



Quarterly Activities Report

- In April, Retech started to provide courseware development services for FAW Car. FAW Car is a subsidiary of FAW (First Automobile Works) group and the first listed company in China's car manufacturing industry. The main business of FAW Car is to develop, manufacture and sell cars and automotive accessories.
- At the end of May, Retech and Zhenjiang Vocational Technical College organised a campus symposium for enrolling students into the “Retech Class”. Retech has now completed the training more than 2,000 students.
- In May 2022, Wuxi Gezhi Middle School and Wuxi Rongchuang Primary School participated in the first demo classes prepared by Ai English. In 2022, Ai English will continue to explore the Wuxi market and actively promote the procurement of “Online Lecturer & Offline Tutor” (OLOT) services originated by Wuxi Economic Development Zone Education Bureau.

Retech Technology Co., Ltd (ASX: RTE, “Retech”), a leading Chinese e-Learning technology and eCourses provider, is pleased to announce its operation and financial performance for the quarter ended 30st of June 2022.

Operational Update

➤ **Corporate E-Learning**

Corporate online training resumes normal operation, and is growing as expected. Significant developments are as follows.

- ◇ In the second quarter of 2022, Retech continued to provide professional services to major clients. New project contracts were also signed with these clients, including Pingan Group, Bank of China, Shiseido, China Construction Bank, China Merchants Bank, Estee Lauder, Bank of Communications, etc.
- ◇ At the end of May, Retech signed a contract with Changan Trust, and will provide courseware development during the following months.
- ◇ In April, Retech began providing courseware development services for FAW Car. FAW Car is a subsidiary of FAW (First Automobile Works) group. It is the first listed company in China's car manufacturing industry. The main business of FAW Car is to develop, manufacture and sell cars and automotive accessories.

➤ **Vocational Education**

As a result of COVID-19 prevention policies, Shanghai has been in lockdown from 1st April to 31st May. The vocational education business has been heavily affected in the second quarter.

- ◇ In June, Retech completed one and half weeks of online training for two classes majoring in digital media from Changzhou Vocational Institute of Engineering.
- ◇ At the end of May, Retech and Zhenjiang Vocational Technical College organised a campus symposium for enrolling students into “Retech Class”. Retech has now completed the training for more than 2,000 students.

➤ ***Language Learning***

- ◇ In May 2022, Wuxi Gezhi Middle School and Wuxi Rongchuang Primary School participated in the first demo classes prepared by Ai English. In 2022, Ai English will continue to explore the Wuxi market and actively promote the procurement of “OLOT” services originated by Wuxi Economic Development Zone Education Bureau.
- ◇ In April 2021, Ai English won the bid of "Foreign Teachers on Campus" Project of Suzhou Industrial Park Education Bureau. This project provides “OLOT” service for 38 schools in the district. By June 2022, the project had been successfully delivered.

Financial update

- ◇ Cash receipts from customers in Q2 2022 were RMB44.50 million (AUD9.64 million¹), an increase of 31% compared to Q2 2021.
- ◇ Net cash used in operating activities in Q2 2022 was RMB6.03 million (AUD1.31 million), a decrease of 141% compared to Q2 2021. With the serious outbreak of Omicron in China in the second quarter, our outsourcing costs increased due to the impact of domestic epidemic prevention policies.

¹ Exchange rate: AUD/RMB = 4.7646 (30 Jun 2022)

ENDS

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About Retech

Retech Technology Co., Limited is a leading Chinese e-learning services and technology provider. Retech is incorporated in Hong Kong with its operating subsidiaries located in mainland China, Australia and Hong Kong. Retech's products include e-learning solutions, learning analytics, customized and pre-prepared training courses. Customers include Bank of China, Ping An Insurance and Mercedes Benz, etc.

Disclaimer

Neither Retech nor any other person warrants or guarantees the future performance of Retech or any return on any investment made in Retech securities. This announcement may contain certain forward-looking statements, including forward-looking statements. The words "anticipate", "aim", "believe", "expect", "project", "estimate", "forecast", "intend", "likely", "should", "could", "will", "may", "target", "plan" and other similar expressions (including indications of "objectives") are intended to identify forward-looking statements. Indications of, and guidance on, future financial position and performance and distributions, and statements regarding Retech's future developments and the market outlook, are also forward-looking statements. Any forward-looking statements contained in this document are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Retech and its directors, officers, employees and agents that may cause actual results to differ materially from those expressed or implied in such statements. Readers should not place undue reliance on forward-looking statements. Subject to applicable law (including the ASX Listing Rules), Retech disclaims any responsibility to update or revise any forward-looking statements to reflect any new information or any change in the events, conditions or circumstances on which a statement is based or to which it relates.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Retech Technology Co., Limited

ABN

615 153 332

Quarter ended ("current quarter")

30 Jun 2022

Consolidated statement of cash flows	Current quarter 30 Jun 2022 RMB	Year to date (6 months) RMB
1. Cash flows from operating activities		
1.1 Receipts from customers	44,495,123	63,596,737
1.2 Payments for		
(a) research and development	—	—
(b) product manufacturing and operating costs	(40,819,113)	(57,702,505)
(c) advertising and marketing	—	—
(d) leased assets	—	—
(e) staff costs	(6,601,311)	(12,990,934)
(f) administration and corporate costs	(3,050,853)	(6,455,692)
1.3 Dividends received (see note 3)	—	—
1.4 Interest received	215,592	393,512
1.5 Interest and other costs of finance paid	(19,023)	(28,050)
1.6 Income taxes paid	(2,682)	(2,682)
1.7 Government grants and tax incentives	107,636	128,003
1.8 Other (provide details if material)	(356,995)	(2,217,324)
1.9 Net cash from / (used in) operating activities	(6,031,626)	(15,278,935)

