iFAST CORPORATION LTD.
Company Registration No.: 200007899C
(Incorporated in the Republic of Singapore)

Q & A SESSION AT THE ANNUAL GENERAL MEETING OF iFAST CORPORATION LTD. HELD AT CINNAMON BALLROOM, LEVEL 5, NOVOTEL HOTEL SINGAPORE CLARKE QUAY, 177A RIVER VALLEY ROAD, SINGAPORE 179031 ON 16 APRIL 2019 AT 2.00 P.M.

Resolution 1 – Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 December 2018	
Question 1:	Mr VT, a shareholder referred to page 25 of the Annual Report and noted the various fees under breakdown of recurring net revenue with trailer fees contributing about 62% of the recurring net revenue. He sought clarification on the impact of trailer fees to the Company and the global trends considering regulators in Britain, Australia and The Netherlands have been clamping down on trailer fees, despite B2B trailer fees allowed in the 5 markets operated by the Group.
Reply:	The Chairman explained on trailer fee which is also known as commission which regulators viewed as payment in respect of the investment products. For unit trust, it is payment in the form of trailer fees while insurance products are in the form of commission. In certain countries such as British, Australia and The Netherlands, commissions earned by agents for sale of investment products are banned. Reason for the ban by regulators was due to conflict of interest for advisers to be paid commission by provider of the products recommended to clients. The Chairman explained that for countries that regulators have banned trailer fees, the platform has ceased charging trailer fee and imposed certain admin fee or platform fee on end clients. The Chairman commented that the investment volume through these platform has increased substantially. Reason being the change of regulations has impact on the commission from unit trust and insurance products. As a result, sale of unit trust has increased compared to insurance products as unit trust is a lower cost product. Hence, the overall volume of unit trust arising from investment advisory has increased. Secondly, overall flow of business through platform has increased substantially as buyers of financial products depended on platform. In Singapore, ban on commission by regulators may have a positive impact and benefit the industry as a whole.
Question 2:	Mr VT referred to the reduction of sales charge and wrap fees for CPF Investment Scheme ("CPFIS") introduced in the first phase affective 1 October 2018. He enquired about the impact on the Company in terms of sales.
Reply:	The Chairman explained that the wrap fee chargeable by advisors under CPFIS in respect of cash payment has been reduced from 1% to 0.7% and will be reduced further to 0.4% by October 2020. It seems that the message from CPF is to impose less fees for transactions via CPFIS. Overall, the revenue stream remains. However, the revenue earned by all 3 parties namely the fund manager, platform and advisor would be less than previously. The negative impact would be most experienced directly by financial advisors while the platform and fund manager would also earn less fee. Part of the impact from the change in the said regulation was noted in the financial results for 4Q2018 while the full impact would be observed next year. The Chairman replied that there will be reduction in the fees in the overall but the reduction is manageable over time. The reduction will not have a negative impact to the Company. The Chairman further clarified on the various charges. For Fundsupermart ("FSM"), as at to-date, it does not impose sales charge. Overall, there is no negative impact for FSM. B2B may experience some negative impact. Overall, he does not expect major impact to the revenue stream for the Group.

Resolution 1 – Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 December 2018	
Question 3:	Mr VT noted that Net Interest Income had increased from 2.6% in 2018 to 6.7% in 2019 and the target AUA of S$100 billion by 2028. He would like to obtain the Company's comment on the Net Interest Income growth trajectory as AUA increases. He further enquired on the strict use of cash in the account.
Reply:	The Chairman mentioned that the percentage contribution from Net Interest Income had increased over the years. The reasons of increase of Net Interest Income in 2018 were mainly due to: 1. Since the start of stockbroking business, the amount of cash in the cash account has increased. 2. With low interest rate offered in the market while the Company negotiated higher interest rates on institution basis and it is passed to end investors with higher Net Interest Income compared to bank savings account, the Company is able to maintain Net Interest Income for itself. Going forward, when the Company continues to grow from wealth management platform and contribution from stocks and ETF, the percentage of contribution will increase. He further replied that the money in the trust account can only be placed as deposits in licensed bank.
Question 4:	In respect to AUA target of S$100 billion by 2028, Mr VT enquired whether such target is too ambitious considering the margin trend has been increasing over the years. Probably due to economy of scale from synergy of cost. He enquired about the CAGR to profit.
Reply:	The Chairman shared that the target of S$100 billion AUA has been communicated with shareholders. As compared with other successful platform such as Hargreaves Lansdown with positive profit margin approximately 60%, the ratio of the Company is relatively less mainly due to smaller AUA of the Company. However, the Company aims to be more efficient to earn higher profit margin. In terms of profit margin target, the Company could not give guidance. If execute well, the CAGR for profit margin should be better than CAGR for AUA for next 5 to 10 years.
Question 5:	Mr VT enquired about strategy update in China and update in terms of people with qualification, regulatory compliance and risk management in iFAST China. He also enquired about timeline to breakeven as CAPEX has been increasing over time.
Reply:	The Chairman replied that progression has not been much relative as to what the Group believes can be done. The China regulator has indication there is introduction of financial advisory similar to Singapore. The Company is looking forward to regulatory changes in China that will improve the overall regulatory environment with gradual progress. In reply to enquiry of Mr VT, the Chairman replied that it is difficult to pin down the exact number of years for iFAST China to breakeven. iFAST China has not reached a breakthrough for the right momentum yet. However, the Company hopes to breakeven in a shorter time.

