



ANNUAL REPORT

2016



ARBN 615 153 332

Hong Kong Company Registration Number 2374379

Retechnology Co., Limited / www.retech-rte.com

CONTENTS



1. ABOUT RETECH TECHNOLOGY CO., LIMITED.....	2
2. CHAIRMAN'S LETTER.....	6
3. DIRECTORS' REPORT.....	9
4. BOARD OF DIRECTOR AND SENIOR MANAGEMENT.....	18
5. CONSOLIDATED FINANCIAL STATEMENTS.....	27
6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	33
7. DIRECTORS' DECLARATION.....	63
8. AUDITOR'S INDEPENDENCE DECLARATION.....	65
9. INDEPENDENT AUDITOR'S REPORT.....	67
10. CORPORATE GOVERNANCE STATEMENT.....	75
11. CORPORATE DIRECTORY.....	94



01

ABOUT RETECH
TECHNOLOGY
CO., LIMITED



睿泰科技
RETECH TECHNOLOGY

Retech Technology Co., Limited is a company incorporated in Hong Kong together with its subsidiaries ("Retech" or the "Company"), the Company's operations is based in Shanghai, China, which provides technology solutions to, and builds E-Learning platforms and E-Courseware for large companies, government and social organizations and training providers, enabling them to deliver their offline training content online through multiple channels, including the internet, mobile and social media platforms.

Retech is in a strong competitive position as a result of the following factors: national footprint and reputation, customised content, multi-platform delivery capability, specialist digitisation capability, focus on upgrading its existing E-Learning Platforms and innovation, diverse Client base, robust quality assurance systems, and a well-regarded management team.

Retech provides and intends to provide is organised into three business channels comprising:

- E-Learning Solutions - Helping large companies, organisations and institutions design and build E-Learning platforms and E-Courseware that enables Retech to deliver their existing training content online.
- E-Training Partnership - working with training and learning content providers to create E-Learning Platforms and digital content that is then sold on to clients. The content owners provide the content, and Retech provides the technology.
- E-Course Direct - originating original online training content and licensing IP from content owners that is then sold on to corporates and organisations.

Retech offers its E-Learning Solution business channel and intends to offer its other business channels (E-Training Partnership and E-Course Direct) to a diversified user base as detailed below.

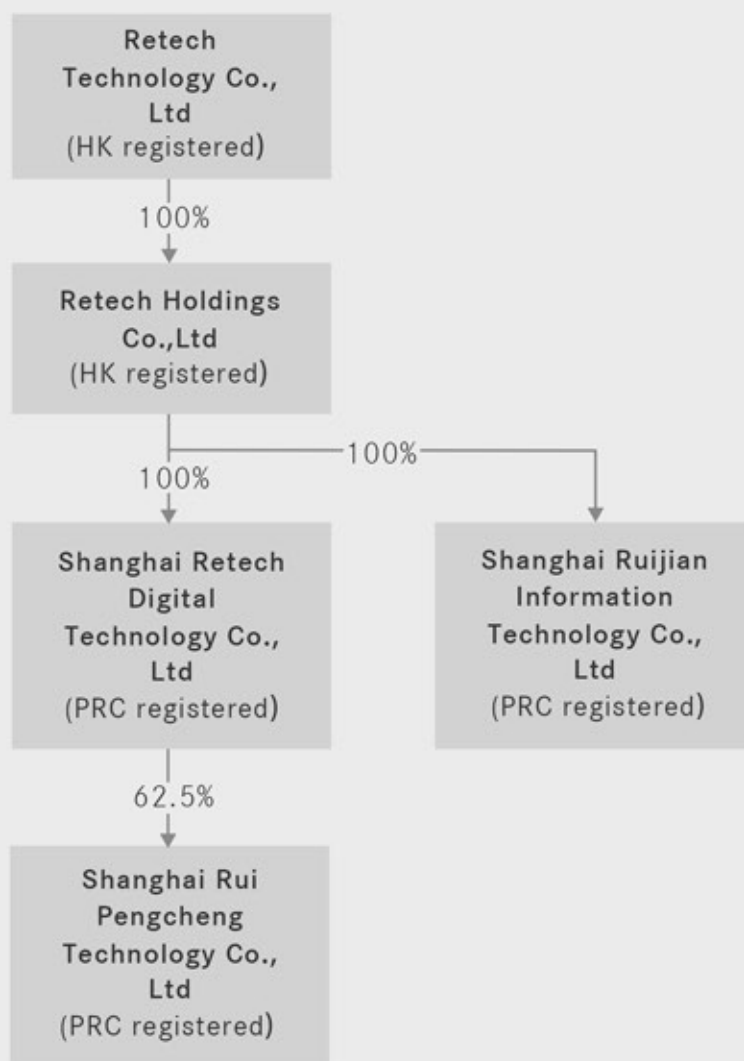


ABOUT RETECH TECHNOLOGY CO., LIMITED

Some of Retch's key customers are listed here:



The corporate structure of the Company as at the date of this report is as follows:



ABOUT RETECH TECHNOLOGY CO., LIMITED

A brief snapshot of the incorporation details and services provided by Retech, Retech Holdings, Retech Digital and Ruijian Information Technology is provided below:

Entity	Incorporation date	Detail
Retech Technology Co., Limited (Retech)	10 May 2016	Retech Technology Co., Ltd was incorporated in Hong Kong and is the parent company of the Retech Group and holds 100% of the issued share capital in Retech Holdings.
Retech Holdings Co., Limited (Retech Holdings)	11 May 2016	Retech Holdings Co., Limited was incorporated in Hong Kong and holds 100% of the issued share capital in Retech Digital and Ruijian Information Technology
Shanghai Retech Digital Technology Co., Ltd (Retech Digital)	15 July 2016	Retech Digital Technology Co., Ltd was incorporated in the PRC and is the wholly-owned subsidiary of Retech Holdings, and was incorporated as the key operating entity of the Retech Group.
Shanghai Ruijian Information Technology Co., Ltd (Ruijian Information Technology)	6 May 2016	Shanghai Ruijian Information Technology Co., Ltd was incorporated in the PRC and is the wholly-owned subsidiary of Retech Holdings and was incorporated to hold the Acquired Intellectual Property and Licensed Intellectual Property.
Shanghai Ruipengcheng Technology Co., Ltd. (Shanghai Ruipengcheng Technology)	8 September 2016	<p>Retech Digital acquired 62.5% of this entity on incorporation for nominal consideration. This entity was established as a potential vehicle to develop E-Courseware.</p> <p>Of the remaining 37.5%:</p> <ul style="list-style-type: none"> • 3.75% is held by Ms Chen Yanqun; and • 33.75% is held by Shanghai <p>The above are unrelated to the Retech Group.</p>



02

CHAIRMAN'S LETTER

02 CHAIRMAN'S LETTER



Dear Shareholders,

It is our pleasure to present our first Chairman's Report and the Annual Report for Retech Technology Co., Limited (the "Company" or "Retech").

First of all, we would like to welcome our new shareholders to the Company who invested either through the initial public offering or subsequent to the listing on the Australian Securities Exchange. On behalf of our fellow Directors on the Board, here we share with you our vision, financial results and development strategies:

Our Vision

Retech, as one of the largest E-learning solution suppliers in China, provides clients with most qualified E-learning services. Our services include E-learning platform development on PC and mobile terminals and E-course development for vocational training. Retech's Clients range from small to medium sized enterprises to large multinational companies and State Owned Enterprises. Examples include Mercedes Benz, Sephora, McDonald's, Ping An Insurance, Bank of China, and Shanghai Nuclear Engineering Research & Design Institute.

Financial Results

During the year of 2016 the company reported RMB 44.55m revenue, RMB 16.63m profit before tax and RMB 10.38m for net profit after tax (NPAT). The gross profit margin is recorded at 67% while net profit after tax (NPAT) margin is 23%. The major contributing factors for the result were our E-Learning Solutions, strong project management and cost control, offset by costs associated with the IPO of RMB 8.51m, including advisory, legal, accounting, administrative, translation, and restructure related costs.

CHAIRMAN'S LETTER



Strategic Priorities for 2017

In 2017 the Company will continue its strategy to become the leading E-learning solution supplier in Chinese market by focusing on financial, retail and auto industries. At the same time, the company is planning to expand the market of vocational schools and colleges for E-learning solution. On the other hand, we will also speed up our global footprints. In 2016, Retech entered into a Memorandum of Understanding with TAFE Queensland. In 2017, we will collaborate with TAFE Queensland to strengthen the globalization of our E-Training Partnership business channel. Moreover, Retech has signed a cooperation agreement with Netlearning in March 2017 the largest E-learning service company in Japan, to establish a joint venture, aiming at expand the development in both Chinese market and Asia Pacific market.

In conclusion, on-line education industry grows rapidly and promisingly. Relying on such great Chinese market demand and looking forward to global vision, Retech will dedicate to create value for clients and maximize continuous benefits for shareholders. We would like to thank you, our shareholders, for your continuous support in the Company and look forward to update you with the Company's achievements over the coming year of 2017.

Mr Ai Shungang
Co-Chairman
10 May 2017

Mr Calvin Cheng
Co-Chairman
10 May 2017



03

DIRECTORS' REPORT

03

DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements of Retech Technology Co., Limited (the "Company") and its subsidiaries (collectively the "Group") for the period from 10 May 2016 (date of incorporation) to 31 December 2016.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the Group includes the provision of technology solutions to, and building e-learning platforms and e-courseware for corporate customers and training providers, enabling them to deliver their offline training content online. The principal activities of its subsidiaries are set out in note 20 to the consolidated financial statements.

Operating and financial review

a) Financial performance

During FY 2016, we are pleased to report that the company has delivered both business and earnings growth strategies set at the beginning of the year.

The company has delivered RMB 44.55m revenue, RMB 16.63m profit before tax and RMB 10.38m in net profit after tax (NPAT) result for FY2016. The gross profit margin is recorded at 67% while net profit after tax (NPAT) margin is 23%. The basic earnings per share is 22.3 cents. The calculation of basic earnings per share has been based on the profit attributable to owners of the Company of RMB 10,378,799 and the weighted average number of 46,546,610 ordinary shares in issue during the period. The diluted earnings per share equals to basic earnings per share as there were no potential dilutive ordinary shares outstanding for the period.

