



ASX ANNOUNCEMENT

FTC signs Supplementary Agreement with Taiwan Boom FinTech Co Ltd

18 July 2018 (ASX: FTC)

Reference is made to the announcement on 19 May 2016 relating to the Cooperation Agreement signed between the Company and 久昌金融科技股份有限公司 (“TBF”, translated name: Taiwan Boom FinTech Co., Ltd).

Under the Agreement TBF was to acquire the exclusive right to distribute and sell FTC’s fintech product solutions in Taiwan and FTC was to receive the following:

- (1) RMB 20 million for the sale of the intellectual property rights to FTC’s T-Link technology;
- (2) the transfer of 30% of TBF’s issued shares; and
- (3) be entitled to 25% of the gross revenue from the sale by TBF of FTC’s fintech product solutions in Taiwan.

Subsequent to the execution of the original Cooperation Agreement, there have been changes in the business environment underlining Taiwan’s economy as related to the trade with Mainland China. As a result by mutual consent, both TBF and FTC have resolved to enter into a Supplementary Agreement which has the effect of varying the terms of the sale of FTC’s fintech products in Taiwan. Under the Supplementary Agreement the following will occur:

- (1) The sale proceeds pursuant to the issue of rights to TBF to exploit FTC’s intellectual property in Taiwan is reduced from RMB 20 million to RMB 2 million. This amount was paid on 27 May 2016;
- (2) The beneficial entitlement of FTC to 30% of TBF’s issued capital remains unchanged;
- (3) The 25% gross revenue share from the sale of FTC’s products in Taiwan has been extinguished.

The reason for the reduction in the consideration paid and to be paid for FTC’s product solutions in Taiwan is due to their perceived reduced value caused by the underlying conditions of Taiwan’s economic trade with China. FTC does not consider this to be

permanent change however in the spirit of cooperation with TBF in the interim it has been resolved to vary the terms of the arrangement.

About FTC:

Following extensive innovation, research and development, FinTech Chain Limited (ASX:FTC) has created a comprehensive suite of product lines for the internet-based industry relating to the upgrading of payment transaction clearing systems, including its patented T-Linx system for integrated payment acquisition, Fast Payment software for merchant MIS (management information system) connection, FEA (financial electronic authentication) systems for contractual financial certificates and GICA transaction switching systems. These product lines are recognised as sector leading technologies in the Chinese financial industry especially in the provision of end to end solutions from transaction acquisition to transaction switching for both Chinese and overseas banks, credit card organisations, acquiring companies and wallet account partners.

Currently more than 300 banks are connected to FTC' systems including China Merchant Bank and Ping An Bank.

In 2016 FTC commenced its blockchain technology research and development and is now ranked in China's top 10 operators in terms of blockchain invention patent number holdings.

FTC continues to innovate through the application of blockchain technologies to payment transaction switching businesses in conjunction with providing overall blockchain technology solutions to its co-operation partners. Adhering to strict 'know your customer' (KYC) and anti-money laundering (AML) policies, FTC accommodates the circulation and transaction processing of various blockchain credits and digital tokens, significantly improving the efficiency of transaction completion in a cost effective manner.

FTC's business income includes client system service fees, technology research and development fees, commission income and transaction switching fee income relating to each payment transaction. Currently, the number of daily transactions processed by FTC's FTC systems exceeds 1 million.

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