

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 10 COLLYER QUAY, #26-01, OCEAN FINANCIAL CENTRE, SINGAPORE 049315 ON MONDAY, 27 APRIL 2020 AT 10.00 A.M. BY ELECTRONIC MEANS THROUGH LIVE WEBCAST VIA AUDIO-VISUAL OR AUDIO-ONLY

Questions pre-submitted by shareholders	
Question 1:	May I know when IFAST target to launch additional individual stock investment using CPF and SRS savings through FSMOne? I believe many IFAST shareholders are eagerly waiting to invest using CPF and SRS savings through FSMOne now that the market has fallen to a more attractive level.
Reply:	The Chairman invited Mr Jean Paul Wong, General Manager of Fundsupermart Singapore, to address the question. Mr Jean Paul Wong informed that the Company is currently working on the project to allow both its clients on FSMOne and the B2B platform to be able to utilise their CPF and SRS to trade in stocks and ETFs. Clients can expect the launch soon as the Company acknowledges the importance for clients to be able to trade in stocks and ETFs using their CPF and SRS to build their portfolio.
Question 2:	When would FSM SGP consider adding retail bonds to the trading platform? If the reason for not doing so is the perceived cannibalizing of Bond Express and your wholesale bond business, I would like to offer an alternative view: retail bonds are a different sub-segment and do not directly complete. In fact, it can bring in incremental customers and add to your business. If I may use an analogy, it is like not wanting to carry Ben & Jerry's (retail bonds) because you want to sell Haagen-Dazs (wholesale bonds). Those who like Ben & Jerry's will simply go elsewhere. Unlike fast food chains which have to choose between Coke and Pepsi due to business term constraints, I don't think FSM faces this issue. By carrying both brands (sub-segments), you are simply doing what supermarkets and convenience stores know is the optimal thing to do to capture both sets of customers.
Reply:	Mr Jean Paul Wong clarified that investors can trade in retail bonds available in the market on FSMOne. Beside retail bonds, accredited investors can also trade in selected wholesale bonds via the Bond Express service with a lower investment amount of S\$5,000 instead of the usual S\$250,000. The Company recognised that bond is an interesting asset class for investors to consider adding to their portfolio, and therefore offers various alternatives for clients to invest in bonds. Besides FSMOne, the Company also offers bonds on its B2B platform for wealth advisers to offer to their clients. At the Group level, bond investments are also available in Hong Kong and Malaysia. Investors can visit the Bondsupermart.com website for more information and research content relating to bonds. The Chairman added that the reason why this question was raised is because there seems to be very few retail bonds in Singapore as compared to Malaysia. He explained that the Company has been continuously putting in efforts to promote retail bonds, on its platform whenever the regulation allows. Therefore, the Company is constrained more by the number of retail bonds available in the market, and not because it has been selective. With regard to the comment on doing a business that seems to cannibalise another part of the business, the Chairman clarified that the Company generally would not constrain itself from doing a business out of fear that it would cannibalise certain part of its other business. One example would be its ETF business which has a lower margin as compared to its unit trust business. This is because the Company recognises the importance of embracing the asset class to meet the growing investors demand. The Company is one of the companies leading the charge in promoting ETFs and considers 'growing the pie'