RMB'000s	FY 2016
Revenue	44,548
Cost of sales	(14,629)
Gross profit	29,919
Gross margin %	67%
NPBT	16,630
NPAT	10,379
NPAT margin %	23%

DIRECTORS' REPORT

b) Operations performance

For our operational result in the current period, we were pleased to announce that there were 111 projects with 69 customers completed or in progress. Among these projects, we have industry focuses which are Financial Industry, Auto Industry and Retail Industry. In Financial Industry, we have these famous clients including Bank of China, Ping An Insurance, and Shanghai Pudong Development Bank. In Auto Industry, we have served Mercedes-Benz China for many years and earned good customer satisfaction from them. At the same time SAIC Motor and Infiniti are our continuous clients. In Retail Industry, our clients include SEPHORA, C&A and LACOSTE etc.

c) Future development and business strategies

· Industry focus

In 2017, Retech will still focus on industries including financial industry, retail and auto industry.

At present, China's online education in financial field grows at a very rapid speed. Annual budget of Chinese banks and insurance companies for on-line training is increasing at the same time. Such growth in financial sector will increase the demand for e-learning solutions. In the past few years, we have accumulated rich experience in financial industry; we will seize the market opportunity and increase the revenue in this sector.

· New develop engine

Further, Retech is planning to expand the market of vocational schools and colleges for their E-learning solution in the next three years. According to statistics, there are over 13,000 vocational schools and colleges with more than 30 million students in mainland China. Retech has established a joint venture named Shanghai Rui Pengcheng Technology Co., Ltd to provide vocational school E-Learning and E-course solutions to the target market.

· Global market approach

In terms of the global business development Retech will concentrate on exploiting cooperation with Australian institutions in 2017. First and foremost Retech will promote cooperation with TAFE Queensland. With a background of a MoU signed with two parties in 2016, a practical business development plan is put on the schedule of 2017.

In March 2017, Retech and Netlearning, one of the largest E-Learning companies in Japan, signed a strategic cooperation agreement. Both parties agree to introduce Netlearning's intellectual property copyrights for on-line courses and its E-Learning cloud platform technology to China.

DIRECTORS' REPORT

Directors of the company

The directors of the Company during the period and up to the date of this report were as follows:

LIN Yan	(appointed on 10 May 2016 and resigned on 16 December 2016)
AI Shungang	(appointed on 16 December 2016)
LIU Qing	(appointed on 16 December 2016)
CHENG Ern Lee, Calvin	(appointed on 16 December 2016)
RYAN Christopher, John	(appointed on 16 December 2016)
IDE Neville John	(appointed on 16 December 2016)
LU Jiuping	(appointed on 3 May 2017)
ZHANG Jing	(appointed on 3 May 2017)

Ms. LIN Yan resigned as director of the Company on 16 December 2016. She has confirmed that she has no disagreement with the Board and there is no matter in relation to her resignation that needs to be brought to the attention of the shareholders of the Company.

In accordance with article 21 of the Company's Articles of Association, the directors shall retire and, being eligible, offer themselves for re-election.

Directors of subsidiaries

The directors of the subsidiaries of the Company during the period and up to the date of this report were as follows:

LIN Yan	(appointed on 11 May 2016)
WANG Gongshi	(appointed on 17 June 2016)
LIU Yan	(appointed on 20 August 2016)
LIU Cheng	(appointed on 20 August 2016)
GUO Mingmin	(appointed on 16 August 2016)
CHEN Yanqun	(appointed on 16 August 2016)
XU Shanshan	(appointed on 16 August 2016)

DIRECTORS' REPORT

Equity-linked agreement

The Company plans to issue 35,000,000 shares in its initial listing on Australian Securities Exchange ("ASX"). On 10 March 2017, the initial listing application was preliminarily approved by the ASX on condition of satisfactory supply of supplementary documents. There has been share subscription application by interested investors. However, there has not been any agreement entered into by the Company and the potential investors.

Management contracts

The Company did not entered into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, by which a person undertakes the management and administration of the whole or any substantial part of the business of the Company during the period.

Directors' interests in transactions, arrangements or contracts

No transaction, arrangement or contract of significance to which any of the Company's holding company, subsidiaries or fellow subsidiaries was a party and in which a director or an entity connected with a director is or was materially interested, either directly or indirectly, subsisted during or at the end of the year.

Directors' interests in the shares, underlying shares and debentures

At no time during the year was the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Permitted indemnity provision

During the period and up to the date of this Directors' Report, the permitted indemnity provision as defined in section 469 of the Hong Kong Companies Ordinance for the benefit of the directors of the Company was in force. The Company has arranged for appropriate insurance cover for the directors' liabilities in respect of legal actions against its directors arising out of corporate activities.

Directors' meetings

There was one directors' meeting held during the year on 21 December 2016 since all board members were formally formed on 16 December 2016. Following the admission to ASX, the Board currently schedules a minimum of four meetings per year with meetings of the sub committees as needed. In addition, the Board meets whenever necessary to deal with specific matters needing attention between the scheduled meetings.

No Nomination and Remuneration Committee or Audit and Risk Management Committee meetings

DIRECTORS' REPORT

were held since the establishment of the Committees to the date of this report.

Directors' interests

The table below sets out the interests of the Directors of the Company as at the date of this report.

Director	Independence or affiliated	Number of Shares and equivalent CDIs held directly	Number of Shares and equivalent CDIs held indirectly
Ai Shungang ¹	Non-independent	Nil	88,768,850
Calvin Cheng ²	Non-independent	9,076,796	22,556,650
Liu Qing	Independent	Nil	Nil
Chris Ryan ³	Independent	Nil	333,333
Neville Ide ⁴	Independent	Nil	333,333
Lu Jiuping	independent	Nil	Nil
Zhang Jing	Independent	Nil	Nil

Notes:

1. Ai Shungang holds 69.77% of Retech Investment Group Co.,Ltd, the largest Existing Holder. Having regard to section 608(3) of the Corporations Act, given Ai Shungang holds more than 20% of Retech Investment Group Co. Ltd, Ai Shungang is deemed to hold a relevant interest in all of the shares held by Retech Investment Group Co., Ltd.

2. Calvin Cheng holds 40.24% of Lumina Looque Knowledge Hubs Pte Ltd, an Existing Holder. Having regard to s608(3) of the Corporations Act, given Calvin Cheng holds more than 20% of Lumina Looque Knowledge Hubs Pte Ltd, Calvin Cheng is deemed to hold a relevant interest in all of the shares held by Lumina Looque Knowledge Hubs Pte Ltd.

DIRECTORS' REPORT

3. Chris Ryan controls Stradbroke Plaza Pty Limited as trustee for Ryan Retirement Fund, an Existing Holder.

4. Neville Ide controls Vensup Pty Ltd as trustee for Edin Super Fund, an Existing Holder.

Remuneration Report

The remuneration report details the key management personnel remuneration arrangements for the Company for the period ended 31 December 2016.

The remuneration report is set out under the following main headings.

a) Main principles used to determine the nature and amount of remuneration

The performance of the Company depends upon the quality of its directors and executives. The remuneration policy for directors and senior management is designed to attract, motivate and retain highly skilled directors and executives to further promote superior performance and long term commitment to the Company.

The main principles are:

- Provide competitive rewards to attract high skilled directors and executives.
- Executives' rewards should be linked to shareholder value.
- Individual reward should be based on the performance evaluation criteria.

b) Service agreements and details of remuneration

On appointment to the board, all directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, vacation of office, service and responsibilities. Other terms of employment for directors is also formalised in service agreements.

Remuneration for the directors consists of annual fixed cash remuneration. There are no incentive plans in operation for directors and the incentive plan will be considered by Board in the 2017 Financial Year.

DIRECTORS' REPORT

Below is a table detailing the amount of remuneration each Director of Retech is entitled to receive per annum at the date of this report.

Director	Position	Amount per annum
Ai Shungang	Non-Executive Co-Chairman	RMB80,000 (approximately A\$15,664).
Calvin Cheng	Non-Executive Co-Chairman	A\$100,000 (approximately RMB510,725)
Liu Qing	Non-Executive Director Chairman of Nomination and Remuneration Committee Member of Audit and Risk Management Committee	RMB70,000 (approximately A\$13,706) plus an additional RMB10,000 (approximately A\$1,958) as Chairwomen of the Nomination and Remuneration Committee.
Chris Ryan	Non-Executive Director Member of Audit and Risk Management Committee Member of Nomination and Remuneration Committee	A\$60,000 (approximately RMB306,435).
Neville Ide	Non-Executive Director Chairman of Audit and Risk Management Committee Member of Nomination and Remuneration Committee	A\$60,000 (approximately RMB306,435 plus an additional A\$10,000 (approximately RMB51,073) as Chairman of the Audit and Risk Management Committee.
Lu Jiuping	Non-Executive Director	RMB70,000 (approximately A\$13,706)
Zhang Jing	Non-Executive Director	RMB70,000 (approximately A\$13,706)

DIRECTORS' REPORT

Dividend

It is not intended that a dividend will be paid following the Company's listing in respect of the 2016 financial year.

Significant changes in the state of affairs

The company was incorporated on 10 May 2016. In November 2016, the Company acquired Retech Holdings Co., Ltd, together with its wholly owned subsidiaries Shanghai Retech Digital Technology Co., Ltd and Shanghai Ruijian Information Technology Co., Ltd. Shanghai Retech Digital Technology Co., Ltd is the business operation company and Shanghai Ruijian Information Technology Co., Ltd is the IP holding company.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Environment issues

The Company's business operation is not specifically regulated by any environmental regulations under a law of PRC, Hong Kong or Australia. However, the Company always holds an environmental management philosophy to promote a sustainable working environment. For example, the Company encourages staffs to have double-page printing and recycling usage of office supplies; and also, the Office Administration is requested to take purchase orders of energy-saving facilities and equipment.

Since the start to the date of this report, the Company has not conducted any activities that may neither bring negative impacts on the environment nor breach any environmental regulations under a law of PRC, Hong Kong or Australia.

Events since the end of the year

On 10 March 2017, the Company's initial listing application to the Australian Securities Exchange ("ASX") was preliminarily approved by the ASX on condition of satisfactory supply of supplementary documents by the Company to ASX. Up to the date of these financial statements, the directors expect the procedure could be completed in May 2017 and the Company's shares would be listed on ASX.

Non audit services

Grant Thornton Hong Kong Limited ("GT Hong Kong") acts as auditors of the Company and its subsidiaries. However, the Company and its subsidiaries do not accept any other non-audit services from GT Hong Kong.

Proceeding on the behalf of the Company

No proceedings on behalf of the Company have occurred up to the date of this report.



04

BOARD OF DIRECTOR AND SENIOR MANAGEMENT



睿泰科技
RETECH TECHNOLOGY

04 BOARD OF DIRECTOR AND SENIOR MANAGEMENT

Directors

At the date of this report, the Board of the Company comprises of seven Non-Executive directors listed as follows.