Consolidated statement of cash flows	Current quarter 30 Jun 2022 RMB	Year to date (6 months) RMB
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		(2)
(b) businesses	—	—
(c) property, plant and equipment		(50,000)
(d) investments	—	—
(e) intellectual property	—	—
(f) other non-current assets	—	—
2.2 Proceeds from disposal of:		
(g) entities	—	—
(h) businesses	—	—
(i) property, plant and equipment	—	—
(j) investments	—	—
(k) intellectual property	—	—
(l) other non-current assets	—	—
2.3 Cash flows from loans to other entities	6,462,500	3,021,300
2.4 Dividends received (see note 3)	—	—
2.5 Other (provide details if material)	—	—
2.6 Net cash from / (used in) investing activities	6,462,500	2,971,298
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	—	—
3.2 Proceeds from issue of convertible debt securities		—

Consolidated statement of cash flows	Current quarter 30 Jun 2022 RMB	Year to date (6 months) RMB
3.3 Proceeds from exercise of options	—	—
3.4 Transaction costs related to issues of equity securities or convertible debt securities	—	—
3.5 Proceeds from borrowings	23,000,000	45,000,000
3.6 Repayment of borrowings	(13,000,000)	(19,500,000)
3.7 Transaction costs related to loans and borrowings	(1,330,297)	(2,197,146)
3.8 Dividends paid	—	—
3.9 Other (provide details if material) ²		(8,014,914)
3.10 Net cash from / (used in) financing activities	8,669,703	15,287,940

² Other cash flows from financing activities were mainly repayments of convertible debt

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	216,881,063	223,099,577
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,031,626)	(15,278,935)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	6,462,500	2,971,298
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,669,703	15,287,940
4.5	Effect of movement in exchange rates on cash held	(13,144)	(111,384)
4.6	Cash and cash equivalents at end of period	225,968,496	225,968,496

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 30 Jun 2022 RMB	Previous quarter 31 Mar 2022 RMB
5.1	Bank balances	225,968,496	216,881,063
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)	225,968,496	216,881,063

6.	Payments to related parties of the entity and their associates	Current quarter 30 Jun 2022 RMB
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end RMB	Amount drawn at quarter end RMB
7.1	Loan facilities	101,407,500	89,529,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	8,000,000	-
7.4	Total financing facilities	109,407,500	89,529,000
7.5	Unused financing facilities available at quarter end		19,878,500
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<ol style="list-style-type: none"> 1. The group obtained an unsecured Loan of AUD2,000,000 from Hong Kong Fu An Development Co., LIMITED for three years. The interest rate is 4.5%. (Exchange rate: AUD/RMB = 4.6145, 30 Jun 2022) 2. The group obtained a secured Loan of RMB4,900,000 from Citi Bank for one year, with a total facility of USD2,500,000. The interest rate is 5.22%. (Exchange rate: USD/RMB = 6.7114, 30 Jun 2022) 3. The group obtained a secured Loan of RMB5,500,000 from Shanghai Yangpu Kecheng Microfinance Co., Ltd for one year. The interest rate is 9%. 4. The group obtained a secured Loan of RMB5,000,000 from SPD Bank for one year. The interest rate is 4.2%. 5. The group obtained a secured Loan of RMB10,000,000 from Bank of China for one year. The interest rate is 3.85%. 6. The group obtained a secured Loan of RMB5,000,000 from Shanghai Rural Commercial Bank for one year. The interest rate is 4.8%. 7. The group obtained a secured Loan of RMB10,000,000 from Bank of Nanjing for one year. The interest rate is 4.55%. 8. The group obtained a secured Loan of RMB4,900,000 from SPD Bank for one year. The interest rate is 4.0%. 9. The group obtained a secured Loan of RMB5,000,000 from Ningbo Commerce Bank for one year. The interest rate is 5.785%. The total comprehensive credit line from Ningbo Commerce Bank is RMB8,000,000, among which RMB5,000,000 was drawn as loan mentioned. Unused comprehensive credit facilities of RMB3,000,000 was classified as item 7.3 other facilities. 10. The group obtained a secured Loan of RMB10,000,000 from Bank of Communications for six months. The interest rate is 4.5%. 11. The group obtained a secured Loan of RMB2,000,000 from Bank of Shanghai for one year. The interest rate is 3.95%. 12. The group obtained a secured Loan of RMB5,000,000 from SPD Bank for six months. The interest rate is 4.2%. 13. The group obtained a secured Loan of RMB 5,000,000 from Jiangsu Zhangjiagang Rural Commercial Bank for three years. The interest rate is 5.2%. The total comprehensive credit line from Jiangsu Zhangjiagang Rural Commercial Bank is RMB10,000,000, among which RMB5,000,000 was drawn as loan mentioned. Unused comprehensive credit facilities of RMB5,000,000 was classified as item 7.3 other facilities. 14. The group obtained a secured Loan of RMB 3,000,000 from China Everbright Bank for 		

eleven months. The interest rate is 4.5%.

15. The group obtained a secured Loan of RMB 5,000,000 from Jiangsu Jiangyin Rural Commercial Bank for one year. The interest rate is 6%.

8.	Estimated cash available for future operating activities	RMB
8.1	Net cash from / (used in) operating activities (item 1.9)	(6,031,626)
8.2	Cash and cash equivalents at quarter end (item 4.6)	225,968,496
8.3	Unused finance facilities available at quarter end (item 7.5)	19,878,500
8.4	Total available funding (item 8.2 + item 8.3)	245,846,996
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	40.76
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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.

Date: 29 July 2022

Authorised by: the board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.