



ARBN: 158 702 400

12 Aug 2022

QUARTERLY ACTIVITIES REPORT & APPENDIX 4C

QUARTER ENDED 30 JUNE 2021

Fintech Chain Limited (ASX: FTC), ("**FTC**" or the "**Company**"), the exclusive provider of the **T-Linx™ SaaS platform** (Software as a Service), releases its Quarterly Activities Report and Appendix 4C for the financial quarter ended 30 June 2022 (Q1).

Financial Update

Q1 Cashflow

As at 30 June 2022, FTC held positive cash balances of RMB 0.361m compared to the beginning of the quarter of RMB 9.009m. During Q1, FTC received RMB 29.7m in cash receipts as follows:

SaaS cloud services	RMB	5.6m
SaaS for rights/interests/points/marketing/promotion	RMB	7.5m
SaaS for hardware IoT (Internet of Things)	RMB	16.4m
Point-of-sale machines leasing	RMB	0.2m
Total cash receipts from customers	RMB	29.7m

Expenditure incurred in Q1 included:

Research and development	RMB	2.6m
Product manufacturing and associated operating costs	RMB	21.3m
Asset leasing assets	RMB	0.4m
Staff costs	RMB	3.3m
Administration and corporate costs	RMB	1.9m
Total operating payments	RMB	29.5m

Product manufacturing and associated operating costs were greater in Q1 than the prior financial quarter (RMB 11.5m) due to budgeted increased purchases of SaaS for hardware (IoT) inventory in the amount of RMB 17.1m. The next two financial quarter purchases of hardware inventory are budgeted to fall between RMB 2.0m - RMB 3.0m per quarter.

There were no significant changes during the quarter in research and development, leased assets, staff administration or corporate costs. Further, during Q1, there were no material changes in FTC's business activities.

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Financial Update (Cont'd)

Proceeds from borrowings (Item 3.5)

During Q1, FTC drew down RMB 3.9m, from a RMB 5.0m revolving unsecured facility, from WeBank for working capital purposes.

Misappropriation of funds (Item 4.6)

By way of background, in July 2022, during FTC's quarterly financial review, FTC became aware that the cash flow of a subsidiary company, 'Shenzhen Tao-taogu Information Technology Co. Ltd' (**TTG**) had been effected by some unidentified and unusual transactions. After conducting internal investigations, FTC's financial controller, discovered that the cashier of TTG had misappropriated RMB 12,713,572 (AUD2,660,0291) of FTC funds during that financial quarter. The matter was immediately reported to FTC's board of directors (**Board**) who sought a trading halt from the ASX and subsequently a voluntary suspension, to allow time for FTC to complete its Investigation.

The party in question has admitted to misappropriating the funds, has consequently been terminated as an employee of FTC and is currently in police custody pending the outcome of criminal proceedings.

The Investigation has revealed that the misappropriation of funds was able to be facilitated by the cashier taking advantage of temporary structural arrangements within the FTC finance team during the protracted COVID-19 lockdown period in Shenzhen.

As judicial proceedings have now commenced, FTC is unable to disclose any further details at this time. FTC will, however, cooperate closely with judicial authorities to assist with their investigation and will endeavour to recover the losses in accordance with the law. FTC will, in consultation with its legal advisors, disclose further developments to the market in a timely manner.

FTC has established an independent investigation committee comprising all members of the audit committee of the Company (the "**Investigation Committee**") to supervise the Investigation conducted by senior management. Further, the Company has engaged a recognised forensic financial expert to work with the auditor to conduct an investigation and internal control review and provide an independent report to the Investigation Committee and the Board. This report will set out in detail the failures within FTC's internal control systems and how best to ensure that such system and procedure failures do not occur again.

Pending the finalisation of this report, FTC has taken steps to complete an internal review, tightened its internal control procedures, revised its inspection control systems and implemented further education and training programs with relevant personnel.

¹ Based on a conversion rate of AUD1.00 : RMB4.779009, being the conversion rate at the time of this announcement.

Financial Update (Cont'd)

As at the date of this announcement, FTC has sufficient financial funding to ensure that this isolated incident will not impact the Company's ability to continue operating as per normal. In support of this, the Board notes that:

1. between 1 July 2022 and 9 August 2022, FTC collected RMB 9.7m², which is sufficient for its day to day operations; and
2. FTC has RMB 26.4m³ trade receivables as at 9 August 2022, which continues to be collected at a normal rate.

Notwithstanding this, to financially support the operations of FTC when required, the major shareholders and executive directors of FTC, Mr Xiong Qiang and Mr. Chow Ki Shui Louie, will provide an interest free and unsecured loan when required.