Mr Ai Shungang

Co-Chairman

Non-Executive Director

Mr Ai Shungang, as the founder of GRP Group, is the Non-executive Co-Chairman of Retech and Chairman of the Board and President of GRP. Mr Ai Shungang controls the largest shareholder of Retech.

Mr Ai brings more than 14 years' practical experience in the fields of software, consulting and online education in China. Firstly, Mr Ai started his own business in April 2000 when he was still being a sophomore in the university. He founded Nanjing Siluo Information Technology Co., Ltd, and then led and moved his team to Shanghai and founded Shanghai Retech Information Technology Co., Ltd. In 2010, he set up Jiangsu Retech Digital Industrial Park Co., Ltd and developed "Digital Publishing Industrial Park", which has now become China's National Digital Publishing Base. While in 2011, he founded GRP and incorporated his other entities into GRP Group, which formed an integrated consortium specialized in technologies.

Mr Ai graduated from Nanjing University of Posts and Telecommunications. In 2014, he was rewarded as the "Leading Talent of Digital Publishing" in China.



Mr Calvin Cheng

Co-Chairman

Non-Executive Director

Calvin Cheng was an appointed Member of Parliament of Singapore in the Eleventh Parliament.

He has also served on various Ministerial advisory boards including the Media Literacy Council, the Singapore Media Festival, Screen Singapore and the Government Feedback REACH supervisory council.

Calvin is the Executive Director of Lumina-Looque International, an integrated media company with

BOARD OF DIRECTOR AND SENIOR MANAGEMENT

offices in Singapore, Malaysia and China, which owns event companies, model agencies and a publishing company. Previously, Calvin was the Asia-Pacific Head of Elite Model Management, the world's largest modelling agency.

Calvin was also the Managing Director and Founder of Jue Rui Bao Si, a training company in China that trains some of the leading companies in China in soft skills. Jue Rui Bao Si has also partnered with some of China's leading movie studios, including Bona Film Group, Enlight Media and Stellar Media Group, to train their artistes in deportment, image and communication. It was also the official training partner for China's inaugural season of X-Factor.

In December 2014, Calvin, together with Singapore's Tembusu Partners and China's Nasdaq listed Bona Film Group, launched one of the world's first media funds focused on China.

Calvin graduated from the University of Oxford with a Master of Arts in Philosophy, Politics and Economics, and a Master of Science in Management. Calvin is also a Young Global Leader of the World Economic Forum at Davos.



Ms Liu Qing

Non-executive Director
Chairwoman of Nomination
and Remuneration Committee
Member of Audit and
Risk Management Committee

Ms Liu Qing has over 20 years of experience in equity, securities and finance. Liu Qing was the deputy general investment manager of the Shenzhen Special Economic Zone Securities Company. In 1997, Liu Qing became the VP of the US Cyber Investment Group to manage a venture capital.

Liu Qing worked as the Chief Representative and Vice President of Sun Hung Kai Financial Group, China from 2003 to 2008 and is currently the co-director of Sun Hung Kai Financial Group, assisting the Group CEO in Chinese equity investment projects.

Liu Qing was also the partner of OFC, the top 10 "Best Local Investment Institution" in China, with a management capital of RMB 7 billion, over 100 investment projects and a number of projects listed or merged drop out.

Liu Qing graduated from Huazhong University of Science and Technology with a master's degree in management. In 2009 Liu Qing was hired as an MBA part-time professor at Lanzhou University of Finance and Economics.

BOARD OF DIRECTOR AND SENIOR MANAGEMENT



Mr Chris Ryan

Non-executive Director
Member of Nomination
and Remuneration Committee
Member of Audit and
Risk Management Committee

Chris is an Executive Director of Investorlink Group Limited, a Sydney-based corporate finance and advisory firm. Chris has diverse experience and expertise in mergers & acquisitions together with initial public offerings.

Chris has advised on ASX listings since 1986. Chris has served as Chairman of ASX listed Bravura Solutions Limited and China Waste Corporation Limited and is currently Co-Chairman of ASX listed TTG Fintech Limited (ASX:TTG) and a Non-Executive Director of eCargo Holdings Limited (ASX:ECG) and a non-executive director of Propertylink Holdings Limited (ASX:PLG). Chris holds a Bachelor of Financial Administration from the University of New England and is a Fellow of the Institute of Chartered Accountants Australia and New Zealand.



Mr Neville Ide

Non-executive Director
Chairman of Audit and
Risk Management Committee
Member of Nomination
and Remuneration Committee

Neville's industry knowledge and experience over some 40 years covers banking, insurance, infrastructure and corporate treasury including financial risk management. He held senior executive roles in the private sector and government through to 2009. Neville has been performing non-executive director roles since 2006 and undertaking specialist advisory work.

Neville is currently a non-executive director of RACQ Insurance Limited, QT Mutual Bank Limited and SunWater Limited, and is engaged by ANZ institutional bank.

Neville holds a Bachelor of Business (Accounting) from Brisbane College of Advanced Education (now part of the Queensland University of Technology) and a Master of Commerce (Accounting and Finance) from Griffith University. He is a Fellow of the Australian Society of Certified Practising Accountants and a Fellow of the Australian Institute of Company Directors.

BOARD OF DIRECTOR AND SENIOR MANAGEMENT



Mr Lu Jiuping

Non-executive Director

Mr Lu Jiuping holds a Bachelor of Computer Science from the Central South University of China and an MBA from the University of Science and Technology, Beijing.

Mr Lu Jiuping has expertise in software development in China for projects outsourced from Japan.

Mr Lu Jiuping is currently the CEO of Wuxi No.90 Culture Communication Co., LTD.

Mr Lu Jiuping successfully established Wuxi Huaxia Computer Technology Company Limited in 2000 and Wuxi Huayang Software Company Limited in 2003.

Mr Lu Jiuping has also served as a senior manager in iSoftstone, WSN Group and Yungu Capital.

Between 2007 and 2012, Mr Lu Jiuping held the role as an elected member of Jiangsu Province at the Tenth National Committee of the Chinese people's Political Consultative Conference (CPPCC). Mr Lu Jiuping was promoted to Vice President of Wuxi General Chamber of Commerce, where he served between 2007 and 2016.



Ms Zhang Jing

Non-executive Director

Zhang Jing holds a Bachelor degree of Economic Management from Dongbei University of Finance & Economics in China, and is in the process of completing an MBA at the W. P. Carey School of Business in Arizona State University of the United States of America.

Ms Zhang Jing specialises in senior management of human resources, corporate mergers and acquisitions.

Ms Zhang Jing is currently the Vice President in charge of human resource management in Guanghua Dingye Investment Group Co., LTD, a listed company in China.

BOARD OF DIRECTOR AND SENIOR MANAGEMENT

Previously, Ms Zhang Jing worked as the Vice President responsible for HR management in Beijing Hongyu Investment Assets Management Co., LTD., the General Manager of Fuyi (Shanghai) Investment Co., LTD and one of the Council Members of Shanghai Entrepreneurship Services Foundation for Graduates.

The Company Secretary

The Company Secretary is H & F Management Consultants Limited, which was appointed on 10 May 2016 and supported by Ms Lin Yan. The role of the Company Secretary includes advising the Board and its committees on governance matter, monitoring that Board and committee policy and procedures followed, coordinating the timely completion and despatch of Board and committee reports, ensuring that the business at Board and committee meetings is accurately captured in the minutes and helping to organise and facilitate the induction and professional development of Directors.

Senior Management

Senior management positions within Retech are occupied by personnel with extensive experience in development, marketing, design and management.

Details of key executive management team members are set out below.



Liu Cheng (Chief Executive Officer)

Liu Cheng is responsible for company operations and management, and the execution of resolutions of the Board at Retech, including: comprehensively developing, organising, and implementing corporate strategy and targets; participating in Board meetings and reporting business operation status to the Board, managing and supervising the signing of business contracts with clients, developing and enhancing corporate culture and team building, preparing proposals for the appointment of senior managers for the approval of the Board (if necessary), and company daily operation and management.

Liu Cheng has more than 10 years of experience and specializes in sales, marketing, business management and strategic management. In 2000, Liu Cheng co-founded Nanjing Siluo Information Technology Co., Ltd with Mr Ai Shungang, and worked as Sales and Marketing Director.

BOARD OF DIRECTOR AND SENIOR MANAGEMENT

Since 2010, Liu Cheng worked as general manager of Shanghai Retech Information Technology Co.,Ltd, where he was responsible for strategy development and implementation. Liu Cheng is currently the chief executive officer of Retech Technology, and is responsible for developing, organising, and implementing corporate strategy and targets, and reporting business operation status to the Board.

He holds a Master degree in Business Management from Nanjing University of Posts and Telecommunications. He is also a member of Jiangsu Youth Federation.



Lin Yan (Chief Financial Officer)

Lin Yan is responsible for accounting management, operation and financial reporting at Retech, including accounting, budgeting and planning, managing operational projects; cash flow management and tax planning, and improving finance systems.

Lin Yan has over 10 years of experience in accounting, finance and business management.

Prior to joining Retech, she worked for Capgemini (China) Consulting Co., Ltd. and Ernst & Young (China) Consulting Co., Ltd, where she was responsible for offering solutions to clients, including accounting, financial reports and consolidation, budget and forecast, and strategic finance.

Lin Yan is a qualified Certified Management Accountant (CMA) and holds a Master degree in Business Management from Shanghai Finance and Economy University.



Wang Gongshi (Vice President)

Wang Gongshi is responsible for sales and marketing at Retech, including: participating in the development and implementation of the company's marketing plans and target achievements, managing the sales team and improving sales systems, promoting brand marketing and expanding market share, conducting analysis, research and study on clients, market and competitors and

BOARD OF DIRECTOR AND SENIOR MANAGEMENT

providing data resources for new product development, and supporting the Chief Executive Officer in driving strategic initiatives.

Wang Gongshi has over 10 years of experience in the field of sales and marketing.

Before he joined GRP in 2010, he was vice Sales Director covering Jiangsu Province of Yulong Computer Communication Co., Ltd affiliated to China Wireless Group. His outstanding sales performance was leading at national level.

Wang Gongshi graduated from Nanjing University of Posts and Telecommunications with a Bachelor degree in Marketing.



Guo Mingmin (Vice President)

Guo Mingmin is responsible for research and development of E-Learning products at Retech including project implementation and management, communication and outsourcing management as well as supporting the Chief Executive Officer in driving strategic initiatives.

Guo Mingmin has more than 10 years of experience in project management, outsourcing management, software development and business management.

