
**RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)
ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

Securities Investors Association (Singapore) (“SIAS”) had previously announced an initiative to review companies’ Annual Reports and raise relevant questions to help shareholders focus on important areas for discussion at the AGM, with the intention to improve the discussion, transparency and promotes better understanding of the company, while giving the company the opportunity to remove misconceptions and misunderstandings. iFAST Corporation Ltd. (“iFAST Corp” or the “Company”) was selected as one of the companies SIAS has addressed questions to and the Company has provided its replies in this announcement.

SIAS has focused on three main areas:

- (1) Business strategies
- (2) Risk management - Cybersecurity
- (3) Board composition

1. Would the board/management provide shareholders with better clarity on the following strategic matters? Specifically:

- (i) **Assets under administration (AUA):** In the financial year, the average AUA grew by 20% year-on-year but slipped to just \$8.05 billion as at 31 December 2018 due to the sharp sell-down of global financial markets in the last quarter of 2018. In FY2017, the growth in AUA was 24.3%. In the chairman’s message, it was disclosed that the group has set itself a target of \$100 billion in AUA by the end of 2028. From a base of \$8 billion as at 31 December 2018, a \$100 billion AUA target would require a compound annual growth rate (CAGR) of more than 28%. In the key market of Singapore, the target of \$35 billion means a CAGR of more than 20%.

What are the key milestones that the group needs to achieve to be on track to hit \$100 billion in AUA by 2028? For example, the key milestones/success factors may include the grant of a virtual banking licence, relaxation/liberalisation of allocation of investment funds in the mandatory provident funds in its key markets, inorganic growth/acquisitions.

The key milestones that need to be achieved include:

- 1) Having a comprehensive and integrated wealth management platform that efficiently handles the core investment asset classes in most markets that the Group operates in including in Singapore;
- 2) Having a Fintech ecosystem that continues to expand, with product range and services that continue to improve to suit market demand;
- 3) Having sufficient innovative Fintech services that allow the Group to differentiate its offering as a wealth management platform; and
- 4) Having market leadership positions in a number of key markets, such as Singapore, Hong Kong and Malaysia.

Factors such as the grant of a virtual banking licence will help with the 2028 target, though it's not a must. Inorganic growth & acquisitions are factors that the Group will be on the lookout for to further bolster the growth rates.

It is worth noting that since the listing of iFAST Corp in December 2014, we had shared with investors our vision of expanding the range and depth of our products and services. To a large extent, we have achieved that in a couple of markets including Singapore and Hong Kong, by adding bonds, stocks and ETFs, and discretionary portfolio management services in the last three to four years.

Given the tremendous size of Asia's wealth management industry and robust growth potential for a scalable Fintech platform, we believe the targets are achievable if we are able to execute well. However, we would like to remind investors that these targets do not constitute as forecasts or profit guidance.

(ii) Virtual Banking licence: What are the group's plans with regard to the virtual banking licence following the disappointment in Hong Kong? Are there other opportunities other than in Hong Kong for the group to acquire a virtual banking licence?

iFAST Corp: As mentioned in our 4Q2018 presentation slides, the Group is continuing to pursue the virtual banking licence application in Hong Kong. A virtual banking licence will potentially enhance the capability of our Fintech Ecosystem.

We also note that globally, there is a trend of more countries offering the opportunities to apply for virtual banking/challenger bank licenses. The Group may also be exploring such possibilities where it makes sense.

(iii) China: Is the group in direct competition with other financial-services products /investment products that are sold on popular social media platforms, like Yu'e Bao (余额宝), Lingqiantong (零钱通) and others?

iFAST Corp: Social media platforms such as Yu'e Bao (余额宝) and Lingqiantong (零钱通) operate on a business-to-consumer ("B2C") model, where financial-services products and investment products are sold directly to end-consumers.

iFAST Corp is aware of the intense competition in the B2C space in China, and has taken a different approach when we entered the China market back in 2016. Instead of entering the B2C space directly, we have two main strategies to grow our business with our B2B2C and the 'platform-cum-IFA incubator' strategies.

Our B2B strategy is focused on signing up companies that want to enter the wealth management sector by offering their clients with investment solutions. By empowering these B2B companies with B2C capabilities with the financial product and fintech solutions we have (which is what we call our B2B2C strategy), we enable these companies to focus on growing their AUA with their client base. We believe this strategy is more scalable as these B2B players can grow their business, while we tap on our experience at the Group level of providing the products and services capabilities, as well as developing innovative Fintech solutions, for them.

The "platform-cum-IFA incubator" strategy is one where we recruit and train our in-house team of wealth advisers who are able to construct holistic investment portfolios for their clients. In future, when the IFA framework is developed by the regulators, we would expect the in-house advisers to be the industry's leading Financial Advisers who can provide quality wealth management solutions to their clients.

In terms of product offerings, some of the B2C players focus mainly on money market funds, while iFAST China has continuously worked on increasing the range of fund house partners and funds available on its platform. As of 31 December 2018, there are more than 3,000 funds on our China's platform, including equity funds, balanced funds and other fixed income funds. In addition, iFAST China will be putting forth a Private Fund Management licence application. We believe that through a Private Fund Management license, iFAST China will be able to provide a complete financial advisory solution for investors and platform partners. With the Private Fund Management licence, iFAST China will also be able to issue Private Funds with discretionary mandate for sale to accredited investors.

2. As a fintech company, the group recognises that cybersecurity is a key risk to the group and has identified cybersecurity as the most critical risk with the highest materiality impact to the group (page 43).

