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ASX and Media Announcement

Fatfish Internet Group Ltd (ASX:FFG) to invest into Altairian Holdings Limited, UK based blockchain and cryptocurrency focussed fintech venture builder

- FFG will invest US\$ 250,000 into Altairian Holdings Limited, a UK based fintech venture builder that is planning to launch several financial service businesses that are regulated and dedicated to the blockchain and cryptocurrency space. In the first instance, it will launch a UK Financial Conduct Authority (FCA) regulated Asset Management Company (AMC) focussing on cryptocurrencies, and look to add further exposure in the space with digital currencies based Robo-advisors and Prime Brokerage businesses.
- AMC will initially offer its services in the UK as an Asset Manager in accordance with FCA guidelines, targeting professional investors seeking to invest in the cryptocurrency space, offering a range of passive, index-linked and active funds.
- FFG will invest US\$500,000 into the AMC's flagship fund, the "Global Currencies Fund"
- The investment places FFG amongst the vanguard of companies pioneering cryptocurrency transactions between institutional investors in the UK regulated environment.
- Altairian Holdings Limited is founded by Michael Collett (ex Lehman Bros., Merrill Lynch and Jefferies) and James Harris (ex Citigroup, Standard Chartered and Richard Chandler Corp.)

Investment into Altairian Holdings Limited

Fatfish Internet Group Ltd ("FFG" or "the Company") has entered into a legally binding term sheet to invest US\$250,000 (approximately A\$ 320,000) of seed capital into Altairian Holdings Limited ("AHL") which is a fintech venture builder company that set up businesses that aim to cater for the institutional acceptance and mainstream adoption of cryptocurrencies as an investible asset class in regulated environment. The founders are experienced UK-regulated financial service professionals who have previously worked at world-class banking institutions and are supported by a team of quantitative analysts and blockchain developers.

AHL is based in the UK, which gives it access to a buoyant fund management industry and a strong regulator in the UK Financial Conduct Authority (FCA).

The proposed transaction will see FFG and AHL enter into a joint venture arrangement. FFG will be issued with 12.5% of preference shares in AHL. Following issue of the preference shares, FFG will be entitled to appoint one director to AHL.

To fund this proposed investment the Company will seek to utilise existing cash reserves.

The investment in AHL is consistent with the Company's activities as an internet venture builder and fintech incubator with investments into the blockchain and cryptocurrency technology space, enabled by the recent appointment of Phillip Lord as the Director of Crypto Financial Markets and investment into Kryptos-X cryptocurrency exchange announced earlier.

The Proposed Operation of AHL and Regulatory Environment

The initial focus for AHL will be launching of a digital currency asset management company, which will be headquartered in the UK and regulated as an Asset Manager by the FCA (the “Asset Management Company”). The Asset Management Company will administer a Cayman registered offshore fund, “The Global Currencies Fund”, that will invest in fiat currencies and cryptocurrencies or listed businesses in the blockchain and digital currency technology space. AHL stresses that although cryptocurrencies themselves are unregulated, nor are their fiat counterparts, making the premise for its Global Currencies Fund valid and viable. The Asset Manager will follow all rules and guidelines imposed by the FCA and aims to be the world’s first regulated fund manager dedicated to the cryptocurrency asset class.

FFG will invest US\$500,000 into the “Global Currencies Fund” as its early investor and will be invested as per the terms of the offer documents of the fund.

In future, AHL and FFG both believe that the space will become increasingly regulated, requiring existing funds to regulate themselves and thus increasing barriers to entry. Providing a regulated avenue into cryptocurrency investment will remove the final restrictions on institutional money looking to invest. This provides the reason for being for the second subsidiary, which will facilitate the entry institutional investors by providing the tools for custody and prime brokerage.

AHL has obtained legal advice on the legal and regulatory requirements of establishing and operating a regulated fund in the UK. FFG has sought legal advice to confirm that there are no legal requirements in Australia that would prevent an Australian company from making an investment into a UK registered and regulated entity.

AHL confirms that it will continue to seek legal advice during the establishment of new subsidiary businesses and any entry into new jurisdictions.

FFG acknowledges that there has in the past been significant hacking and thefts of digital currencies and the exchanges they trade on. FFG and AHL adhere to the highest and most current standards and procedures to keep investor assets safe by investing in market-leading systems and expertise.