In 2003, Guo Mingmin firstly worked as the programmer and project manager of Wuxi Huayang Software Co., Ltd; he then worked as International Business Unit Director to expand overseas business in Japan. In 2007, he became the deputy general manager of Wuxi Huayang Software Co., Ltd, responsible for project implementation, product development and team management.

From 2007 to 2013, Guo Mingmin was the deputy general manager of Wuxi Softstone Technology Co., Ltd, a company providing IT Solutions.

In 2015, Guo Mingmin joined the GRP Group as the deputy general manager of Shanghai Retech Information Technology Co., Ltd and Jiangsu Retech Education Technology Co., Ltd, responsible for the research and development of Ruiwing products. He is currently the Vice President of Retech Digital, supporting the Chief Executive Officer in driving strategic initiatives.

BOARD OF DIRECTOR AND SENIOR MANAGEMENT



Chen Hong (Design Director)

Chen Hong is responsible for eCourseware customization project management at Retech including implementing solutions and development, problem solving, and training the design team.

Chen Hong has over 15 years of working experience in corporate training, design, course development and project management.

Prior to Retech, from 2012 to 2015, Chen Hong was Content Center Director and Research & Development Director at Beijing Times Bright CreSuccess, a training company targeted at B2B E-Learning Solutions in China, where she led and supported its content research and development.

Chenhong graduated from Capital University of Economics and Business in 2002 with a master's degree in Business Management.





05

CONSOLIDATED
FINANCIAL
STATEMENTS



睿泰科技
RETECH TECHNOLOGY

Consolidated statement of profit or loss and other comprehensive income for the period from 10 May 2016 (date of incorporation) to 31 December 2016

	Notes	Period from 10 May 2016 (date of incorporation) to 31 December 2016
		RMB
Revenue	5,6	44,547,827
Cost of services		(14,628,704)
Gross profit		29,919,123
Other income	7	535,635
Selling and distribution expenses		(1,362,398)
Administrative expenses		(12,326,833)
Finance cost	8	(135,938)
Profit before income tax	9	16,629,589
Income tax expense	11	(6,250,790)
Profit and total comprehensive income for the period		10,378,799
Profit and total comprehensive income for the period attributable to:		
Owners of the Company		10,378,799
Non-controlling interests		-
		10,378,799
Earnings per share for profit attributable to the owners of the Company during the period		
Basic and diluted	12	22.30 cents

The notes on pages 33 to 61 are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position as at 31 December 2016

	Notes	As at 31 December 2016
		RMB
ASSETS AND LIABILITIES		
Non-current assets		
Equipment	13	122,450
Deferred tax assets	14	363,940
		486,390
Current assets		
Trade and other receivables	15	7,922,606
Amounts due from customers for contract works	16	5,591,713
Amount due from a shareholder	17(a)	2,612,937
Amount due from a related company	17(b)	10,003,851
Loan to a related company	18	11,036,536
Cash and cash equivalents	19	4,647,305
		41,814,948
Current liabilities		
Trade and other payables	21	9,094,910
Amounts due to customers for contract works	16	1,187,371
Amount due to a related company	17(c)	1,490,680
Income tax payable		6,614,730
		18,387,691
Net current assets		23,427,257
Net assets		23,913,647
Equity		
Share capital	22	24,657,544
Reserves		(743,897)
Total equity		23,913,647

The notes on pages 33 to 61 are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of changes in equity for the period from 10 May 2016 (date of incorporation) to 31 December 2016

	Attributable to owners of the Company			Total equity
	Share Capital	Merger reserves (note 23)	Retained profits	
	RMB	RMB	RMB	RMB
Profit and total comprehensive income for the period	-	-	10,378,799	10,378,799
Transactions with owners:				
Issue of shares on incorporation	8,403	-	-	8,403
Issue of shares in the period (notes 22(b) and 22(c))	24,649,141	(11,122,696)	-	13,526,445
	24,657,544	(11,122,696)	-	13,534,848
At 31 December 2016	24,657,544	(11,122,696)	10,378,799	23,913,647

The notes on pages 33 to 61 are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of cash flows for the period from 10 May 2016 (date of incorporation) to 31 December 2016

	Notes	Period from 10 May 2016 (date of incorporation) to 31 December 2016
		RMB
Cash flows from operating activities		
Profit before tax		16,629,589
Adjustment for:		
Depreciation of equipment	13	10,528
Equity settled share-based payment expenses	22(b)	8,511,380
Interest income		(6,536)
Interest expense		135,938
Exchange loss		215,015
Operating cash flows before changes in working capital:-		25,495,914
Increase in:-		
Trade and other receivables		(5,735,493)
Amounts due from customers for contract work		(5,591,713)
Amount due from a related company		(10,003,851)
Loan to a related company		(11,030,000)
Increase in:-		
Trade and other payables		9,094,910
Amounts due to customers for contract works		1,187,371
Amount due to a related company		1,490,680
Cash flows generated from operations		4,907,818
Interests paid		(135,938)
Net cash flows generated from operating activities		4,771,880
Cash flows from investing activities		
Purchase of equipment	13	(132,978)
Net cash flows used in investing activities		(132,978)

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of cash flows for the period from 10 May 2016 (date of incorporation) to 31 December 2016 (Continued)

	Notes	Period from 10 May 2016 (date of incorporation) to 31 December 2016
		RMB
Cash flows from financing activities		
Proceeds from issue of shares	22(a)	8,403
Net cash flows generated from financing activities		8,403
Net increase in cash and cash equivalents		4,647,305
Cash and cash equivalents at end of the period	19	4,647,305

The notes on pages 33 to 61 are an integral part of these consolidated financial statements.



06

NOTES TO THE
CONSOLIDATED
FINANCIAL
STATEMENTS



睿泰科技
RETECH TECHNOLOGY

Notes to the consolidated financial statements

for the period from 10 May 2016 (date of incorporation) to 31 December 2016

1. GENERAL INFORMATION

Retech Technology Co., Limited (the “Company”) is a limited liability company incorporated and domiciled in Hong Kong. The registered office and principal place of business of the Company is located at Room 1405A, 14/F, Lucky Centre, 165-171 Wanchai Road, Wanchai, Hong Kong.

The directors consider Retech Investment Group Co., Ltd, a limited liability company incorporated in the British Virgin Islands, is the immediate and ultimate holding company of the Company.

The principal activities of the Company and its subsidiaries (the “Group”) include the provision of technology solutions to, and building e-learning platforms and e-courseware for corporate customers and training providers, enabling them to deliver their offline training content online. The Group’s operations are based in the People’s Republic of China (the “PRC”). The principal activities of the subsidiaries are disclosed in note 20 to the consolidated financial statements.

The consolidated financial statements represented in Renminbi (“RMB”), the currency of the primary economic environment in which the Company and its subsidiaries operate (the functional currency of the Company and its subsidiaries).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance (the “HKCO”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

During the process of group restructuring implemented in the period, certain transfers of controlling interests only involved inserting new holding companies and has not resulted in any change of economic substances, the consolidated financial statements for the period have been presented as a continuation of the existing companies using the pooling of interests method as if these transfers had been completed at the date of incorporation of the Company. Details of the group restructuring were set out in "The Restructure", section 3.9 to the Prospectus by the Company dated 27 January 2017, which is available to the public on the Company's website and the website of Australian Securities Exchange.

2.2 Non-statutory financial statements

These financial statements contained in this annual report do not constitute the Company's statutory consolidated financial statements for the period from 10 May 2016 (date of incorporation) to 31 December 2016 (the "statutory financial statements") but is derived from those financial statements. Further information relating to the statutory financial statements required to be disclosed in accordance with section 436 of the HKCO is as follows:

The Company has delivered the statutory financial statements for the period to the Registrar of Companies of Hong Kong as required by section 662(3) of, and Part 3 of Schedule 6 to, the HKCO.

The Company's auditor has reported on the statutory financial statements for the period. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or 407(3) of the HKCO.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 “Financial Instruments: Recognition and Measurement” or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company’s statement of financial position, subsidiary is carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee’s pre or post-acquisition profits are recognised in the Company’s profit or loss.

2.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Business combinations (Continued)

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounting for within equity. Contingent consideration that is classified as a financial liability is remeasured at subsequent reporting dates at fair value with corresponding gain or loss being recognised in profit or loss.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2.5 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Equipment

Depreciation on equipment is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Computer and office equipment 3 years

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any revaluation surplus remaining in equity is transferred to retained earnings on the disposal of land and building.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets

The Group's accounting policies for financial assets other than investments in subsidiaries are set out below.

Financial assets are classified into the following category:

- loans and receivables

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- Significant financial difficulty of the debtor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (Continued)

Impairment of financial assets (Continued)

- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- The disappearance of an active market for that financial asset because of financial difficulties; and
- A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Impairment losses on financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (Continued)

Impairment of financial assets (Continued)

Impairment losses recognised in an interim period in respect of available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period.

Consequently, if the fair value of an available-for-sale equity security increases in the remainder of an annual period, or in a subsequent period, the increase is recognised in other comprehensive income.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, which are subject to an insignificant risk of changes in value.

2.10 Financial liabilities

The Group's financial liabilities include trade and other payables and amount due to a related company. They are included in line items in the statement of financial position as borrowings under current or non-current liabilities, derivative financial instruments or trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

2.11 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Leases(continued)

Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to the income statement on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

2.12 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After the initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be recognised in a comparable provision as described above. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as per above.

Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets. They are described along with the Group's contingent liabilities in note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Share capital

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.14 Revenue recognition

Sales of services are recognised in the accounting period in which the services are rendered. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The stage of completion of a transaction is determined by the proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

When services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

Interest income is recognised on a time-proportion basis using the effective interest method. Consultancy income is recognised when the services are rendered. Commission income is recognised in the period in which the services are rendered by reference to completion of the specific transaction.

2.15 Contracts for e-learning services

Contract revenue on the rendering of e-learning services comprises the agreed contract amount. Contract costs comprise direct equipment and material costs, labour and other costs of personnel directly engaged in rendering the services and attributable overheads.

Revenue from the rendering of e-learning services (other than those that are recognised on a time proportion basis over the period of the contract or when the relevant services have been rendered, as appropriate) is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction, or the value of services performed to date as a percentage of the value of total services to be performed under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Contracts for e-learning services (Continued)

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amounts due from customer for contract work. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amounts due to customers for contract works.

2.16 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through a defined contribution plan.

The employees of the Group are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute portion of its payroll costs to the central pension scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the period. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2.17 Taxation

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Taxation (Continued)

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if, (a) the Group has the legally enforceable right to set off the recognised amounts; and (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if, (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either: (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.18 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Company for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major service lines.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Segment reporting (Continued)

The executive directors of the Company, being the chief operating decision maker, regard the Group's business of provision of e-learning platforms and e-courseware services as a single operating segment and assesses the operating performance and allocates the resources of the Group as a whole.

