

# Retech Technology Co., Limited

## APPENDIX 4D HALF YEAR REPORT

for the six months ended 30 June 2017



ARBN 615 153 332

Hong Kong Company Registration Number 2374379

Retech Technology Co., Limited / [www.retech-rte.com](http://www.retech-rte.com)

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## About Retech Technology Co., Limited

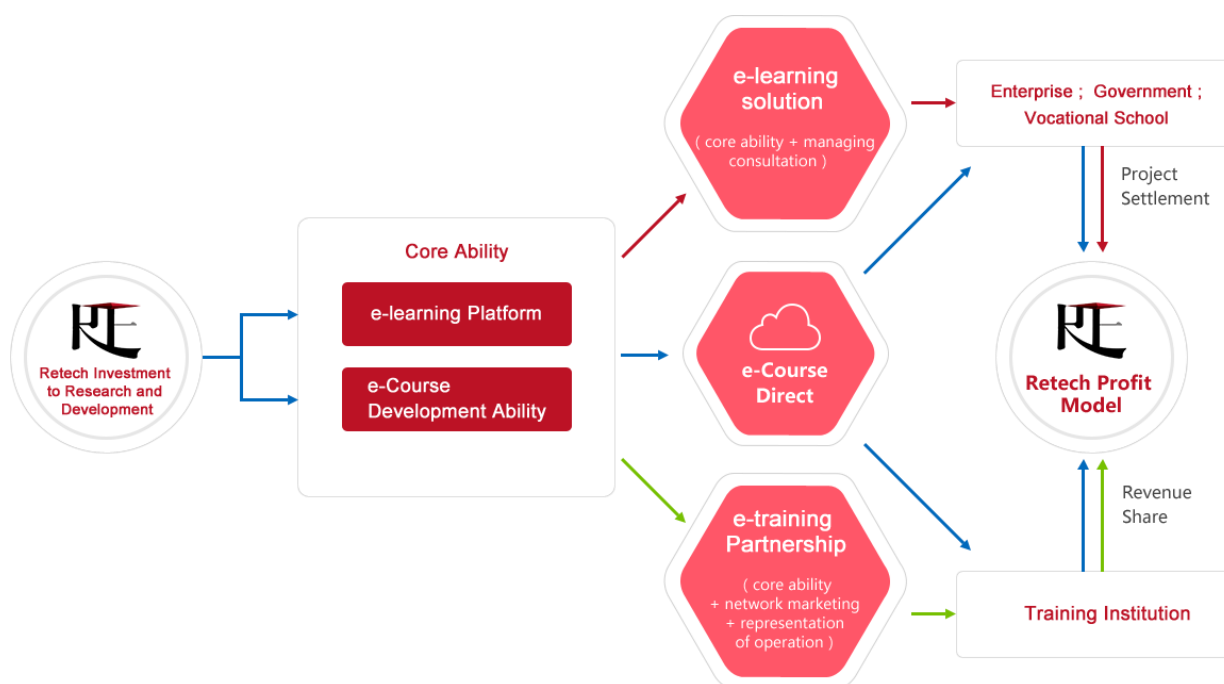
Retech Technology Co., Limited (ASX: RTE) is a company incorporated in Hong Kong together with its subsidiaries (“Retech” or the “Company”), the Company’s operations is based in Shanghai, China, which provides technology solutions to, and builds E-Learning platforms and E-Courseware for large companies, 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.



## Results for announcement to the market

The following information is given to ASX under listing rule 4.2A.3.

### 1. Details of the reporting period and the previous corresponding period

Reporting period: 1 January 2017 to 30 June 2017

Previous corresponding period: 10 May 2016 (date of incorporation) to 30 June 2016

### 2. Results for announcement to the market

			<b>Six months ended 30 June 2017</b>	Period from 10 May 2016 (date of incorporation) to 30 June 2016
	<b>%</b>	<b>Change</b>		
		<b>RMB'000</b>	<b>RMB</b>	<b>RMB</b>
2.1 Revenue from ordinary activities	100%	40,099	<b>40,099,151</b>	-
2.2 Profit/(Loss) from ordinary activities after tax attributable to members of the Company	100%	11,770	<b>11,768,726</b>	(1,681)
2.3 Net profit/(Loss) attributable to members of the Company	100%	11,770	<b>11,768,726</b>	(1,681)

