

**iFAST CORPORATION LTD.**

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

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**RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)  
ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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Securities Investors Association (Singapore) (“SIAS”) had previously announced a new initiative to review companies’ Annual Reports and raise relevant questions to help improve transparency and promote better understanding of the companies. 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) Stockbroking business
- (2) China business
- (3) India business

**Q1. As noted in the annual review (page 17 of the annual report), the group launched the stockbroking business in Hong Kong for the B2B platform in 3Q2016. In the Vision & Outlook section (page 16), it was said that the group will launch its stockbroking services starting 2017.**

**a) Can the company update shareholders on the progress made in its application to become a SGX Trading member?**

**iFAST Corp:** In our FY2016 results update, we have previously communicated to shareholders that our Singapore Business is targeting to launch our trading capabilities in SGX-listed stocks and ETFs in the second quarter of 2017. We have cleared some key system tests in the process of applying for Trading and Clearing Member to SGX, and we are pending formal clearance from the relevant authorities.

**b) It was also reported that FSMOne has plans to offer US stocks. What is the progress and how soon can this service be launched?**

**iFAST Corp:** We are targeting to launch trading capabilities in US-listed stocks and ETFs in the second half of 2017.

**c) What are management’s projections of the impact of the stockbroking business on the group’s Assets under administration (AUA)?**

**iFAST Corp:** Stocks are an important investment category for investors, and in Asia especially, stocks likely take up a big portion of their wealth. In the medium to long term, we believe the contribution from stocks to the Group’s overall AUA will grow well, as we offer investors a platform (web/mobile) that can allow them to transact seamlessly and based on a competitive and transparent pricing structure. As at 31 December 2016, the AUA from our Bonds/Stocks/ETFs business stood at 7.2% of our total AUA, with 92.8% coming from our unit trusts business.

**Q2. The China business was launched in 2016 (page 10 - Chairman & CEO's Message) and it involves both the B2B platform services as well as to build a team of wealth advisers, as part of a 'platform-cum-IFA incubator' strategy.**

**a) Given that the "platform-cum-IFA incubator" strategy deviates from how the group conducts its business in all other markets, can management help shareholders understand why this strategy was adopted? How big a team does the group expect to scale to?**

**iFAST Corp:** We have been communicating to investors that our "platform-cum-IFA incubator" strategy will help to kick-start our China business, even while we continue to sign potential companies (financial institutions, as well as Internet companies) to use our B2B platform.

The "platform-cum-IFA incubator" strategy takes into account the dynamics of the Chinese financial industry. Currently, there is no framework for independent financial advisory (IFA) companies in China, but as the authorities work on creating that in future, we are using our experience running B2B platforms to nourish the industry's "Future Advisers".

These Future Advisers want to start off their wealth management practice on iFAST China, because they see the future direction of the industry moving towards an advisory model that is already present in Hong Kong or Singapore. They want to grow their clients' AUA, by providing long-term advice that aligns their interest. When the IFA framework is up and running in future in China, we would be happy that our wealth advisers start their own IFA companies. We believe the advisory team will continue to grow in size as more advisers embrace a business model that offers wealth management solutions that can grow their clients' AUA.

**b) Is the projected margin/profitability for the Chinese market substantially different from that of the rest of the group?**

**iFAST Corp:** The margin/profitability will depend on the scale of the business and how fast we can achieve the growth momentum.

**c) The group opened a Shanghai office in August 2016. Can shareholders understand if the group only has business in Shanghai currently? If not, what are the other cities that the group is already operating in/targeting to operate in? Would a network of physical office be needed to support the growth of the Chinese business?**

**iFAST Corp:** We have previously shared with investors that we have established our first office in Shenzhen. Shanghai is our second office in China. We are currently not looking to set up an office in other cities. Shenzhen and Shanghai are first-tier cities that offer good business opportunities. As per the nature of Internet-based investment products distribution and administration platform business, a network of physical offices would not really be needed to support the initial growth of the Chinese business. However, If we find more justification to expand to other cities, e.g. because we find more customers wanting us to be present in close proximity, we will evaluate and decide if we have to do so.