2.19 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and if that person:
 - (i) has control or joint control over of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) the party is an entity and if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group.
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) the entity and the Group are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.20 Government grants and subsidies

Government grants and subsidies are recognised at their fair value where there is reasonable assurance that the grants and subsidies will be received and all attaching conditions will be complied with. When the grants and subsidies relate to an expense item, they are recognised as income, over the periods necessary to match the grants and subsidies on a systematic basis to the costs that they are intended to compensate. Where the grants and subsidies relate to an asset, they are presented as deferred revenue and are released to the income profit or loss over they are expected useful life of the relevant asset by equal annual installments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Equity settled share-based payment

Share-based payment for service

Shares issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the shares issued. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share capital), when the counterparties render services, unless the services qualify for recognition as assets.

3. ADOPTION OF NEW OR AMENDED HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been early adopted by the Group.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first periods beginning after the effective date of the pronouncement. Management is currently assessing the possible impact of these amendments of the Group's results and financial position in the first year of application.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation of uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations.

Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Impairment of trade receivables

The Group estimates impairment losses for bad and doubtful debts resulting from the inability of customers to make the required payments. The Group bases the estimates on the aging of the receivable balance, debtors' credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual impairment losses would be higher than estimated. The carrying amount as at the end of the reporting period is approximately RMB5,285,446.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Revenue from contracts for service

The Group recognises contract revenue on the rendering of services by reference to the stage of completion of the contract activity at the end of reporting period, when the outcome of a contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs to be incurred under the transaction. Significant assumptions, such as the budgeted staff hours, are required to estimate the total contract costs and/or the stage of completion. The estimates are made based on past experience and knowledge of management.

5. REVENUE

The Group's principal activities are disclosed in note 1 to these consolidated financial statements.

The Group's revenue recognised during the period is as follows:

	Period from 10 May 2016 (date of incorporation) to 31 December 2016 RMB
Rendering of services	38,765,199
Commission income	4,886,792
Consultancy income	895,836
	<hr/> 44,547,827 <hr/>

6. SEGMENT REPORTING

In the current period, the executive directors of the Company, being the chief operating decision maker, regard the Group's business of provision of e-learning platforms and e-courseware services as a single operating segment and assesses the operating performance and allocate the resources of the Group as a whole. The only operating segment is monitored and strategic decisions are made on the basis of the results of the Group as a whole. Accordingly, no segment analysis information is presented.

Geographic information

The Group's revenue and results from operations mainly derived from activities in the PRC. The principal assets of the Group were located in the PRC during the period. Accordingly, no analysis by geographical segment is provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. OTHER INCOME

	Period from 10 May 2016 (date of incorporation) to 31 December 2016
	RMB
Interest income from the loan to a related company	6,536
Bank interests	758
Government subsidy income	522,000
Sundry income	6,341
	<hr/> 535,635 <hr/>

Government subsidy income received by a subsidiary of the Group is recognised in profit or loss when received and no specific conditions have been required to fulfill.

8. FINANCE COST

	Period from 10 May 2016 (date of incorporation) to 31 December 2016
	RMB
Interest expenses	135,938

9. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Period from 10 May 2016 (date of incorporation) to 31 December 2016
	RMB
Auditor's remuneration	400,000
Depreciation	10,528
Operating lease charges in respect of office premises	425,813
Listing expenses (note 30)	8,511,380
Staff and related costs (including directors' remuneration)	10,286,349

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	Period from 10 May 2016 (date of incorporation) to 31 December 2016 RMB
Fees	52,521

11. INCOME TAX EXPENSE

The major components of income tax expense recognised in profit or loss were:

	As at 31 December 2016 RMB
Current tax	
- PRC Enterprise Income Tax	6,614,730
Deferred tax (note 14)	(363,940)
	6,250,790

Under the Law of the People's Republic of China on Enterprise Income Tax and implementation Regulation of the Enterprise Income Tax Law, other than those disclosed below, all PRC subsidiaries are subject to PRC enterprise income tax of 25%.

No provision for Hong Kong Profits Tax has been made as the group companies did not generate any assessable profits arising in Hong Kong during the period.

Reconciliation between income tax expense and accounting profit for the period is as follows:

	Period from 10 May 2016 (date of incorporation) to 31 December 2016 RMB
Profit before income tax	16,629,589
Notional tax at applicable income tax rate of 25%	4,157,397
Effect on different tax rate of operating in other jurisdictions	736,545
Non-deductible expenses - Listing expenses	1,331,462
Tax effect of temporary differences not recognised	25,386
Income tax expense	6,250,790

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share has been based on the profit attributable to owners of the Company of RMB10,378,799 and the weighted average number of 46,546,610 ordinary shares in issue during the period.

Diluted earnings per share

Diluted earnings per share equals to basic earnings per share as there were no potential dilutive ordinary shares outstanding for the period.

13. EQUIPMENT

	Computer and office equipment RMB
Cost	
Additions	132,978
At 31 December 2016	132,978
Accumulated depreciation	
Charge for the period	10,528
At 31 December 2016	10,528
Net carrying amount	
At 31 December 2016	122,450

14. DEFERRED TAX

	Temporary differences on accruals RMB
At 31 December 2016	
Deferred tax assets	363,940

The components of deferred tax and the movements during the period are as follows:

	Temporary differences on accruals RMB
Credited to profit or loss for the period	363,940
At 31 December 2016	363,940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES

	As at 31 December 2016
	RMB
Trade receivables	5,285,446
Other receivables	450,047
Trade and other receivables as financial assets - loan and receivables	5,735,493
Prepayments	2,187,113
	7,922,606

The directors of the Group consider that the fair values of trade and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception. Overdue balances are reviewed regularly by senior management.

At each reporting date the Group reviews receivables for evidence of impairment on both an individual and collective basis. At 31 December 2016, no impairment loss on trade receivables was recognised by the Group.

Included in the Group's trade receivables with the following aging analysis as of the end of the reporting period:

	As at 31 December 2016
	RMB
0 - 30 days	5,285,446

As at 31 December 2016, no trade receivable were past due nor impaired. The ageing analysis of the Group's trade receivables that were past due as at the reporting date but not impaired, based on due date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORKS

	As at 31 December 2016 RMB
Contracts in progress at the end of the reporting period:	
Contract cost incurred plus recognised attributable profits or losses to date	44,797,129
Less: Progress billings	(40,392,787)
	4,404,342
	As at 31 December 2016 RMB
Recognised and included in the consolidated statement of financial position:	
Amounts due from customers for contract works	5,591,713
Amounts due to customers for contract works	(1,187,371)
	4,404,342

All amounts due from customers for contract works is expected to be recovered within one year.

17. AMOUNTS DUE FROM/TO A SHAREHOLDER/RELATED COMPANIES

The amounts due are unsecured, interest-free and repayable on demand.

a) Amount due from a shareholder

	As at 31 December 2016 RMB
Lumina Looque Knowledge Hubs Pte Ltd	2,612,937

b) Amount due from a related company

	Maximum balance during the period RMB	As at 31 December 2016 RMB
Shanghai Retech Information Technology Co., Ltd ("Shanghai Retech IT")	10,003,851	10,003,851

The ultimate controlling shareholder, being a director at the same time, of the Company, Mr Al Shungang is also the ultimate controlling shareholder and a director of Shanghai Retech IT.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. AMOUNTS DUE FROM/TO A SHAREHOLDER/RELATED COMPANIES

c) Amount due to a related company

	As at 31 December 2016
	RMB
Shanghai Retech Enterprise Management Group Co., Ltd ("Retech Enterprise Management")	1,490,680

The ultimate controlling shareholder, being a director at the same time, of the Company is also the ultimate controlling shareholder and a director of Retech Enterprise Management. Retech Enterprise Management is the immediate holding company of Shanghai Retech IT.

18. LOAN TO A RELATED COMPANY

	Maximum balance during the period	As at 31 December 2016
	RMB	RMB
Jiangsu Retech Digital Industry Park Co., Ltd	11,036,536	11,036,536

The loan to a related company is denominated in RMB and is unsecured, interest-bearing at fixed rate of 6% per annum and wholly repayable within twelve months from the reporting date. The carrying amount of the loan approximates its fair value.

The ultimate controlling shareholder, being a director at the same time, of the Company, Mr Al Shungang is also a shareholder and a director of the related company.

19. CASH AND CASH EQUIVALENTS

	As at 31 December 2016
	RMB
Cash at bank and in hand	4,647,305

Included in cash and cash equivalents of the Group of approximately RMB4,647,305 as at 31 December 2016 is bank balances denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. INTEREST IN SUBSIDIARIES

Particulars of the subsidiaries at 31 December 2016 are as follows:

Name of company	Country/Place and date of incorporation/ establishment	Type of legal entity	Issued and paid in capital/ registered capital	Percentage of ownership interests held by the Company		Principal activities
				As at 31 December 2016		
				Direct	Indirect	
Retech Holdings Co., Ltd	Hong Kong	Limited liability company	HK\$15,251,910	100%	-	Investment holding
Shanghai Retech Digital Technology Co., Ltd (“Retech Digital”)	PRC	Limited liability company	RMB2,000,000	-	100%	E-learning and consultancy service
Shanghai Ruijian Information Technology Co., Ltd	PRC	Limited liability company	RMB11,000,000	-	100%	Provision of software licensing services
Shanghai Ruipengcheng Technology Co., Ltd (“Ruipengcheng”) (note)	PRC	Limited liability company	-	-	62.5%	Inactive

Note: Retech Digital subscribed for RMB2,000,000 registered share capital of Ruipengcheng, representing 62.5% of its total registered share capital (RMB3,200,000). In accordance with PRC corporation laws, the subscribers have to pay in respective amounts of subscribed share capital in prescribed schedule or when those amounts fall due. The subscribers are liable to any liabilities of the underlying entity up to the respective amounts subscribed.

At reporting date, all of the registered share capital of Ruipengcheng has not been paid up.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. TRADE AND OTHER PAYABLES

	As at 31 December 2016 RMB
Trade payables	1,022,000
Accrued expenses	1,961,135
Other payables	4,112,864
Trade and other payables as financial liabilities at amortised cost	7,095,999
Receipts in advance	40,500
Provision of other tax liabilities	1,958,411
	9,094,910

All amounts are short term and hence the carrying values of the Group's trade payables, accrued expenses, other payables, and receipts in advance approximate their fair value.

