

**ASX Announcement**

29 October 2021

**Quarterly Activities Report**

- **During October 2021, Retech gained ‘High Quality Digital Content Customization Service Provider’ of ‘Booao Award’. This is the fifth year Retech won the award.**
- **24 Sep 2021, Ai English and 21st Century English Education Media signed a strategic cooperation agreement in Beijing on the jointly developed project “Newspaper Reading Time”. 21st Century English Media (21st Century) is subsidiary of China Daily and focuses on the education industry.**
- **Cash receipts from customers in Q3 2021 waere RMB65.18 million (AUD14 million<sup>1</sup>), an increase of 92% compared to Q3 2020, showing a good progress of project delivery and settlement.**

Retech Technology Co., Ltd (ASX: RTE, “**Retech**”), a leading Chinese e-Learning technology provider, is pleased to announce its operation and financial performance for the quarter ending on the 30<sup>th</sup> of September 2021.

**Operational Update**➤ **Corporate E-Learning**

As the online training in cooperates becomes more regular, this part of business grows as expected.

- ◇ During September, Retech signed a new contract from the head office of Bank of Communications and will provide the service of online courseware production for the bank. These online courses will make the training materials instantiating, situating and visualizing in order to improve the training and enhance human resources quality and efficiency of the bank.
- ◇ Retech signed the ‘electronic courseware service agreement’ with the head office of China Merchants Bank and will provide the products of customized courseware, general courses and professional courses.
- ◇ Retech developed new clients including Northeast Securities and CPB to provide the service in increasing the ability in internal training and online courses quality.
- ◇ In the past quarter, Retech continues to provide services to existing clients, including Bank of China, Estee Lauder and has signed a new contracts with them.
- ◇ During October, Retech gained ‘High Quality Digital Content Customization Service Provider’ of ‘Booao Award’. This is the fifth year Retech won the award.

<sup>1</sup> Exchange rate: AUD/RMB = 4.6574 (30 September 2021)

➤ **Vocational Education**

From the beginning of 2021, the government released series of policies in vocational education which underpinned Retech's resolve to developing this business.

- ◇ During July, Retech provided 10 days of training to 40 teachers from Jiangsu Union Technical Institute. This training was a provincial training project and the courses were jointly developed by Jiangsu Union Technical Institute and Retech. Forty key teachers of Art and Designing from Jiangsu Province participated in the training.
- ◇ During September, the Digital Media major series courses developed by Retech officially entered Zhenjiang Vocational Technical College and Wuxi Vocational Institute of Commerce. RTE provides one semester courses including plane animation, Unity VR programming and 3D scenario designing for four classes in both schools.
- ◇ Retech continues to develop new vocational schools and more and more schools become Retech's clients. During the 3rd quarter, Shanghai Nanhu Vocational College and Taihu College Of Creative Technologies (Taihu College) reached an agreement in Digital Media major development. Additionally, Taihu College and Retech have accelerated the establishment of "Taihu-Retech Digital Media College". It is believed that through the complementary advantages of schools and enterprises, high-quality applied talents with innovative consciousness, professional quality and professional skills will be cultivated.

➤ **Language Learning**

In response to Chinese local policy which was released in late July, Ai English has gradually transitioned to 'in-class' services as its the new core method of delivery and developed more business methods.

- ◇ During September, Ai English and 21st Century English Education Media signed a strategic cooperation agreement in Beijing for the jointly developed project "Newspaper Reading Time". 21st Century English Media (21st Century) is a subsidiary of China Daily and focuses on the education industry. 21st Century owns more than ten media platforms including newspapers, websites, mobile App, micro-blog, WeChat official account and electronic newspaper, etc. and some famous sub-brands like <21st CENTURY>, <TEENS Kids>, "The 21st Century Cup", "Global English Education China Assembly", "Classic Reading". 21st century strives to build a special public opinion position for youngsters through innovative content, innovative expression and innovative communication based on deeply studying teenagers cognitive rules and characteristics.
- ◇ RTE continues to make effort to realize educational balance. In the past quarter, RTE donated the SW+HW products of Ai Learning to 30 kindergartens in Kashgar, Xinjiang and will keep providing services for the students.

## Financial update

- ◇ Cash receipts from customers in Q3 2021 was RMB65.18 million (AUD14 million<sup>2</sup>), an increase of 92% compared to Q3 2020, showing a good progress of project delivery and settlement.
- ◇ Net cash from operating activities in Q3 2021 was RMB17.83 million (AUD3.83 million), an increase of 480% compared to Q3 2020.
- ◇ As noted in Item 6 of Retech's Appendix 4C cashflow report, aggregate amount of payments to related parties and their associates included in item 1 and item 2 were as below:
  - a) Intellectual property purchase payment to Jiangsu Retech Digital Media Co. LTD. of RMB3.10 million.
  - b) Loan repayment received from Jiangsu Retech Digital Industry Park Co. LTD of RMB1.93 million.

