment	<u>823,050</u>	<u>521,867</u>

The Directors and other key management personnel also participate in the Company's Share Option Schemes and Performance Share Plan. In 2016, no share option was granted to Directors and other key management personnel (2015: Nil). The number of performance shares granted to Directors and other key management personnel was 699,300 performance shares (2015: 754,300 performance shares). The number of those share options outstanding and performance shares to be vested as at 31 December 2016 was 2,992,764 share options (2015: 4,401,500 share options) and 1,480,300 performance shares (2015: 754,300) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## 27 Related Parties (continued)

### *Other related party transactions*

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	Group	
	2016	2015
	\$	\$
Service fee charged to:		
- Associates	180,933	–
Service fee charged to:		
- Associates	244,363	91,433

## 28 Subsequent Event

On 11 January 2017, the Company acquired 100% shares in Canadian Financial Consultants Limited ("CFC") for cash consideration of HK\$5.2 million (equivalent to S\$1.0 million). CFC is principally engaged in insurance brokerage in Hong Kong. It is a member of the Hong Kong Confederation of Insurance Brokers and registered with the Mandatory Provident Fund Authority of Hong Kong ("MPF") to act as an MPF principal intermediary. The acquisition allows the Group to conduct insurance brokerage activities in Hong Kong. The purchase price allocation in connection with the acquisition of CFC has not been finalised as at the date of the financial statements.

# ANALYSIS OF SHAREHOLDINGS

## iFAST CORPORATION LTD.

### STATISTICS OF SHAREHOLDERS AS AT 6 MARCH 2017

Total Number of Issued Shares	-	264,971,615
Total Number of Issued Shares (excluding Treasury Shares)	-	262,838,015
Number of Treasury Shares	-	2,133,600
Class of Shares	-	Ordinary shares
Voting Rights	-	One Vote per share
The Company cannot exercise any voting rights in respect of ordinary shares held by it as treasury shares.		

### DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings*
1 – 99	6	0.53	191	0.00
100 – 1,000	141	12.59	122,589	0.05
1,001 – 10,000	621	55.45	2,898,556	1.10
10,001 – 1,000,000	321	28.66	29,578,282	11.25
1,000,001 and above	31	2.77	230,238,397	87.60
	1,120	100.00	262,838,015	100.00

### LIST OF TWENTY LARGEST SHAREHOLDERS

(as shown in the Register of Members)

No.	Name of Shareholder	No. of Shares	% of Shareholdings*
1	LIM CHUNG CHUN	45,216,164	17.20
2	SPH ASIAONE LTD	40,680,642	15.48
3	CITIBANK NOMINEES SINGAPORE PTE LTD	20,335,880	7.74
4	DBS NOMINEES PTE LTD	19,856,094	7.55
5	LIM WEE KIAN	16,845,420	6.41
6	OCBC SECURITIES PRIVATE LTD	10,405,100	3.96
7	HSBC (SINGAPORE) NOMINEES PTE LTD	9,931,100	3.78
8	RHB BANK NOMINEES PTE LTD	8,000,000	3.04
9	DBSN SERVICES PTE LTD	6,625,700	2.52
10	RAFFLES NOMINEES (PTE) LTD	6,341,900	2.41
11	BNP PARIBAS SECURITIES SERVICES	4,370,000	1.66
12	KNG LAY HOON DONNA	4,234,408	1.61
13	VIVIAN CHEONG MEI LIN	4,211,762	1.60
14	ACCRETION INVESTMENTS PTE LTD	4,201,458	1.60
15	HO CHOON LENG PATRICK	3,725,000	1.42
16	FOO SIANG GUAN	2,828,400	1.08
17	MAYBANK KIM ENG SECURITIES PTE LTD	2,184,470	0.83
18	WONG SOON SHYAN	2,134,750	0.81
19	WONG SOO HOW	2,048,712	0.78
20	QUEK SUAN KIAT	1,880,750	0.72
<b>TOTAL</b>		<b>216,057,710</b>	<b>82.20</b>

\* Percentages are calculated based on the total number of issued shares (excluding treasury shares) of the Company as at 6 March 2017.