22. SHARE CAPITAL

	Notes	Number of shares	Amount RMB
Issued and fully paid ordinary shares			
Issue of shares on incorporation	(a)	1,000,000	8,403
Equity settled share-based payment for services	(b)	54,000,000	10,597,781
Issue of shares in exchange for acquisition of a subsidiary during restructuring	(c)	125,000,000	14,051,360
As at 31 December 2016		180,000,000	24,657,544

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

a) The Company allotted 1,000,000 shares to the founder members on incorporation date, 10 May 2016.

b) On 12 October 2016, the Company issued 54,000,000 shares to Lumina Looque Knowledge Hubs Pte. Ltd ("Lumina") in exchange for professional services in relation to share listing project of the Company. The fair value of those professional services were estimated as RMB10,597,781 on that date and is treated as consideration received by the Company for the shares allotted.

c) On 11 November 2016, the Company issued 125,000,000 shares to certain then existing shareholders of the Company in exchange for all outstanding shares of Retech Holdings Co., Ltd (note 20)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. MERGER RESERVE

Merger reserve represents the difference between the share capital of the Company issued as consideration and the aggregate net assets value of the companies, now comprising the Group, transferred in the group restructuring (note 2.1).

24. NON-CASH TRANSACTION

The Group entered into the following non-cash transactions which are not reflected in the consolidated statement of cash flows:

- 54,000,000 shares were issued in exchange of services of with fair value estimated as RMB10,597,781 as described in note 22(b).

25. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period are as follows:

	Period from 10 May 2016 (date of incorporation) to 31 December 2016 RMB
Revenue	
Services income from a related company	30,644,720
Expenses	
Administrative expenses recharged by a related company	7,040,838
Other revenue	
Interest income from a related company	6,536

All above transaction were enacted with a related company of which relationship with the Company is described in note 17(b) to the consolidated financial statements.

Compensation of key management personnel

The key management personal of the Group consists only directors of the Company and certain directors of its subsidiaries. Compensation to these directors is disclosed in note 10.

26. COMMITMENT AND CONTINGENCIES

Operating lease commitment

The Group has entered into commercial leases for office premises. The lease has a life of 2 years with no renewal option included in the contract. There were no restrictions placed on the Group by entering into these leases. Future minimum rental payable under non-cancellable operating lease as at the end of reporting period is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. COMMITMENT AND CONTINGENCIES (CONTINUED)

Operating lease commitment (Continued)

	As at 31 December 2016 RMB
Not later than one year	500,324
Later than one year but not later than 5 years	333,549
	833,873

Minimum lease payments recognised as expense in the income statement for the period amounted to RMB425,813.

Contingent liability

The Group does not have any significant contingent liability at the end of the period.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and market risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the directors. It is and has been throughout the current financial period the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

27.1. Categories of financial assets and liabilities

	As at 31 December 2016 RMB
Financial assets - Loans and receivables:	
Trade and other receivables	5,735,493
Amount due from a shareholder	2,612,937
Amounts due from non-controlling interests	1,200,000
Amount due from a related company	10,003,851
Loan to a related company	11,036,536
Cash and cash equivalents	4,647,305
	35,236,122
Financial liabilities - at amortised cost:	
Trade and other payables	7,095,999
Amount due to a related company	1,490,680
	8,586,679

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

27.2 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The directors of the Company consider the foreign currency risk of the Group is minimal as most of the Group's transactions are carried out in the functional currencies of the respective entities.

27.3 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposures to credit risk mainly arise from granting credit to customers in the ordinary course of its operations.

The Group's maximum exposures to credit risk on recognised financial assets is limited to the carrying amount as at 31 December 2016 as summarised in note 27.1.

Bank balances are placed at financial institutions that have sound credit rating and the Group considers the credit risk to be insignificant.

Credit risk on trade and other receivables and amount due from a related company are minimised as the Group performs ongoing credit evaluation on the financial condition of its debtors and tightly monitors the ageing of the receivable balances. Follow up action is taken in case of overdue balances. In addition, management reviews the recoverable amount of the receivables individually or collectively at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

27.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Group.

Analysis of financial instruments by remaining contractual maturities

The table below summaries the maturity profile of the Group's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

27.4 Liquidity risk (Continued)

	One year or less
	RMB
Financial liabilities	
Trade and other payables	7,095,999
Amount due to a related company	1,490,680
	<hr/>
	8,586,679
	<hr/>

27.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

27.6 Fair values measurements of financial instruments

The management considered the carrying amounts of Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 December 2016 due to short maturities.

28. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Group comprises issued share capital and retained earnings.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial period ended 31 December 2016. The Group is not subject to any externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December 2016
	Notes	RMB
Assets AND LIABILITY		
Non-current asset		
Investment in a subsidiary	20	14,312,160
Current assets		
Prepayments		2,187,113
Amount due from a shareholder		2,612,937
Cash and cash equivalents		9,156
		4,809,206
Current liability		
Accruals and other payables		2,666,921
Net current assets		2,142,285
Net assets		16,454,445
Equity		
Share capital		24,657,544
Accumulated losses		(8,203,099)
Total equity		16,454,445

30. EVENT AFTER THE REPORTING DATE

On 10 March 2017, the Company's initial listing application to the Australian Securities Exchange ("ASX") was preliminarily approved by the ASX on condition of satisfactory supply of supplementary documents by the Company to ASX. Up to the date of these financial statements, the directors expect the procedure could be completed in May 2017 and the Company's shares would be listed on ASX.



07

//////
DIRECTORS'
DECLARATION



In accordance with the resolution of the directors, the directors of Retech Technology Co., Limited declare that:

In the opinion of the Directors:

- a) The financial statements and the notes are in accordance with the Hong Kong Financial Reporting Standards as stated in note 2 to the financial statements, and give a true and fair view of the Company's consolidated financial position as at 31 December 2016 and of its consolidated performance for the year ended on that date;
- b) The financial statements are also in compliance with the Hong Kong Companies Ordinance; and
- c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the directors

Mr Ai Shungang
Co-Chairman
10 May 2017

Mr Calvin Cheng
Co-Chairman
10 May 2017



08

AUDITOR'S
INDEPENDENCE
DECLARATION



Grant Thornton Hong Kong Limited
Level 12
28 Hennessy Road, Wanchai
Hong Kong SAR

T +852 3987 1200
F +852 2895 6500

致同(香港)會計師事務所有限公司
中國香港
灣仔軒尼詩道28號
12樓

電話 +852 3987 1200
傳真 +852 2895 6500

www.grantthornton.cn

Auditor's Independence Declaration

To the directors of Retech Technology Co., Limited

As the auditor of Retech Technology Co., Limited and in relation to the audit for the financial period from 10 May 2016 (date of incorporation) to 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of the Code of Ethics for Professional Accountants (the Code") issued by the Hong Kong Institute of Certified Public Accountants.

Grant Thornton Hong Kong Limited

Calvin Chiu
Partner

10 May 2017

Hong Kong

Certified Public Accountants

Grant Thornton Hong Kong Limited is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to "Grant Thornton" are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.



09

INDEPENDENT
AUDITOR'S
REPORT



睿泰科技
RETECH TECHNOLOGY



Grant Thornton
致同

Independent auditor's report

To the members of Retech Technology Co., Limited

Opinion

We have audited the consolidated financial statements of Retech Technology Co., Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 27 to 61, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 10 May 2016 (date of incorporation) to 31 December 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the period from 10 May 2016 (date of incorporation) to 31 December 2016 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

<i>The Key Audit</i>	<i>How the matter was addressed in our audit</i>
Revenue from contracts with customers	
<i>Refer to notes 2.13, 4 and 5 to the consolidated financial statements</i>	
Revenue earned by the Group is from service contracts with customers. In the current period, revenue of RMB 44.5 million was recognised in profit or loss. Recognition of such revenue involves assessment of the stage of completion of contract works as well as the total outcome of each contract.	<p>To address these areas of estimate and judgement, we performed, among others, below audit procedures:</p> <ul style="list-style-type: none"> - review of the contract terms and conditions, including any terms of contingent or adjustable income, reimbursement of costs; - analysis of cost allocation basis including staff cost and overheads, and comparison of the basis against industry benchmarks. - comparison of the budgeted contract costs with the actual costs incurred to assess if there were any material differences; - examination of project documentation, and comparison of work hours used by similar projects,
Assessment of the stage of completion involves significant estimates and judgement over cost allocations, estimate of total	



costs, and progressive assessment of actual and final outcome of each contract.

We have identified the revenue recognition from contracts with customers as a key matter to our audit considering significance of the amount and the extent of management judgment exercised.

and discussion of the status of those projects in progress with management, finance, and engineers of the Group;

- review of calculation of profit margin, and comparison of the profit margin against similar projects;

- inquiry of management's judgement of final outcome of each project.

Other information

The directors are responsible for the other information. The other information comprises all the information in the 2016 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Directors and Audit and Risk Management Committee for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the requirements of Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors assisted by the Audit and Risk Management Committee of the Company are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

From the matters communicated with the Audit and Risk Management Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Hong Kong Ltd

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

10 May 2017

Chiu Wing Ning
Practising Certificate No.: P04920



10

CORPORATE GOVERNANCE STATEMENT



睿泰科技
RETECH TECHNOLOGY

The Corporate Governance Statement below of the Company has been prepared based on the 3rd edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations') pursuant to ASX Listing rule 4.10.3.

The Board of the Company is committed to principles of best practice in corporate governance and is responsible for ensuring the existence of an effective corporate governance environment to safeguard the interests of the Company, its Shareholders and other stakeholders.

ASX Listing rule 4.10.3. requires the Company to disclose the extent to which it has followed the recommendations during the financial year, including reasons where the Company has not followed a recommendation and details of any related alternative governance practice adopted. This Corporate Governance Statement below sets out the Company's current compliance with the third edition of the ASX Principles and Recommendations. The Principles are not prescriptive regarding the conduct of ASX listed companies. Rather, an ASX listed company is required to disclose the reasons why it is not complying fully with its obligations under the Principles. To the extent that they are relevant, the Company has adopted the Principles.

This corporate governance statement for the reporting period ending 31 December 2016 was approved by the Board on 10 May 2017. It also can be accessed at <http://www.retech-rte.com/CorporateGovernancePlan.html>.