- Revenue - Revenue for the half year-ended 30 June 2017 (1HY2017) was less than forecast by RMB13m caused as a result of a delay in the recognition of billings of RMB12.2m on the Company's Xinjiang Project contracts (which will be billed during the current half year) together with a government grant of RMB3.5m to which the Company is entitled for listing on ASX. This grant has now been approved and will be received in 2HY2017;
- Cost of Sales - Cost of Sales for 1HY2017 was less than forecast in the amount of RMB7.8m as a result of postponed revenue recognition;
- Administration costs – Administration costs exceeded forecast by RMB3.7m represented by additional one-off IPO/corporate overhead expenses resulting from the postponement of the Company's ASX listing to 22nd June 2017;
- Impact on NPBT – If the net impact of the above, together with the margin impact of the delay of the Xinjiang Project of approximately RMB9.5m for 1HY2017 was added back the resulting NPBT would have been RMB32.5m which would have exceeded forecast NPBT by RMB2.2m.

2.4 The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.

No dividend proposed to be paid up to the date of this report.

2.5 The record date for determining entitlements to the dividends (if any).

Not applicable.

2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

Refer to 2.1.

**3. Net tangible assets per security with the comparative figure for the previous corresponding period.**

As of 30 June 2017 (RMB cents per share)	As of 30 June 2016 (RMB cents per share)
54.72 (based on the 215,750,944 ordinary share in issued)	0.80 (based on the 1,000,000 ordinary share in issued)

The 30 June 2016 figure for NTA per share of 0.80 varies materially to that of 1HY2017 as a result during the intervening period that the Company acquired Retechnology's operating entities in China and raised equity capital through the ASX IPO both through a combined issue of 215,750,944 ordinary shares.

**4. Details of entities over which control has been gained or lost during the period, including the following.**

The Company didn't acquire or dispose any entity during current reporting period.

**5. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution.**

Not applicable.

**6. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.**

Not applicable.

**7. Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities and – where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.**

Not applicable.

**8. Accounting standards used in compiling this report**

These condensed interim 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.

**9. Audit Review**

Please refer to page 24 under the heading of Independent Auditors’ report on review of condensed consolidated interim financial information.

**10. Signed**

On behalf of the directors



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Mr Ai Shungang

Co-Chairman

31 August 2017



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Mr Calvin Cheng

Co-Chairman

31 August 2017

## Condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017 RMB (Unaudited)	Period from 10 May 2016 (date of incorporation) to 30 June 2016 RMB (Unaudited)
Revenue	4	40,099,151	-
Cost of services		(15,103,564)	-
<b>Gross profit</b>		<b>24,995,587</b>	<b>-</b>
Other income	5	1,480,339	-
Selling and distribution expenses		(2,173,243)	-
Administrative expenses		(8,505,287)	(1,681)
<b>Profit/(Loss) before income tax</b>	6	<b>15,797,396</b>	<b>(1,681)</b>
Income tax expense	7	(4,460,792)	-
<b>Profit/(Loss) and total comprehensive income/(loss) for the period</b>		<b>11,336,604</b>	<b>(1,681)</b>
<b>Profit/(Loss) and total comprehensive income/(loss) for the period attributable to:</b>			
Owners of the Company		11,768,726	(1,681)
Non-controlling interests		(432,122)	-
		<b>11,336,604</b>	<b>(1,681)</b>
<b>Earnings/(Loss) per share for profit/(loss) attributable to the owners of the Company during the period (expressed in RMB cents per share)</b>			
Basic and diluted	8	6.43	(0.01)

The notes on pages 11 to 21 are an integral part of these condensed consolidated interim financial statements.