The above announcement was authorized by the Board of Directors of Retech.

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<sup>2</sup> Exchange rate: AUD/RMB = 4.6574 (30 September 2021)

## **ENDS**

For more information, please contact:

### **Enquiries**

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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 Sep 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter 30 Sep 2021 RMB</b>	<b>Year to date (9 months) RMB</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	65,181,759	130,508,026
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(27,429,158)	(47,404,385)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(14,601,844)	(39,261,865)
(f) administration and corporate costs	(6,325,180)	(22,424,712)
1.3 Dividends received (see note 3)		
1.4 Interest received	174,211	492,976
1.5 Interest and other costs of finance paid	(17,093)	(53,299)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	703,828	1,098,098
1.8 Other (provide details if material)	143,057	376,610
<b>1.9 Net cash from / (used in) operating activities</b>	<b>17,829,580</b>	<b>23,331,448</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(195,191)	(1,010,032)
(d) investments		(50,000)
(e) intellectual property	(3,100,000)	(12,631,230)

<b>Consolidated statement of cash flows</b>		<b>Current quarter 30 Sep 2021 RMB</b>	<b>Year to date (9 months) RMB</b>
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(g) entities		
	(h) businesses		
	(i) property, plant and equipment	172,204	172,204
	(j) investments	(166,776)	(166,776)
	(k) intellectual property		
	(l) other non-current assets		
2.3	Cash flows from loans to other entities	1,933,700	(2,390,501)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	3,633,275	3,633,275
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>2,277,212</b>	<b>(12,443,059)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(665,228)	(1,969,351)
3.5	Proceeds from borrowings	28,400,000	33,400,000
3.6	Repayment of borrowings	(20,000,000)	(28,000,000)
3.7	Transaction costs related to loans and borrowings	(406,274)	(1,542,156)
3.8	Dividends paid		
3.9	Other (provide details if material)	(32,722)	14,396,152
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>7,295,776</b>	<b>16,284,645</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 period	205,161,022	205,820,738
4.2	Net cash from / (used in) operating activities (item 1.9 above)	17,829,580	23,331,448
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2,277,212	(12,443,059)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,295,776	16,284,645
4.5	Effect of movement in exchange rates on cash held	(119,134)	(549,317)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>232,444,455</b>	<b>232,444,455</b>

<b>5.</b>	<b>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 30 Sep 2021 RMB</b>	<b>Year to date (9 months) RMB</b>
5.1	Bank balances	232,444,455	232,444,455
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>232,444,455</b>	<b>232,444,455</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter 30 Sep 2021 RMB</b>
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	(1,166,300)
<p><i>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.</i></p> <p><i>Item 2.1(d): Intellectual property purchase payment to Jiangsu Retech Digital Media Co. LTD. of RMB3.10 million.</i></p> <p><i>Item 2.3: Loan repayment received from Jiangsu Retech Digital Industry Park Co. LTD of RMB1.93 million.</i></p>		

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end RMB</b>	<b>Amount drawn at quarter end RMB</b>
<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>		
7.1	57,614,800	57,614,800
7.2		
7.3		
7.4	<b>57,614,800</b>	<b>57,614,800</b>
7.5	<b>Unused financing facilities available at quarter end</b>	
		-
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"> <li>1. The group obtained a secured Loan of RMB5,000,000 from SPD Bank for one year. The interest rate is 4.2%.</li> <li>2. The group obtained a secured Loan of RMB4,900,000 from SPD Bank for one year. The interest rate is 5.34%.</li> <li>3. 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 = 4.6574, 30 Sep 2021)</li> <li>4. The group obtained a secured Loan of RMB10,000,000 from Bank of Communications for one year. The interest rate is 4.5%.</li> <li>5. The group obtained a secured Loan of RMB7,900,000 from Citi Bank for one year. The interest rate is 5.22%.</li> <li>6. 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%.</li> <li>7. The group obtained a secured Loan of RMB5,000,000 from SPD Bank for one year. The interest rate is 4.2%.</li> <li>8. The group obtained a secured Loan of RMB10,000,000 from Bank of China for one year. The interest rate is 3.85%.</li> </ol>	

<b>8. Estimated cash available for future operating activities</b>	<b>RMB</b>	
8.1	17,829,580	
8.2	232,444,455	
8.3	-	
8.4	232,444,455	
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	
	N/A	
<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

*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.*

## 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 Oct 2021

Authorised by: 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.