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
Principle 1 – Lay solid foundations for management and oversight		
Recommendation 1.1: Companies should disclose: <ul style="list-style-type: none"> the respective roles and responsibilities of its board and management; and those matters expressly reserved to the board and those delegated to management. 	Complies	<p>The Board's responsibilities are set out in Retech's Board Charter. Retech's Board Charter is set out in the Corporate Governance Plan.</p> <p>The functions of the Board and Chairman and those delegated to management are specifically set out in the Board Charter. The Board Charter also explains the relationship between the Board and management.</p> <p>The Board has established committees to oversee certain functions, including the Audit and Risk Management Committee and the Nomination and Remuneration Committee</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<p>Recommendation 1.2: Companies should:</p> <ul style="list-style-type: none"> • undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and • provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. 	Complies	<p>The Nomination and Remuneration Committee undertakes appropriate checks, including police clearance checks, bankruptcy searches, verification of qualifications and experience of potential Directors, before appointing a Director or putting forward to Shareholders a candidate for election as a Director.</p> <p>All material information in relation to potential Directors will be provided to Shareholders as the need arises, including in the form of disclosures contained in an explanatory memorandum to a notice of meeting, seeking the approval of Shareholders for the election or re-election of Directors.</p> <p>The Board's responsibilities in relation to director appointments are set out in Retech's Board Charter. Retech's Board Charter is set out in the Corporate Governance Plan. In regards to the current Board, appropriate checks, including bankruptcy checks and police checks were conducted as part of the listing process.</p> <p>The initial five board members were appointed on 16 December 2016 and two further board members were appointed on 3 May 2017. As the board has only recently been formed, directors have not yet been elected or re-elected at an Annual General Meeting of Retech.</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<p>Recommendation 1.3: Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Complies	<p>Retech has entered into such agreements with each Director and senior executive.</p> <p>Each of the Directors has consented to act as a director and have received a formal letter of appointment which sets out their duties and responsibilities, rights and remuneration entitlements.</p> <p>Each of the executives are employed under a Service Agreement which sets out the terms on which the executives are employed, including details of the executive's duties and responsibilities, rights and remuneration entitlements.</p>
<p>Recommendation 1.4: The Company Secretary must be directly accountable to the Board, through the chair on all matters to do with the proper functioning of the board.</p>	Complies	<p>The Company Secretary is directly accountable to the Board in relation to matters of governance. The Company Secretary's role includes advising the Board and its committees on governance matters, monitoring that policies and procedures are followed, coordinating the timely completion and despatch of Board papers, ensuring that the business at Board and committee meetings is accurately captured in the minutes and helping to organise and facilitate the induction and professional development of Directors. Further description of the role is set out in the Board Charter.</p> <p>The Company Secretary is accessible to all Directors. The Board is responsible for the appointment and removal of the Company Secretary</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<p>Recommendation 1.5: Companies should:</p> <ul style="list-style-type: none"> • have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; • disclose that policy or a summary of it; and • disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them. 	Complies	<p>The Board has established a Diversity Policy. The Diversity Policy is set out in the Corporate Governance Plan which can be viewed on the Company's website.</p> <p>The Company has a strong commitment to diversity in business which is evidenced through its Diversity Policy.</p> <p>The Diversity Policy includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them.</p> <p>As the Board has only recently been formed, the Company is still in the process of analysing the data with respect to proportions of men and women across the organisation to enable the Board to set meaningful gender and diversity targets.</p> <p>The Company will provide further details as to compliance with this Recommendation 1.5 in its future annual reports, including the matters set out in Recommendation 1.5(c).</p>
<p>Recommendation 1.6: Companies should:</p> <ul style="list-style-type: none"> • have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and 	Complies	<p>The Board has appointed the Nomination and Remuneration Committee to oversee the process of appointment, performance and remuneration of the Directors.</p> <p>The process for evaluating the performance of the Board, its committees and individual Directors is set out in the Company's Corporate Governance Plan on its website</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<ul style="list-style-type: none"> disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Complies	<p>Given the Board has only recently been formed, the Nomination and Remuneration Committee did not consider it necessary to undertake a performance evaluation of the Board, its committees and individual Directors in the reporting period ending 31 December 2016.</p> <p>The Company will provide further details as to compliance with this Recommendation 1.6 in its future annual reports, including the matters set out in Recommendation 1.6(b).</p>
<p>Recommendation 1.7: Companies should:</p> <ul style="list-style-type: none"> have and disclose a process for periodically evaluating the performance of its senior executives; and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Complies	<p>The Board has appointed the Nomination and Remuneration Committee to oversee the process of appointment, performance and remuneration of senior executives and employees of the Company.</p> <p>The process for evaluating the performance of the senior executives is set out in the Nomination and Remuneration Committee Charter in the Company's Corporate Governance Plan, which is available on its website.</p> <p>The Nomination and Remuneration Committee will review and evaluate the performance of the senior executives during the 2017/18 financial year.</p> <p>Details of the evaluation process and the linkages between the result of performance evaluations and remuneration will be disclosed in the Company's future annual reports, which will include the matters set out in Recommendation 1.7(b).</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
Principle 2 – Structure the board to add value		
<p>Recommendation 2.1: The board should establish a nomination committee which</p> <ul style="list-style-type: none"> • consists of a majority of independent directors; • is chaired by an independent director; and • has at least three members. <p>The board must disclose the charter of the committee, the members of the committee, the number of times the committee has met throughout a reporting period and the individual attendances of the members at those meetings.</p>	Complies	<p>The Board has established a Nomination and Remuneration Committee to oversee the process of appointment, performance and remuneration of senior executives and employees of the Company.</p> <p>The function of the Nomination and Remuneration Committee is set out in the Nomination and Remuneration Committee Charter. Retech's Nomination and Remuneration Committee Charter is set out in the Corporate Governance Plan which is available on the Company's website.</p> <p>The Nomination and Remuneration Committee is chaired by Liu Qing, an independent director.</p> <p>The Nomination and Remuneration Committee consists of three non-executive directors. Of these members, all are independent Non-Executive Directors.</p> <p>The members of the Nomination and Remuneration Committee are:</p> <p>(a) Liu Qing (Chairwoman);</p> <p>(b) Chris Ryan; and</p> <p>(c) Neville Ide.</p> <p>Given the short time since the committee's establishment, the Nomination and Remuneration Committee did not meet in the reporting period ending 31 December 2016.</p> <p>The Company will provide further details as to compliance with this Recommendation 2.1 in its future annual reports, including the matters set out in Recommendations 2.1(a) (iv) and (v).</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<p>Recommendation 2.2: Companies should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Complies	The Board maintains a Board Skills Matrix which sets out the mix of appropriate skills, experience, expertise and diversity for Board membership. The Company's Board Skills Matrix is set out in the Board Charter which is set out in the Corporate Governance Plan available on the Company's website.
<p>Recommendation 2.3: Companies should disclose:</p> <ul style="list-style-type: none"> the names of the directors considered by the board to be independent directors; if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and the length of service of each director. 	Complies	<p>The Company considers a Director to be independent if the Director is independent of management and free of any business or other relationship that could materially interfere, or be perceived as interfering, with the exercise of an unfettered and independent judgment in relation to matters concerning the Company.</p> <p>The Board considers that the following Non-Executive Directors of the Company are independent:</p> <p>(a) Liu Qing;</p> <p>(b) Chris Ryan;</p> <p>(c) Neville Ide;</p> <p>(d) Lu Jiuping; and</p> <p>(e) Zhang Jing.</p> <p>Information relating to the Directors of the Company, including whether they are independent, their skills, experience, expertise and period of office they have held are contained in the Director's Report section of this Annual Report.</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<p>Recommendation 2.4: A majority of the board should be independent directors.</p>	Complies	<p>The full Board determines the size and composition of the Board, subject to limits imposed by the Company's Constitution.</p> <p>Of the seven Directors, all seven are Non-Executive Directors and five Non-Executive Directors are deemed by the Board to be independent.</p> <p>In view of the size of the Company and the nature of its activities, the Board considers that the current mix of skills, qualifications and experience on the Board is consistent with the Company's current circumstances and its long-term interests.</p> <p>This Board structure will be reviewed at the appropriate stages of the Company's development. If it deems it appropriate, the Board may appoint additional independent Directors in the future.</p>
<p>Recommendation 2.5: The chair of the Board should be an independent director and should not be the same person as the Chief Executive Officer.</p>	Does not comply	<p>The Co-Chairmen of the Board are both Non-Executive Directors but are not considered independent under the ASX Corporate Governance Principles.</p> <p>The Board considers that having Co-Chairmen is good for business development and decision making in Hong Kong. Retech has adequate procedures to ensure the independence of the Co-Chairmen's decisions.</p> <p>Neither of the Co-Chairmen are the Chief Executive Officer of Retech.</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<p>Recommendation 2.6: Companies should have a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively.</p>	Complies	<p>The Nomination and Remuneration Committee Charter and Board Charter demonstrate the Company's compliance with this Recommendation.</p> <p>The Nomination and Remuneration Committee is responsible for the induction program for new directors and the development program for Directors.</p> <p>The Directors have been provided with either an executive services agreement or a formal letter of appointment setting out the key terms and conditions of appointment, including duties, rights, responsibilities and the Board's expectations regarding their involvement with committee work.</p> <p>A formal induction is provided to all new directors, including meetings with the Chief Executive Officer, Chairman and information on key corporate and Board policies, and visits to the Company's operations.</p>
Principle 3 – Act ethically and responsibly		
<p>Recommendation 3.1: Companies should:</p> <p>(a) establish a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose the code or a summary of the code or a summary of it.</p>	Complies	<p>The Board has established a Code of Conduct, which is set out in the Corporate Governance Plan available on the Company's website.</p> <p>The Code of Conduct sets out the Company's commitment to making positive economic, social and environmental contributions to each of the communities in which it operates, while complying with all applicable laws and regulations and acting in a manner that is consistent with the Company's foundational principles of honesty, integrity, fairness and respect.</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
		The Code of Conduct further provides that the Directors will act with honesty and integrity, will avoid conflicts of interest, protect confidential and proprietary information and treat others equitably and with professionalism, courtesy and respect.
Principle 4 – Safeguard integrity in corporate reporting		
<p>Recommendation 4.1: The board should establish an audit committee which:</p> <ul style="list-style-type: none"> • consists of at least three members all of whom are non-executive directors, the majority of independent directors; • is chaired by an independent director who is not the chairman of the Board. <p>The board must disclose the charter of the audit committee, the relevant qualifications and experience of the members of the committee and the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.</p>	Complies	<p>The Board has established an Audit and Risk Management Committee and has adopted an Audit and Risk Management Committee Charter to assist with ensuring the integrity and reliability of information prepared for use by the Board. The function of the Audit and Risk Management Committee is set out in the Audit and Risk Management Committee Charter, in the Corporate Governance Plan, which is available on the Company's website.</p> <p>The Audit and Risk Management Committee is chaired by Neville Ide, an independent director who is not chairman of the Board.</p> <p>The Audit and Risk Management Committee consists of three members, all of whom are independent Non-Executive Directors. The members of the Audit and Risk Management Committee are:</p> <p>(a) Neville Ide (Chairman);</p> <p>(b) Chris Ryan; and</p> <p>(c) Liu Qing.</p> <p>Given the short time since the committee's establishment, the Audit and Risk Management Committee did not meet in the reporting period ending 31 December 2016.</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
		The Company will provide further details as to compliance with this Recommendation 4.1 in its future annual reports, including the matters set out in Recommendations 4.1(a) (iv) and (v).
<p>Recommendation 4.2: Before approving a company's financials, the Board must receive declarations from Retech's Chief Executive Officer and Chief Financial Officer that in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Complies	<p>The Board Charter makes provision for the Chief Executive Officer and Chief Financial Officer to provide this declaration in accordance with section 295A of the Corporations Act 2001 (Cth) (Corporations Act).</p> <p>The Chief Executive Officer and Chief Financial Officer provide a declaration to the Board in accordance with section 295A of the Corporations Act for each financial report and assure the Board that such declaration is founded on a sound system of risk management and internal control.</p> <p>The Board receives the relevant signed declaration from the Chief Executive Officer and Chief Financial Officer prior to the approval of the Company's Annual Accounts and Half Yearly Accounts.</p>
<p>Recommendation 4.3: Companies must ensure that its external auditor attends its Annual General Meeting and is available to answer questions from security holders relevant to the audit.</p>	Will comply	The Company's auditor will attend its Annual General Meeting to answer questions, and is invited to attend every Annual General Meeting for the purpose of answering questions from security holders relevant to the audit.