	<p>instead of limiting its product offerings to those with higher margin.</p> <p>Mr Jean Paul Wong replied to a follow-up question received via live webcast regarding retail bonds. He confirmed that investors can trade in retail bonds listed on SGX via FSMOne, and added that the shareholder can reach out to the Company if he/she faces any difficulty in trading.</p>
<p>Question 3:</p> <p>Reply:</p>	<p>In your Pre-AGM session, I heard there are plans to try to offer Bursa-listed shares through FSM Malaysia. Would you add this offering to FSM Singapore as well?</p> <p>If you do, I think it would be an exciting addition. I myself have Malaysia shares held in custody at local broker custody. If you have a competitive offering, I would be very willing to consider FSM favourably as I already have Singapore shares in your custody.</p> <p>Mr Jean Paul Wong replied that the Company has plans to offer Bursa-listed shares. In reply to the question on whether investors can trade Bursa-listed shares on FSM Singapore, he mentioned that the Company will definitely consider offering this option for investors, as it will be an interesting additions to the Singapore, Hong Kong and US shares which FSM Singapore customers can already trade on the platform.</p>
<p>Question raised by shareholders during live webcast</p>	
<p>Question 1</p> <p>Reply:</p>	<p>Will the large inflow that we observed in Q1 continues for the rest of the year?</p> <p>Noted that China losses had slightly narrowed in Q1, compared to Q4 last year. Are we seeing early signs of turning the corners?</p> <p>What is the potential impact of Job Support Scheme on iFAST net profit?</p> <p>The Chairman expressed hope for continued large inflow for the rest of the year, but stressed that the Company cannot predict the future. However, the Company had taken action to ensure that its overall business can run smoothly.</p> <p>The Chairman noted that with the restrictions arising from the current COVID-19 situation, many businesses are experiencing business interruption. For iFAST, the Company has been able to continue performing its business online, while its B2B business can be done partially online partially via online softcopy. Although not all advisers have chosen to conduct their business online in the past, but with the current situation they have been learning to do so and it may take 1 to 2 weeks for them to get used to it.</p> <p>Overall, the Company's procedures and ability to place transactions online are in place, and it is also looking to make its offerings and services more competitive going forward. The Chairman added that he hopes that the overall market condition will be one that enables the Company to continue to see good inflows.</p> <p>For the second part of the question, the Chairman replied that there are signs of progress in terms of inflows for the China business in the last 3-6 months and Company will work on improving that in the future.</p> <p>In response to the question on the impact of the Job Support Scheme granted by the Singapore government, the Chairman mentioned that this will have a positive impact on the Company's profitability as it employs a majority of Singapore Citizens and Singapore PRs. The impact will be evident in the numbers for the next two quarters.</p> <p>The Chairman also noted that the Company has been fortunate that it has not been adversely affected by the current economic downturn, and the Company hopes to do its part to help the less fortunate in the society.</p>

<p>Question 2:</p> <p>Reply:</p>	<p>What measures are being considered for growth of the business in next 5 years after COVID-19?</p> <p>The Chairman expressed that COVID-19 did not fundamentally change the direction of the Company. In fact, the Company has been in the forefront of the industry to promote the usage of fintech, be it in its B2B or B2C business. The Company is of the view that eventually all companies will have to embrace fintech. He went on to introduce the Fintech Solutions division, a new division set up by the Company a few years ago, that is aimed at helping its B2B partners and product manufacturers roll out their services digitally. The success of the division is getting evident but there are more to go.</p> <p>The Chairman believed that the COVID-19 situation will help to accelerate the demand for fintech solutions, and further accelerate the online migration of the transaction, sales, and advisory processes of the financial advisory business. The current situation will help accelerate the pace at which the Company is able to move in the direction that it has been working towards.</p>
<p>Question 3:</p> <p>Reply:</p>	<p>I like your initiative to lead a consortium for SG digital bank license. Would you mind share why these partners were chosen instead of going alone?</p> <p>The Chairman briefed on the several reasons, namely, the digital banking business is capital intensive with a required capital of S\$100 million, and the starting point for the business model that the Company is looking to establish, is one where the ability to build a global wealth management business and tap into the global mass affluent market, can be enhanced through partnerships with companies that can help the Company move in that direction.</p> <p>From the perspective of technology and experience in doing digital banking business, the Chairman informed that the one of its partners has a digital bank licence in China, and this will help shorten the Company's learning curve, allowing it to build its digital banking business in Singapore faster and better. Hence, there is the partner scheme with the Company taking a 65% equity interest in the proposed digital banking business. The Company believes that it will be able to reap much benefit with the sizeable percentage in the partnership.</p>
<p>Question 3:</p> <p>Reply:</p>	<p>Refer to AR 2019, page 143, note 18 Bank Loans, there was \$3.8m loan drawdown in the year. May I know what is the loan used for?</p> <p>Mr David Leung replied that the purpose of the loan is for working capital.</p> <p>The Chairman clarified that the Company applied for loan for the purpose of the application for the virtual banking licence in Hong Kong. Thereafter, the Company repaid a substantial amount of the loan. The Company had retained S\$3.8 million of the loan as the interest rate was attractive. The Company utilised the S\$3.8 million loan as working capital, including for its bond business, and that helped to enhance the overall return for the Company. Hence, the Company had retained a small amount of the loan for working capital purpose.</p>
<p>Question 5:</p> <p>Reply:</p>	<p>May I know how iFAST categorise the recurring & non-recurring income? Which items under recurring income? Thank you.</p> <p>The Chairman pointed out that the three main items under recurring income are namely trailer fees, platform fees and net interest income, while non-recurring income consists of upfront transaction fee and sales fee, IT services fee, foreign exchange earnings and etc.</p> <p>The Chairman explained that the trailer fees is a rebate the Company receives from fund manager for distributing their funds on its platform. It is essentially a share of the fund management fees. Fund manager will share part of the fund management fee with its distributor which is responsible for servicing the individual client on an on-going basis, such as sending out statements, etc. Platform fee is a fee charged to end clients or investors who invest through the Company's investment platform on an on-going basis. Net interest income is derived from clients' assets in cash. Out of the Group's AUA of</p>