# ANALYSIS OF SHAREHOLDINGS

## SUBSTANTIAL SHAREHOLDERS AS AT 6 MARCH 2017 (as shown in the Register of Substantial Shareholders)

Name of Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%*	No. of Shares	%*
Lim Chung Chun <sup>(1)</sup>	45,216,164	17.20	13,299,380	5.06
Neo Lay Kien <sup>(2)</sup>	1,097,922	0.42	53,216,164	20.25
Lim Wee Kian <sup>(3)</sup>	16,845,420	6.41	3,031,800	1.15
SPH AsiaOne Ltd <sup>(4)</sup>	40,680,642	15.48	-	-
Singapore Press Holdings Limited <sup>(4)</sup>	-	-	40,680,642	15.48

Notes:

<sup>(1)</sup> Mr Lim Chung Chun is deemed interested in the shares held by Accretion Investments Pte Ltd, RHB Bank Nominees Pte Ltd and his spouse, Mdm Neo Lay Kien.

<sup>(2)</sup> Mdm Neo Lay Kien is deemed interested in the shares held by RHB Bank Nominees Pte Ltd and her spouse, Mr Lim Chung Chun.

<sup>(3)</sup> Mr Lim Wee Kian is deemed interested in the shares held by DBS Nominees (Private) Ltd.

<sup>(4)</sup> SPH AsiaOne Ltd ("SPH Asiaone") is a wholly-owned subsidiary of Singapore Press Holdings Limited ("SPH"). Accordingly, SPH is deemed to be interested in the shares held by SPH AsiaOne.

\* Percentages are calculated based on the total number of issued shares (excluding treasury shares) of the Company as at 6 March 2017.

## TREASURY SHARES

Number of ordinary shares purchased and held in treasury shares as at 6 March 2017: 2,133,600

Percentage of such holding against the total number of issued ordinary shares (excluding treasury shares): 0.8118%

## COMPLIANCE WITH RULE 723 OF THE SGX-ST LISTING MANUAL

Based on the information available to the Company as at 6 March 2017, approximately 47.19%\* of the issued shares of the Company are held by the public. Therefore, the Company is in compliance with Rule 723 of the SGX-ST Listing Manual.

\* Percentages are calculated based on the total number of issued shares (excluding treasury shares) of the Company as at 6 March 2017.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("AGM") of the Company will be held at 10 Collyer Quay, #26-01, Ocean Financial Centre, Singapore 049315 on Tuesday, 11 April 2017 at 4.30 p.m., for the purpose of transacting the following businesses:

## As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect Mr Lim Wee Kian who is retiring by rotation pursuant to Article 89 of the Constitution of the Company. *(See Explanatory Note 1)* **(Resolution 2)**
3. To re-elect Mr Yao Chih Matthias who is retiring by rotation pursuant to Article 89 of the Constitution of the Company. *(See Explanatory Note 2)* **(Resolution 3)**
4. To re-elect Mr Kok Chee Wai who is retiring by rotation pursuant to Article 89 of the Constitution of the Company. *(See Explanatory Note 3)* **(Resolution 4)**
5. To approve a tax exempt (one-tier) final dividend of 0.75 cents per ordinary share for the financial year ended 31 December 2016. **(Resolution 5)**
6. To approve the payment of Directors' fees of \$414,700 to the Non-Executive Directors (including Independent Directors) for the financial year ending 31 December 2017. \$319,000 will be paid in cash on a quarterly basis and \$95,700 will be paid by issuance of equivalent shares to the Non-Executive Directors (including Independent Directors) with the number of shares rounded up to the nearest hundred. *(See Explanatory Note 4)* **(Resolution 6)**
7. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**
8. To transact any other ordinary business which may be properly transacted at an AGM.