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
Principle 5 – Make timely and balanced disclosure		
<p>Recommendation 5.1: Companies should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Complies	<p>The Board has adopted a Continuous Disclosure Policy and Communications Strategy which is set out in the Corporate Governance Plan. This policy sets out, amongst other matters, the manner in which the Board will ensure compliance with the disclosure requirements of the ASX Listing Rules.</p> <p>The Company respects the rights of its shareholders and facilitates the exercise of those rights, the Company is committed to communicating effectively with shareholders, providing shareholders with ready access to balanced and understandable information about the Company and corporate proposals and making it easier for shareholders to participate in general meetings of the Company.</p>
Principle 6 – Respect the rights of security holders		
<p>Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website.</p>	Complies	<p>The Company has established on its website a corporate governance landing page from where all relevant corporate governance material can be accessed (http://www.retech-rte.com/CorporateGovernancePlan.html).</p> <p>The Corporate Governance Plan contains information about the Company and its corporate governance policies and procedures and is available on the Company's website.</p>
<p>Recommendation 6.2: Companies should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Will comply	<p>The Company has adopted the Continuous Disclosure Policy and Communications Strategy which sets out, amongst other things, the manner in which the Company will promote effective communication with Shareholders and encourage their participation at general</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
		<p>meetings and respond to Shareholder enquiries.</p> <p>A copy of the Continuous Disclosure Policy and Communications Strategy is contained in the Corporate Governance Plan available on the Company's website.</p> <p>The Company also intends to establish an investor relations program.</p>
<p>Recommendation 6.3: Companies should disclose the policies it has in place to facilitate and encourage participation at meetings of shareholders.</p>	Complies	<p>The Company has adopted the Continuous Disclosure Policy and Communications Strategy which sets out, amongst other things, the manner in which the Company will promote effective communication with security holders and encourage their participation at general meetings.</p> <p>The shareholders communication policy is set out in the Continuous Disclosure Policy and Communications Strategy set out in the Corporate Governance Plan and is designed to ensure that shareholders are informed of all relevant developments.</p> <p>The Company also intends to establish on its website a facility for all shareholder communications.</p>
<p>Recommendation 6.4: Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Complies	<p>The Company does give its shareholders the option to give and receive communications to and from both the Company and its security registry electronically.</p> <p>Electronic communications to the Company may be sent via email to Hayley Deng at dengs@retechcorp.com.</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
		<p>The Company's share register is managed and maintained by Computershare Investor Services Pty Limited (Computershare).</p> <p>Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number or Holder Identification Number via https://www.computershare.com/au or by following the online enquiry prompts on Computershare's website.</p> <p>Shareholders can also contact Computershare by telephone from Monday to Friday, 8am-7pm AEST:</p> <p>(Australia) 1300 555 159 (Overseas) +61 3 9415 4062</p>
Principle 7 – Recognise and manage risk		
<p>Recommendation 7.1: The board should establish a risk management committee which:</p> <p>(a) has at least 3 members, the majority of whom are independent directors;</p> <p>(b) is chaired by an independent director.</p> <p>The board must disclose the charter of the risk management committee,</p>	Complies	<p>The Board has established an Audit and Risk Management Committee to assist with risk oversight, risk management and internal control.</p> <p>The function of the Audit and Risk Management Committee is set out in the Audit and Risk Management Committee Charter. The Company's Audit and Risk Management Committee Charter has been adopted by the Board and is set out in the Corporate Governance Plan, which is available on the Company's website.</p> <p>The Audit and Risk Management Committee is chaired by Neville Ide, an independent director who is not chairman of the Board.</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<p>members of the risk management committee, the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings</p>		<p>The Audit and Risk Management Committee consists of three members, all of whom are independent Non-Executive Directors.</p> <p>The Company has disclosed in this Annual Report the names and relevant qualifications and experience of the members of the Audit and Risk Management Committee. Given the short time since the committee's establishment, the Audit and Risk Management Committee did not meet in the reporting period ending 31 December 2016.</p> <p>The Company will provide further details as to compliance with this Recommendation 7.1 in its future annual reports, including the matters set out in Recommendations 7.1(a) (iv) and (v).</p>
<p>Recommendation 7.2: The board should:</p> <p>(a) review the company's risk management framework at least annually; and</p> <p>(b) disclose whether such review has taken place.</p>	Will comply	<p>The Audit and Risk Committee is responsible for the review of the Company's risk management program at least annually.</p> <p>The Company's Audit and Risk Management Committee Charter is set out in the Corporate Governance Plan, which is available on the Company's website. Given the short time since the Committee's establishment, the Audit and Risk Management Committee did not conduct a review for the reporting period ending 31 December 2016.</p> <p>The Committee will review the Company's risk management framework in the 2017/18 financial year.</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<p>Recommendation 7.3: Companies should disclose;</p> <p>(a) their internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Will comply	<p>The Company does not currently have an internal audit function however, following admission to the Official List of the ASX the Board will establish an internal audit function.</p> <p>The purpose of the internal audit function will be to evaluate and continually improve the effectiveness of the Company's risk management and internal control processes.</p> <p>Details of Retech's internal audit function will be disclosed in its 2018 annual report.</p>
<p>Recommendation 7.4: Companies should disclose whether they have any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Complies	<p>The Company has disclosed its risks, including environmental and social sustainability risks and how those risks are mitigated in section 9 of the Prospectus.</p> <p>The Company's material exposure to economic, environmental and social sustainability risks are disclosed in the Corporate Governance Plan.</p>
Principle 8 – Remunerate fairly and responsibly		
<p>Recommendation 8.1: The board should establish a remuneration committee which:</p>	Complies	<p>The Board has established a Nomination and Remuneration Committee.</p> <p>The function of the Nomination and Remuneration Committee is set out in the Nomination and Remuneration Committee</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<ul style="list-style-type: none"> • have at least 3 members, the majority of whom are independent directors; • is chaired by an independent director. <p>The board must disclose the charter of the remuneration committee, members of the remuneration committee, the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.</p>		<p>Charter set out in the Corporate Governance Plan.</p> <p>The Nomination and Remuneration Committee is chaired by Liu Qing, an independent director.</p> <p>The Nomination and Remuneration Committee consists of three non-executive directors, all of whom are independent.</p> <p>The Company has disclosed above the names and relevant qualifications and experience of the members of the Nomination and Remuneration Committee.</p> <p>Given the short time since the committee's establishment, the Nomination and Remuneration Committee did not meet in the reporting period ending 31 December 2016.</p> <p>The Company will provide further details as to compliance with this Recommendation 8.1 in its future annual reports, including the matters set out in Recommendations 8.1(a) (iv) and (v).</p>
<p>Recommendation 8.2: Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors from that of executive directors and other senior executives.</p>	Complies	<p>The Board has adopted the Nomination and Remuneration Committee Charter, which sets out the role and the responsibilities of the Nomination and Remuneration Committee in overseeing the process of appointment and remuneration of senior executives and employees of the Company.</p> <p>A copy of the Nomination and Remuneration Committee Charter is contained in the Corporate Governance Plan which is available on the Company's website.</p>

CORPORATE GOVERNANCE STATEMENT

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
		Details of remuneration, including the Company's policy on remuneration, are contained in the Directors' Report which forms part of this Annual Report.
Recommendation 8.3: Companies which have equity-based remuneration schemes should have and disclose a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.	Not applicable	The Company currently does not have an equity based remuneration scheme.



11

CORPORATE DIRECTORY



睿泰科技
RETECH TECHNOLOGY

Company – Hong Kong Registered Office & Headquarters

Retech Technology Co., Limited
Room 1405A, 14/F, Lucky Centre,
165-171 Wanchai Road,
Wanchai, Hong Kong

Phone: +86 21 55666166

Company – PRC Office & Headquarters

Retech Technology Co., Limited
Level 18, Building 2, No.355,
Guoding Road,
Yangpu District, Shanghai.

Phone: +86 21 55666166

Company – Australian Registered Office

C/O Investorlink Corporate Limited
Level 26, 56 Pitt Street, Sydney
New South Wales 2000 Australia

Phone: +86 21 55666166

Board of Directors

Name	Position
Ai Shungang	Co-Chairman and Non-Executive Director
Calvin Cheng	Co-Chairman and Non-Executive Director
Liu Qing	Non-Executive Director
Neville Ide	Non-Executive Director
Chris Ryan	Non-Executive Director
Lu Jiuping	Non-Executive Director
Zhang Jing	Non-Executive Director

CORPORATE DIRECTORY

Company Secretary

H & F Management Consultants Limited supported by Ms Lin Yan

Auditor

Grant Thornton Hong Kong Limited
Level 12, 28 Hennessy Road
Wanchai, Hong Kong.

Share Registry

Computershare Investor Services Pty
452 Johnston Street
Abbotsford, Victoria 3067

Phone: (Australia) 1300 555 159 (Overseas) +61 3 9415 4062

ASX Code

RTE

Website

www.retech-rte.com



睿泰科技
RETECH TECHNOLOGY

www.retech-rte.com