Payments to related parties of the entity and their associates

During the quarter, President Mr. Xiong Qiang was paid RMB 136,834 as ordinary remuneration for his role as CEO of FTC's wholly owned subsidiary, Shenzhen Taotaogu information Technology Co., Ltd.

No other payments were made to directors or their associates.

Business Environment

Given the continuing digital transformation in China, T-Linx™ will continue to deliver diversified payment alternatives. In this regard, the T-Linx™ system provides seamless inter-connectivity and intelligent digital processing, so as to meet the needs of both the banking and enterprise sectors.

Business Activities in Q1

During Q1, FTC continued to service existing banks and merchants. There were no material changes to FTC's ongoing business activities, which is described in the section "About FTC" which forms part of this ASX announcement.

Industry award and project tenders

On 15 June 2022, the Industry and Information Technology Bureau of Shenzhen Municipality announced its list of winning 2021 Shenzhen "Specialised-Refinement-Characterisation-Innovation" small and medium enterprises. Shenzhen Taotaogu Information Technology Co., Ltd. ("TTG"), a 100% subsidiary of FTC, was recognised on the list of such winners.

² Approximately AUD2,033,505 at a conversion rate of AUD1.00 : RMB4.779009, being the conversion rate at the time of this announcement.

³ Approximately AUD5,524,158 at a conversion rate of AUD1.00 : RMB4.779009, being the conversion rate at the time of this announcement.

Business Activities in Q1 (Cont'd)

During Q1, TTG won the following tenders:

1. Shanxi Rural Credit Cooperatives' E-payment system operation and maintenance service project.
2. Jingdong Technology (a JD.com subsidiary) Online Banking Acquiring System Project.
3. China Everbright Bank E-CNY Acquiring Project.
4. Shandong Zhangqiu Rural Commercial Bank Integrated Payment Voice Broadcast Platform and equipment procurement project.
5. Shortlisted as single-source procurement technological service provider for Xinjiang Rural Credit Cooperative.

Business Outlook

Following acceptance and adoption by banks of the T-Linx™ business system, TTG has created new T-Linx™ enterprise-level middleware to bridge banks with their enterprise clients.

Moreover, FTC is developing a T-Linx™ "joint product" application platform. Through close cooperation with well known enterprises such as Tencent Cloud and JD Technology, FTC is, and will continue to be, an integral participant in the payment systems within a number of industries (including e-commerce, retail, education, government, transportation, tourism, real estate and live broadcasting).

This announcement has been authorised for release to ASX by the Board of Directors of FTC.

About FTC

FTC's IP **T-Linx™** is a **SaaS** platform (Software as a Service).

In serving various payment scenarios under the umbrella of digital transformation, **T-Linx™ SaaS** connects various software and hardware, and serves banks, merchants, and consumers, in the form of cloud services in a compliant, safe, credible and user-friendly manner.

The **T-Linx™ SaaS** platform connects and serves four main types of platform partners (**Refer Note 1**) to create upselling and cross-selling opportunities within various payment environments.

Four major interconnected services of T-Linx™ SaaS platform

1. SaaS cloud service

(i) Payment SaaS infrastructure (IaaS, Infrastructure as a Service)

- Services for Banks: including integrated payments with multiple payment channels; integrated merchant submission; reconciliation processing; risk control; branch management; unified settlement report;
- Services for Merchants: including integrated payments; integrated payment QR codes; payment collection plugin; payment collection APP; payment APIs;

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- (ii) Payment Digital Transformation SaaS service (merchant solutions/industry applications)
 - Provides leading operation systems/software to various merchants/ industries.
 - Smart merchant solutions/industry applications for over 40 different industries including: Food and Beverage; Retail; Carpark; Hospital; Scenic Spot; Property Management; Bill Payments; CRM;

2. SaaS for rights/interests/points/marketing/promotion (Refer Note 2)

- A one-stop SaaS for marketing management to increase upselling opportunities for banks, merchants and other partners.

3. SaaS for hardware IoT

- Based on T-Linx™ SaaS infrastructure, merchant solutions/industry applications SaaS service drives the connection and upgrade of hardware. (Refer Note 3)

4. SaaS financial service

- Increase upselling and cross-selling opportunities for various partners.
- including Buy-Now-Pay-Later (BNPL) services

Note 1

Platform partners	Benefits
Banks	Increase in bank deposits Integrated acquiring management Real-time settlement services Credit card services Loans Wealth management Risk control Bank account holder rights services Customer services Robotic Processing Automation (RPA)
Merchants	Integrated payment services Real-time bill management Wealth management Loans Membership marketing management Reconciliation processing Risk control & compliance
Consumers	Receipt of accurate information Selection of multiple payment methods Access to consumer financial services Accumulation of points by consumption Receiving new discounts Payment by points

Other partners	Various software, hardware, products and services required by banks, merchants, and consumers can be promoted, resulting in the benefits to platform participants. The various services of T-Linx™ SaaS platform can be promoted through the bank's private cloud, compliant and safe public cloud, and well-known cloud service companies. Moreover, by combining hardware upgrades and digital upgrades in various merchant solutions (industry applications), each hardware component can be integrated in seamless docking and communication, and hence forming an IoT payment environment.
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Note 2

A one-stop SaaS for marketing management providing various preferential marketing tools for banks and merchants. It comprehensively assists the development of merchants by improving customer acquisition capability, and therefore enhance merchants' transaction activity.