## Condensed consolidated statement of financial position

as at 30 June 2017

	Notes	As at 30 June 2017 RMB (Unaudited)	As at 31 December 2016 RMB (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Equipment		101,396	122,450
Deferred tax assets		570,713	363,940
		<b>672,109</b>	486,390
<b>Current assets</b>			
Trade and other receivables	9	10,066,145	7,922,606
Amounts due from customers for contract works	10	31,202,059	5,591,713
Amounts due from shareholders	11(a)	8,018,451	2,612,937
Amount due from a related company	11(b)	1,613,660	10,003,851
Loan to a related company	12	10,828,327	11,036,536
Cash and cash equivalents		82,406,487	4,647,305
		<b>144,135,129</b>	41,814,948
<b>Current liabilities</b>			
Trade and other payables	13	15,909,962	9,094,910
Amounts due to customers for contract works	10	2,260,414	1,187,371
Amount due to a non-controlling interest	11(c)	393,865	-
Amount due to related companies	11(d)	1,490,680	1,490,680
Income tax payable		6,688,988	6,614,730
		<b>26,743,909</b>	18,387,691
<b>Net current assets</b>		<b>117,391,220</b>	23,427,257
<b>Net assets</b>		<b>118,063,329</b>	23,913,647



## Condensed consolidated statement of financial position

as at 30 June 2017 (Continued)

		As at 30 June 2017 RMB (Unaudited)	As at 31 December 2016 RMB (Audited)
	Notes		
<b>Equity</b>			
Share capital	14	107,470,622	24,657,544
Reserves		11,024,829	(743,897)
<b>Equity attributable to owners of the Company</b>		<b>118,495,451</b>	23,913,647
Non-controlling interests		(432,122)	-
<b>Total equity</b>		<b>118,063,329</b>	23,913,647

The notes on pages 11 to 21 are an integral part of these condensed consolidated interim financial statements.



Mr Al Shungang  
Co-Chairman



Mr Calvin Cheng  
Co-Chairman

## Condensed consolidated statement of changes in equity

### for the six months ended 30 June 2017

	Attributable to owners of the Company						Total equity RMB
	Share capital RMB	Merger reserves RMB	Retained Profits/ (Accumulated losses) RMB	Total RMB	Non-controlling interests RMB		
1 January 2017	24,657,544	(11,122,696)	10,378,799	23,913,647	-		23,913,647
Profit/(Loss) and total comprehensive income/(loss) for the period	-	-	11,768,726	11,768,726	(432,122)		11,336,604
<b>Transactions with owners:</b>							
Issuance of new shares in connection with the listing of the Company's shares (note 14(d))	92,232,073	-	-	92,232,073	-		92,232,073
Share issuance expenses (note 14(d))	(9,418,995)	-	-	(9,418,995)	-		(9,418,995)
<b>At 30 June 2017 (Unaudited)</b>	<b>107,470,622</b>	<b>(11,122,696)</b>	<b>22,147,525</b>	<b>118,495,451</b>	<b>(432,122)</b>		<b>118,063,329</b>
<b>Loss and total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(1,681)</b>	<b>(1,681)</b>	<b>-</b>		<b>(1,681)</b>
<b>Transactions with owners:</b>							
Issue of shares on incorporation (note 14(a))	8,403	-	-	8,403	-		8,403
<b>At 30 June 2016 (Unaudited)</b>	<b>8,403</b>	<b>-</b>	<b>(1,681)</b>	<b>6,722</b>	<b>-</b>		<b>6,722</b>

The notes on pages 11 to 21 are an integral part of these condensed consolidated interim financial statements.

## Condensed consolidated statement of cash flows for the six months ended 30 June 2017

	Six months ended 30 June 2017 RMB (Unaudited)	Period from 10 May 2016 (date of incorporation) to 30 June 2016 RMB (Unaudited)
<b>Net Cash flows used in operating activities</b>	<b>(11,030,245)</b>	-
<b>Investing activities</b>		
Loan to a related company	(5,329,800)	-
Repayment of loan to a related company	6,000,000	-
Other investing activities	(1,972,190)	(8,403)
<b>Net cash flows used in investing activities</b>	<b>(1,301,990)</b>	<b>(8,403)</b>
<b>Financing activities</b>		
Proceeds from issuance of new shares in connection with the listing of the Company's shares	88,798,749	8,403
Share issuance expenses	(5,803,341)	-
Other financing activities	7,096,009	-
<b>Net cash flows from financing activities</b>	<b>90,091,417</b>	<b>8,403</b>
<b>Net increase in cash and cash equivalents</b>	<b>77,759,182</b>	-
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4,647,305</b>	-
<b>Cash and cash equivalents at the end of the period, represented by cash and bank balances</b>	<b>82,406,487</b>	-

The notes on pages 11 to 21 are an integral part of these condensed consolidated interim financial statements.