Cautionary Statement – Cryptocurrency Related Investments

FFG notes the following in relation to cryptocurrency investments:

- Investment into a cryptocurrencies is high risk in nature as cryptocurrencies are currently highly speculative
- The proposed investment into AHL has a number of risks factors, including but not limited to the following:
 - I. The development of new regulatory framework involving cryptocurrencies
 - II. The changing of regulatory environment in the UK and the US
 - III. Cryptocurrencies, cryptocurrency exchanges and its related topics of Initial Coin Offerings has raised legal and regulatory issues across multiple jurisdictions. A number of international regulators have issued guidance on the relevance of their existing securities and financial services laws with regards to ICOs that have underlying cryptographic tokens that are securities or investment in nature. The regulatory status of ICOs in some of these overseas jurisdictions is subject to potential changes and increasingly stringent regulatory oversight. For example:
 - ICOs have recently been ruled to be securities under US law and therefore are only able to be offered in the US in compliance with their securities laws;

- ICOs have been banned altogether in China and South Korea;
- in Singapore, Australia, Japan, Canada and elsewhere changes are being made to regulate. and
- in many countries cryptocurrencies are under anti-money laundering legislation and this could materially affect their value over time.

While the termsheet is binding, the completion of the investment is subject to the definitive agreement to be entered into between FFG and AHL.

Preparation for Commencing Operation: Asset Management Company

FFG notes that AHL, via it's soon to be launched subsidiary, the Asset Management Company, will be ready to offer professional investors (only) the ability to invest in a fund administered by a regulated asset manager. The firm expects to make its first trades and investments in February 2018, charging its investors a blend of management and performance fees.

Preparation for Commencing Operation: Prime Brokerage

For the Prime Brokerage business, there are several steps that must be successfully concluded first:

- Approval of a banking partner to settle the fiat legs of fiat/cryptocurrency transactions
- Approval by a UK/EU regulator to conduct Prime Brokerage services

The AHL team notes that the preparatory steps will commence immediately and should take approximately 12 months before the PB is ready to commence operation.

Use of Proceeds from the Proposed Investment

The proposed investment of US\$250,000 into AHL will be dispersed in December 2017 following the signing off of a definitive investment agreement between FFG and AHL. The proceeds from the proposed investment will be utilised by AHL in the following manners:

- i. 90% (US\$225,000) - incidental set-up cost to build up the operation of the Asset Management Company.
- ii. 10% (US\$25,000) - for working capital at AHL.

The use of the proceeds from the proposed investment will be subject to further adjustment and finalisation between FFG and AHL in the definitive investment agreement.

About the Founders of AHL

Michael Collett has 20 years experience of trading financial markets as a proprietary and institutional trader, having previously worked at banks such as Lehman Bros., Bank of America Merrill Lynch and Jefferies. During this time, he helped build sales and trading desks covering Global institutional clients. He is a fully qualified, chartered accountant by training. Mr Collett brings significant Global connections in the financial industry and is Chief Executive Officer and Head of Institutional Marketing.

James Harris has 15 years experience of trading and investing in financial markets, working at institutions such as Citigroup, Standard Chartered Bank and Richard Chandler Corp. James has managed several quantitative funds, both for his own company and as a carve out of hedge fund capital. Mr Harris brings significant investment and operational know-how and is Chief Investment Officer.

Bitcoin and other cryptocurrencies and blockchain based ventures are gaining traction in the financial services industry and their adoption across international

markets continues to rise rapidly as the benefits of the underlying technology are realized. The current major virtual/ cryptocurrencies (including Bitcoin, Ether, and LiteCoin) have an estimated daily trading volume of more than US\$20 billion currently, amounting to US\$7.3 trillion of trading volume annually. (source: data.bitcoinity.org). FFG and AHL expects this number to expand exponentially when institutional capital enters.

Developmental Team

AHL's day-to-day operation will be led by James Harris and it will initially have 5 employees to manage the offshore fund and develop the systems and process in AHL. The FFG team will be headed by FFG's CEO, Kin Wai Lau, and a team of 3 of other FFG employees.

Rationale for the Investment

The investments into AHL is inline with FFG's vision to be the leading technology venture investment and development firm that leads investment into disruptive technology space across consumer and business markets. The investment into AHL is a follow-on upstream investment that has synergies with the earlier announced investment into Kryptos-X cryptocurrency exchange.

About Fattfish Internet Group

Fatfish Internet Group Ltd ('FFG') is an international internet venture investment and development firm with presence across Southeast Asia, Australia and Europe. FFG partners with entrepreneurs to help them build and grow internet businesses via a co-entrepreneurship model.

FFG's co-entrepreneurship model seeks an active involvement from its investee companies, from seed funding through to exit. In parallel, FFG seeks to provide



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a collection of resources and expertise to support entrepreneurs in important areas such as business strategy, market access, talent recruitment, product development and corporate strategy.

FFG also offers corporate advisory services specializing in working with tech companies to bring to bear alternative funding and growth models for tech companies through Initial Public Offerings (IPOs) or capital market transactions via trade sales or Mergers & Acquisitions (M&A).

For further question on this release, please contact Investor Relations Team ir@fatfish.co or visit www.fatfish.co