## As Special Business

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. Authority to issue shares **(Resolution 8)**

"That, pursuant to Section 161 of the Companies Act, Chapter 50 (the "Companies Act") and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

  - (a) (i) issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or

# NOTICE OF ANNUAL GENERAL MEETING

- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:
  - (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.
  - (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for:
    - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
    - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
  - (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
  - (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier." (See *Explanatory Note 5*)

10. Proposed renewal of the Share Buy Back Mandate

(Resolution 9)

"That: -

- (a) for the purposes of Section 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
  - (i) on-market purchase(s) on the SGX-ST; and/or
  - (ii) off-market purchase(s) is effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

And otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buy Back Mandate");

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
  - (i) the date on which the next AGM of the Company is held or required by law to be held;
  - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buy Back Mandate are carried out to the full extent mandated;
  - (iii) the date on which the authority conferred by the Share Buy Back Mandate is varied or revoked by Shareholders in general meeting;
- (c) in this Resolution:

"Maximum Percentage" means the number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date);

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an off-market purchase of a Share, 120% of the Average Closing Price of the Shares;



# NOTICE OF ANNUAL GENERAL MEETING

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

"Date of the making of the offer" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the off-market purchase;

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution." (See *Explanatory Note 6*)

## BY ORDER OF THE BOARD

Chan Lai Yin  
Lee Pay Lee  
Company Secretaries

Singapore, 27 March 2017

## Explanatory Notes on Businesses to be Transacted

1. Mr Lim Wee Kian is a Non-Executive Director of the Company. The detailed information of Mr Lim Wee Kian can be found under Board of Directors section of the Company's Annual Report. Mr Lim Wee Kian is a brother of Mr Lim Wee Kiong, the Managing Director of Platform Services Singapore and Director of iFAST Financial Pte Ltd, a subsidiary of the Company. Save as aforesaid, there are no relationships (including immediate family relationships) between Mr Lim Wee Kian and the other Directors and the Company or its 10% shareholders.
2. Mr Yao Chih Matthias, if re-elected, will remain as Chairman of Board Risk Committee and Remuneration Committee, and member of Audit Committee of the Company. Mr Yao Chih Matthias will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. The detailed information of Mr Yao Chih Matthias can be found under Board of Directors section of the Company's Annual Report. There are no relationships (including immediate family relationships) between Mr Yao Chih Matthias and the other Directors and the Company or its 10% shareholders.
3. Mr Kok Chee Wai, if re-elected, will remain as Chairman of Nominating Committee, and a member of Remuneration Committee and Audit Committee of the Company. Mr Kok Chee Wai will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. The detailed information of Mr Kok Chee Wai can be found under Board of Directors section of the Company's Annual Report. There are no relationships (including immediate family relationships) between Mr Kok Chee Wai and the other Directors and the Company or its 10% shareholders.
4. Subject to the approval of Ordinary Resolution No. 6, the share awards will be granted to all Non-Executive Directors on 1 May 2017 as part of their Directors' fees subject to vesting conditions of approximately one-third of the share awards will be vested after 2 years from date of grant and the remaining approximately two-third of the share awards will be vested after 3 years from date of grant. The actual number of shares to be awarded will be determined by reference to the average closing price of shares for 5 consecutive market days immediately prior to the date of award.
5. The Ordinary Resolution No. 8 proposed in Item 9, if passed, will empower the Directors from the date of the above Meeting until the date of the next AGM, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares of the Company. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued will not exceed twenty per cent. (20%) of Company's total number of issued shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instrument made or granted under this authority.
6. The Ordinary Resolution No. 9 proposed in Item 10 proposed to give the Company the flexibility to undertake buy backs of the Shares at any time, subject to market conditions, during the period when the Share Buy Back Mandate is in force. A Share Buy Back at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Further, amongst others, a Share Buy Back provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The Directors also expect that Share Buy Backs may also help mitigate against short term volatility of share price, offset the effects of short term speculation and bolster Shareholders' confidence. Share Buy Backs will also facilitate employees' share schemes and allow the Directors greater control over the Company's share capital structure, dividend payout and cash reserves.