## Notes to the condensed consolidated financial statements

### for the six months ended 30 June 2017

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#### 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 Company’s shares were listed on the Australian Securities Exchange (“ASX”) since 26 June 2017 (the “Listing”).

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 financial information relating to the period from 10 May 2016 (date of incorporation) to 31 December 2016 that is included in the condensed consolidated interim financial statements for the six months ended 30 June 2017 (the “Interim Financial Statements”) as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial period but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the period from 10 May 2016 (date of incorporation) to 31 December 2016 to the Registrar of Companies as required by section 622(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The Interim Financial Statements are represented in Renminbi (“RMB”), unless otherwise stated.

## **2. BASIS OF PREPARATION**

During the process of group restructuring implemented in 2016 (the “Group Restructuring”), certain transfers of controlling interests only involved inserting new holding companies and has not resulted in any change of economic substances, the condensed consolidated financial statements have been presented as a continuation of the existing company 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 website of ASX.

The Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the adoption of the new and amended Hong Kong Financial Reporting Standards (“HKFRSs”) as disclosed below. The Interim Financial Statements does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s consolidated financial statements for the period from 10 May 2016 (date of incorporation) to 31 December 2016.

The HKICPA has issued certain new and amended HKFRS that are first effective for the current period of the Group. These new and amended HKFRSs have no significant impact on how the results and financial position for the current and prior periods have been prepared and presented.

The Group has not applied any new and amended HKFRSs that are not yet effective for the current accounting period.

## **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2016 annual financial statements.

#### 4. REVENUE AND SEGMENT INFORMATION

The non-executive directors of the Company, being the chief operating decision makers, 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.

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

	Six months ended 30 June 2017 RMB (Unaudited)	Period from 10 May 2016 (date of incorporation) to 30 June 2016 RMB (Unaudited)
Rendering of services	33,908,507	-
Commission income	5,738,286	-
Consultancy income	452,358	-
	<b>40,099,151</b>	-

#### 5. OTHER INCOME

	Six months ended 30 June 2017 RMB (Unaudited)	Period from 10 May 2016 (date of incorporation) to 30 June 2016 RMB (Unaudited)
Interest income from loan to a related company	461,991	-
Bank interest income	806	-
Government subsidy income (note)	100,000	-
Exchange gain	897,279	-
Sundry income	20,263	-
	<b>1,480,339</b>	-

Note: 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.

## 6. PROFIT/(LOSS) BEFORE INCOME TAX

The following items have been included in arriving at profit/(loss) before income tax:

	Six months ended 30 June 2017 RMB (Unaudited)	Period from 10 May 2016 (date of incorporation) to 30 June 2016 RMB (Unaudited)
Auditor's remuneration	200,000	-
Depreciation	21,054	-
Operating lease charges in respect of office premises	340,408	-
Listing expenses (included in administrative expenses)	2,447,124	-
Staff and related costs(including directors' remuneration)	12,610,172	-

## 7. INCOME TAX EXPENSE

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

	Six months ended 30 June 2017 RMB (Unaudited)	Period from 10 May 2016 (date of incorporation) to 30 June 2016 RMB (Unaudited)
Current tax		
- PRC Enterprise Income Tax	4,667,565	-
Deferred tax	(206,773)	-
	4,460,792	-

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%.

Hong Kong profits tax rate is 15%. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period.

## 7. INCOME TAX EXPENSE (Continued)

Reconciliation between income tax expense and accounting profit/(loss) for the period is as follows:

	Six months ended 30 June 2017 RMB (Unaudited)	Period from 10 May 2016 (date of incorporation) to 30 June 2016 RMB (Unaudited)
Profit/(Loss) before income tax	15,797,396	(1,681)
Tax on profit/(loss) before income tax, calculated at the statutory rates applicable to profits in the tax jurisdiction concerned	4,157,964	(420)
Tax effect of non-deductible expenses:		
- Listing expenses	403,775	-
- Other expenses	179,374	420
Tax effect of non-taxable revenue	(280,321)	-
Income tax expense	4,460,792	-

## 8. EARNINGS/(LOSS) PER SHARE

For the purpose of computing basis and diluted earnings/(loss) per share, ordinary shares were assumed to have issued and allotted at the date of incorporation of the Company as if the Group Restructuring had been completed by then.

### Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share has been based on the profit attributable to owners of the Company of RMB11,768,726 (period ended 30 June 2016: loss of RMB1,681) and the weighted average number of 182,962,785 shares (2016: 126,000,000 shares) in issue during the period.

### Diluted earnings/(loss) per share

Diluted earnings/(loss) per share equals to basic earnings/(loss) per share as there were no (period ended 30 June 2016: nil) potential dilutive ordinary shares outstanding for the period.



## 9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2017 RMB (Unaudited)	As at 31 December 2016 RMB (Audited)
Trade receivables:-		
- Third parties	5,392,606	5,285,446
- A related party	3,097,256	-
	<b>8,489,862</b>	5,285,446
Other receivables	1,576,283	450,047
Trade and other receivables as financial assets		
- loan and receivables	10,066,145	5,735,493
Deferred IPO costs	-	2,187,113
	<b>10,066,145</b>	7,922,606

The directors of the Group consider that the fair values of trade and other receivables 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.

The Group generally allows a credit period of 90 days to its customers. Aging analysis based on invoice date of the trade receivables at the respective reporting dates is as follows:

	As at 30 June 2017 RMB (Unaudited)	As at 31 December 2016 RMB (Audited)
1 - 90 days	2,354,722	5,285,446
91 - 180 days	1,536,254	-
181 - 365 days	4,598,886	-
	<b>8,489,862</b>	5,285,446

# 10. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	As at 30 June 2017 RMB (Unaudited)	As at 31 December 2016 RMB (Audited)
Contracts in progress at the end of the reporting period:		
Contract cost incurred plus recognised attributable profits or losses to date	59,264,756	44,797,129
Less: Progress billings	(30,323,111)	(40,392,787)
	<b>28,941,645</b>	<b>4,404,342</b>
Recognised and included in the condensed consolidated statement of financial position:		
Amounts due from customers		
for contract works	31,202,059	5,591,713
Amounts due to customers		
for contract works	(2,260,414)	(1,187,371)
	<b>28,941,645</b>	<b>4,404,342</b>

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

# 11. AMOUNTS DUE FROM/(TO) SHAREHOLDERS/ A NON-CONTROLLING INTEREST/ A RELATED COMPANY

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

## (a) Amounts due from shareholders

	As at 30 June 2017 RMB (Unaudited)	As at 31 December 2016 RMB (Audited)
Lumina Looque Knowledge Hubs Pte Ltd	4,585,127	2,612,937
Investorlink Securities Limited (Investorlink") (note)	3,433,324	-
	<b>8,018,451</b>	<b>2,612,937</b>

The amount is held in trust for the Company by Investorlink Securities Limited representing part of the listing proceeds not yet transferred to the Company.

# **11. AMOUNTS DUE FROM/TO SHAREHOLDERS/ A NON-CONTROLLING INTEREST/ A RELATED COMPANY (CONTINUED)**

## **(b) Amount due from a related company**

	As at 30 June 2017 RMB (Unaudited)	As at 31 December 2016 RMB (Audited)
Shanghai Retechnology Information Technology Co., Ltd ("Shanghai Retechnology IT")	1,613,660	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 Retechnology IT.

## **(c) Amount due to a non-controlling interest**

	As at 30 June 2017 RMB (Unaudited)	As at 31 December 2016 RMB (Audited)
Shanghai Xinpengcheng Information Technology Co., Ltd ("Xinpengcheng")	393,865	-

## **(d) Amount due to a related company**

	As at 30 June 2017 RMB (Unaudited)	As at 31 December 2016 RMB (Audited)
Shanghai Retechnology Enterprise Management Group Co., Ltd ("Retechnology Enterprise Management")	1,490,680	1,490,680

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 Retechnology Enterprise Management.

## 12. LOAN TO A RELATED COMPANY

	As at 30 June 2017 RMB (Unaudited)	As at 31 December 2016 RMB (Audited)
Jiangsu Retechnology Digital Industry Park Co., Ltd ("Jiangsu Retechnology DIP")	10,828,327	11,036,536

The loan to Jiangsu Retechnology DIP 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 Jiangsu Retechnology DIP.