**d) The China operations is expected to continue to make losses in FY2017. What are some of management's KPIs for the China operation in FY2017? How soon can the China market be expected to breakeven?**

**iFAST Corp:** We expect China to make losses in FY2017, albeit we do not expect these losses to increase significantly compared to FY2016. We will continue to invest in growing the China business, as we believe in its longer-term potential to deliver results. In terms of the key metrics we are looking at, similar to the other operations of the Group, we focus on AUA, net sales and net revenue figures, and the number of companies using our platform. Historically, the break-even point can take

between 4 to 7 years in our other operations, but we are hopeful that with our localised strategies, we can shorten the time period to break even in China.

**Q3. In the IPO Prospectus, it was disclosed that, in October 2013, the company “undertook and completed a restructuring exercise, where the operations of our group in India, comprising the distribution of unit trusts in India (“India Business”) and our company’s 51% owned subsidiary, iFAST India, were transferred out of our Group”. The India business then was loss-making and had not obtained the relevant licenses for the efficient running of an investment platform business.**

**On 11 April 2016, the company proposed to acquire 21.47% of the enlarged share capital of Pecuniam, which is an investment-holding company that wholly owns iFAST India Investments Pte Ltd (“iFAST India”), a Singapore-incorporated company, which in turn owns a 74.72% stake of iFAST Financial India Pvt Ltd (“IFI”), an India-incorporated company engaged in the distribution of investment products including mutual funds in India. The acquisition was completed on 20 April 2016 and the company subsequently increased its stake in Pecuniam to 21.76% in July 2016.**

**It was also disclosed that the India business has already been operating an investment platform targeted at B2C and B2B clients since 2009 with the assets under administration (AUA) of Indian Rupee 10.96 billion as at 29 February 2016.**

**a) Can the company elaborate further on the group’s plans in India?**

**iFAST Corp:** We see good growth potential in the India market, driven by regulatory changes and the sheer size of its market. India is one of the jurisdictions in Asia that has been adopting some of the regulations that have happened in markets such as the UK and Australia – essentially, more client-focused approach that emphasised transparency and disclosure in pricing, more adoption of fee-based advisory practices that reduce or remove product-biased transactions, among others. These regulatory changes sit well with our business focus and strategy, because we believe in empowering investors with information and transparency in information, including the amount they are paying to their bankers or agents for the purchase of investment and insurance products.

In view of the clearer growth potential in the India market in recent years, the Group decided to re-access into the India market, through its investments in iFAST Financial India Pvt Ltd (“IFI”) via its ultimate holding company, for the high potential of the India market in future.

IFI operates the B2B and B2C business divisions in India. Its B2B platform is well-positioned to tap on the regulatory changes mentioned above, as the framework towards creating a more fee-based advisory practice (e.g. the Registered Investment Adviser or RIA rules) will benefit the B2B platform of IFI. IFI is still in the early stages of adoption of platform services by financial advisers in India, as historically financial advisers deal directly with the fund houses. With the regulatory changes, the demand for platform services is increasing and we see good opportunities to make a positive difference for the financial advisers.

**b) What is the potential of the India business in terms of growth and targeted AUA?**

**iFAST Corp:** We continue to see the IFI operation as having good future potential, because of the rapid regulatory and fintech changes taking place. In addition, IFI has been present in the India market for a number of years, and it is a platform that is well-known among advisers in the marketplace.

IFI’s AUA stood at India Rupee 16.69 billion (equivalent to S\$355 million) as at 31 December 2016, growing at a 5-year compound annual growth rate (CAGR) of about 68%. We foresee IFI will continue to keep a relatively high growth in its AUA in the next few years.

**c) Currently, is IFI profitable? If not, how soon does the group expect IFI to breakeven?**

**iFAST Corp:** Currently, IFI is not profitable yet. However, its business is progressing with good growth in AUA.

By Order of the Board

Lim Chung Chun  
Chairman / Chief Executive Officer

11 April 2017