# NOTICE OF ANNUAL GENERAL MEETING

The buy back of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or NAV per Share of the Company and the Group, and will only be made when the Directors believe that such buy back would benefit the Company and its Shareholders.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy Back Mandate via on-market purchases or off-market purchases will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position of the Company. Please refer to the Appendix to this Notice of AGM for details.

For the foregoing reasons, the Directors seek to renew the Share Buy Back Mandate, which was first approved by Shareholders at the Extraordinary General Meeting held on 21 October 2014 and last renewed at the 2015 AGM held on 8 April 2016.

## Notes

- i. A member is entitled to attend and vote at this meeting and may appoint not more than two proxies to attend and vote in his stead.
- ii. Where a member appoints two proxies, he/she should specify the proportion of his/her shareholding to be represented by each proxy, failing which the nomination shall be deemed to be alternative.
- iii. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- iv. A proxy need not be a member of the Company.
  - v. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.
  - vi. The instrument appointing a proxy must be deposited at the registered office of the Company at 10 Collyer Quay, #26-01, Ocean Financial Centre Singapore 049315 not less than 48 hours before the time appointed for holding the meeting.

## **BOOKS CLOSURE DATE**

Subject to shareholders' approval at the AGM, the Register of Members and Share Transfer Books of the Company will be closed on 21 April 2017, for the purpose of determining Members' entitlements to a tax exempt (one-tier) final dividend of 0.75 cents per ordinary share for the financial year ended 31 December 2016, to be proposed at the AGM of the Company to be held on 11 April 2017 (the "Proposed Final Dividend").

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #02-00, Singapore 068898 by 5.00 p.m. on 20 April 2017 will be registered to determine Members' entitlements to the Proposed Final Dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares of the Company as at 5.00 p.m. on 20 April 2017 will be entitled to the Proposed Final Dividend.

The Proposed Final Dividend, if approved at the AGM, will be paid on 3 May 2017.

## **PERSONAL DATA PRIVACY**

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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# PROXY FORM

**iFAST**
**iFAST CORPORATION LTD.**

 Registration Number: 200007899C  
 (Incorporated in Singapore)

**IMPORTANT**

- For investors who have used their CPF monies to buy shares of iFAST Corporation Ltd., the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY. CPF investors who wish to vote should contact their CPF Approved Nominees.
- This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- Personal Data Privacy**  
By submitting an instrument appointing a proxy (ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 27 March 2017.

\*I/We \_\_\_\_\_ of

being \*a member/members of iFAST Corporation Ltd. (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

\*and/or

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or failing him/her, the Chairman of the Annual General Meeting as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 10 Collyer Quay, #26-01, Ocean Financial Centre Singapore 049315 on Tuesday, 11 April 2017 at 4.30 p.m. and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the \*proxy/proxies will vote or abstain from voting at \*his/their discretion.

No.	Ordinary Resolutions	Number of Votes For**	Number of Votes Against**
1.	To receive and adopt the Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 December 2016.		
2.	To re-elect Mr Lim Wee Kian as Director.		
3.	To re-elect Mr Yao Chih Matthias as Director.		
4.	To re-elect Mr Kok Chee Wai as Director.		
5.	To approve a tax exempt (one-tier) final dividend.		
6.	To approve the payment of Directors' fees for the financial year ending 31 December 2017.		
7.	To re-appoint Messrs KPMG LLP as Auditors and to authorise the Directors to fix their remuneration.		
8.	To authorise the Directors to issue shares.		
9.	To approve the renewal of the Share Buy Back Mandate.		

\* Delete accordingly.