	close to S\$10 billion as at end March, approximately 6% are in cash. The Company deposits the cash with trusted banks in Singapore and Hong Kong, and is able to generate a return even after passing on some of these returns to investors at rates higher than what they would normally get on their savings account at other banks.
Question 6:	Does iFAST offer margin trading? Did iFAST suffer from losses like some American brokering houses due negative oil price?
Reply:	The Chairman replied that iFAST Singapore does not offer margin trading. iFAST Hong Kong is in the early stage of offering margin trading in a limited way. As at now, iFAST did not suffer any loss from margin trading.
Question 7:	To what extent have Raffles Family offices or the likes help to enhance AUA across the markets? Are we seeing the dawn of such an inflow or contribution to iFAST AUA?
Reply:	<p>Noted that since Q4 last year, we have seen a surge in new inflow and this trend has continued to Q1 this year.</p> <p>The Chairman replied that Raffles Family Office uses the Company's B2B platforms in Hong Kong and Singapore, and has already been contributing to the Group's AUA.</p> <p>The Company has established a joint venture with Raffles Family Office in China. Currently, the joint venture is in the initial set up processes and has not contribute to the Group's AUA, but is expect to do so in the future.</p> <p>The Chairman explained that Raffles Family Office is in the External Asset Management (EAM) business. The Company has observed a general growth in EAM business with many ex-private bankers setting up EAMs. The Company hopes to tap into this segment of business for growth.</p>
Question 8:	China business is not growing well. Under what conditions/circumstances that we might give up further investment into China and says shifting the focus into other opportunities?
Reply:	The Chairman replied that the Company will give up investment in China if it is clear that its effort is not producing results and will not be producing results in the future, and that the Company neither knows the reason nor have the solution to tackle the issue. When the Company does not know how to turn around its China business that will be the point to give up its investment in China. However, the Company does not believe that it is in that situation at the current juncture.
Question 9:	Would securing a VB license lead to a major surge in capex demand? Or are we talking about making minor tweak to existing infra since most of the supporting systems are already in place.
Reply:	The Chairman replied that there will be an increase in capital expenditure (CAPEX), but the Company does not expect a major surge in CAPEX as compared to what the Group has been doing. Considering that the Company will be building the bulk of the system in-house, it expects that the cost will be lower than most other companies that are embarked on building a digital bank. In summary, there will be increase in CAPEX but it will not be a major surge in CAPEX.
Question 10:	<p>Relating to China Business –</p> <ul style="list-style-type: none"> - Have Raffles Family Office started business? - Have iFAST secured private fund management license?
Reply:	<p>The Chairman replied as follow:</p> <p>(i) Raffles Family Office is contributing to the Group's AUA in Singapore and Hong Kong but its business in China has not started;</p> <p>(ii) iFAST is quite close to securing a private fund management licence in China and is in the midst of sorting out some final regulatory points.</p>

