



ASX Release

4 August 2020 (ASX : FTC)

Mr Ivan Tatkovich
Adviser, Listings Compliance
ASX Compliance Pty Ltd
20 Bridge Street
Sydney NSW 2000

In response to your letter dated 3 August 2020 regarding the Appendix 4C quarterly report for the period ended 30 June 2020, FTC responds as follows:

1. Does FTC expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

FTC does not expect continuing net negative operating cash flows. The net negative cash flow for the quarter-ended 30 June 2020 occurred as a result of delay in collection of trade receivables and those delayed receivables are expected to be collected in next quarter. Hence, the Company's cash receipt cycle is expected to revert to agreed customer credit terms in the coming quarters.

2. Has FTC taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

FTC expects operating cash flows will improve when business activity picks up from last quarter (effected by Covid-19) given the sign of recovery evidenced by improvement in transaction amounts and frequency.

If for any reason additional working capital is required to fund the operation, the Company's major shareholders are willing and capable of providing assistance funding.

Future funding requirements form part of forward planning however there is no immediate intention to raise debt/equity funds. FTC will immediately inform the market should this intention change.

3. Does FTC expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

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Australian Representative Office

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FTC's management are confident of its the current business model including the ongoing expansion of the Company's T-Linx platform. This is evidenced by current pilot testings with potential new bank customers .

As such the Covid-19 pandemic's negative effect on cash receipts cycle is expected to dissipate in the coming quarters. FTC therefore firmly expects to be able to continue its operations in accordance with its business objectives.


- 4. Please confirm that FTC is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.**

We confirm that FTC is in compliance with the Listing Rule 3.1 and that there is no information that should be provided to ASX about its financial condition under that rule that has not already been released to the market.

- 5. Please confirm that FTC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of FTC with delegated authority from the board to respond to ASX on disclosure matters**

We confirm that FTC's responses to the questions above have been authorised and approved by the Board of the Company.

Yours Sincerely,



Chow Ki Shui Louie

Director



3 August 2020

Reference: 21385

Mr Quincent Leung
Company Secretary
Fintech Chain Limited
Level 26
56 Pitt Street
Sydney NSW 2000

By email:

Dear Mr Leung

Fintech Chain Limited ('FTC'): Appendix 4C - Query

ASX refers to the following:

A. FTC's Appendix 4C quarterly reports for the period ended 30 June 2020 lodged with the ASX Market Announcements Platform and released on 31 July 2020 (the 'Appendix 4C').

ASX notes that FTC has reported:

- B. negative net operating cash flows for the quarter of 2,119,683RMB;
- C. cash at the end of the quarter of 1,670,069RMB; and
- D. estimated cash outflows for the next quarter of 2,119,683RMB.

It is possible to conclude, based on the information in the Appendix 4C, that if FTC were to continue to expend cash at the rate indicated by the Appendix 4C, FTC may not have sufficient cash to continue funding its operations

Request for information

In view of that, ASX asks FTC to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does FTC expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has FTC taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does FTC expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that FTC is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that FTC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of FTC with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that FTC considers may be relevant to ASX forming an opinion on whether FTC is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AMAEST Thursday, 6 August 2020**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, FTC's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require FTC to request a trading halt immediately.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in FTC's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in FTC's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to FTC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that FTC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Regards

Ivan Tatkovich
Adviser, Listings Compliance (Sydney)