\*\* If you wish to exercise all your votes "For" or "Against," please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

**Total Number of Shares Held**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signature(s) of Member(s)/Common Seal

**IMPORTANT:** Please read notes overleaf

**Notes:**

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints two proxies, he/she should specify the proportion of his/her shareholding to be represented by each proxy, failing which the nomination shall be deemed to be alternative.
3. A member who is a relevant intermediary entitled to attend the Meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.  
"Relevant intermediary" means:
  - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

Fold along this line (1)

AFFIX  
STAMP

The Company Secretary  
**iFAST CORPORATION LTD.**  
10 Collyer Quay  
#26-01, Ocean Financial Centre  
Singapore 049315

Fold along this line (2)

5. The instrument appointing proxy or proxies must be deposited at the registered office of the Company at 10 Collyer Quay, #26-01, Ocean Financial Centre Singapore 049315 not later than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy and deposited at the registered office of the Company at 10 Collyer Quay, #26-01, Ocean Financial Centre Singapore 049315 not later than 48 hours before the time set for the Meeting, failing which the instrument may be treated as invalid.
8. A corporation which is a member of the Company may, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.
10. An investor who buys shares using CPF monies ("CPF Investors") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, if which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Lim Chung Chun, Chairman & Chief Executive Officer  
Yao Chih Matthias, Lead Independent Director  
Ling Peng Meng, Independent Director  
Kok Chee Wai, Independent Director  
Ng Loh Ken Peter, Independent Director  
Lim Wee Kian, Non-Executive Director  
Low Huan Ping, Non-Executive Director  
Kelvin Yip Hok Yin, Executive Director

## AUDIT COMMITTEE

Ng Loh Ken Peter, Chairman  
Yao Chih Matthias  
Kok Chee Wai

## BOARD RISK COMMITTEE

Yao Chih Matthias, Chairman  
Lim Chung Chun  
Ling Peng Meng  
Ng Loh Ken Peter  
Low Huan Ping

## NOMINATING COMMITTEE

Kok Chee Wai, Chairman  
Lim Chung Chun  
Ng Loh Ken Peter

## REMUNERATION COMMITTEE

Yao Chih Matthias, Chairman  
Ling Peng Meng  
Kok Chee Wai

## COMPANY SECRETARY

Chan Lai Yin (ACIS)  
Lee Pay Lee (ACIS)

## SHARE REGISTRAR

Tricor Barbinder Share Registration Services  
(A division of Tricor Singapore Pte Ltd)  
80 Robinson Road #02-00  
Singapore 068898

## AUDITORS

**KPMG LLP**  
16 Raffles Quay  
#22-00, Hong Leong Building  
Singapore 048581  
**Partner-in-charge:**  
Goh Kim Chuah  
Financial year appointed: 2015

## COMPLIANCE ADVISER

**Morgan Lewis Stamford LLC**  
10 Collyer Quay  
#27-00, Ocean Financial Centre  
Singapore 049315

## PRINCIPAL BANKERS

**DBS Bank Ltd.**  
12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

**Standard Chartered Bank**  
8 Marina Boulevard, #27-01  
Marina Bay Financial Centre Tower 1  
Singapore 018981

## REGISTERED OFFICE

10 Collyer Quay  
#26-01 Ocean Financial Centre  
Singapore 049315  
Tel: 6535 8033  
Fax: 6223 4839

## PLACE OF INCORPORATION

Singapore

## COMPANY REGISTRATION NO.

200007899C

## DATE OF INCORPORATION

11 September 2000

## INVESTOR RELATIONS

Email: [ir@ifastfinancial.com](mailto:ir@ifastfinancial.com)  
Website: [www.ifastcorp.com](http://www.ifastcorp.com)

## COUNTER NAME

SGX Code: AIY  
Bloomberg Code: IFAST\_SP\_Equity



# DISRUPTING WITH INNOVATION AND TRANSPARENCY

iFAST CORPORATION LTD.

Registration Number: 200007899C  
10 Collyer Quay #26-01, Ocean Financial Centre  
Singapore 049315