<p>Question 11:</p> <p>Reply:</p>	<p>What do net inflows and subscription ex-switching exactly mean in your presentation slide for Q1 2020 financial results? Thank you.</p> <p>The Chairman explained that “subscription ex-switching” is a set of numbers historically used for determining the performance of the Company’s unit trust business. The subscription excluding switching figure is able to capture the effect of inflows into the Company, which exclude the switching transactions from one fund to another fund. The said subscription ex-switching figure has been a key measure of the Company’s performance historically.</p> <p>With the expansion into other asset classes such as stocks and bonds, the Company also started to capture the buy volumes of ETFs, bonds and stocks under the subscription ex-switching figure. With the newer asset classes on board, the Company has inevitably captured figures that could potentially include the switching type of transaction. Hence, the subscription ex-switching figure has been growing fast recently.</p> <p>The net inflows figure would be more a meaningful figure for investors to watch going forward, as it captures the overall inflow into the Company’s platforms as a whole. This includes the net inflow in terms of cash in addition to unit trust and securities.</p> <p>For investors to calculate the Group’s AUA growth, there are two main contributors to consider, namely the net inflows and market effect (either negative or positive). Market effect was negative in Q1 as there was a huge overall sell down in the market. In the long-term, market effect tend to contribute positively to the AUA as equities and bonds generally provide positive returns for investors.</p>
<p>Question 12:</p> <p>Reply:</p>	<p>With digital currency gaining more visibility (eg China new digital currency initiative), how can iFAST start to benefit from this digital currency trend say in 5 years’ time?</p> <p>The Chairman mentioned that he is still in the midst of figuring out the positive benefit of digital currency to the financial industry. At the current juncture, he is not able to see a clear path in terms of how the Company can benefit directly from digital currency. He noted that there has been many discussions and expectations for digital currency in the industry, but believes that the development of digital currency is still in its early days. He thinks that in order for digital currency to takeoff in a big and meaningful way, there are many other things besides technology that need to catch up including the regulation.</p>
<p>Question 13:</p> <p>Reply:</p>	<p>The Company has bought back shares in the market from time to time. At what point will these shares be cancelled? What will be the considerations and conditions to cancel these shares?</p> <p>The Chairman replied that the Company will exercise shares buyback when the share price drops to a reasonable level. These purchased shares are typically used for the granting of performance shares to the employees. So far there has been no cancellation of shares due to ongoing exercise for grant of performance shares to existing employees.</p>
<p>Question 14:</p> <p>Reply:</p>	<p>Do you find the same challenges in India similar to China?</p> <p>The Chairman is of the opinion that the India market has its own set of challenges as compared to the China market. The industry development in India shows that there would be a potential demand for the B2B business platform in the future as regulators in India are pushing towards a fee-based advisory model.</p> <p>Challenges faced in India would probably be getting the platform to work efficiently in terms of administration and operations due to the frequent changes in regulations and processes. In addition, the structure of the industry is one that does not encourage omnibus account to be opened, making the operation of the platform less efficient as compared to other countries. Nevertheless, the underlying factors driving the B2B business in India is in place.</p>

<p>Question 15:</p> <p>Reply:</p>	<p>Further on recurring income for Net interest income arising from Clients' AUA, how and where does it show in the P&L? Was it in Note 19 in your AR? Which line please? How does this amount read together with note 21 - interest income from trust accounts-913k?</p> <p>Mr David Leung explained on how the net revenue was derived. With reference to Page 105 of the Consolidated Statement of Profit & Loss (P&L), the net revenue of S\$65.2million is obtained after deducting the commission and fee paid or payable to third party financial advisers of S\$60.2million from the gross revenue of S\$125.4million. Thereafter, he referred to the end of Page 32 under Financial Highlights and Review, which shows that the breakdown of recurring net revenue and non-recurring net revenue, as well as the total net revenue of S\$65.2million is aligned to the net revenue stated in the Consolidated P&L.</p> <p>With regard to the interest income from trust account under Note 21, he explained that it is the interest income generated from the placement of bank trust account in fixed deposit.</p>
<p>Question 16:</p> <p>Reply:</p>	<p>Which market that iFAST can tap into aside from China?</p> <p>The Chairman replied that the Company has no immediate concrete plan for expansion in the next 1 to 2 years.</p>
<p>Question 17:</p> <p>Reply:</p>	<p>For digital banking (DB), tentatively how much budget/amount will be use to setup the whole DB infrastructure, marketing & etc? Thanks.</p> <p>The Chairman replied that the budget will be reviewed in detail after the digital banking licence application is successful. For 2020, he does not expect much expenditure as the Monetary Authority of Singapore (MAS) has announced extension of assessment period for approving the digital bank licences and successful applicants will be informed in the second half of 2020. Expenditure will most probably be incurred going into 2021. The Company will provide better clarity in the months ahead. For IT setup, the Company noted that it is usually able to build its IT systems and applications at lower cost as compared to other financial institutions, as the Company has been building most of its IT solutions in-house and has strong in-house IT capabilities.</p>
<p>Question 18:</p> <p>Reply:</p>	<p>If iFAST obtained the digital banking license in Singapore. Do you expect to issue shares to raise capital to do the business?</p> <p>The Chairman replied that if the digital banking licence application is successful, the amount of capital required to fund its 65% equity interest in the digital bank is not substantial. The estimated amount of capital to be raised is approximately S\$80 million before the launch of business. The Company expects to raise the capital through a combination of equity, internal resources and bank borrowings. As such, the Company will issue new shares to raise capital.</p> <p>If the Company is successful in the application, there will be a reasonable time for it to raise capital to meet the requirement.</p>
<p>Question 19:</p> <p>Reply:</p>	<p>The 'auto-park' fund has been quite a significant income for iFAST bottom line. Has this been growing more significantly with the banks are starting to lower their FD rate? In the last 12 months has this actually seen good growth?</p> <p>Mr Jean Paul Wong informed that the 'auto-park' facility, also known as the FSM Auto Sweep Account, is a cash management solutions offered on FSMOne which allows investors to earn a decent yield on their monies. The account currently provides investors with a yield of approximately 1.09%. Investors can also utilise monies in the Auto Sweep Account to trade seamlessly without time lag. The Company has observed good growth in the Auto Sweep Account since it was launched in June 2019.</p> <p>As to whether it has been a significant income contributor for the Company, shareholders should note that some parts of the Auto Sweep Account is invested in cash account that contributes to the Group's net interest margin income. The net interest margin income</p>