Resolution 1 – Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 December 2018	
Question 6:	Mr VT referred to page 150 on the segment information relating to CAPEX. He enquired about the reason for 15 times increase in CAPEX in Hong Kong for 2018 compared with year 2017.
Reply:	The Chairman noted that Mr VT referred to CAPEX increase from S$137,000 to S$2 million. The Chairman concurred that CAPEX for past few years have been increasing. However, reviewing the CAPEX based on segmental information would be misleading for individual country. Based on the announcement released prior to AGM, the forecasted CAPEX for 2019 will be S$10.5 million. The increase for Hong Kong was due to investment for development such as investment in virtual banking in Hong Kong. For the Group as a whole, the CAPEX figure relates to 4 markets and it has increased due to the Group continuously strengthen the Fintech capability of our investment platforms.
Question 7:	Mr M referred to page 23 relating to AUA breakdown and enquired whether the Company is able to provide AUA breakdown by business divisions, markets and products in terms of revenue in the future to enable shareholders to understand the Company's growth. After explanation by the Chairman, Mr M concurred with the Chairman that the current disclosure is considered good.
Reply:	The Chairman explained that currently the Company has given AUA breakdown by business division, products, and markets. The key charts also provide the breakdown of recurring and non-recurring net revenue; and the breakdown of recurring net revenue by nature such as platform fee, trailer fee, wrap fee and net interest income. For competitive reason, breakdown in terms of revenue has not been disclosed yet. Over time, Company will consider providing more disclosures in the Annual Report.
Question 8:	Mr M referred to page 131 of the Annual Report. He noted that the Chairman mentioned in its Statement that India has good growth. He sought clarification on the equity interest held by the Company in the India associate Company which the front part of the Annual Report mentioned 19.3% effective interest while another part indicated 24.98% interest. He enquired about the reason for not buying the shares in iFAST India sooner than later if there is good growth in India.
Reply:	Mr Leung Fung Yat David referred to page 131 of the Annual Report and explained the organization structure of iFAST India Holdings Pte. Ltd.. The Company holds 24.98% interest as at December 2018 in iFAST India Holdings Pte Ltd, an investment-holding company which owns iFAST India Investments Pte Ltd, a Singapore-incorporated company, which in turn owns a 77.39% stake of iFAST Financial India Pvt Ltd, an India-incorporated company. Hence, the Company's effective interest in iFAST Financial India Pvt Ltd is 19.3%. The Chairman replied that the Company is in the process of increasing its stake in iFAST India Holdings Pte Ltd. The Company has increased its equity interest in iFAST India Holdings Pte Ltd from 24.98% to 30.96% as disclosed in the announcement released on 8 April 2019.

Resolution 1 – Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 December 2018	
Question 9:	Mr M noted that the financial statements of associate company is presented in aggregate. He enquired whether the financial statements of iFAST India Holdings Pte. Ltd. could be disclosed separately from other associates.
Reply:	The Chairman replied when the contribution from iFAST India Holdings Pte. Ltd. grows and become substantial, there will be separate disclosure. The Chairman informed that the significant contribution from associates for FY2018 was contributed from a FA firm, Providend Holding Pte. Ltd. with an one-off gain recognized.
Question 10:	Mr M referred to page 150 of the Annual Report and enquired the factors that help iFAST Hong Kong increasing its AUA, profitability and revenue in 2018.
Reply:	The Chairman explained that profitability of iFAST Hong Kong has increased in 2018 but margin was not as high. While revenue increases in 2018, from the perspective of bottom line, profit margin increases from a low base in 2017. In terms of platform business, there was a good increase of revenue in different areas such as bond, unit trust or ETF. In terms of nature of revenue, there was an increase from contribution of Net Interest Income.
Question 11:	Mr M noted that there was mentioned on the growth of B2C in China. He enquired about the growth of B2B. Further to the Chairman's explanation, Mr M further noted the key focus of China mentioned in Page 16 of the Annual Report.
Reply:	The Chairman shared that the business in China is mostly focused on B2B with the primary business strategy in China is B2B. The Chairman clarified on B2B2C which the business is B2B while empowering partners with digital technology.
Question 12:	Mr W noted that the Company failed to obtain the virtual banking license in Hong Kong despite the Company had obtained S$37 million loan which is not a requirement from the regulator. He also noted that the Company is recruiting staff for virtual banking in Hong Kong. He would like to seek clarification on the progress of virtual banking license application.
Reply:	The Chairman explained that the reason for the action taken is to demonstrate to Hong Kong Monetary Authority the Company's commitment and readiness to be a virtual bank. There are a lot of requirements that need to be complied in order to obtain the virtual banking license such as appointment of 2 independent audit firms for AML assessment and IT systems which the Company has done. The Chairman believed at that point that the Company had a decent chance to obtain the 1st batch of virtual banking license. The Company will continue to pursue it despite the cost incurred but it is worth spending as it is the right move.