The company has disclosed that it has a dedicated “Tech Risk” department, responsible to coordinate the development and maintain the information security policies and standards.

As disclosed in its Sustainability report, during FY2018, the group undertook various initiatives to strengthen its cyber defenses, readiness and response, which include but not limited to vulnerability assessment, penetration testing, email phishing simulation exercises, security induction for new employees and disaster recovery exercises affecting our computing systems.

(i) Can the company help shareholders understand the size and technical expertise of its Tech Risk department?

iFAST Corp: The Technology Risk (“Tech Risk”) team is led by a manager with 14 years of experience, and he is supported by Tech Risk analysts, iFAST technology specialists and external vendors/partners. Our technology colleagues hold industry designations such as Certified Information Systems Auditor, Certified Ethical Hacker, Certified Hacking Forensic Investigators, Certified in the Governance of Enterprise IT, Certified Information Systems Security Professional, Lead Auditor Certification, etc.

(ii) How much is the group investing in its cybersecurity functions annually?

iFAST Corp: In FY2018, our spending in cybersecurity was more than \$1 million. We will continue to invest in cybersecurity, to enhance our technology related risk management capability where needed.

(iii) How does the board, especially the non-executive directors, provide effective oversight of the group’s cyber security risks?

iFAST Corp: The Board regularly reviews the efforts and initiatives undertaken by the Management in addressing cybersecurity risks, including work done by the Management Risk Committee and Tech Risk team. The Board also provides effective oversight of the Group's cybersecurity risks through the co-ordinated work of its Board Risk Committee (“BRC”) and Audit Committee (“AC”). The BRC regularly assesses existing and new cyber threats that may impact the group's businesses, and requires management to take and report on appropriate defence measures. The AC directs internal audits on cybersecurity and ensures that audit observations are promptly addressed. Non-executive directors chair, and form the majority in, both committees. Several non-executive directors are members of both committees. This ensures a close workflow between risk identification, assessment, management, threat response, and corrective actions.

(iv) Has there been any cybersecurity breaches to the group's systems?

iFAST Corp: No, there were no cybersecurity breaches to the Group's systems.

(v) How thorough is the group's business continuity plan? In the unfortunate event of a breach or data privacy violation, how well trained is the group in minimizing the fall-out? Does the group have a "Crisis communication" plan to update its customers in a timely manner?

iFAST Corp: The business continuity plan ("BCP") is reviewed and updated annually with involvement from various business units to make sure that the BCP is aligned with our business growth. Every year, iFAST conducts exercises and drills to tackle cyber risk and other risks to ensure employees are trained for BCP or cyber risk scenarios.

The Company has in place a crisis communication plan that involves the relevant stakeholders internally, ranging from the Corporate Communications team to the Senior Management team, and the relevant business units. Depending on the issues and their severity, the internal stakeholders will decide on the appropriate measures to be made, including the communications to be made and the effective communication channels to be used. The Group is guided by its emphasis on being transparent in its information dissemination to investors, shareholders and clients.

3. In the financial year, the board composition was changed following the retirement of Mr. Ling Peng Meng (independent director) and Mr. Low Huan Ping (non-executive director) on 18 April 2018 following the conclusion of the AGM.

New directors were appointed to the board, namely:

- **Mr Goh Bing Yuan was appointed as a Director on 2 January 2018 and as a member of the BRC on 2 May 2018.**
- **Mr Toh Teng Peow David was appointed as a Director on 18 April 2018 and as a member of the BRC and RC on 2 May 2018.**
- **Ms Janice Wu Sung Sung was appointed as a Director on 18 April 2018 and as a member of the AC on 2 May 2018.**

The nominating committee (NC) has stated that it will "consider recommendations for new Directors, review their qualifications and meet with such candidates, before a decision is made on a selection." (page 71)

(i) Can the NC elaborate further on its search and nomination process for directors, especially independent directors?

iFAST Corp: The NC has a process for the appointment of new Directors whereby the NC first evaluates the skillset of the existing Directors (other than those who are retiring) to identify any gap in the skills and expertise of the remaining Directors. When sourcing for, and assessing potential candidates, the NC, in addition to the "fit and proper criteria", will consider the candidate's track record, age, experience, and capabilities. The criteria for identifying candidates and reviewing nominations for appointments will include also gender and other forms of diversity.

The NC presently taps on the industry information (including Singapore Institute of Directors), long-term and substantial investors (e.g. Singapore Press Holdings Limited) and personal contacts of current directors and senior management for recommendation of prospective candidates.

- (ii) **Has the NC evaluated the benefits of using a professional search firm to cast its net wider so as to potentially improve the quality and diversity of its candidate pool?**

iFAST Corp: The NC recognises the merits in using a professional search firm, where appropriate, and balances this with the cost involved.

The group is a leading edge wealth management financial technology platform, pushing boundaries and disrupting traditional financial services firm in its key markets.

- (iii) **How equipped is the board in providing entrepreneurial leadership to management? Would the board benefit from directors, especially independent directors, who have direct hands-on experience such as founding a start-up, cybersecurity, scaling a global business, securities trading, financial product distribution, pension fund, online user experience, social media etc?**

iFAST Corp: Each Board member brings independent judgement, diverse 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 with their pattern-recognition skills. This is beneficial to the Company and management as deliberations by the Board will be enriched by a broad range of views and perspectives of the Directors. The NC will continue to review the board composition to ensure that it has the right mix of directors with entrepreneurial leadership even as the directors (including independent directors) discharge their roles in maintaining high standards of corporate governance.

By Order of the Board

Lim Chung Chun
Chairman / Chief Executive Officer

16 April 2019