	comes from the cash account growth that the Company has seen in the last few months, as investors have been placing additional funds in the trading platform to buy into securities such as stocks, ETFs and funds.
Question 20:	Are you planning to spruce up the current platform to cater to traders since you are starting to offer margin account? It seems like the platform is catered to retail investors. I see an improvement on how quickly money is transferred into the account using a FAST transfer before but there's a lag in how the cash and investment amount is updated. What are you working on right now to spruce up the platform?
Reply:	<p>Mr Jean Paul Wong informed that the Company is constantly working to improve its trading platform capabilities for investors. One of the initiatives is to allow investors to transfer funds faster into their FSMOne account. Subject to certain conditions, transfers done via FAST using local banks will be completed almost immediately. The aforementioned initiative is important to allow investors to start trading almost immediately. This is one of the improvements done over the last few months.</p> <p>The Company is working on other initiatives to make its systems better for investors. New features will be rolled out on FSMOne and the B2B platform in the coming months.</p>
Question 21:	When company grants performance shares, how are these shares valued at the point of grant vs the costs of acquiring these shares? Would it be more cost effective to pay compensation in cash instead of shares so as to minimize dilution to existing shareholders over time?
Reply:	<p>The Chairman replied that performance shares will be granted through the issue of new shares or use of treasury shares. Treasury shares are typically acquired by the Company when the share price is low, so that the average cost of acquisition is not too high for the Company.</p> <p>For the valuation of performance shares in terms of accounting for expenses, the performance shares will be amortised over few years based on the vesting period. Accounting cost is based on the average closing price of shares for the past 5 trading days before the date of grant.</p> <p>As to the consideration whether it is more cost effective to compensate by paying cash instead of shares to minimise dilution, the Chairman shared his opinion as a substantial shareholder and investor that he has always been mindful of unnecessary dilution of shares. He also believes that there is a difference between payment solely in cash and partly in shares with cash, which is important for retaining key employees of the Company.</p> <p>As the business grows in various market with the addition of new business units in different countries, it is imperative to allow employees to become shareholders so as to effectively align the long-term interest of the Company.</p> <p>While there may be dilution to shareholders' interest, it is worthwhile to have small dilution for greater sense of ownership from employees who can grow the Company.</p>
Question 22:	Has the Company made any downward adjustments to staff compensation during this COVID-19 challenges? Or has the Company set aside some funds to help employees to overcome some of the challenges?
Reply:	<p>The Chairman replied that the Company has not made any downward adjustment to staff compensation. During past severe downturn in terms of the Company's revenue and profitability, the Company had made downward adjustments for senior management.</p> <p>The Chairman recognised that the current downturn is unfortunate. However, the Company's current business prospects have not been negatively affected. Hence, it is not necessary for the Company to cut the pay of its staff.</p> <p>The Company has set aside funds for its team of in-house advisers who does not earn a</p>

Appendix A

	<p>fixed salary. As such, it is difficult for these advisers to do business during the COVID-19 period, especially so for the new advisers whose business may not be well established. The Company will render assistance to these advisers.</p>
<p>Question 23:</p> <p>Reply:</p>	<p>To clarify my earlier question on Retail bonds, I mean will it be on your ETF/Stock Trading platform? I believe you mean it is available under the Bond portion of the Shopping Cart. But the fees there are different (higher) than on the ETFs and Stocks portion. For other local brokers, all bonds/ETF/stocks are available at the same place.</p> <p>Mr Jean Paul Wong concurred that the observation is correct. The live trading platform on FSMOne currently only covers stocks and ETFs but not retail bonds. In terms of fees, there are differences for trading bonds versus stocks or ETFs, but the Company currently does not have any plans to change and tweak the fees for bond trading. However, the Company is looking to improve the general user experience of the platform for its investors.</p>
<p>Question 24:</p> <p>Reply:</p>	<p>During this COVID-19 which government support scheme is iFAST eligible to receive? Thanks.</p> <p>The Chairman informed that the Company is eligible for the Job Support Scheme initiated by the Singapore government. In Hong Kong, iFAST is eligible for the Wage Support Scheme which is similar to the Job Support Scheme.</p>