Note 3

Merchant/Industry	Hardware IoT
Food and Beverage	Touch screen ordering equipment Kitchen/Bar network printers Portable POS machines
Retail	Cash Registers Barcode/QR code scanners Electronic scales Payment scanner boxes
Carpark	Barrier gates Car plate recognition cameras Entry and exit payment scanners
Hospital	Self-service terminals Portable POS machines
Scenic Spots	Ticket vending machines Ticket checking gates Portable ticket checking machines

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For further information visit www.ttg.hk or contact Mr. Chris Ryan, Independent Australian Chairman of FinTech Chain Limited at +61 439 970305.

Appendix 4C Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

FINTECH CHAIN LIMITED

ARBN

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Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows		Current quarter RMB	Year to date (3 months) RMB
1.	Cash flows from operating activities		
1.1	Receipts from customers	29,710,813	29,710,813
1.2	Payments for		
	(a) research and development	(2,607,172)	(2,607,172)
	(b) product manufacturing and operating costs	(21,265,028)	(21,265,028)
	(c) advertising and marketing	-	-
	(d) leased assets	(388,567)	(388,567)
	(e) staff costs	(3,303,360)	(3,303,360)
	(f) administration and corporate costs	(1,936,297)	(1,936,297)
1.3	Dividends received (see note 3)		
1.4	Interest received	3,897	3,897
1.5	Interest and other costs of finance paid	(36,530)	(36,530)
1.6	Income taxes (paid) / refund	-	-
1.7	Government grants and tax incentives	16,469	16,469
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	194,225	194,225
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(31,750)	(31,750)
	(d) investments	-	-

Consolidated statement of cash flows		Current quarter RMB	Year to date (3 months) RMB
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:	-	-
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(31,750)	(31,750)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue/(repayment) of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	3,900,000	3,900,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,900,000	3,900,000

Consolidated statement of cash flows		Current quarter RMB	Year to date (3 months) RMB
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,008,617	9,008,617
4.2	Net cash from / (used in) operating activities (item 1.9 above)	194,225	194,225
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(31,750)	(31,750)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,900,000	3,900,000
4.5	Effect of movement in exchange rates on cash held	3,650	3,650
4.6	Misappropriated funds <i>Note: Item 4.6 has been included on an ad hoc basis given this isolated incident. Refer to the Activities Report for further information.</i>	(12,713,572)	(12,713,572)
4.7	Cash and cash equivalents at end of period	361,170	361,170

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter RMB	Previous quarter RMB
5.1	Bank balances	361,170	9,008,617
5.2	Call deposits		
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	361,170	9,008,617

6.	Payments to related parties of the entity and their associates	Current quarter RMB
6.1	Aggregate amount of payments to related parties and their associates included in item 1	136,834
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end RMB	Amount drawn at quarter end RMB
7.1	Loan facilities	5,000,000	3,900,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	5,000,000	3,900,000
7.5	Unused financing facilities available at quarter end		1,100,000
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>During Q1, FTC drew down RMB 3.9m, from a RMB 5.0m revolving unsecured facility, from WeBank for working capital purposes. The interest rate is 7% p.a. The maturity date is 26 April 2024. FTC can repay and redraw the loan at any time before the maturity date.</p>		

8.	Estimated cash available for future operating activities	RMB
8.1	Net cash from / (used in) operating activities (item 1.9)	194,225
8.2	Cash and cash equivalents at quarter end (item 4.6)	361,170
8.3	Unused finance facilities available at quarter end (item 7.5)	1,100,000
8.4	Total available funding (item 8.2 + item 8.3)	1,461,170
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.5
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity 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?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:12th August 2022.....

Authorised by:CHOW KI SHUI LOUIE.....
(Executive Director)

Notes

1. This quarterly cash flow report and the accompanying activities report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. The figures disclosed in this report are in Chinese Renminbi (RMB), the official currency of The People's Republic of China, which is the home currency of FTC.
3. FTC has adopted accounting policies that comply with International Financial Reporting Standards (IFRS) and the figures in the report are prepared in accordance with applicable IFRS.