## 13. TRADE AND OTHER PAYABLES

	As at 30 June 2017 RMB (Unaudited)	As at 31 December 2016 RMB (Audited)
Trade payables		
- Third parties	2,414,517	1,022,000
- Related parties	5,802,769	-
	8,217,286	
Accrued expenses	1,584,290	1,961,135
Other payables	6,071,408	4,112,864
Trade and other payables as financial liabilities		
at amortised cost	15,872,984	7,095,999
Receipts in advance	-	40,500
Provision of other tax liabilities	36,978	1,958,411
	15,909,962	9,094,910

All amounts are short term and hence the carrying values of the Group's trade and other payables approximate their fair value.

#### 14. SHARE CAPITAL

	Notes	Number of shares	Amount RMB
<b>Issued and fully paid ordinary shares:</b>			
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 the Group Restructuring	(c)	125,000,000	14,051,360
<b>As at 31 December 2016 and 1 January 2017</b>		<b>180,000,000</b>	<b>24,657,544</b>
Issuance of new shares in connection with the listing of the Company's shares	(d)	<b>35,750,944</b>	<b>82,813,078</b>
<b>As at 30 June 2017 (Unaudited)</b>		<b>215,750,944</b>	<b>107,470,622</b>

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 Retechnology Holdings Co., Ltd. Upon completion of the issue of shares, Retechnology Holdings Co., Ltd became the wholly-owned subsidiary of the Company.
- (d) On 16 June 2017, the Company issued a total of 35,750,944 new shares by way of initial public offering at A\$0.50 each. The gross proceeds of A\$17,875,472 (equivalent to RMB92,232,073) less listing costs directly attributable to the issue of shares of approximately RMB9,418,995 were credited to the Company's share capital account. The Company has completed the listing of its shares on ASX on 21 June 2017.

## 15. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the condensed 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:

		Six months ended 30 June 2017	Period from 10 May 2016 (date of incorporation) to 30 June 2016
<u>Name of related parties</u>	<u>Nature of transactions</u>	RMB (Unaudited)	RMB (Unaudited)
<u>Related companies</u>			
Shanghai Tetech IT	Services income from a related company	24,233,514	-
	Administrative expenses recharged	827,846	-
Zhenjiang Retech Asset Management Co., Ltd	Services fee charged	5,458,251	-
Jiangsu Retech DIP	Interest income	461,991	-
<u>A related company of the Company's shareholder</u>			
Investorlink Corporate Limited	Advisory fee charged	1,385,536	-

### Compensation of key management personnel

The key management personnel of the Group consists only directors of the Company and certain directors of its subsidiaries. Included in employee benefit expenses is key management remuneration which includes the following expenses:

	Six months ended 30 June 2017	Period from 10 May 2016 (date of incorporation) to 30 June 2016
		RMB (Unaudited)
Fees	701,694	-

## Directors' Declaration

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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 30 June 2017 and of its consolidated performance for the period ended on that date; and
- (b) 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



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Mr Ai Shungang  
Co-Chairman  
31 August 2017



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Mr Calvin Cheng  
Co-Chairman  
31 August 2017

## Auditor's Independence Declaration



Grant Thornton  
致同

### Auditor's Independence Declaration

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#### To the directors of Reteck Technology Co., Limited

As the auditor of Reteck Technology Co., Limited and in relation to the review for the six months ended 30 June 2017, 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 Ltd*

Grant Thornton Hong Kong Limited

*Calvin Chiu*

Calvin Chiu  
Partner

31 August 2017

Hong Kong

#### Certified Public Accountants

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## Independent auditors' report on review of condensed consolidated interim financial statements

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**Grant Thornton**

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### Independent review report

**To the Board of Directors of Retechnology Co., Limited**  
(incorporated in Hong Kong with limited liability)

#### Introduction

We have reviewed the condensed consolidated interim financial statements of Retechnology Co., Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 6 to 21 which comprises the condensed consolidated statement of financial position as at 30 June 2017, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes.

The preparation of a report on interim financial information is to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.




#### Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the HKICPA. A review of these condensed consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.



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

31 August 2017

Chiu Wing Ning  
Practising Certificate No: P04920

## Corporate Directory

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### 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: +61 92762000

### 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

### 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

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RTE

**Website**

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