

iFAST CORPORATION LTD.

(Company Registration No. 200007899C)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES

The Board of Directors (the “Directors” or the “Board”) of iFAST Corporation Ltd. (the “Company”, and together with its subsidiaries, the “Group”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 25 February 2020 relating to the Company’s Full Year Results Announcement for the financial year ended 31 December 2019 (“FY2019 Results Announcement”) released on 20 February 2020. The Company wishes to provide clarification as follows:

SGX-ST QUERY

1. We note that as at 31 Dec 2019, "trade and other receivables" amounted to \$34.7million, an increase from last year (31 Dec 2018) where the Group recorded "trade and other receivables" of \$30 million.

- (a) Please provide a breakdown of these "trade and other receivables" of \$34.7million;
- (b) Please provide the aging schedule of these "trade and other receivables" of \$34.7million in bands of 3 months;
- (c) Elaborate on the credit terms of these trade and other receivables.

COMPANY’S RESPONSE

(a) A breakdown of trade and other receivables as at 31 Dec 2019 is as follows:

	31-Dec-19 \$'000
Trailer fee receivables	7,516
Wrap/platform/administration fee receivables	16,236
Deposits and other receivables	5,178
Others	5,790
Total trade and other receivables	<u>34,720</u>

As can be seen in the table above, trailer fees and wrap/platform/administration fees receivables account for a large part of total trade and other receivables. Trailer fee receivables are fees due from the fund houses, whereas wrap/platform/admin fee receivables are due from customers and mainly collected through the way of being deducted from the customers’ assets under administration (AUA) that are already on our platform. The risks of non-collection of these trade receivables are generally low.

- (b) The aging of trade and other receivables (excluding accrued revenue) at 31 Dec 2019 and 31 Dec 2018 respectively is as follows:

	Group		Group	
	31-Dec-19		31-Dec-18	
	\$'000	%	\$'000	%
Not past due	19,948	97.6%	16,299	97.4%
Past due not more than 3 months	269	1.3%	319	1.9%
Past due 3 - 6 months	60	0.3%	30	0.2%
Past due 6 - 9 months	13	0.1%	9	0.1%
Past due 9 - 12 months	19	0.1%	4	0.0%
Past due more than 12 months	130	0.6%	74	0.4%
Total trade and other receivables (excluding accrued trade revenue)	20,439	100.0%	16,735	100.0%

Please note that the aging information is provided for trade and other receivables that have been billed to fund houses and customers (amounting to \$20.4 million as at 31 Dec 2019).

- (c) We accrue our revenue on commission and fee that we are receiving from fund houses and customers on a monthly basis. We generally bill the fund houses and customers on a quarterly basis with credit term of 30 days and recognise the amount billed as trade receivables. If there is a longer credit term granted to special category of customers with the higher credit quality, we will obtain collaterals from those customers in the event that the customers default on payments. The credit quality of customers is assessed after taking into account financial position of the customers and past experience with the customers.

The amounts of our trade and other receivables not past due were \$19.9 million and accounted for 97.6% of our trade and other receivables as at 31 December 2019. The trade and other receivables that were past due more than 12 months consist mainly of commission and fee income significantly payable to third party financial advisers.

SGX-ST QUERY

2. There were "uncompleted contracts-buyers" amounting to \$24.2million that the Group recognized as "current assets" on 31 Dec 2019. Please (a) explain what are these "uncompleted contracts" recognized as current assets; and (b) when will these uncompleted contracts be "completed"?

COMPANY'S RESPONSE

- (a) The principal activities of the Group include those relating to dealing of exchange-traded funds, listed stocks, debt securities and government securities. The amounts of uncompleted contracts-buyers recognised as current assets represent amounts of transacted securities buy contract receivable from clients, brokers and Central Depository (Pte) Ltd ("CDP").
- (b) These uncompleted contracts will be completed when we receive the settlement amounts of transacted securities buy contract from clients, brokers or CDP by the respective settlement date of these contracts. Generally, the settlement dates of these contracts are two to four business days from the transaction dates of the respective contracts.

SGX-ST QUERY

3. It was disclosed at para 1(b)(ii) that the Group's "lease liabilities as at 31 December 2019 are secured over the right-of-use assets". Please elaborate on what are these assets provided as security.

COMPANY'S RESPONSE

The right-of-use assets of \$14.4 million recognised as at 31 December 2019 represented the Group's rights to use the underlying assets comprising offices and some copiers leased by the Group as at 31 December 2019, following the Group's adoption of the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 *Leases* effective for financial year beginning on 1 January 2019, which has been disclosed in paragraph 5 of the FY2019 Results Announcement.

SGX-ST QUERY

4. In accordance with paragraph 12 of Appendix 7.2, please explain the reason(s) why no dividend has been declared/ recommended.

COMPANY'S RESPONSE

The Company has recommended a one-tier tax exempt final dividend of 0.90 cents per ordinary share, subject to members' approval at the forthcoming Annual General Meeting to be held on 23 April 2020 as mentioned under paragraph 11(a) of the FY2019 Results Announcement. Notice of Record Date announcement has been released via SGXNET on 20 February 2020.

As a dividend has been declared in the FY2019 Results Announcement, paragraph 12 of Appendix 7.2 is not applicable to the Company.

By Order of the Board

Lim Chung Chun
Chairman / Chief Executive Officer

27 February 2020