

## Appendix 4C – September 2019 Quarterly Cash Flow Report

**Hong Kong, 31st October 2019:** Retech Technology Co., Limited (“Retech” or “Group”) (ASX: RTE) is pleased to provide its Appendix 4C quarterly cash flow report for the period ending 30 September 2019.

### Highlights:

The Company had a cash balance of RMB156 million in Q3, an increase of 57.87% from RMB98.9 million from Q2

The negative net cash flow from operating activities for Q3 of (RMB546K) is primarily due to the one-off tax payment of RMB6.5 million

Retech’s management is pleased with the progress of the overall operational efficiency of the Company.

For more information, please contact:

### Enquiries

Investor Relations

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### About Retech

Retech Technology Co., Limited is a leading Chinese e-learning services and technology provider. Retech’s products include e-learning solutions, learning analytics, customized and pre-prepared training courses and digital ESG reporting and training. Customers include Bank of China, Ping An Insurance and Mercedes Benz. Based in Shanghai, Retech has around 260 staff by 2018. In the year to December 2018, Retech’s net profit was RMB 48.27 million (A\$ 9.89mn equivalent)<sup>1</sup>. As at 31 October 2019, Retech’s market capitalisation was A\$93 million.

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<sup>1</sup> Exchange Rate: A\$ 1 – RMB 4.88 (31 Oct 2019)

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Retech Technology Co., Limited

**ARBN**

615 153 332

**Quarter ended ("current quarter")**

30 Sep 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter 30 Sep 2019 RMB</b>	<b>Year to date 30 Sep 2019 RMB</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	26,098,243	75,641,170
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(6,372,055)	(19,195,248)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(9,082,025)	(26,250,024)
(f) administration and corporate costs	(4,417,360)	(12,449,678)
1.3 Dividends received (see note 3)		
1.4 Interest received	85,743	238,408
1.5 Interest and other costs of finance paid	(13,418)	(36,492)
1.6 Income taxes paid	(6,503,231)	(6,503,231)
1.7 Government grants and tax incentives	1,259,131	1,270,889
1.8 Other (provide details if material)	(1,601,477)	(8,917,274)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(546,448)</b>	<b>3,798,519</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter 30 Sep 2019 RMB</b>	<b>Year to date 30 Sep 2019 RMB</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2,091,387)	(3,301,495)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments	54,389,750	52,848,172
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities	(3,400,000)	(16,656,306)
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>48,898,363</b>	<b>32,890,370</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		2,573,400
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(719,169)	(2,071,347)
3.5 Proceeds from borrowings	5,043,197	14,996,171
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings	(127,545)	(308,657)
3.8 Dividends paid		
3.9 Other (provide details if material)	4,698,963	4,698,963
<b>3.10 Net cash from / (used in) financing activities</b>	<b>8,895,446</b>	<b>19,888,530</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter 30 Sep 2019 RMB</b>	<b>Year to date 30 Sep 2019 RMB</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	98,895,506	99,557,916
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(546,448)	3,798,519
4.3	Net cash from / (used in) investing activities (item 2.6 above)	48,898,363	32,890,370
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,895,446	19,888,530
4.5	Effect of movement in exchange rates on cash held	(14,324)	(6,792)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>156,128,543</b>	<b>156,128,543</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter RMB</b>	<b>Previous quarter RMB</b>
5.1 Bank balances	156,128,543	98,895,506
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>156,128,543</b>	<b>98,895,506</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter RMB</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	-
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
N/A	

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter RMB
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	(3,400,000)
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

7.2 Payment to Jiangsu Retech Digital Industry Park Co for finance investment purpose. This loan to Jiangsu Retech Digital Industry Park is a financial investment, the yield of the loan is 10%.

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end RMB	Amount drawn at quarter end RMB
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9. <b>Estimated cash outflows for next quarter</b>	RMB
9.1 Research and development	
9.2 Product manufacturing and operating costs	(12,844,111)
9.3 Advertising and marketing	
9.4 Leased assets	-
9.5 Staff costs	(9,445,306)
9.6 Administration and corporate costs	(5,300,832)
9.7 Other (provide details if material)	(9,400,000)
<b>9.8 Total estimated cash outflows</b>	<b>(36,990,248)</b>

9.7 is mainly expenditure of VAT & income tax.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A

### Compliance statement

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



Sign here:

(Director)

Date: 31 October 2019

Print name: Mr Ai Shungang

### Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position.
- This quarterly report has 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. This quarterly report 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).
- Item 2.2 (c) indicates that Retech's previous fixed bank deposit started from Aug 2018 has expired. It earned interest at fixed rate of 1.95% per annum and had an original maturity of one year. The bank deposit was RMB 53,349,000 with an interest against RMB 1,040,750.08 received on 1st Aug 2019.
- Item 3.9 is mainly capital injection for Ai English PTY LTD and Prosage Sustainability Development Limited in Hong Kong, which shows these business as new growth engine for Retech has got market's interest in their development.

### About Retech

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.