



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: iFAST Corporation Ltd.

Security: iFAST Corporation Ltd.

Meeting details:

Date: 16 April 2019

Time: 2.00 p.m.

Venue: Cinnamon Ballroom, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031

Company Description

iFAST Corporation Ltd. operates an Internet-based investment products distribution platform in Singapore, Hong Kong, Malaysia, and China. The company operates through Business-to-Business (B2B), Business-to-Consumer (B2C), Fintech Solutions, and Bondsupermart divisions. The B2B division operates iFAST Central, which provides a range of services, including investment administration and transactions services, research and trainings, IT services, and backroom functions to banks, financial advisory firms, and financial institutions. It also operates iFAST Global Prestige, an investment platform designed to meet the requirements of high net worth individuals, as well as the wealth advisers servicing them; and iFAST Pensions that delivers tax-effective employee benefit solutions to multinational companies and their employees comprising expatriates, as well as assists companies to administer pension schemes for their employees through an Internet platform. In addition, this division operates iFAST Global Markets that provides investors with transparent adviser-assisted wealth management plans. The B2C division offers a distribution and transactional platform for investors through its Fundsupermart.com Website that offers a range of investment products, tools to compare investments, customer services support, and research advice. The Fintech Solutions division provides various financial technology (fintech) solutions for fintech entrepreneurs, financial advisers, and financial institutions. The Bondsupermart division operates bondsupermart.com, a regional bond information portal that offers comprehensive bond information and research to help investors. The company also offers investment advisor, dealer, and custodian services. iFAST Corporation Ltd. was incorporated in 2000 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=AIY)

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.

- (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?**
- (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?**

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

- (iii) How does the board, especially the non-executive directors, provide effective oversight of the group's cyber security risks?**
- (iv) Has there been any 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?**

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?**
- (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?**

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?**



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A copy of the questions for the Annual Report for the financial year ended 31 December 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=iFAST%20Corporation%20Ltd&cid=4250>

The company's response could be found here:

2016:

https://sias.org.sg/media/qareport/1493774669_iFast20170411_205144_AIY_SO8HUDA73354G66M.3.pdf