Resolution 1 – Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 December 2018	
Question 13:	Mr T enquired about breakdown of stock & ETF trades under FSM on 3 markets for retail investors, namely trading in Singapore, Hong Kong and U.S.A. markets. He further enquired on the plan to link with other exchanges to enable Singapore investors to invest in overseas market such as Thailand and Taiwan.
Reply:	Mr Goh Bing Yuan shared the statistics as follow: - Approximately 40% from Singapore markets; - Approximately 40% from U.S.A. markets; and - Approximately 20% from Hong Kong markets. The Chairman explained that generally, the Company expects to broaden the markets for trading but it depends on the demand for each market. He highlighted on the difference between trading online and B2B business which required certain configuration. The number of markets may expand and it will most probably be Shenzhen Stock connect and London which there is a demand for ETF. The Company will review the situation for smaller market.
Question 14:	Mr T suggested for the Company to consider share margin financing and bond financing that could help clients optimize its investment while enhancing dividend yield and investment returns. Hence, AUA will be less reliance on unit trust considering AUA via unit trust is approximately 70% of AUA.
Reply:	The Chairman replied that the highest contribution is derived from unit trust that is the core business while contribution from other area is growing such as stocks and bonds in terms of AUA. He expects these areas will continue to grow without share margin financing. The Chairman thanked Mr T for his suggestion. Management will conduct further study on share margin financing.
Question 15:	Mr L provided some suggestions to the Company in relation to the FSM platform. He hopes the chart center could show volatility overtime while bond express allow cut in small tranches for retail investors. Mr L was of the opinion that the corporate tranches has room to be competitive but the fee structure for corporate tranches was on the high side as the fee for bond express and corporate tranches are the same.
Reply:	The Chairman appreciated his suggestions. The Management will review the pricing structure from time to time. Bondsupermart model has tremendous opportunity for growth. He expects the platform to make significant impact in the bond market.
Question 16:	Mr MO enquired on disclosure in the financial statements relating to investment in bond express.
Reply:	Mr Leung Fung Yat David referred to page 132 of the Annual Report under note 9 - Other Investments. Mr Leung Fung Yat David explained that the bond bought was indicated as debt investments under current financial asset at FVTPL. The amount of inventory for bond held by the Company as at 31 December 2018 was approximately S$5 million.
Question 17:	Mr VC enquired whether the Company will offer more range of products such as insurance products or insurance division in the future.
Reply:	The Chairman replied that the Company is in the process of exploring more ways to improve the products and services in the insurance business even through the contribution currently are not substantial. The Company is seeking for the formula to ensure the business is meaningful with focus on more simple products in terms of protection and less costly for consumers.

Resolution 11 – Proposed Renewal of the Share Buy Back Mandate	
Question 1:	Mr T enquired the following: 1. Considerations when the Company exercise share buy back; 2. Reference to page 92 of the Annual Report regarding iFAST China 2017 Employee Share Option Scheme (“ESOS”). He sought clarification on the setting of ESOS price in China; and 3. Imminence of listing of iFAST Hong Kong and the timeline.
Reply:	The Chairman replied that the Company will exercise share buy back when the share price is low. In reply to enquiry of setting of share price for iFAST China ESOS, the Chairman explained that iFAST Corporation Ltd and iFAST China are different entity and the number of shares in each entity is different. Business of iFAST China was started from scratch whereas iFAST Corporation Ltd was listed with well-established business. As business of iFAST China was started from scratch, the local Management need to be incentivized. Overall, the Group will continue to monitor the potential of shares dilution versus the need to incentivize employees. The Chairman apprised on the increasing need for Hong Kong and China business to be more integrated. Hong Kong business continues to be profitable and growing while China business is not ready. He was of the opinion that there is no definite timeline for listing of iFAST Hong Kong and it is not in the pipeline for the next 2 years. As to whether iFAST Hong Kong will be associates, the intention is for both iFAST Hong Kong and iFAST China to remain as subsidiary of the Company.