

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")

31 Dec 2019

Consolidated statement of cash flows	Current quarter 31 Dec 2019 RMB	Year to date 31 Dec 2019 RMB
1. Cash flows from operating activities		
1.1 Receipts from customers	63,945,645	139,586,816
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(12,519,399)	(31,714,648)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(9,924,900)	(36,174,924)
(f) administration and corporate costs	(5,593,723)	(16,864,718)
1.3 Dividends received (see note 3)		
1.4 Interest received	79,880	318,289
1.5 Interest and other costs of finance paid	(17,088)	(53,581)
1.6 Income taxes paid		(6,503,231)
1.7 Government grants and tax incentives	900,000	2,170,889
1.8 Other (provide details if material)	6,154,353	(28,660,892)
1.9 Net cash from / (used in) operating activities	43,024,769	22,104,000

Consolidated statement of cash flows	Current quarter 31 Dec 2019 RMB	Year to date 31 Dec 2019 RMB
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,705,453)	(5,006,949)
(b) businesses (see item 10)	(73,700,000)	(73,700,000)
(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	61,218,265	114,066,437
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities	9,520,000	21,335,065
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(4,667,188)	56,694,552

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
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	(706,826)	(2,778,173)
3.5 Proceeds from borrowings	(1,614,990)	18,247,017
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings	(168,795)	(477,452)
3.8 Dividends paid	(5,592,582)	(5,592,582)
3.9 Other (provide details if material)	(1,430,126)	(2,775,684)
3.10 Net cash from / (used in) financing activities	(9,513,319)	6,623,127

Consolidated statement of cash flows	Current quarter 31 Dec 2019 RMB	Year to date 31 Dec 2019 RMB
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	156,128,543	99,557,916
4.2 Net cash from / (used in) operating activities (item 1.9 above)	43,024,769	22,104,916
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(4,667,188)	56,694,552
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(9,513,319)	6,623,127
4.5 Effect of movement in exchange rates on cash held	87,115	80,324
4.6 Cash and cash equivalents at end of quarter	185,059,919	185,059,919

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter RMB	Previous quarter RMB
5.1 Bank balances	185,059,919	156,128,543
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	185,059,919	156,128,543

6. Payments to directors of the entity and their associates

- 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

Current quarter RMB
-
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- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

N/A

7. Payments to related entities of the entity and their associates	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	9,520,000
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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

8. Financing facilities available <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	22,700,000	17,800,000
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.		

1. The group obtained a secured Loan of RMB 8,000,000 from SPD Bank for one year. The interest rate is 5.22%.
2. The group obtained a secured Loan of RMB 4,900,000 from SPD Bank for one year. The interest rate is 5.34%.
3. The group obtained a secured Loan of AUD 2,000,000 from Hongkong Fu An Development Co., LIMITED for three years. The interest rate is 4.5%.

9. Estimated cash outflows for next quarter	RMB
9.1 Research and development	
9.2 Product manufacturing and operating costs	(4,525,894)
9.3 Advertising and marketing	
9.4 Leased assets	-
9.5 Staff costs	(9,539,920)
9.6 Administration and corporate costs	(7,593,723)
9.7 Other (provide details if material)	(2,000,000)
9.8 Total estimated cash outflows	(23,659,537)

9.7 is mainly expenditure of VAT.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Pantosoft International Limited and its subsidiaries.	N/A
10.2 Place of incorporation or registration	British Virgin Islands	N/A
10.3 Consideration for acquisition or disposal	RMB 76,000,000	N/A
10.4 Total net assets	RMB 8,072,000	N/A
10.5 Nature of business	Holding company, which owns 80% of Shanghai Pantosoft Co.,Ltd providing vocational school information system solutions.	N/A

Compliance statement

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



Sign here:

(Director)

Date: 31 January 2020

Print name: Mr Ai Shungang

Notes

1. 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.
2. 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).

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.